

GREATER MANCHESTER HOUSING PLANNING AND ENVIRONMENT OVERVIEW AND SCRUTINY

DATE: Friday, 19th March, 2021

TIME: 12.00 noon– 2.00 pm

VENUE: Via Microsoft Teams Live

AGENDA

- 1. **APOLOGIES**
- 2. **CHAIRS ANNOUNCEMENTS AND URGENT BUSINESS**
- 3. **DECLARATIONS OF INTEREST** 1 - 4

To receive declarations of interest in any item for discussion at the meeting. A blank form for declaring interests has been circulated with the agenda; please ensure that this is returned to the Governance & Scrutiny Officer 48 hours before the meeting.

- 5. **BUS REFORM: CONSULTATION AND THE GMCA RESPONSE** 5 - 1528

Report of Eamonn Boylan, Chief Executive, GMCA and TFGM. Please see attached report which is due to be considered by the GMCA on Tuesday 23 March 2021, for the Committee’s consideration and comments.

Name	Organisation	Political Party
Councillor Jill Lovecy	Manchester	Labour
Councillor Paul Cropper	Bury	Conservative
Councillor John Walsh	Bolton	Conservative
Councillor Mike Glover	Tameside	Labour
Councillor Linda Robinson	Rochdale	Labour
Councillor Fred Walker	Wigan Council	Labour
Councillor Kevin Procter	Trafford Council	Labour
Councillor Amy Whyte	Trafford Council	Labour
Councillor Charles Gibson	Liberal Democrat	Liberal Democrats

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

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Councillor Janet Mobbs	Stockport	Labour
Councillor Liam Billington	Tameside	Conservative
Councillor Mandie Shilton Godwin	Manchester	Labour
Councillor Sharmina August	Salford	Labour
Councillor Martin Hayes	Bury	Labour

For copies of papers and further information on this meeting please refer to the website www.greatermanchester-ca.gov.uk. Alternatively, contact the following
Governance & Scrutiny Officer: Jamie Lee Fallon
✉ jamie.fallon@greatermanchester-ca.gov.uk

This agenda was issued on 12 March 2021 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU

GM Housing Planning and Environment Overview and Scrutiny

Declaration of Councillors' interests in items appearing on the agenda

NAME: _____

Minute Item No. / Agenda Item No.	Nature of Interest	Type of Interest
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary

PLEASE NOTE SHOULD YOU HAVE A PERSONAL INTEREST THAT IS PREJUDICIAL IN AN ITEM ON THE AGENDA, YOU SHOULD LEAVE THE ROOM FOR THE DURATION OF THE DISCUSSION & THE VOTING THEREON.

QUICK GUIDE TO DECLARING INTERESTS AT GM Housing Planning and Environment Overview and Scrutiny

This is a summary of the rules around declaring interests at meetings. It does not replace the Member's Code of Conduct, the full description can be found in the GMCA's constitution Part 7A.

Your personal interests must be registered on the GMCA's Annual Register within 28 days of your appointment onto a GMCA committee and any changes to these interests must notified within 28 days. Personal interests that should be on the register include:

- Bodies to which you have been appointed by the GMCA
- Your membership of bodies exercising functions of a public nature, including charities, societies, political parties or trade unions.

You are also legally bound to disclose the following information called DISCLOSABLE PERSONAL INTERESTS which includes:

- You, and your partner's business interests (eg employment, trade, profession, contracts, or any company with which you are associated)
- You and your partner's wider financial interests (eg trust funds, investments, and assets including land and property).
- Any sponsorship you receive.

FAILURE TO DISCLOSE THIS INFORMATION IS A CRIMINAL OFFENCE

STEP ONE: ESTABLISH WHETHER YOU HAVE AN INTEREST IN THE BUSINESS OF THE AGENDA

If the answer to that question is 'No' – then that is the end of the matter. If the answer is 'Yes' or Very Likely' then you must go on to consider if that personal interest can be construed as being a prejudicial interest.

STEP TWO: DETERMINING IF YOUR INTEREST PREJUDICIAL?

A personal interest becomes a prejudicial interest:

- where the well being, or financial position of you, your partner, members of your family, or people with whom you have a close association (people who are more than just an acquaintance) are likely to be affected by the business of the meeting more than it would affect most people in the area.
- the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

FOR A NON PREJUDICIAL INTEREST**YOU MUST**

- Notify the governance officer for the meeting as soon as you realise you have an interest
- Inform the meeting that you have a personal interest and the nature of the interest
- Fill in the declarations of interest form

TO NOTE:

- You may remain in the room and speak and vote on the matter
- If your interest relates to a body to which the GMCA has appointed you to you only have to inform the meeting of that interest if you speak on the matter.

FOR PREJUDICIAL INTERESTS**YOU MUST**

- Notify the governance officer for the meeting as soon as you realise you have a prejudicial interest (before or during the meeting)
- Inform the meeting that you have a prejudicial interest and the nature of the interest
- Fill in the declarations of interest form
- Leave the meeting while that item of business is discussed
- Make sure the interest is recorded on your annual register of interests form if it relates to you or your partner's business or financial affairs. If it is not on the Register update it within 28 days of the interest becoming apparent.

YOU MUST NOT:

- participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business,
- participate in any vote or further vote taken on the matter at the meeting

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Date: 23 March 2021

Subject: Bus Reform: Consultation and the GMCA Response

Report of: Eamonn Boylan, Chief Executive, TfGM and GMCA

PURPOSE OF REPORT

This report considers the consultation conducted on the proposed Bus Franchising scheme in accordance with the Transport Act 2000 as amended by the Bus Services Act 2017 ('the Act') and the responses to it and makes recommendations for member's consideration.

RECOMMENDATIONS:

Members are requested to:

1. Note the completion of the consultation process on the Proposed Franchising Scheme; its extent and the responses received.
2. Consider the TfGM Report '*Bus Franchising in Greater Manchester March 2021: Consultation Report*' (Appendix 1) and endorse the conclusions therein.
3. Recommend to the Mayor that he make a franchising scheme as set out in Appendix 5 to this Report.
4. Recommend to the Mayor that, if he decides to make a franchising scheme, he should also publish a transitional notice in the form at Appendix 7 (which the GMCA would do if it were the relevant person to do so).
5. When the Mayor has decided whether or not to make a franchising scheme, agree:
 - i. to adopt and publish this report and its appendices as its response to the consultation, together with the Mayor's decision, as the report to be published by the GMCA under section 123G (1) of the Act;
 - ii. to give notice of that report to traffic commissioner (s.123G (2) of the Act).
6. If the Mayor decides to make a franchising scheme:
 - i. to publish the scheme on behalf of the Mayor at the same time as the report to be published under section 123G (1) of the Act;
 - ii. at the same time to publish a transitional notice in the terms set out in Appendix 7 and then, within 14 days of date upon which transitional notice is published, to give notice to the traffic commissioner of its publication on behalf of the Mayor if the Mayor so decides (or alternatively the GMCA) as required by the *Public Service Vehicles (Registration of Local Services) (Franchising Schemes Transitional Provisions and Amendments) (England) Regulations 2018*, and
 - iii. to agree that, in conducting the procurement process for the provision of local services, the GMCA will facilitate the involvement of small and medium sized operators in the provision of local services as set out in section 21 of this Report; (s123 G (3) of the Act).

7. To note that the proposed funding arrangements and mitigations for the Scheme as set out in this report were approved by GMCA at its meeting on 27 November 2020 and to confirm those arrangements.

CONTACT OFFICERS:

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APPENDICES

1. TfGM Report '*Bus Franchising in Greater Manchester March 2021: Consultation Report*'
2. Ipsos MORI report titled '*Doing Buses Differently: Consultation on a Proposed Franchising Scheme for Greater Manchester*' (June 2020)
3. Ipsos MORI report titled '*Doing Buses Differently: Consultation on a Proposed Franchising Scheme for Greater Manchester: Qualitative Research Summary Report*' (June 2020)
4. Ipsos MORI report titled '*Doing Buses Differently: Consultation and qualitative research on the impact of Covid-19 on the Proposed Bus Franchising Scheme for Greater Manchester*' (March 2021)
5. The Greater Manchester Franchising Scheme for Buses 20_
6. Equality Impact Assessment
7. Transitional Notice – '*Notice of an extended period for an application to vary or cancel a registration of a local service in the Greater Manchester Bus Franchising Area*'
8. Consultation Approach and Methodology

BACKGROUND PAPERS:

Report of the GMCA titled Bus Services Act 2017, dated 30 June 2017
Report of the GMCA titled Bus Reform Objectives Update, dated 25 May 2018
Report of the GMCA titled Bus Reform, dated 27 July 2018
Report of the GMCA titled Transport Revenue Budget 2019/20, dated 15 February 2019
Part A Report of the GMCA titled Bus Reform Update, dated 28 June 2019
Report of GMCA titled Audit and Consultation, dated 7 October 2019
Report of GMCA titled Bus Reform: Consultation Update, dated 26 June 2020
Report of GMCA titled Covid-19 Impact on Bus Franchising Report and Consultation, dated 27 November 2020
Report of the Housing Planning and Environment Overview and Scrutiny Committee titled GM Bus Reform consultation dated 11 June 2020.

1. INTRODUCTION

- 1.1 As members will be aware, in June 2017 the GMCA decided to use the powers set out in the Transport Act 2000 (as amended by the Bus Services Act 2017) (*'the Act'*) to prepare an assessment of a proposed bus franchising scheme for Greater Manchester.
- 1.2 In June 2019 Transport for Greater Manchester (*TfGM*) completed its assessment of a proposed bus franchising scheme on behalf of the GMCA (*"the Assessment"*). The Assessment was subsequently audited by an independent auditor (Grant Thornton) and then consulted upon. The consultation commenced on 14 October 2019 and closed on 8 January 2020.
- 1.3 Following the end of that consultation, the Covid-19 pandemic began to affect the United Kingdom and social distancing measures and guidance introduced by the Government in response to the Covid-19 pandemic disrupted the bus market. As the potential implications of Covid-19 had not been taken into account in either the Assessment or in the consultation, it was not considered appropriate for the GMCA to publish a formal response to the consultation, or for the Mayor to make a decision in respect of the proposed bus franchising scheme as required by the Act, at that time.
- 1.4 TfGM completed a report on the findings of the consultation titled *'Bus Franchising in Greater Manchester June 2020: Consultation Report'* (*'TfGM's June 2020 Consultation Report'*) the contents of which members simply noted (along with other supporting documents including the Ipsos MORI reports attached at Appendices 2 and 3) at their meeting on 26 June 2020. Members also noted that TfGM would prepare a further report which would consider the potential impact and effects of Covid19 on the bus market in Greater Manchester and would make recommendations about appropriate next steps.
- 1.5 TfGM completed that further report in November 2020. The *Covid-19 Impact on Bus Franchising Report* (*'the Covid-19 Impact Report'*) was not a new assessment of the Proposed Franchising Scheme. Instead, it considered the extent to which the conclusions in the Assessment of the Proposed Franchising Scheme remained valid in the light of Covid-19 and the uncertainties associated with it. The potential impacts of Covid-19 on the key conclusions of the Assessment were considered against four potential scenarios, as detailed in that report, which were developed to help plan and, illustrate what the bus market may look like in the future.
- 1.6 The Covid-19 Impact Report was considered by Members on 27 November 2020 where the following resolutions were agreed:
 - I. Note the contents of the *Covid-19 Impact on Bus Franchising Report and Consultation* report;
 - II. Note the contents of the Covid-19 Impact Report;
 - III. Note the contents of the Independent Auditor's Assessment of the Covid Impact Report
 - IV. Approve the publication of both the Independent Auditor's Assessment of the Covid Impact Report and the Covid Impact Report.
 - V. Approve the proposed funding arrangements and mitigations as set out in the *Covid-19 Impact on Bus Franchising Report and Consultation* report;

- VI. Note the mitigating responses to the downside risk scenario as set out in Section 3 of the Covid Impact Report.
- 1.7 Members also agreed to proceed with the Proposed Franchising Scheme by undertaking a further public consultation. The purpose of this consultation was to allow consultees to provide their views on the Assessment in light of the findings of the Covid-19 Impact Report and to provide their views on whether or not the Proposed Franchising Scheme should be introduced.
- 1.8 The second period of consultation commenced on 2 December 2020 and closed on 29 January 2021.
- 1.9 TfGM has now prepared a further report titled '*Bus Franchising in Greater Manchester March 2021: Consultation Report*' ('TfGM's March 2021 Consultation Report') (Appendix 1) which reviews and responds to the outcomes of both consultation exercises. In particular, the report sets out:
- I. TfGM's approach to reviewing and considering the consultation responses on behalf of GMCA;
 - II. TfGM's response to the consultation feedback as obtained, categorised and presented by Ipsos MORI in its three reports across both consultations, and
 - III. A detailed breakdown of the responses to the consultation responses received from (amongst others) those identified as statutory consultees in the Act.
- 1.10 In accordance with the requirements of section 123G of the Act, following the consultation process, GMCA as franchising authority must prepare and publish a report setting out its response to the consultation, together with the Mayor's decision whether to not to make a franchising scheme.
- 1.11 Accordingly, this report sets out the strategic context relating to the Proposed Franchising Scheme, the consultation methodology, and summarises TfGM's response to the consultation feedback. It also makes a number of recommendations, regarding (amongst other matters) the response to the consultation which GMCA is required to publish in accordance with section 123G (1) of the Act and the Proposed Franchising Scheme itself.

2. THE STRATEGIC CONTEXT FOR THE CASE FOR CHANGE

The Greater Manchester Strategy

- 2.1 As members are aware the case for bus franchising in Greater Manchester has been determined by a rigorous policy development programme, based on the city region's objectives as set out in the **Greater Manchester Strategy (GMS)**, *Our People, Our Place*, which was adopted by GMCA in 2017.
- 2.2 The GMS presents a vision for Greater Manchester "as one of the best places in the world to grow up, get on and grow old", which GMCA and its partners are seeking to achieve through **10 GMS priorities**:
- Priority 1: Children starting school ready to learn
 - Priority 2: Young people equipped for life
 - Priority 3: Good jobs, with opportunities for people to progress and develop
 - Priority 4: A thriving and productive economy in all parts of Greater Manchester
 - Priority 5: World-class connectivity that keeps Greater Manchester moving
 - Priority 6: Safe, decent and affordable housing

- Priority 7: A green city-region and a high-quality culture and leisure offer for all
- Priority 8: Safer and stronger communities
- Priority 9: Healthy lives, with quality care available for those that need it
- Priority 10: An age-friendly city-region

2.3 The GMS also articulates **five strategic enablers**, to underpin the achievement of the vision across all priorities:

- **Communities in control** – the GMS states that “we will only be able to mobilise the resources we need to fully realise our ambition if our communities are drawn together to deliver our objectives.”
- **People at the heart of everything we do** – it states that “Everything we do needs to respond to and benefit the people of Greater Manchester.”
- **An integrated approach to place-shaping** – it states that “We will take an integrated approach to investing in all places in Greater Manchester so that they are attractive environments in which to live, work, visit and invest.”
- **Leadership and accountability** – it states that “Greater Manchester’s Mayoral Combined Authority (GMCA) working seamlessly with the Local Enterprise Partnership will ensure that the voice of residents and business is at the heart of our decision making.”
- **Taking control of our future** – it states that “Devolution is critical to the success of this strategy. It is only by Government devolving powers and resources that we will be able to properly join up services and implement the distinctive Greater Manchester person-centred approach to drive productivity and realise the potential of everyone across the city-region.” A number of specific policy requirements are listed against this enabler, including “more control of local transport, with a long-term government budget to help us plan a more modern, better-connected network.”

2.4 Outcomes and key actions are set out in the GMS for each priority. Under **Priority 5 (World-class connectivity that keeps Greater Manchester moving)**, the GMS endorses the 2040 Transport Strategy (published in February 2017 and revised in January 2021) as “our strategy to develop a high quality, fully integrated transport system for Greater Manchester, with travelling customers at its heart.”

2.5 The GMS goes on to state that “To improve links across the conurbation, we will use the Mayor’s new powers under the Bus Services Act to deliver a bus network that is well integrated with the rest of the transport system and to ensure that fares offer best value to the customer, making buses an attractive travel option for more people.”

2.6 The requirement for improvements in infrastructure and connectivity are also reflected in the GM Independent Prosperity Review (March 2019), which confirmed the ambition of the City Region -

The various parts of Greater Manchester have different patterns of activity. Their economic development should build on their existing strengths and the complementary roles they can play within the city regional economy. For parts of Greater Manchester with lower productivity, pay and living standards, there needs to be both access to jobs in the centre and improved quality of jobs locally. That requires an integrated transport system providing access to employment, education and other economic and social opportunities across the city region and aligned with major sites of employment. This will be necessary – if not sufficient – for tackling social and spatial disparities. If Greater Manchester is to be a genuinely globally competitive international city region, it also needs wide digital connectivity, through fibre-to-the-premises investment and next generation mobile technologies, working with the market. There is a linked opportunity in Greater Manchester to build on the

city region's academic and industrial strengths in digital, data, artificial intelligence and, more recently, cyber security, to explore routes to strengthen a growing ecosystem, and leverage commercial investment in the city region. Progress has been made since the [Manchester Independent Economic Review] MIER in improving the transport network, particularly through the joint investment by central Government and Greater Manchester in the tram network. The programme to improve rail and bus service quality, reliability and integration – through rail devolution (franchising and stations) and bus reform – has progressed, but too slowly. Government and Greater Manchester should ensure they deliver this necessary local integration. New digitally-led approaches to transport integration – including as part of the Government's Future of Mobility Grand Challenge – may offer the potential to deliver integration at reduced cost and so should be explored as part of Government's and Greater Manchester's plans. However, integration requires institutional co-ordination as well as technology."

- 2.7 This is also reflected in the GM Local Industrial Strategy priorities (June 2019) and in particular an infrastructure priority of -
- i. *Short-term action to improve transport system performance through rail devolution, bus reform, trialling tram-trains, continuing to expand the city-region's walking and cycling infrastructure, and changing regulations to promote a cleaner, more efficient and integrated transport system.*

THE GREATER MANCHESTER TRANSPORT STRATEGY 2040

- 2.8 Since the publication of the GMS further work has followed on the development of the Greater Manchester Transport Strategy 2040 (the '2040 Transport Strategy'), which is part of Greater Manchester's statutory Local Transport Plan.
- 2.9 A revised 2040 Transport Strategy was approved by GMCA in January 2021, following a commitment made in 2017 to review the Strategy on a regular basis to respond to changing trends and new opportunities and priorities. In agreeing the updated Strategy, GMCA agreed that its vision - for Greater Manchester to have '*World class connections that support long-term, sustainable economic growth and access to opportunity for all*' – remains highly relevant, but the steps that need to be taken to achieve this Vision have evolved significantly.
- 2.10 The 2040 Transport Strategy has therefore undergone a 'light touch' policy refresh to reflect work undertaken, and the changed context since 2017. In particular, the refreshed 2040 Transport Strategy includes details of Greater Manchester's 'Right Mix' ambition for at least 50% of all journeys to be made by active travel and public transport by 2040; the GM Mayor's 'Our Network' vision for an integrated transport network; the contemporary devolution position in Greater Manchester; the increased emphasis placed on regenerating town centres throughout the city-region; an increased emphasis on the importance of cycling and walking; and a renewed focus on tackling climate change and achieving clean air commitments.
- 2.11 Reflecting the importance of people and their needs at the heart of the GMS, the approach in the 2040 Transport Strategy is mindful that our transport system carries both people and goods, and the needs of both must be considered in plans for the future. Seven mutually reinforcing principles have been established, which are set out in the figure below, will be applied consistently to improving Greater Manchester's transport system to ensure that it meets the needs of all customers.



2.12 The 2040 Transport Strategy also builds on the critical importance of integration in achieving Greater Manchester’s objectives; and on the agenda for transport integration, as set out in the Mayor’s vision for Our Network. The 2040 Transport Strategy focuses principally on creating an integrated, well-coordinated transport system, which supports a wide range of different travel needs, setting out a series of modal principles which cut across the entire strategy and define our specific aspirations for bus, rail, Metrolink, active travel and highways. These Greater Manchester-wide priorities and principles, which apply across the whole of the transport strategy, are summarised below.



2040 TRANSPORT STRATEGY: VISION FOR BUS

- 2.13 The 2040 Transport Strategy includes a Vision for Bus, with the following clear ambition statement:

“To develop a modern low-emission accessible bus system, fully integrated with the wider Greater Manchester transport network on which everyone will be willing to travel regardless of their background or mobility level.”

- 2.14 The Vision discusses the strategic context for this ambition and presents the strategic objectives that have formed the basis for the Assessment of the Proposed Franchising Scheme.

Network Integration

- The bus network will be dynamic, developed in response to demand for travel, particularly to and from new areas of housing, employment, and education and training. It will include the provision of bus services where current or anticipated demand might not support commercially viable services, in order to achieve important social or economic objectives.
- An integrated public transport network where services complement each other, will maximise connectivity opportunities. Buses acting as feeder services to rail and Metrolink services will extend commuting options and wider travel opportunities. This will create a clear and logical set of travel options for passengers.
- Appropriate levels of resource provided on routes will be aligned with levels of demand. Frequencies will be increased on some routes, and at some times of day, to better meet people’s needs, particularly for access to work and training.
- Passenger convenience will be maximised, and journey times minimised, through the optimal location of interchanges, hubs and bus stops to ensure passengers can complete journeys requiring more than one trip or mode.
- Network stability will be a key feature, giving customers the confidence to rely on their bus service. Changes to the network will be carefully considered, and their effects on the network as a whole understood before being made.

Simplified and Integrated Fares

- Bus passengers will benefit from a simple, integrated ticketing system that complements and enhances the integration of the transport network. It will be easy to understand for passengers, incorporating a simplified fare bands, and will allow flexible use of tickets across different bus services and other modes. This will enable longer and multi-modal journeys to be completed without excessive cost.
- A ticketing strategy that allows the best possible demand management within and between modes will allow for best possible management of highway, rail and tram capacity.
- Passengers will benefit from easy means of transaction, and swifter boarding, through more use of new technology, including their mobile devices and bank cards. It is important to ensure that ticketing adequately reflects changing travel patterns – e.g. Carnet products for those not working a five-day week.

Customer Experience

- The bus network will be easy to navigate for all passengers, including visitors. It will also benefit from a unified brand within an overarching identity for the wider public transport network, making the system clearer for everyone.
- The whole public transport network will be promoted effectively – travel choices will be simple to understand, and customers will be able to make informed choices, using the sophisticated travel information through digital as well as traditional methods.
- A consistent and good journey experience will be achieved through high standards for onboard facilities. The journey experience will be further enhanced through passenger waiting stops and interchanges that are accessible, convenient, clean, comfortable and safe.
- Passengers will feel confident that the bus will get them to where they want to be, on time, and that buses will turn up when they are scheduled to do so.
- Bus performance will be improved through investment in bus priority on the highways. Management of the network in real time - through technology, to minimise service disruption and maintain an even service – will be rolled out further.
- A modern, especially electric, bus fleet to reduce harmful emissions to improve air quality and the customer experience.

Value for Money

- The bus network will deliver optimal value for money both from the fares paid by passengers, and the different forms of subsidy.
- By avoiding over-provision of buses on busy corridors, there will be more resources available for investment into the bus system, which could be used to deliver new services and passenger facilities.

2.15 The 2040 Transport Strategy is supported by a new Five-Year Transport Delivery Plan (that also forms part of the statutory Local Transport Plan) which sets out the practical actions planned, over the next five years, to deliver the Strategy and hence to achieve the transport ambitions of the GMCA and the Mayor. The draft Delivery Plan was approved by GMCA in January 2021 and emphasises Greater Manchester’s level of ambition: to bring all transport modes – including bus, tram, rail, tram-train and cycling and walking - together, as a world-class, modern, integrated and reliable transport system with seamless connections, and simplified ticketing and fares.

2.16 The Delivery Plan aims to support our city-region’s recovery from Covid-19, alongside the wider-ranging **Greater Manchester “Living With Covid” Plan**, which identifies the following strategic direction for Greater Manchester in the near term:

“As we seek to rebuild our economy, there is an unprecedented opportunity to do so in a way which does not forfeit the observed environmental improvements by building back better to tackle our climate emergency, and builds a fairer society. It is our aspiration to develop and rebuild with a more inclusive economy, where everyone can contribute and benefit. Through more effective targeting and

prioritising of resources, Greater Manchester has the opportunity to reshape our future with greater inclusivity of growth and prosperity, with no-one left behind.”

2.17 In considering the right model for this approach, the “Living with Covid” Plan highlights as a priority the need to “progress a more integrated public transport system with support from DfT”. In doing so, it reinforces the view that the 2040 Strategy and Vision for Bus agenda towards a more integrated public transport offer remains relevant to the recovery of the city region following the pandemic, as it was when first developed through the 2040 Transport Strategy, in the interests of an environmentally sustainable and more fully inclusive economic renewal over the next five years.

3. CONSULTATION

3.1 As set out above, consultation on the Proposed Franchising Scheme took place over two periods, which totalled over 20 weeks. The purpose of the consultation was to comply with GMCA’s legal requirements and ensure that stakeholders were able to provide their views on whether the Proposed Franchising Scheme should be made with or without modification. TfGM conducted the consultation on behalf of GMCA. Full details of the approach and methodology for both periods of consultation are set out in Appendix 8.

3.2 The following sections of this report provide information regarding:

- The final response numbers and other submissions;
- Comments received on the consultation; and
- The overall opinion of consultees.

4. FINAL RESPONSE NUMBERS AND OTHER SUBMISSIONS

4.1 The overall response rates for the consultations are set out below along with details of other submissions. Further detail on participants, including a list of stakeholder organisations that responded, can be found in the Ipsos MORI summary reports. A number of late responses were received to the consultations after the closing dates. In the interests of fairness to those who took part within the consultation periods, Ipsos MORI have summarised late responses separately. Further information can be found at Chapter 15 of the Ipsos MORI June 2020 Consultation Report (Appendix 2) for the first consultation and Chapter 17 of the Ipsos MORI March 2021 Consultation Report (Appendix 4) for the second consultation. A summary is also provided below.

Overall response rate – first consultation

4.2 A total of 8,516 responses were received during the first consultation which includes campaign responses (see para 4.5-4.8 below). 7,120 were responses from members of the public. 41 responses were received from statutory consultees and 115 from non-statutory consultees. The following table provides a full breakdown of responses by channel and consultee. This table includes the 1,240 campaign responses received. The term ‘whitemail’ refers to responses submitted by post not using the response form structure (letters, reports etc).

Response channel	Members of the public	Statutory consultee	Non-statutory consultee	Overall total
Online response form	5,700	13	56	5,769
(Short version)	(4,534)	(5)	(37)	(4,576)
(Long version)	(1,166)	(8)	(19)	(1,193)

Paper response form:	308	5	3	316
(Short version)	(276)	(0)	(3)	(279)
(Long version)	(32)	(5)	(0)	(37)
Email (including campaign responses)	2,340	23	55	2,418
Whitemail	12	0	1	13
Total	8,360	41	115	8,516

4.3 The response form (online and paper) included a number of questions about the participant, to gather relevant geographic and demographic information to allow for monitoring and analysis of participants during the consultation period and as part of the final response summary. These were not compulsory questions and were not completed by all participants responding via the response form.

4.4 For those who responded as an individual via the online or paper response form and completed the relevant geographic question, the split across GM local authority area and how that compares to the GM population is set out in the table below. This shows some moderate over and under representation across areas, which is usual to see in a consultation exercise where participants are self-selecting.

Local Authority	Number of respondents	% of responses	% of GM where stated	% of GM population
Bolton	381	6%	7%	10%
Bury	435	7%	8%	7%
Manchester	1,501	25%	26%	19%
Oldham	352	6%	6%	8%
Rochdale	304	5%	5%	8%
Salford	576	10%	10%	9%
Stockport	780	13%	14%	10%
Tameside	413	7%	7%	8%
Trafford	563	9%	10%	8%
Wigan	406	7%	7%	12%
Outside Greater Manchester (specified)	254	4%		
Not stated	39	1%		
Total	6,004			

Of those responding as an individual via the online or paper response form and completed the relevant demographic questions:

- The age group with the highest number of respondents was 65-74, making up 24% of the responses. The lowest number of responses were received from those aged 16-18 (2%). Compared to GM population breakdown, younger people were slightly under-represented
- 55% identified as male and 41% female, with the remainder of respondents identifying as other or preferring not to say. Compared to GM population breakdown, females were slightly under-represented
- The majority of the respondents (88%) were white. 2% respondents were mixed/multiple ethnic groups, 3% were Asian/Asian British, 2% were Black/African/Caribbean/Black British, 1% were from another ethnic group and

6% preferred not to say. Compared to GM population breakdowns, white respondents were slightly over-represented.

- The majority of respondents (77%) said that their day-to-day activities were not limited because of a health condition or disability. 21% said their day-to-day activities were limited a lot or a little, and the remaining 2% did not state their response. Compared to GM population breakdowns, those who had a disability were slightly over-represented.

Campaigns – first consultation period

- 4.5 Of all responses received, 1,240 were categorised as campaign responses. All of these responses related to one campaign from Better Buses for Greater Manchester. The main points contained within the Better Buses for Greater Manchester campaign gave support for a better, publicly controlled bus network and supported GMCA's Proposed Franchising Scheme.
- 4.6 A total of 930 responses included text which Better Buses for Greater Manchester included on its website. The response made several points in response to the Strategic Case of the Assessment, including the challenges facing the local bus market and the conclusion that it is not performing as well as it could. The campaign also commented that reforming the bus market is the right thing to do to address the challenges facing it. The campaign went on to provide comments in response to the conclusions of the Economic and Financial Cases.
- 4.7 A further 502 responses provided a comment which replicated text used by Better Buses for Greater Manchester on its Facebook page (entitled Publicly Controlled Buses) and a further 63 responses provided a comment which replicated text used on a postcard produced by Better Buses for Greater Manchester.
- 4.8 In addition, Better Buses for Greater Manchester submitted a petition in support of the regulation of buses. A petition differs from a campaign response in that it comprises a single response alongside a number of signatures. A total of 11,510 members of the public and other organisations signed the petition.

Late responses – first consultation period

- 4.9 72 responses were received after the consultation closed at 23:59 on Wednesday, 8 January 2020.
- 4.10 Of the late responses received, one was from a statutory consultee - the Competition and Markets Authority - who informed TfGM on 8 January 2020 that it was in the process of finalising the governance and sign-off of its response and that its responses would be submitted late. This response was received by Ipsos MORI on 7 February 2020. This response was reviewed by TfGM in a consistent manner to all other statutory consultee responses. The other late responses which were submitted by other non-statutory consultees (including the Association of British Commuters, Age UK Bolton, a local Greater Manchester councillor and a charity organisation) made comments which were generally supportive of the Proposed Franchising Scheme.
- 4.11 Section 15 of Ipsos MORI's June 2020 Consultation Report (Appendix 2) found that after excluding campaign responses, there were 27 late responses which were submitted by members of the public. Ipsos MORI found that all of those responses provided comments which were representative of the responses received by members of the public during the consultation period.

Overall response rate – second consultation

4.12 A total of 4,017 responses were received during the consultation period which includes campaign responses (see paras 4.15-4.17). 3,954 were responses from members of the public and 63 were responses from stakeholders, including those previously identified as statutory consultees. The following table provides a full breakdown of responses.

Response channel	Members of the public	Stakeholder organisations incl. previous statutory consultees	Overall total
Online response form	2,291	22	2,313
Paper response form	9	0	9
Email (including campaign emails)	1,652	41	1,693
Whitemail	2	0	2
Total	3,954	63	4,017

4.13 As with the first consultation, the response form (online and paper) included non-compulsory geographic and demographic questions.

4.14 For those who responded as an individual via the online or paper response form and completed the relevant geographic question, the split across GM local authority area and how that compares to the GM population is set out in the table below. As with the first consultation, this shows some moderate over and under representation across areas, which is usual to see in a consultation exercise.

Local authority	Number of respondents	% of responses	% of GM where stated	% of GM population
Bolton	127	6%	6%	10%
Bury	157	7%	7%	7%
Manchester	597	26%	28%	19%
Oldham	142	6%	7%	8%
Rochdale	124	5%	6%	8%
Salford	203	9%	9%	9%
Stockport	311	14%	14%	10%
Tameside	127	6%	6%	8%
Trafford	206	9%	10%	8%
Wigan	166	7%	8%	12%
Outside GM (specified)	106	5%		

Prefer not to say/not stated	34	1%
Total	2300	

Of the public participants who took part in the consultation via the online or paper form and completed the relevant demographic questions:

- The age group with the highest number of respondents was 65-74, making up 29% of the responses. The lowest number of responses were received from those aged under 18 (1%). Compared to GM population breakdown, younger people were slightly under-represented
- 55% identified as male and 33% female, with the remainder of respondents identifying as non-binary, in another way or preferring not to say. Compared to GM population breakdown, females were slightly under-represented
- The majority of the respondents (87%) were white. 2% respondents were mixed/multiple ethnic groups, 2% were Asian/Asian British, 2% were Black/African/Caribbean/Black British, 1% were from another ethnic group and 7% did not state or preferred not to say. Compared to GM population breakdowns, white respondents were slightly over-represented.
- The majority of respondents (70%) described themselves as not having a disability, while 21% described themselves as having a disability. The remainder (9%) preferred not to say. Compared to GM population breakdowns, those who had a disability were slightly over-represented.

Campaigns – second consultation period

- 4.15 Of all responses received, 1,431 were emails considered to be campaign responses.
- 4.16 1,334 of these were linked to a campaign from Better Buses for Greater Manchester which gave support for a better, publicly controlled bus network.
- 4.17 97 were received in response to Rotala’s ‘Your Buses’ campaign and were critical of the proposals and of GMCA’s consideration of the potential impact of Covid-19.

Late responses – second consultation period

- 4.18 23 responses were received after the consultation period closed at 23:59 on Friday 29 January 2021, of these 11 were additional campaign responses and eight were from members of the public.
- 4.19 Of the remaining late responses, four were from stakeholder organisations. Stagecoach wrote to GMCA on 19 January 2021 and requested an extension of time due to a specific issue which had an impact on their ability to develop their response to the consultation within the deadline. An extension was agreed and the response was received by Ipsos MORI on 15 February 2021. This response was reviewed by TfGM in the same way as all other responses from groups identified as previous statutory consultees in the Act.
- 4.20 The remaining three late stakeholder responses were submitted from The University of Manchester, Graham Stringer (MP for Blackley and Broughton) and Schroders. All made comments which were supportive of the Proposed Franchising Scheme.

5. CONSULTATION PROCESS FEEDBACK

- 5.1 Participants in the consultation provided general comments and feedback about the consultation process and documentation. A summary of these comments is provided below.
- 5.2 Further information can be found at Appendix D of the Ipsos MORI June 2020 Consultation Report for the first consultation, and in Chapter 16 of the Ipsos MORI March 2021 Consultation Report for the second consultation. Additionally, legal matters relating to the consultation process have been summarised/addressed in section 16 of TfGM's March 2021 Consultation Report (Appendix 1).

Comments received about the first consultation

- 5.3 A total of 1,017 participants made comments about the consultation itself. The majority of favourable comments provided feedback on the Consultation Document, with comments including that it was thorough and well thought through, that it was clear, and the information well laid out and helpful.
- 5.4 The majority of unfavourable comments also related to the Consultation Document, referring to the length, technical terminology and complexity.
- 5.5 GMCA and TfGM recognised the technical nature of the consultation and that this was a requirement to meet the criteria prescribed by the Act and statutory guidance and to provide as much information to all consultees, particularly statutory consultees, to respond to the consultation. This required GMCA to provide significant detail about the Proposed Franchising Scheme and accompanying Assessment, prepared in accordance with the Government Green Book Guidance. These legal requirements informed the format and content of the Consultation Document and related materials.
- 5.6 To ensure that the technical and legal nature of the consultation was not a barrier to participation, GMCA undertook a range of activity to ensure that anybody who wished to participate in the consultation could do so, and accessibility was a central part of the consultation and communication and engagement approaches. Measures included:
- The development of a short questionnaire for those who did not wish to answer the long questionnaire;
 - The production of accessible information about the reasons for the consultation and how to participate, including a leaflet and a short animation with audio and subtitles. The Consultation Institute agreed that the animation enabled people to engage with the consultation in a simple, accessible way;
 - Public information events and face-to-face meetings with community groups were another method of ensuring that the purpose and scope of the consultation was articulated simply to local public and passengers;
 - The provision of a dedicated phone line to answer queries, supported by a 'LanguageLine' service for non-English speakers; and
 - Weekly monitoring of the participant profile to inform interventions e.g. gender, age, ethnic origin, health status, local authority area etc.

Comments received about the second consultation

- 5.7 A total of 336 participants made comments about the second consultation itself. Of those 29 were praise for the consultation and the remainder were critical.

The majority of favourable comments provided feedback on the Consultation Document, with comments including that the information was clear, understandable and extensive. Some participants also commented that they liked the virtual engagement platform and many appreciated that the public were asked for their responses.

- 5.8 The majority of unfavourable comments also related to the Consultation Document, stating that it was too long or difficult to understand, did not provide enough information, used incorrect or outdated information, or was designed to support GMCA's proposal. Some participants also felt that the consultation materials lacked non-digital options, while others commented they had encountered technical issues.
- 5.9 During the consultation period, no issues were identified or reported to TfGM, GMCA or Ipsos MORI with the GM Consult consultation webpage or the Ipsos MORI online questionnaire.
- 5.10 Some participants commented that it was 'a done deal' or would not make a difference, there was a lack of publicity and people were unaware it was happening, and that GMCA should refer to the outcomes of the first consultation
- 5.11 GMCA sought to ensure that everyone who wished to participate in the consultation could do so and undertook bespoke communications and engagement activity with specific consideration given to ongoing GM tier 3, followed by national lockdown measures and associated restrictions, during the consultation period as a consequence of Covid-19. Measures included:
- Hard copies of all consultation documentation were available on request by phone and email, and the consultation document and questionnaires were available to pick up from Travelshops across Greater Manchester for those continuing to travel;
 - A virtual engagement platform was developed which sought to replicate face to face engagement by providing all materials in one place and facilitating live Q&A sessions throughout the consultation period;
 - An extensive GM-wide awareness raising campaign was delivered across wide-ranging channels aligned to behaviours during the consultation period, e.g. fewer people travelling and people spending more time at home, and working closely with GM Councils to utilise relevant local channels and networks;
 - A dedicated phone line was provided for any queries throughout the consultation period and people could also submit a response by phone; and
 - A number of ways to access the consultation information were available, through a webpage, a series of animations and a downloadable leaflet, as well as the full consultation document.

6. SUMMARY OF OVERALL OPINION OF CONSULTEES

- 6.1 The responses in both consultation periods were received and analysed by Ipsos MORI – the independent agency appointed to manage and analyse the responses on behalf of GMCA. Ipsos MORI produced two reports summarising the comments submitted by participants. Additionally, TfGM have produced a report responding to

consultation taking account of responses received in both periods. All three reports are appended.

- 6.2 Alongside specific questions related to the scope and relevant information, participants were asked about their support for or opposition to the introduction of the Proposed Franchising Scheme, together with their reasons and any other comments they had. The relevant questions, which were repeated in the two consultation periods, are included below. More detail on the approach to analysis can be found in the Ipsos MORI consultation summary reports.

Question	Question number – first consultation	Question number – second consultation
To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?	45A	11A
Why do you say this?	45B	11B

- 6.3 This section summarises the overall opinion towards the Proposed Franchising Scheme and the reasons underpinning these views provided by members of the public and stakeholders, including statutory consultees. The summaries reflect those provided in the relevant chapters of the Ipsos MORI reports, with additional detail added where appropriate to provide Members with a high-level overview of the overall opinion of those who participated in the consultation. The summaries below do not seek to provide a full overview of consultee responses. Section 7 of this report provides a brief overview of the conclusions of each considered case and TfGM’s March 2021 Consultation Report at Appendix 1 sets this out in full.
- 6.4 Across both consultations there was a high level of public support for the proposed franchising scheme. Of those who answered the closed question on the questionnaire (*to what extent do you support or oppose the introduction of the Proposed Franchising Scheme?*) 83% of respondents to the first consultation indicated their support for the Proposed Franchising Scheme, with 71% in support of the Proposed Franchising Scheme during the second consultation.
- 6.5 It should be noted that some of those who responded to the consultation chose to do so via email or letter and are thus not included in those figures. This was the case for many of the incumbent bus operators who tended to be opposed to the Proposed Franchising Scheme and advocated alternative options, such as a partnership. The majority of email responses, however, were submitted by those supporting the Better Buses for Greater Manchester campaign in support of franchising which ran during the first and second consultation periods (1,240 and 1,334 respectively). Taken together with responses to the closed question, overall levels of support would therefore be closer to 86% for the first consultation and 82% for the second consultation.
- 6.6 The paragraphs below provide a summary of the views from participants in the consultations.

Summary of overall opinion of consultees - first consultation period

- 6.7 The purpose of the first consultation was to seek views from consultees on whether the Proposed Franchising Scheme should be made, with or without modification. Overall opinion around the introduction of the Scheme in that context is summarised below.

6.8 The table below shows levels of support and opposition to the introduction of the Proposed Franchising Scheme from those who answered the tick-box question on the questionnaire. Respondents were offered six options, the other two not included in the table below being 'neither support nor oppose' and 'don't know'. Most of those who provided a response to the question on the questionnaire were supportive of the introduction of the Proposed Franchising Scheme.

Q45a. To what extent to you support or oppose the introduction of the Proposed Franchising Scheme?	Strongly support	Tend to support	Tend to oppose	Strongly oppose	Net support +/-
All who provided a response (5,979)	3,834	1,102	136	366	+4,434
Statutory consultee (13)	9	3	0	1	+11
Non-statutory consultee (60)	42	9	0	2	+49
Member of the public (5,905)	3,783	1,090	136	363	+4,374

6.9 However, as referenced above, not all of those who provided a response to the consultation used the questionnaire.

6.10 Of all responses received to the consultation, 1,240 were considered to be campaign responses from Better Buses for Greater Manchester which were in support of the Proposed Franchising Scheme. These are reported separately by Ipsos MORI.

6.11 The table below shows the number of favourable and unfavourable comments received from statutory consultees, non-statutory consultees, and members of the public across all response methods (i.e. on the questionnaires, letters and email responses – other than campaign responses – received within the consultation period). As the table shows, there were more favourable than unfavourable comments received about the Proposed Franchising Scheme. However, as the table also shows, half of statutory consultees who responded provided unfavourable comments, including issues or concerns they had about what was being proposed. Some of the large Greater Manchester bus operators in particular tended to provide unfavourable comments about the Proposed Franchising Scheme, preferring a partnership option instead.

Q45b. Why do you say this?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (4,285)	3,820	757	+3,063
Statutory consultee (29)	21	14	+7
Non-statutory consultee (99)	90	18	+72
Member of the public (4,157)	3,709	725	+2,984

Summary of overall opinion – first consultation period: statutory consultees

- 6.12 The majority (13 out of 15 statutory consultees) who answered the question on the questionnaire were supportive of the proposal – most indicated strong support.
- 6.13 Of the 33 statutory consultees who provided comments about the introduction of the Proposed Franchising Scheme (including those who made comments by email and letter and on the questionnaire), the majority provided supportive and favourable comments. The following sections break down the responses received by category of organisation.
- 6.14 As mentioned above, the incumbent bus operators who responded to the consultation tended to be opposed to the Proposed Franchising Scheme and advocated alternative options, such as a partnership.

Bus operators / transport organisations (summary of overall opinion – first consultation period: statutory consultees)

- 6.15 A mixed picture emerges in that while some of the bus operators and transport organisations supported the Proposed Franchising Scheme, others were opposed to it. A brief summary of operator's responses is set out below and considered in detail in TfGM's March 2021 Consultation Report (Appendix 1):
- **Stagecoach** strongly opposed the franchising scheme and considered that partnership is more 'economic, efficient and effective' approach. It had three major concerns: that the Assessment appeared overly favourable in attributing benefits to franchising against those deliverable with a partnership; that the timescale proposed for delivering the scheme over four years was extremely optimistic and that the proposals for acquiring the 10 strategic depots by agreement were unlikely to be achieved putting the business case for franchising at risk. It considered that the proposed scheme would absorb £134m of public money, for no ascertainable improvement in journey times and service quality or provision and will limit new vehicle investment and innovation. Investing £134m in infrastructure projects alongside a partnership would be a better use of public funds. Stagecoach also put forward an alternative proposal that would involve a franchise in the north of GM and partnership in the south. The south only partnership was focused on providing, in some cases, more than had been put forward through the One Bus Partnership Plus proposals They noted that this would allow for extended 'real world testing' of both models i.e. franchising in the north and partnership in the south of Greater Manchester.
 - **First** strongly opposed franchising. In its view the first £100m will all go on administration delivering nothing to the public and franchising would deliver an ongoing decline in bus patronage, guaranteed fare increases, no material improvement in the bus fleet, no guaranteed network enhancements, be costly to taxpayers exposing them to be risk and be a distraction from, and delay, addressing the basic problem – resolving congestion. First believed that a partnership, based on shared objectives, would secure the best outcomes. However they also set out that if there is considered by TfGM to be no alternative to franchising then this should first be implemented on a pilot basis, and in parallel with a pilot partnership, to minimise costs and risks and seek to ensure that the best value and lowest cost was achieved in the delivery of the desired objectives. They proposed a pilot-based approach for partnership should take place with First Group in the Oldham area.

- **Go North West** stated that it opposed the proposed franchising scheme although did note that they are not opposed in principle to regulatory interventions in bus networks where the framework and environment deliver the right outcomes. In its view the scheme in its current form would not deliver GMCA's ambition for buses in Manchester. In its view the timescales were unrealistic; in its current form it would cause significant disruption to bus passengers, lead to an increase in fares, a fall in patronage and potentially risk redundancy for employees; and the cost and risk of the scheme would be borne by the public which is of concern as it is much less likely to be able to withstand shocks to the market. They considered that the Scheme delivers less benefit and more risk to the GMCA and bus passengers than set out in the Assessment and does not meet the statutory criteria asserting that it was neither affordable nor representing value for money. They conclude that they consider the Partnership Plus offer represents a real opportunity to deliver, at much lower risks, GMCA's ambition of improving bus services for customers and communities. However they note that if GMCA continues to be set on a franchising approach they should consider changes notably a route-based approach.
- **Rotala** was strongly opposed to the Proposed Franchised Scheme suggesting that GMCA had put forward an 'entirely radical' proposal, i.e., the Proposed Franchising Scheme, that will require significant amounts of public funding but have considerable risks attached to it, for both GMCA and bus operators, particularly during the transition period and without any guarantee of success. They argued that the basis for intervention is underpinned by flawed analysis as well as not dealing with matters such as the Clean Air Zone and congestion that will have an impact on patronage. They also set out that the Economic Case and Financial Case were skewed in favour of the Proposed Franchising Scheme as compared with other options such as partnership and that they did not consider the Proposed Franchising Scheme to be affordable based on the Economic and Financial Cases. Rotala considered that a revised partnership option ("Partnership Plus") could achieve all of the objectives sought by GMCA without the disruption franchising would cause. Moreover, these benefits would be met through operator revenue and would not require any increase in Council Tax for Greater Manchester residents.
- **Arriva** believed that a partnership option would be the best outcome for the people of Greater Manchester and for GMCA. However, if they went onto say that if the Mayor resolved to proceed with franchising, they would accept that decision and do their best to assist GMCA in delivering its bus improvement objectives. They noted that the proposed franchising scheme (unlike the other models considered) exposes GMCA and operators to significant financial risk and costs. They also indicated that if franchising were to be implemented there should be a longer transition period to allow lessons to be learnt from each tranche of procurement.
- **Transdev Blazefield Ltd** neither supported nor opposed franchising. They did indicate that the high risk associate with franchising and the close BCRs meant that a better way of progressing would be to engage to increase the benefits of partnership- where the risk profile lies with the operators. However they concluded that through the Partnership promoted through OneBus or the Franchising scheme proposed by GMCA or somewhere in between, Transdev is

committed to continuous improvement for bus users in Greater Manchester and that they would seek active role in developing networks and marketing buses to customers, existing and new.

- **OneBus**, representing a number of operators in Greater Manchester including ones set out above, stated that it did not support the introduction of the Proposed Franchising Scheme. As an alternative it proposed on behalf of a number of commercial bus operators in Greater Manchester the Partnership Plus proposal, an improved version of the voluntary Operator Proposed Partnership proposal considered in the Assessment by TfGM. It considered a similar result to franchising could be achieved through partnership at reduced risk to the taxpayer and with quicker customer improvements. It would avoid the complexities of the transition period and was not dependent on a Phase 2 windfall of public funding to deliver customer benefits. In its view franchising fails to tackle several key objectives of the 2040 Strategy: it fails to stop the decline in bus use; it does not reduce journey times or introduce new buses; it fails to address perceived inadequacies in the network and falls short of providing value for money with inflation busting fare increases.. OneBus had commissioned a separate report by Jacobs on the economic analysis and this was used by both OneBus and a number of operators in their responses to criticise the economic analysis undertaken.
- **Belle Vue (MCR) Ltd** believed that the Proposed Franchising Scheme would be unfair to smaller sized bus operators.
- A number of operators who provided services in GM at the time of the first consultation responded positively. These included HCT Group which believed that the Proposed Franchising Scheme would be the only way to ensure a comprehensive, affordable and integrated network which serves local residents. Warrington's Own Buses believed that the Proposed Franchising Scheme appeared to offer better value for money to GMCA than that which a partnership approach would offer.

Local authorities (summary of overall opinion – first consultation period: statutory consultees)

6.16 Local authorities were in general supportive of the proposal, including all Greater Manchester Councils. They commented that the proposal would deliver a number of benefits across Greater Manchester, including provision of an integrated bus network, an improvement in standards, and a more simplified ticketing system which passengers would benefit from.

- **Bolton Council** tended to support franchising noting that the franchising scheme could bring about improved public transport across GM. It could improve bus services that are integrated with other transport modes, services will be delivered on need rather than profit. In addition, there will be integrated ticketing services, better quality vehicles, improved bus patronage across GM reducing the number of car journeys by providing a more reliable service and better customer experience.
- **Bury Council** agreed with the recommendation of the consultation document.
- **Manchester City Council** fully supported the recommendation of the consultation document and noted that it considered that for the current

deregulated market has failed to deliver the consistency and quality of bus services that the city aspires to nor an effectively integrated public transport system. They set out that a franchised model would give the public sector control over standards of service, fares, frequencies, vehicle standards and ticketing—the key factors that make for an attractive and effective bus and wider public transport service. They did not consider that an enhanced partnership could be capable of delivering the same benefits as franchising.

- **Oldham Council** explained that the issue had been debated at full council and this had confirmed that the council supported the regulation of buses in Greater Manchester noting that a franchising scheme would make the bus network better coordinated, simpler, more far reaching, and responsive to the needs of the residents rather than for private profit.
- **Rochdale Council** strongly supported the franchising scheme. It noted that although it does not address all the issues currently being experienced by passengers on the Greater Manchester bus network there are significantly more positives offered by the implementation of a franchising scheme than the “Do Nothing” or Partnership Options. Locally franchising may prevent the recent and gradually fragmentation of bus services between different operators introducing their own increasing fare structure and is contrary to the ambitions of both the Council and GMCA for a more integrated public transport network.
- **Salford City Council** explained that they passed a motion in full council supporting the Proposed Franchising Scheme as the best option for operating buses in Greater Manchester.
- **Stockport Council** strongly supported the introduction of the proposed bus franchising scheme although noted that as they would be in the final tranche to be franchised they were concerned to ensure that this did not lead to a negative impact on services or incumbent operators during transition and whether the transition could be accelerated.
- **Tameside Council** strongly supported the introduction of the proposed bus franchising initiative. It noted that the proposed reforms of the bus market will set out within the Strategic Case will help to address many of the challenges currently faced by the local bus market and enable the wider transport policy objectives set out within the Greater Manchester 2040 Transport Strategy to be met. It will also support the long-term sustainable economic growth and access to opportunity for all. The reform will encourage an increase in bus usage and therefore help in the objective of 50% of all trips being made by Greater Manchester residents to be made by accessible modes.
- **Trafford Council** supported the introduction of the Proposed Franchising Scheme. It noted that the Proposed Franchising Scheme will provide for a wholesale and fundamental improvement to the current deregulated bus system which is not fit for purpose. It will not only support delivery of GM’s Transport Strategy 2040, but also Trafford Council’s Vision of ‘Working together to build the best future for all our communities / everyone.’ The Proposed Franchising Scheme will provide for an integrated bus network that can properly connect to other public transport provision, deliver simplified and unified ticketing and information, improve standards and set a platform for investment to meet current

and future need. It will also play a key role in increasing the use of public transport, reducing congestion and improving air quality.

- **Wigan Council** supported the proposal noting that in principle the proposed franchising scheme has the potential to benefit every person that lives and works in Wigan Borough.

6.17 As well as local authorities in Greater Manchester, other neighbouring authorities also responded to the consultation. Rather than comment on the merits of franchising or partnership a number of these focused primarily on implications for cross boundary issues such as cross boundary services, ticketing arrangements and vehicle standards

- **Lancashire County Council** focused on the importance of the continuance of cross boundary services and the financial viability of small and medium sized bus operators in the region.
- **Chorley Council** stated that the Proposed Franchising Scheme would be the best option to improve the local bus market in Greater Manchester provided there would be no negative impact on the existing boundary bus services running to and from Chorley.
- **West Yorkshire Combined Authority** focused on the implications for cross boundary services, ticketing arrangements, vehicle standards and transitional arrangements proposing that WYCA and GMCA cooperate together on these issues.
- **Liverpool City Region** endorsed GMCA's use of the powers under the Bus Services Act 2017, noting the importance of local decision making and raised a number of similar issues to West Yorkshire Combined Authority particularly in relation to cross boundary services.
- **Cheshire West and Chester** noted that they were keen to support GMCA in ensuring any new arrangements work effectively for councils outside Greater Manchester in areas such as permitting and vehicle standards.
- **Cheshire East** noted similar concerns commenting on the risks of a 'hard border' being created that could impact cross boundary services.
- **Blackburn with Darwen Council** tended to support scheme noting that the Council is supportive of GMCA's proposal to introduce a Franchising Scheme for the Greater Manchester area, in order for GMCA to achieve its strategic objectives in terms of supporting sustainable economic growth, improving quality of life for all, protecting the environment and developing an innovative City Region. The Council also noted limitations within the current legislative arrangements regarding allowing current bus operators to fully integrate fares and ticketing.
- **Derbyshire County Council** raised some concerns about the proposal. The Council was concerned about possible impacts to cross boundary services and requested that GMCA and TfGM have further engagement with it so that in its opinion its legitimate concerns can be taken into account to the satisfaction of both sides.

Other statutory consultees (summary of overall opinion – first consultation period)

- 6.18 A small number of other statutory consultees provided comments about the introduction of the Proposed Franchising Scheme. Some of those that provided comments, were very much in favour of the Proposed Franchising Scheme, and this included strong support from TUC North West, Unison North West and Unite the Union.
- 6.19 While Transport Focus believed that the Proposed Franchising Scheme would deliver benefits for passengers, they considered that the test would be in assessing the delivery of resulting services. However, the organisation raised a few questions about how the Proposed Franchising Scheme would improve customer satisfaction.
- 6.20 While Bus Users UK believed that the Proposed Franchising Scheme would produce in its words, some “limited benefits for passengers”, the organisation suggested that such benefits could have been much greater if meaningful consultation had been done at an earlier stage. The organisation believed that as the focus of the Proposed Franchising Scheme was on unified branding and not on customer service that it seemed to be targeting the wrong outcomes.

Non-statutory consultees (summary of overall opinion – first consultation period)

- 6.21 The majority of non-statutory consultees who answered the relevant question were in support of the proposal – one out of 58 of the non-statutory consultees were opposed to the proposal to introduce the Proposed Franchising Scheme.
- 6.22 In total, 95 non-statutory consultees provided comments about the introduction of the Proposed Franchising Scheme. Most of those that provided comments indicated support and/or provided favourable comments about the proposals. The following sections break down the responses received by category.

Bus Operators – Not Greater Manchester

- 6.23 Some bus operators not operating local services in GM provided comments during the first consultation that were supportive of the proposed franchising scheme.
- **Abellio** set out that they strongly supported the introduction of the Proposed Franchising Scheme and is keen to work with GMCA to deliver value to passengers and local taxpayers. Through its significant experience of running London bus services under contract to Transport for London, the benefits that the franchise model delivers to the travelling public in London appear clear to Abellio. Abellio set out that they believed that Greater Manchester would benefit greatly from having a similar degree of control over the provision of bus services in the region as Transport for London has over London’s bus network – control that they considered is simply not possible in the de-regulated market or through partnership options. Abellio also noted that they believe that the people and economy of Greater Manchester would benefit from similarly predictable, affordable and joined up bus services as are available to passengers in London. They noted their concern that there is a level playing field for all operators and strongly endorsed the proposed model of depot ownership.
 - **Keolis** also supported the franchising scheme believing that the Proposed Franchising Scheme is the best way to give TfGM the confidence to invest in

an enhanced product offer which will deliver: high level safety culture, reduced congestion, improved journey times, modal shift through network integration, improved performance and standards of customer service, integrated ticketing, reductions in harmful emissions and value for money. It also sought active engagement prior to any tenders being let and endorsed the model for depot ownership.

- **RatP Dev** strongly supported the franchising scheme noting that it appears to be a more sustainable way to develop a bus network, increase ridership and footprint of public. They noted that GMCA should not look to London for the model of franchising preferring an approach involving geographical areas with multiple routes not single routes. Tower Transit also strongly supported the franchising scheme. Noting that they are not an incumbent and therefore no business to lose by franchising, they still believed objectively that it would seem clear that franchising in Manchester could produce a more coherent, comprehensive, and coordinated bus service than the current deregulated system. They believed that the private companies have shown that they can often deliver services more effectively and efficiently than the public sector, and therefore have a valuable role in the system but that key areas of ticketing, marketing, coherence, and design of the network would seem better controlled by the public sector given that their main driver is the general good of the general public.

Academic institutions

- 6.24 A number of the institutions including Manchester Metropolitan University, IPPR North, LTE Group, and Royal Northern College of Music were strongly supportive of the proposals for a number of reasons including that change as a result of the proposal could bring benefits that other types of bus market reform could not, that there could be significant benefits of the Proposed Franchising Scheme to Greater Manchester, and that students could benefit from reduced fares, improved accessibility for disabled users, and that an integrated transport network could result in reduced waiting times waiting for ‘the right bus’.
- 6.25 Others that were also supportive of the introduction of the Proposed Franchising Scheme included the University of Salford, the University of Manchester, Burnage Academy for Boys, and Mobilities Justice.

Action groups

- 6.26 All of the action groups that made comments about the introduction of the Proposed Franchising Scheme indicated strong support. This included Steady State Manchester, Bus4Us, Walk Ride Heatons, and Sale Moor Community. A number of reasons were put forward in support of the proposal including that less popular routes would become more viable, and that social need would be more elevated and balanced alongside commercial considerations.

Transport stakeholders

- 6.27 **Manchester Airports Group** (‘MAG’) stated that it tended to support the proposal.
- 6.28 **OneBus**, as explained above, stated that it did not support the introduction of the Proposed Franchising Scheme and, as an alternative, it put forward the Partnership Plus proposal.

Charity / voluntary sector

- 6.29 As with the views of action groups, there was very strong support for the proposal. Organisations that indicated strong support for the proposal included Greater Manchester Disabled People's Panel, Dunham Massey National Trust and Whalley Range Community Forum. Reasons provided in support of the proposal included that it would lead to a better service, standardisation of services, greater accountability, better connected services, and with improved access for disabled passengers.

Elected representatives

- 6.30 Elected representatives in favour of the Proposed Franchising Scheme and who provided favourable comments included Debbie Abrahams (MP for Oldham East and Saddleworth), Afzal Khan (MP for Manchester Gorton), Jim McMahon (MP for Oldham West and Royton), Jonathan Reynolds (MP for Stalybridge and Hyde), Jeff Smith (MP for Manchester Withington), Graham Stringer (MP for Blackley and Broughton), and Barbara Keeley (MP for Worsley and Eccles South). Those who made comments described a number of what they considered to be benefits of the Proposed Franchising Scheme, including how they believed it would result in putting the service back in public hands, that the proposal would provide an opportunity to address existing challenges of the bus market, and that air pollution and traffic congestion could be reduced as more people use buses instead of other modes of transport, including private car. Sir Graham Brady (MP for Altrincham and Sale West) highlighted the need for integrated ticketing and seamless connections between modes and for transport services to be responsive to local needs. All Councillors who responded were in favour of the Proposed Franchising Scheme. One Councillor, whilst supportive of the scheme, expressed concerns about the complexity of the consultation process.

Environmental, heritage, amenity or community groups

- 6.31 There was also very strong support for the introduction of the Proposed Franchising Scheme from environmental, heritage, amenity and community groups. Non-statutory consultees that provided strong support and favourable comments about the proposal, included Withington Civic Society, Transition Buxton, The Church of England – Diocese of Manchester, and Friends of Patricroft Station. They believed that the Proposed Franchising Scheme would have a number of advantages, including provision of better co-ordinated fares, that it would be a cost-effective solution to meet the needs of the population of Greater Manchester, and that it would encompass environmental benefits, including helping to make Manchester a carbon neutral city through improved access to and usage of better bus services.

Other non-statutory consultees

- 6.32 A range of other non-statutory consultees provided comments on the Proposed Franchising Scheme. Most of these organisations including Stockport Metropolitan Borough Council Liberal Democrat Group, Saddleworth Parish Council, Manchester University NHS Foundation Trust, the Equality and Human Rights Commission, and Altrincham Business Improvement District were supportive of the proposal for the same or similar reasons provided from other categories of organisation such as working towards a fully integrated public transport network and addressing the current challenges of the bus system.
- 6.33 Very few of the organisations were opposed to the introduction of the Proposed Franchising Scheme. The Chartered Institute of Logistics and Transport – North West Policy Group indicated that it tended to oppose the proposal as it believed there could be an increase in congestion with no plans to deal with this issue, and that

there could be high financial costs involved which would have to be picked up by the taxpayer.

Members of the public (summary of overall opinion – first consultation period)

- 6.34 Of the 5,905 members of the public who completed a response form and answered the closed question about whether they tended to support or oppose the Proposed Franchising Scheme, the vast majority indicated support for the introduction of the Proposed Franchising Scheme.
- 6.35 Looking at strength of opinion, while almost two-thirds (64%) of those who answered the question indicated strong support for the proposal, one in sixteen (6%) indicated strong opposition to the proposal. It was clear that most of those who provided a response were in favour of the Proposed Franchising Scheme and that levels of support were consistent across most key demographic subgroups and by geography.
- 6.36 Overall, 4,157 members of the public provided reasons to explain why they either supported or opposed the Proposed Franchising Scheme. This included 3,709 participants who provided favourable and supportive comments, and 725 participants who provided negative and opposing comments, or raised concerns.

Positive / favourable / supportive comments

- 6.37 The main comments by frequency of response were general support and agreement for the Proposed Franchising Scheme, that the proposal would result in improvements to bus services throughout Greater Manchester, that passengers would benefit from reduced fares and ticket prices, that what was proposed would result in a more integrated and joined up public transport system across Greater Manchester, that bus usage would be encouraged, resulting in fewer people needing to use private cars, leading to less congestion and improved environmental benefits, and that there would be a more simplified and straightforward ticketing system.
- 6.38 Less frequently cited positive comments included that the Proposed Franchising Scheme could encourage the economic growth of Manchester, that accessibility, particular for disabled passengers would be improved, that there would be a level playing field with improved competition and reduced likelihood of monopolies, and that the proposals could address capacity issues, reducing the number of full and overcrowded buses.

Negative / unfavourable / opposing comments

- 6.39 The most common unfavourable comment centred on general opposition to the introduction of the Proposed Franchising Scheme. Other negative or unfavourable comments included concern about affordability and value for money, that there was a perceived lack of evidence that the proposal could work, concern about a failure of GMCA to deliver on its objective of improving services and overall passenger experience, concern that the Proposed Franchising Scheme may need to be subsidised by the public purse and the taxpayer.
- 6.40 Other, less frequently cited negative comments included concern about the timetable for the implementation of the Proposed Franchising Scheme, concern that GMCA may be taking on too much risk and responsibility for the Proposed Franchised Scheme, that bus services should not be publicly run, and that innovation might be stifled as there would be no advantage for bus operators to be innovative.

General comments

6.41 In addition to the receipt of favourable and unfavourable comments, there were also 278 members of the public who made more general comments about the introduction of the Proposed Franchising Scheme. The main comment was a suggestion that consideration should be given to hospital routes and passenger access to hospitals and medical centres. Other less frequently cited general comments included an observation that passenger numbers have declined because of trams and the Metrolink, and that passenger numbers may have fallen because of roadworks, traffic congestion and poor traffic management.

Summary of overall opinion of consultees – second consultation period

6.42 The purpose of the second consultation was to allow consultees to provide their views on the Assessment in light of the findings of the Covid-19 Impact Report and on whether or not the Proposed Franchising Scheme should be introduced.

6.43 Overall opinion of those who participated in the consultation around the introduction of the proposed franchising scheme in that context is summarised below

6.44 The table below summarises the number of participants who responded using the consultation questionnaire. As with the first consultation, respondents were offered six options, the other two not included here being ‘neither support nor oppose’ and ‘don’t know’.

Q11a. To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?	Strongly support	Tend to support	Tend to oppose	Strongly oppose	Net support +/-
All who provided a response (2,315)	1,260	388	75	234	+1,339
Member of the public (2,293)	1,245	382	75	234	+1,318
Stakeholder organisations (22)	15	6	0	0	+21
Previous statutory consultee (11)	8	2	0	0	+10
Other (11)	7	4	0	0	+11

6.45 The majority of those who responded using the questionnaire indicated their support for the Proposed Franchising Scheme (1,648). Of those participants who were supportive, most expressed strong support for the Proposed Franchising Scheme (1,260) while others tended to support it (388).

6.46 Fewer participants were opposed overall (309), but the majority of those were strongly opposed to the introduction of the Proposed Franchising Scheme (234) and fewer tended to oppose (75).

6.47 However, as referenced above, not all of those who provided a response to the consultation used the questionnaire.

6.48 Of all responses received to the consultation, 1,334 were considered to be campaign responses from Better Buses for Greater Manchester which were in support of the Proposed Franchising Scheme; and 97 from Rotata’s ‘Your Buses’ campaign and were critical of the proposals. These are reported separately by Ipsos MORI.

- 6.49 Following the closed question, participants were asked to explain the reason(s) for either supporting or opposing the introduction of a Proposed Franchising Scheme. The main themes emerging from these responses alongside those received via email, letters, and/or reports are summarised below.

When referring to the Ipsos MORI summary report for the second consultation, the terms 'positive' and 'negative' have been used to describe sentiment of comments (this was favourable and unfavourable in the first consultation).

Summary of stakeholder organisation responses (second consultation)

- 6.50 As with the first consultation, some of the large Greater Manchester bus operators in particular tended to provide negative comments about the Proposed Franchising Scheme, preferring a partnership option instead.
- 6.51 In some responses, stakeholder organisations have expressed their support or opposition to the Proposed Franchising Scheme without necessarily explaining why they held this view. The summaries are therefore reflective of this and additional detail has been included to explain where it was provided.
- 6.52 These submissions are from those organisations which identified themselves as organisations or as responding in an official capacity rather than members of the public, and therefore represent a considered organisational view. They include statutory consultees from the first consultation.

Previous statutory consultees

Bus Operators (incumbent operators)

- 6.53 A mixed picture emerges in the second consultation. A number who had previously opposed franchising continued to do so, one operator (Transdev) moved to being supportive after previously being neither supportive or opposed. A brief summary of overall opinion from operators is set out below, more detailed consideration of the points raised, and responses are set out in TfGM's March 2021 Consultation Report at Appendix 1:
- **Stagecoach** continued to oppose franchising and set out that there were flaws with the process undertaken by GMCA in considering the impact of Covid-19. It set out that it would be a mistake for the GMCA to press ahead with its Proposed Franchising scheme at this time. It reiterated its earlier comment that the £134.5m allocated to franchising does not promise to deliver lower fares, more buses or an expanded bus network: it is simply the estimated cost of switching from commercial bus operations to a franchised model. Its key concerns were summarised as including:
 - GMCA's original assessment cannot be relied on given the impact of the pandemic.
 - GMCA has not done the detailed work necessary to form an informed view as to the performance of possible options for the bus market in the "new normal" post-pandemic but has attempted to "short cut" the process by doing only a light touch analysis which was not carried out according to the statutory requirements and guidance nor properly audited in accordance with those requirements. Even a short delay to the decision-making process would have allowed the GMCA to conduct a materially better analysis, taking advantage for example of new DfT guidance. There is no good reason for the GMCA to

be rushing the process now, potentially making mistakes that will have long lasting effects

- There are significant problems with the GMCA's analysis and overall it is not robust. The flaws Stagecoach have identified mean that the GMCA cannot be confident that the Proposed Franchising Scheme is either value for money or affordable, particularly in the context of stretched local budgets. If franchising is introduced it is concerned that taxpayers will pay an inordinate amount for a scheme which does not deliver the intended benefits.
- Concerns that GMCA has not adequately considered the impact of financial mitigations it has identified, which are likely to be required, on the most disadvantaged in society who rely most heavily on the bus network.
- That there is insufficient evidence that the commercial and transition arrangements are realistic now in light of the pandemic.
- Instead of seeking to press ahead with franchising now, in what is the most uncertain period for more than a generation, the GMCA should take the opportunity to explore more thoroughly the possibility of partnership, particularly a recovery partnership, to address the challenges the pandemic has brought.
- **First** continued to oppose franchising and have three principle grounds for objection. The first is about the cost of £135m which does not deliver any immediate customer benefits but pays for a continuing decline in patronage leaving the network vulnerable to further deterioration during the transition period whereas the partnership alternative delivers from very early in the process. The need for taxpayers to underwrite the costs when local economic conditions are both unfavourable and uncertain weighs heavily against franchising: investing even a fraction of that sum through partnership working could deliver quicker and more consistent bus journey times and significant fleets of zero emission buses. The second is uncertainty and how GMCA can plan for the medium to long term when there is so much current uncertainty. Development subsequent to the Covid-19 Impact Report require further assessment and a deferral of any decision to make such fundamental changes. The third is that a partnership could deliver benefits more quickly and therefore the local partnership approach as proposed in the first consultation would remain the best option going forward and that it would warrant a trial. First West Yorkshire Ltd provided a similar response focusing on the same issues of time and cost and the benefits of a partnership approach.
- **Go North West** consider that Covid has drastically changed the context and that the absolute priority should be to give passengers confidence in using the network again through a short term (1-2 years) Economic Recovery Partnership focused on stabilising the network and growing patronage back; this would be followed by direct award franchise contracts to the incumbent operators to effect a transition to franchising and allow for transfer of assets etc and then a review of the arrangements in place before franchise competitions in the open market. This is discussed in more detail in Section 14 in Appendix 1. In its view the proposed approach to franchising will hinder recovery from the impacts of the pandemic; insufficient funding has been identified to cover the costs of the proposed approach to franchising; the consequences of the shortcomings of the proposed process (the assumed purchase of depots and lack of time for learning and adapting) have been magnified as a result of Covid-19; the updated assessment of the scheme is flawed and it is unclear whether the approach used will be consistent with the expected Dft guidance. Go North West state that given

these shortcomings, they are very concerned that the proposed franchising scheme as currently planned will not deliver the expected benefits to bus users nor attract potential users.

- **Rotala** continued to be strongly opposed the introduction of the Proposed Franchising Scheme at this time. It considers that proceeding with franchising is unlawful and irrational. It considers in any event that now is the wrong time to make a decision on whether to proceed given the current situation and the long-term impact that it will have on the bus market. Rotala also raise a series of challenges to the conclusions of the Covid-19 Impact report. These include that:
 - the scenarios are flawed and that GMCA ought to have waited until further guidance was issued by DfT on scenarios;
 - that GMCA should wait until operators can put forward a partnership offer at the point when they are clearer on the long impacts of Covid-19 before making a decision;
 - that the value for money of franchising has not been properly considered;
 - that due to the uncertainty of Covid-19 it is impossible for TfGM to have properly considered whether it can afford the proposed franchising scheme
 - that the assurance review by GT is flawed.
- **Transdev Blazefield Ltd** have confirmed that they now support the Proposed Franchising Scheme but also commented that in any event that it would be happy to work with TfGM and GMCA under whatever structure was adopted. They have however stressed the importance of working with TfGM to focus on short term recovery of the bus network. They urge TfGM to consider what skills operators could bring to developing the franchise network if adopted noting that they have success in growing patronage through focused local branding strategies. They also note concerns over potential capital requirements in the first round of franchising given the impact that Covid-19 might have on the availability of capital to fund fleet.
- **Warrington's Own Buses** strongly supported the Proposed Franchising Scheme believing that it would represent an opportunity for business development, with new work and the certainty of revenues built into the contract, as well as clear expectations of bus operators. They believed that the Proposed Franchising Scheme would provide opportunity for Greater Manchester to have an improved public transport system.

Transport Stakeholders

- **OneBus** was strongly opposed to the proposed franchising scheme. With so much uncertainty surrounding the continuing timeline of the pandemic and the medium term impact it will have on bus patronage recovery, it considers that now is not the right time to consider any economic assessment of Bus Reform and that GMCA should wait until there is more certainty over infection rates, the effectiveness of vaccination and the removal of travel restrictions and social distancing. Only then will there be sufficient evidence and confidence to determine the future economics of the bus industry. Whilst acknowledging that the previous the partnership offer was no longer valid it expressed disappointment that there had not been more engagement with TfGM. It also considered that little if any recognition has been made of the Recovery

Partnership proposals being discussed at a National level as a way forward for the industry. It summarised its response to the consultation as:

- Now is not the right time to increase the financial risk created by Bus Reform.
- The consultation period was too short and interrupted by Christmas and Covid-19 travel restrictions.
- The forecast patronage recovery suggested by Scenarios already off track.
- That the Franchising Scheme now relying on additional Government funding post CBSSG.
- The transition phase would be more complicated for bus users and difficult to manage.
- GMCA will take on greater financial risk and the mitigations to cover revenue shortfall will result in poorer service for bus users particularly with districts facing budget shortfalls in 2021/2022

In its view the main customer benefits of franchising can be delivered faster and with less customer inconvenience through a jointly developed partnership

Local Authorities

Greater Manchester authorities

6.54 The following is a summary of the responses from local authorities. A more detailed response to points raised is included in Appendix 1

6.55 Bolton Council

The Council welcomes the concept of bus reform and the intention of delivering an integrated transport system but have a range of qualifications:

- The proposal should be subject to a full business case
- They remain to be convinced on how this investment will represent best value in the immediate years ahead and interface with other commitments on clean air.
- how this fit within existing GMCA and local authority priorities, financial challenges and the impact of a post COVID-19 world which is still unfolding.

Nevertheless, they confirm that proposed franchising scheme offers a good opportunity to make a real difference to connect people to places through modern fleet and revamped bus transport network across Greater Manchester. It would also create better connectivity, reduce Co2 emissions, provide affordable and sustainable travel choices noting a series of issues with the bus network in Bolton including serious operational issues with bus services, poor vehicle quality and lack of integrated ticketing. Bolton also make the point that central government should provide funding to help support the network in Greater Manchester.

- 6.56 **Bury Council** supported the Proposed Franchising Scheme as the most appropriate model to drive through meaningful bus reform for the Greater Manchester region. The Council stated that the Proposed Franchising Schemes would provide the greatest opportunities to implement the necessary changes to bus to bring about meaningful, long-lasting improvements to the public transport system within Greater Manchester, similar to those enjoyed by London and other international major cities. It believed that integrated ticketing, real-time information systems, route protection, service standards, and improved fleet and development of the bus network would be best served by adopting this proposed scheme.
- 6.57 **Manchester City Council** strongly supported the Proposed Franchising Scheme for the reasons set out in the Council's response to the first consultation (namely that that a franchised model would give the public sector control over standards of service, fares, frequencies, vehicle standards and ticketing— the key factors that make for an attractive and effective bus and wider public transport service).
- 6.58 **Oldham Council** also strongly supported the Proposed Franchising Scheme and believed that it was the most effective option to enable the bus network in Greater Manchester to be planned as part of a single integrated public transport system.
- 6.59 **Salford City Council** felt that a franchised model for buses offered the best opportunity to improve connectivity across Greater Manchester despite the uncertainty due to Covid-19. It felt that a partnership would not be able to deliver an integrated solution or realise the full range of benefits to the public. It also referred to plans outlined in its Bus Network Review and hoped for close collaboration with TfGM in order to incorporate these plans into the future bus network.
- 6.60 **Stockport Council** was supportive of the Proposed Franchising Scheme and would welcome early engagement and dialogue with TfGM to review opportunities around realising benefits sooner, increasing community and Council involvement, and supporting cross-boundary services.
- 6.61 **Rochdale Council** was strongly supportive of the Proposed Franchising Scheme and believed that Covid -19 had strengthened that reforming the Greater Manchester bus market is the right thing to do to address the challenges we are facing in light of the pandemic.
- 6.62 **Tameside Metropolitan Borough Council** strongly supported the Proposed Franchising Scheme.
- 6.63 **Trafford Council** was a strong supporter of the Proposed Franchising Scheme and considered that a core rationale for franchising had remained. It believed that the problems of climate change, air quality and economic inequality had remained significant challenges, and that such aspects would be easier to address with a better system of public transport. In the opinion of the Council, the Proposed Franchising Scheme would appear to be the best means of meeting those challenges.
- 6.64 **Wigan Council** stated that subject to further discussions with TfGM and GMCA at the appropriate times around routes, timetables, fares, standards and the means of

funding, it was supportive of the Proposed Franchising Scheme in Greater Manchester. It mentioned that in principle the Proposed Franchising Scheme had the potential to benefit every person that lives and works in Wigan Borough.

Neighbouring authorities

- 6.65 **Blackburn with Darwen Borough Council** tended to support the Proposed Franchising Scheme. It stated that the Council was in agreement on the key objective relating to the preservation of cross-boundary bus services that provide access to employment, leisure and services in Greater Manchester. It also welcomed the statement that GMCA would seek to maintain cross-boundary services working with neighbouring local transport authorities (and operators) to mitigate any adverse impact but wanted a role in the decision-making process for these services. The Council also stated that the opportunities to put in place new fares and ticketing arrangements must be taken forward as part of the Proposed Franchising Scheme's development and implementation.
- 6.66 **Lancashire County Council** neither supported nor opposed the Proposed Franchising Scheme as it was outside of its operational area. However, the Council stated that it would wish to reiterate earlier comments about how cross boundary services would be maintained. The Council believed that Covid-19 had had a significant effect on the local bus market, and as such, some difficult decisions might have to be taken in relation to the viability of some bus services in the future.
- 6.67 **Chorley Council** stated that as set out in the first consultation it agreed that the Proposed Franchising Scheme is the best option to improve the bus market provided that there is no negative impact on existing cross boundary bus services running to/from Chorley
- 6.68 **Liverpool City Region** repeated their comment from the first consultation that it supported GMCA's use of devolved powers but considered that it was for GMCA to consider the impact of Covid-19 on its proposals. They reiterated their desire to work collaboratively on cross border services, ticketing etc and also, set out that they were interested to see how the strategic ownership of depots by TfGM progressed as they could see the benefits of local control of depots under different models to facilitate the move to zero emission bus.
- 6.69 **West Yorkshire Combined Authority** noted the fact that preferred approach after the assessment of impact of Covid-19 was to implement franchising. It reconfirmed the points made in response to the first consultation in relation to the implications for cross border services and ticketing arrangements; vehicle standards and transitional arrangements. They confirmed their desire to continue the partnership working with TfGM to manage these issues.
- 6.70 **Derbyshire County Council** stated that it had no comment to make on the question about support for the Proposed Franchising Scheme. Whilst it mentioned that the final decision to take the Proposed Franchising Scheme forward is one for GMCA to take, the Council stated that it had particular concerns relating to the proposals. The impact of the pandemic on the wider economy and the bus industry in particular is

still not understood and that it would be years before this becomes clear. As such, the Council believed that undertaking such a fundamental change at this moment came with significant risk.

Other previous statutory consultees

- 6.71 **The Competition and Markets Authority** focused its response to the consultation only on the elements of the consultation most relevant to the CMA's remit as the UK's national competition and consumer authority. As a result it did not make a recommendation on the overall merits of the proposals. Its view remains, as set out in our previous response, that franchising has the potential to deliver significant benefits through facilitating greater coordination of ticketing and of complex networks, along with the potential for cost savings through optimal network design. These benefits should be balanced against the possible costs associated with moving away from 'on-road' competition, including the potential exit of competitors and assets from the local bus market and the impact of this on passenger choice. It confirmed that it will be for the GMCA to determine how much weight to place on these various factors given the policy objectives it is seeking to achieve and its knowledge of the local context. However, the CMA did conclude that it inclined to agree with the GMCA that the relative merit of the options being considered by the GMCA has not changed significantly as a result of the pandemic. In relation to the commercial arrangements it welcomed the GMCA's alertness to mitigating the risks of reduced bidder appetite and encouraged GMCA to continue to consider the effect this will have on competitive tension and smaller operators if network mileage reduces.
- 6.72 **Greater Manchester Transport UNISON** strongly supported the Proposed Franchising Scheme. It emphasised the importance of bus services to local communities, and stated that there was an opportunity to transform the market so that it worked for citizens. It stated that franchising was the best available method for the public to take back control of bus services in Greater Manchester, allowing for democratic control of routes, fares and ticketing.
- 6.73 **Manchester UNISON Branch** also provided strong support for the Proposed Franchising Scheme. It believed that there is no alternative if local bus services are to be improved.
- 6.74 **The Peak District National Park Authority** mentioned that in recent years there had been a decline in the provision of public transport access to popular visitor destinations within the Peak District National Park. It believed that this had caused issues in managing visitor traffic and parking. As such, the organisation requested that GMCA invests in the provision of bus services that enable its residents to access the Peak District National Park in a way that is good for both the National Park and Greater Manchester.
- 6.75 **Transport Focus** concluded in its original response that the Proposed Franchising Scheme could deliver key benefits for passengers such as simplified fares and ticketing structures and more unified, real-time information systems addressing key barriers and aspirations. The test of this would be assessing the delivery of such a service. It went on to state that in light of Covid-19 (and although taxpayers may have

a differing view) the Proposed Franchising Scheme could still give the best outcome through greater stability and a bigger safety net. However, it also raised concerns around the transition period and the prospect of network deterioration with questions raised about opportunities to support recovery partnerships to best effect.

- 6.76 **TravelWatch NorthWest** had not changed its supportive view of the Proposed Franchising Scheme, as expressed in its response to the first consultation. On balance the organisation supported the Proposed Franchising Scheme, but it had some concerns about the costs involved. TravelWatch NorthWest wanted franchising to bring a number of benefits for passengers, and these included integrated and multi operator ticketing with simpler and in some cases cheaper fares; bus priority measures to improve journey times; ability to cross subsidise to maintain less used but socially essential routes; a change in information provision – real time visual and audible information on buses, real time information at bus stations and stops; improved procedures for passenger input including a properly publicised complaints procedure on buses and elsewhere; and, better, more easily available advance information about bus fares. It suggested there was a need for passenger involvement in the creation and operation of franchised bus services.
- 6.77 **UNISON North West** strongly supported the Proposed Franchising Scheme. It wanted buses to work for passengers and believed that franchising would be the best available method for the public to take back control of bus services in Greater Manchester.

Other stakeholder organisations

Academic

- 6.78 **Manchester Metropolitan University** strongly supported the Proposed Franchising Scheme. It mentioned that the Assessment showed that franchising would be the most effective way of achieving improvements, which would support both the existing users of public transport and would be likely to attract new staff and students to the bus market. The University believed that it would be important that investment and infrastructure is delivered to ensure that the full benefits of franchising could be achieved in the future.

Bus Operators (non-GM)

- 6.79 Abellio confirmed that it was absolutely in support of introduction of the Proposed Franchising Scheme but set out that it also firmly believes that a ‘do maximum’ franchising scheme will deliver higher benefits than a stripped down version of franchising. Abellio summarised that:
- The deregulated market which existed prior to Covid-19 is broken and unlikely to return – at least not if transport authorities and/or central government wish to see anything like the bus networks of 2020 survive in terms of scale

- In the current era of state support for bus networks and its likely continuation into the medium term it is critical that competition for the market is provided as soon as possible to provide value for money
- Bus franchising was the way forward for city regions in the opinion of GMCA and TfGM at the time of the Assessment in 2019
- Bus franchising remains the way forward for city regions in the opinion of Abellio post the Covid pandemic
- Bus franchising allows city regions rather than commercial operators to set the specification in terms of network, fares and ticketing, customer service
- Commercial operators can compete for the market in bus franchising to ensure efficiency.

It clarified that in its opinion now is the right time to make decision because partnership options are no longer being offered and the value for money of franchising should have therefore improved; that there is a chance to use the public funding coming into the industry to secure agreement on issues such as asset transfer potentially coupled with short term direct award contracts; that any delays would delay the benefits of franchising.

Charity/Voluntary Sector

- 6.80 The **Caribbean and African Health Network** indicated that it tended to support the Proposed Franchising Scheme, stating that it 'sounded great in principle'.
- 6.81 The **Centre for Cities** strongly supported the Proposed Franchising Scheme. It believed that GMCA had demonstrated a clear value for money case for bus franchising over the alternatives in its Assessment. It believed that the Covid-19 pandemic had highlighted the benefits of public control to ensure an efficient bus network, as well as showing the reliance of the bus industry on public sector support.

Elected Representatives

- 6.82 **Afzal Khan, MP for Manchester Gorton** supported the Proposed Franchising Scheme. Despite uncertainty that the Covid-19 pandemic had placed on society, Mr Khan stated that he considered that the proposal was the best available model to improve bus services in Greater Manchester.
- 6.83 **Debbie Abrahams, MP for Oldham East and Saddleworth** stated that the current system is not working for passengers and supported the progression of the Proposed Franchising Scheme, believing it was preferable to other bus reform options, even in a worst-case scenario. She reiterated the problems with the current system and the effect on users.
- 6.84 **Robert Lorgan, MP for High Peak** emphasised the importance of cross-border bus services for residents who regularly travel into Greater Manchester.

- 6.85 **Graham Stringer (MP for Blackley & Broughton)** submitted a response which set out that Covid-19 has made the case for regulation and franchising stronger as more public subsidy will be required and 'there should be more accountability via the Mayor for the expenditure of this money'.
- 6.86 In addition to responses from MPs, responses were received from a number of Greater Manchester Councillors, all of whom supported the introduction of the Proposed Franchising Scheme.

Environment, Heritage, Amenity or Community Groups

- 6.87 **Chorlton Voice (Civic Society)** strongly supported the Proposed Franchising Scheme and believed that it would be better for bus passengers in Greater Manchester. The organisation stated that their members unequivocally supported the proposals for franchising.
- 6.88 **Community Transport Association** also strongly supported the Proposed Franchising Scheme. In terms of other comments made, the organisation encouraged GMCA to incorporate social value metrics into future franchise contracts. It believed that by prioritising the needs of users when commissioning services, that this would create both social and economic value that would have impacts beyond the collection of fares.
- 6.89 **Friends of Mill Brow** strongly supported the Proposed Franchising Scheme. It stated that the extensive assessment set out in both the original Consultation Document, and the subsequent Covid-19 update, strongly makes the case for the Proposed Franchising Scheme.
- 6.90 **Recovery Republic CIC** also strongly supported the Proposed Franchising Scheme. Its reasons given for such support included that it thought there would be greater and easier adaptability, and that what was proposed would be more in tune with the needs of younger people.

Health Organisations

- 6.91 **Manchester University NHS Foundation Trust** was fully supportive of the Proposed Franchising scheme.
- 6.92 The **Northern Care Alliance NHS Group** tended to support the Proposed Franchising Scheme. It believed that the Covid-19 pandemic had changed the situation for the bus industry and that this would consequentially create a greater need for a better performing public transport network
- 6.93 **The Christie NHS Foundation Trust** also tended to support the Proposed Franchising Scheme. It believed that due to the Covid-19 pandemic, the Proposed Franchising Scheme would provide an intervention that would be required to support the long-term recovery of Greater Manchester. The organisation was concerned that what was proposed would not in its opinion provide a solution to congestion, and that

this issue (as well as increased car ownership) needed to be resolved in a binding commitment of any proposal.

Other

- 6.94 The **Association of British Commuters** strongly supported the Proposed Franchising Scheme. It believed that deregulation had led to the loss of routes and connectivity, and that it was difficult to navigate what it called 'expensive bus services'. It thought that integrated transport planning and a simplified travelcard across all modes of public transport would be an urgent requirement. The organisation stated that as it had felt so strongly about reform of the bus market in Greater Manchester, it had made a film about it.
- 6.95 **Bruntwood** believed that the current bus market needed to be reformed, and in its opinion such reform was 'long overdue'. It thought that the Proposed Franchising Scheme would enable the bus network to be planned as part of an integrated public transport network.
- 6.96 The **Chartered Institute of Logistics and Transport (NW Region)** offered qualified support for the Proposed Franchising Scheme insofar as the benefits of integration and consistent customer experience were concerned. However, it did not think that these were solely achievable by franchising. It thought that there would be no benefit to users in respect of modal choice, in particular where bus services might be modified to favour trams or trains. It believed that partnership options had been prematurely dismissed.
- 6.97 **Confederation of Passenger Transport (CPT)** mentioned that 2021 was going to be the most challenging year for bus services within the last 30 years or more. It thought that the proposals risked introducing additional bureaucracy and uncertainty which could only distract from serving passengers and open up bus networks to politicised decision making. As it believed that improving services for passengers should be the top priority, the organisation called for a partnership approach with bus operators as being the best, most efficient way to achieve this. The organisation stated that it strongly urged Greater Manchester to rethink their decision to introduce the Proposed Franchising Scheme. It also proposed that local authorities and bus operators work together under new 'recovery partnerships' to agree the new network, distribution of funding to support it in the short-term and the rapid mobilisation of bus priority measures to sustain it for the long-term. These partnerships would then evolve to longer-term partnership arrangements. It felt such an approach would be more beneficial than focusing on the introduction of a Proposed Franchising Scheme.
- 6.98 **Greater Manchester Chamber of Commerce** believed that the best option would be a short delay in any final decision until there is more clarity and certainty over the scale and robustness of any future economic recovery. It said that it had seen the City Centre Transport Strategy, which contained proposals to remove or displace stops and terminals in the city centre. The organisation felt that this would have a detrimental impact on bus usage and would contradict the ambitions behind the bus reform strategy around easier access, higher frequency and increased patronage. While it was in support of the overall aim to removing unnecessary traffic from the

city centre, it thought that this would have to be part of a co-ordinated, managed, strategy that would encourage usage of public transport.

- 6.99 **Manchester Green Party** strongly supported the Proposed Franchising Scheme, and urged GMCA to proceed with plans to put the Proposed Franchising Scheme into place as soon as possible. The party thought that the bus market in Greater Manchester should be re-regulated to provide an equitable, comprehensive, fairly priced and green integrated transport system across the region. It also stated that the pandemic must not interrupt a move towards providing an integrated green transport policy for Greater Manchester.
- 6.100 **Steady State Manchester** strongly supported the introduction of a publicly controlled bus network, using the franchising method as the best option available under present legislation. It then reiterated the reasons underpinning why it supports a better, publicly controlled bus network.
- 6.101 **Stockport Green Party** supported the implementation of the Proposed Franchising Scheme. The organisation said it had written to the Mayor of Greater Manchester, urging him to regulate the local bus network. The organisation's view was that regardless of which of the four scenarios emerges, the Proposed Franchising Scheme would remain the best way forward. It also mentioned that public control of the bus network would make it easier to put in place a network of services, integrated with other forms of transport, including services of social benefit which could be subsidised by more profitable routes.
- 6.102 **The Trafford Centre** tended to support the Proposed Franchising Scheme. The organisation favoured any future intervention which would allow improved bus services, with particular focus on the early morning and late evening service in line with retail and leisure employment travel demand. Weighing up all options, it thought that franchising appeared to deliver the best outcome, despite operator concerns. While the organisation remained supportive of the Proposed Franchising Scheme as the preferred way forward, it also supported a partnership approach if it delivered an improved service.

Summary of responses from members of the public

- 6.103 A summary of comments from members of the public related to support or opposition for the introduction of the Proposed Franchising Scheme follows.

Summary of favourable comments

- 6.104 The most frequently cited comments were a belief that the Proposed Franchising Scheme would be the best option; that it would be preferable to alternative options; that it should go ahead; and a belief that it would deliver on all objectives. Other positive comments included that the Proposed Franchising Scheme is necessary as the existing system does not work well; that it would facilitate joined up and integrated public transport services; that there would be benefits for passengers such as affordable fares; that bus services would be improved for the better; and that it

would result in having a simplified fare structure, similar to that in other cities such as London.

Summary of unfavourable comments

- 6.105 The main unfavourable comments included a belief that the Proposed Franchising Scheme was flawed; that it would not be workable; that objectives would not be realised; and, that it should not go ahead. Other, less frequently cited unfavourable comments were that council tax may have to increase given bus services would be subsidised; that the proposal would not change anything for the better (but could make things worse); that there would not be any tangible benefits for passengers and Greater Manchester residents as a whole; that service levels would not be protected nor maintained; and that there was a lack of evidence to support the Proposed Franchising Scheme.

Summary of other comments

- 6.106 In addition to positive and negative comments about the Proposed Franchising Scheme, comments were also received about having a partnership option and also a Do Minimum option (which was considered in the Assessment and effectively means no change to the current system).
- 6.107 Some of those who made comments felt that a partnership would be a better option and would have greater benefits for passengers, operators and employees. On the other hand, there were also some negative comments about partnerships, including that such a model could be flawed or unworkable; that it would require additional financial support which could divert money from other essential services; and that a partnership model would be run by private companies who might not put the interests of passengers first.
- 6.108 There were more negative than positive comments about a Do Minimum option. Of the few positive comments received, it was thought that this option could be better for passengers, present less risk for GMCA and TfGM, and be less expensive in the short-term. Of those who made negative comments about a Do Minimum option, the main comment was that it would not improve the delivery of bus services across Greater Manchester.

Summary of suggestions

- 6.109 A number of different suggestions were made about the Proposed Franchising Scheme, with the main suggestion being that the Proposed Franchising Scheme should be reviewed periodically and/or updated in response to developments in the future. It was also suggested that the Proposed Franchising Scheme should only go ahead or proceed if services would be improved; that there should be a pilot scheme ahead of full transition; that fares should be frozen; or that cross-boundary services should be given consideration in terms of how they might be affected.

Summary of general comments about Covid-19

- 6.110 Across the consultation, participants submitted recurring comments concerning the Covid-19 pandemic. These comments were not necessarily directly relevant to the questions posed in the consultation, but nevertheless gave an opinion on Covid-19 and its potential impact on bus services and the Proposed Franchising Scheme. Such comments appeared repeatedly throughout the consultation and this is a summary of the main themes from them.
- 6.111 There was a range of opinions submitted about Covid-19 and the potential impact of it in the future. Such opinions ranged from the optimistic to the pessimistic and there was no consensus within the responses submitted. A substantial number of responses highlighted reasons why they felt bus usage would decline, for example:
- People would avoid using public transport post-pandemic;
 - People do not feel safe on public transport
 - The increase of online shopping and lack of visits to the high street/shops;
 - Workers continuing to work from home;
 - People might not use public transport for longer journeys;
 - Generally, people will change how they travel;
 - An increase in those travelling via active travel (e.g. cycling and walking); and
 - An increase in those using their private vehicles.
- 6.112 However, others felt that bus usage would return to pre-Covid-19 levels, which would lead to an increase in usage. The point was made by some that Covid-19 has led to greater uncertainty as to what the future holds and its impacts should be properly accounted for.
- 6.113 There was also a range of opinion about how Covid-19 would impact in the short- and long-terms. Some participants thought that the impact would be temporary and short-lived, with no long lasting or significant impact. However, others thought the opposite and that the impact of Covid-19 would be long lasting. There was a number of participants who thought the pandemic would impact negatively on the economy and inhibit economic recovery, and the impact on the operators and associated service delivery was recognised.
- 6.114 Finally, a number of participants felt that the Covid-19 pandemic has strengthened the need for reform in the bus market, and that the proposals for the Proposed Franchising Scheme are more urgent than ever.

7 RESPONSES TO PROPOSED FRANCHISING SCHEME AND ASSESSMENT

- 7.1 TfGM's March 2021 Consultation Report' at Appendix 1 sets out TfGM's detailed response to the comments received during the first and second consultation. It considers the views on the Proposed Franchising Scheme and the Assessment as impacted upon by Covid-19. The following section provides a brief overview of the conclusions of each considered case.

Scenarios

- 7.2 In response to the Scenario Approach, which was used in the consideration of the impact of Covid-19 on the Assessment conclusions, a number of Bus Operators raised comments and objections to the use of the particular scenarios. An explanation of the validity and method of using of scenarios as a means to explore the range of possible alternative futures was set out in the GMCA 27 November Report. Having considered the points raised in the consultation it is considered that TfGM's scenarios provided a good basis for considering the sensitivity of the conclusions in the Assessment to the uncertainty associated with Covid-19 and that it was a reasonable approach to take.

STRATEGIC CASE

Market Update

- 7.3 An update following the second consultation shows a marked reduction in mileage due to Covid-19 for 2020, and the bus network is now supported by public funding through the CBSSG. Since the Covid-19 Impact Report was published in November 2020, there have been further restrictions imposed across the UK and a national lockdown imposed on 6th January. These interventions have resulted in a decline in bus patronage since November 2020, when recovery was at c.60% of pre-Covid levels, with bus patronage recovery compared to pre-Covid-19 levels falling to c.35% in February 2021.

Responses in the First Consultation period

- 7.4 The first consultation document asked a number of questions relating to the Strategic Case. These included the challenges facing the local bus market, the extent to which reforming the local bus market addresses these challenges, and GMCA's objectives for the future provision of bus services and how far the Proposed Franchising Scheme and a partnership goes in contributing to achieving these objectives.
- 7.5 Whilst there were many stakeholders and members of the public who were supportive of the analysis presented in the Strategic Case in their responses to the first consultation, and the conclusion that implementing the Proposed Franchising Scheme would best meet GMCA's objectives, there were also challenges. These principally came from incumbent operators in Greater Manchester. They argued that the main cause of problems with the bus market was not how it functioned but externally from increasing congestion and from competition from the expanded Metrolink service. They concluded from this that the Proposed Franchising Scheme would not solve the main problems with the bus service and so a partnership with operators should instead be implemented, along with public spending to reduce the effects of congestion on the bus service.
- 7.6 Having considered these representations the conclusion is that the Assessment had considered the challenges to the bus market appropriately and assessed the different options appropriately – concluding that the Proposed Franchising Scheme was the most likely to achieve GMCA's objectives.

Responses to the Second Consultation

- 7.7 There was a variety of responses to the second consultation on the Strategic Case, in the light of the Covid-19 Impact Report. There was support from the public and from a variety of stakeholders for the conclusions of the report that the challenges of the bus market remained and should be addressed, and that the Proposed Franchising Scheme still performed better against the alternatives in achieving GMCA's objectives for the bus market.
- 7.8 In response to the second consultation, most of the responses critical of the Proposed Franchising Scheme focussed on the effects of Covid-19 rather than the questions raised in the responses to the first consultation concerning the comparison between different market structures and the analysis of the market set out in the Assessment that was the subject of much attention during the first consultation. They challenged the TfGM use of scenarios and the analysis based on that in the economic and financial cases.

Challenges for the bus market and GMCA's Objectives

- 7.9 In response to the second consultation, operators do not challenge the specific accounts given in the Assessment on individual challenges facing the bus market. A number of incumbent operators argued in their responses that the impact of Covid-19 meant that the bus market faced a different set of challenges and hence the Proposed Franchising Scheme would no longer be an appropriate solution.
- 7.10 While some operators suggested the challenges facing the market were now different and therefore the objectives should shift, these new challenges do not mean the previously identified challenges are no longer relevant, and not do they invalidate the objectives identified by GMCA. While the effects of Covid-19 can be thought of in terms of new challenges – such as the need to persuade potential passengers to use the service again – it also makes existing challenges such as co-ordinating the network to best effect more urgent. The additional challenges of Covid-19 do not change the need to reform the market.

The options performance against the objectives

- 7.11 This section finds that, for each of the objectives (for network, fares customer service and value for money), the conclusions reached in the Assessment in terms of which option would best achieve objectives stand. In no cases would the impact of the Covid-19 pandemic mean that a partnership becomes more likely to achieve the objectives.
- 7.12 In response to the second consultation, operators critical of the scheme did not focus on the achievement of objectives other than (as set out above) to argue that other, shorter term objectives, should take precedence, and to focus on the affordability and value for money of the proposals in the light of the different potential scenarios. It is noted that the Economic Case in the Covid-19 Impact report shows the Proposed Franchising Scheme to be value for money under all but the least likely scenario. While uncertainty affecting the market, as the Financial Case points out, could mean that (particularly in an outcome that looks like Scenario 3) unwelcome mitigations will be necessary, the Proposed Franchising Scheme remains affordable.

Consideration of partnership proposals

- 7.13 Operators did not submit partnership proposals as part of the second consultation, and in correspondence indicated that they can no longer hold to commitments made in previous proposals. In considering 'Why now?' operators did suggest that GMCA

should wait to take a decision until such a time as a new partnership option should emerge. However, it would not be appropriate to wait an indefinite amount of time for a new proposal, especially when there is no reason to believe it would represent a significant improvement on previous proposals that were not considered to meet the objectives set for bus reform. The conclusion of the Assessment on the preferred course of action remains true in the light of the alternative options available to GMCA.

Franchising and the place of further ('Phase 2') measures to improve the bus service

- 7.14 Responses to the first consultation argued that further interventions, such as bus priority measures, should be pursued instead of the Proposed Franchising Scheme. While not in the detail of responses to the first consultation, responses to the second consultation argued that there would now be competing pressures on public spending. Concerns about local taxation were raised by some operators and also by local authorities. The Assessment set out a range of 'phase 2' interventions (in addition to infrastructure these covered things such as fares and extra resource to support reliability). More of these measures would be legally possible in a franchised market (such as broad action on fares or reliability) and the value for money of other measures would be enhanced as extra income would accrue to GMCA rather than operators. This remains the case under the different Covid-19 scenarios, which increase the likelihood of public support being needed for the bus service, as it is now.
- 7.15 Local authorities are likely to be facing additional pressures and some reduction in local tax revenues following the Covid 19 pandemic. In this context, district local authorities and GMCA will continue to make spending decisions in the same way as at present, which includes consideration of the strategic, economic and financial aspects of projects or programmes.

Overall conclusion on the Strategic Case for franchising

- 7.16 Considering the responses and both support for the evidence and arguments presented in the Strategic Case in the Assessment, as well as challenges and comments from consultees from both consultations, TfGM are confident in the evidence presented in the Assessment and the conclusions it came to, including in the context of Covid-19, that franchising is the best option to pursue. Much of the analysis concerning the challenges faced by the bus network, and the outcomes sought in the Vision for Bus, was endorsed by respondents to the consultation – both individuals and statutory consultees, as well as the assessments of how effectively the different options for reform were likely to perform in terms of meeting GMCA's objectives.
- 7.17 The greatest challenge to the Strategic Case came from incumbent operators, who in the first consultation argued that TfGM had underplayed the importance of congestion in terms of the decline in bus services, and that consequently there should have greater consideration given to a partnership options accompanied by greater spending on anti-congestion measures. Congestion management is recognised as an important component of the 2040 Transport Strategy; but it is not the sole determinant and it is a factor that may be addressed under all options. The Assessment sought to understand the extent to which the options could secure the distinctive integration objectives within our Vision for Bus. Within the given legislative environment, the Assessment has demonstrated that a Partnership model cannot achieve GMCA's objectives as effectively as the Proposed Franchising Scheme. Neither would it be preferable to shift transitional spending onto phase 2 measures to

reduce congestion: combining a partnership with 'Phase 2' measures that might be financed by 'savings' to GMCA over the appraisal period if franchising were not introduced may well provide less VfM, would not represent the best platform for implementing 'Phase 2' measures and would not best achieve GMCA's strategic objectives. Implementing the Proposed Franchising Scheme would not distract attention from developing infrastructure and other measures – this work is ongoing as set out in GMCA's Five Year Transport Delivery Plan 2021-2026 (Jan-21), which includes, amongst other interventions to support bus, proposals for Quality Bus Transit corridors across GM trips and measures to tackle bus pinch points to improve the reliability of bus journeys, starting with the funding of £22 million from the Transforming Cities Fund announced by GMCA in January 2021 – and would not be advanced by a decision not to implement to Proposed Franchising Scheme.

- 7.18 In the second consultation, these consultees have challenged TfGM's objectives for the bus service and argued that GMCA should wait for further partnership options to emerge to make a better comparison to the Proposed Franchising Scheme. However, it is worth noting that engagement on partnership options has been maintained with incumbent operators since the work on the Assessment started, and has consistently demonstrated the shortfall in Partnership performance against the GMCA's objectives. Within the responses received on this occasion, those consultees did not offer an alternative or sufficiently evidenced arguments why the conclusion of the Assessment, that the Proposed Franchising Scheme would achieve GMCA's objectives better than the alternatives, should not stand.

8. ECONOMIC CASE

Summary and Conclusions on First Consultation

- 8.1 The Assessment concluded that the Economic Case for investment and reform was strong, with both partnership and franchising options representing high value for money. The Assessment further concluded that the Proposed Franchising Scheme was preferable because it created more economic value (as defined by a Net Present Value, "NPV") and was likely to result in more durable and lasting economic impacts. It was also concluded that the Proposed Franchising Scheme would create a better platform to deliver further potential economic value.
- 8.2 In the first consultation on the Assessment, most responses from the public regarding the Economic Case were favourable, with participants tending to reiterate comments made elsewhere in the consultation, which focused on the outcomes the Proposed Franchising Scheme would deliver; with cheaper and better value bus fares one of the most commonly mentioned positive outcomes. Specific comments relating to the Economic Case were that bus services should serve the public and not be run for profit and that the Proposed Franchising Scheme provides best overall value for money of the options presented. Of those statutory consultees who provided a response to the Economic Case questions, most made a favourable comment in support of the conclusions of the Economic Case. Positive comments were generally received from local authorities and unions, plus a minority of bus operators.
- 8.3 On the other hand, public participants in the first consultation who disagreed with the conclusions of the Economic Case, tended to cite concern about the costs and associated affordability of the Proposed Franchising Scheme and the lack of evidence to support the conclusion. Negative or unfavourable comments were received from bus operators, bus industry groups and some customer representation groups. Of note, Jacobs were employed by OneBus to review the Economic Case in detail. Their report

was referred to by OneBus, Stagecoach and Rotala in their responses to the Economic Case to the first consultation.

- 8.4 As set out in TfGM's March 2021 Consultation Report, TfGM remain of the view that the methods and datasets used to inform the Economic Case in the Assessment were appropriate and that there were no issues arising from the first consultation that required alterations to the Economic Case or that would have led us to believe that the relative performance of the options in the Assessment would change as a result of issues raised.

Summary and Conclusions on Second Consultation

- 8.5 In terms of the Economic Case, the Covid-19 Impact Report concluded that the additional analysis that it provided confirmed that, on balance, the conclusion that the Proposed Franchising Scheme represents value for money is likely to be robust to the uncertainty created by Covid-19 in all reasonably likely Scenarios. It also concluded that the Proposed Franchising Scheme remains preferable to the Operator Proposed Partnership option as, on balance, the overall net benefits are likely to remain higher and more deliverable, particularly given the considerable uncertainty surrounding what, if any, partnership options are on offer.
- 8.6 In the second consultation, public comments on the analysis into the potential impacts of Covid-19 on the conclusions from the Assessment were equally split between participants who made positive or negative comments. Most of the positive comments agreed with the conclusions being reached in the report that the Assessment remained valid, noting that the Proposed Franchising Scheme offered value for money, and that the current system does not. Those making positive comments agreed that the Economic Case is comprehensive and thorough in the detail it presents, and that the Proposed Franchising Scheme performed better when assessed against other, alternative options for bus reform. Others felt it provided better value for money for the long-term and that the case in favour of the Proposed Franchising Scheme has actually been strengthened by the impact of Covid-19.
- 8.7 Of the small number of comments made by the public regarding the Economic Case in the second consultation the negative comments were similar in number to the positive comments, but covered a greater range of points. These included concerns about the validity of conducting such analysis during a pandemic and that there was a lack of good evidence to back it up, with comments that the work was based on guesswork and speculation. Others pointed to the declining net economic benefits in the analysis as an indication that value for money under Covid-19 would be poorer, with related comments regarding increased economic pressure and declining patronage reducing the relative value for money of the scheme.
- 8.8 As with the first consultation, negative or unfavourable comments were received from the incumbent local bus operators, bus industry groups and some customer representation groups. Of note, NERA and Oxera were employed by Stagecoach and Rotala respectively to review the analysis in the Covid-19 Impact Report. Their respective reports raised issues regarding the overall robustness of the analysis and the compliance with national guidance. Stagecoach and Rotala who employed them contended that in the circumstances a new Assessment prepared under section 123B of the Act was required as a matter of law (a matter addressed and rejected in the Legal Section of TfGM's March 2021 Consultation Report).
- 8.9 TfGM accept that Covid-19 has introduced increased levels of uncertainty regarding the future, and hence that the analytical assurance of the analysis underpinning the

Assessment is lower than at the time of the Assessment. The Covid-19 Impact Report provides additional information to decision-makers on the causes of uncertainty and their potential impact on the conclusions reached in the Assessment. As set out in TfGM's March 2021 Consultation Report, TfGM acknowledge that the approach undertaken to consider the impacts of Covid-19 on the conclusions of the Assessment does not align with TAG Guidance and it may well not align with the DfT's proposed Uncertainty Toolkit as and when it is published. However, it is not considered that TAG offers an appropriate approach for the consideration of Covid-19 impacts, and so an appropriate local methodology was devised. It is for this reason that a range of scenarios, encompassing a broad range of possible future environments for the introduction of the proposals, was adopted. No more pessimistic specific scenario that could reasonably be expected than Scenario 3 was proposed in response to the second consultation.

- 8.10 TfGM, therefore, remain of the view that the approach taken to the Covid-19 Impact Report to consider the potential impacts of Covid-19 on the value for money conclusions in the Assessment was appropriate and that there were no issues arising from the second consultation that required alterations to the Covid-19 Impact Report Economic Case or to its conclusions that, on balance, the value for money of the franchising scheme is likely to be robust to the uncertainty created by Covid-19 in all reasonably likely Scenarios and that it remains preferable to the Operator Proposed Partnership as, on balance, the net benefits are likely to remain higher and be more deliverable, particularly given the uncertainty surrounding what, if any, partnership options are on offer.

Concluding Remarks

- 8.11 In reaching the above conclusions, it is important to highlight the following matters that were identified in the Covid-19 Impact Report. First that suitable commercial management strategies and other aspects of franchise specification and contracting have been developed so that the implementation of the Proposed Franchising Scheme can be adapted to minimise risk and ensure value for money. Secondly, that the value for money analysis framework should be extended to address the additional impacts that significant falls in bus market size could induce. Finally, that an extended period of Covid-19 recovery and hence government subsidy may induce further market failures in the bus network provision relative to the Reference Case. If so the aggregate benefits of the Proposed Franchising Scheme, which already is defined to address them, would increase and the likelihood of a partnership model solving them would decrease.

9. COMMERCIAL CASE

- 9.1 Responses to the first consultation, with regard to the Commercial Case, expressed broad agreement with the franchise commercial model. As referred to above, it was considered that the principal challenge from respondents was in respect of the deliverability of the depot strategy in respect of large franchises. Although responses to the first consultation from owners of strategic depots indicated that there is limited appetite to engage in negotiation with GMCA in respect of the potential transfer of depot control, the Assessment describes a number of alternative transitional models which would deliver franchising to the timescales described. In conclusion, it was considered that the proposed commercial proposition, including the impact on competition and the facilitation of cross-boundary services, remained appropriate.
- 9.2 The Covid-19 Impact Report concluded that there was no material change from the Assessment. Having considered all of the responses to the second consultation,

nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusions. It is therefore considered that the proposed commercial proposition remains appropriate.

10. FINANCIAL CASE

- 10.1 With regard to the Financial Case, a number of concerns were raised in response to the first consultation, principally by incumbent operators, in relation to the income and costs of the Proposed Franchising Scheme both over the transition period and on an ongoing basis. TfGM did not identify any omitted costs on the basis of these comments. However, it should be noted, in relation to employment costs, which represent the most significant ongoing cost, that the Proposed Franchising Scheme did not include provision for a harmonisation upwards of current terms and conditions. Additional capital costs for retrofitting or replacing fleet vehicles to meet environmental standards were not included in the costs of the Proposed Franchising Scheme or any of the options considered in the Assessment. Instead, the Clean Air Zone Outline Business Case included these requirements and GMCA has made clear the requirement for the Government to provide financial support for these proposals.
- 10.2 Incumbent operators, for the most part, raised a number of concerns in response to the first consultation over the funding proposal and associated matters, including the availability of the identified funding sources; and the appropriateness of using, and the impact on, the Mayoral precept/council tax. Similar concerns were raised during the second consultation as summarised further below.
- 10.3 In response to the second consultation a number of affordability concerns in relation to the Proposed Franchising Scheme were raised. An operator considered that, despite the mitigations proposed, there was a financial 'gap' during the transition period and that ongoing affordability risk had not been adequately addressed. TfGM did not identify any such funding gap on the basis of these comments and noted in response how ongoing affordability risks had been addressed. The Covid-19 Impact Report also acknowledged that there was still a residual risk (for example if the most adverse scenario transpired) which GMCA would need to accept and underwrite with incremental local funding.
- 10.4 A concern raised by some Greater Manchester local authorities related to the proposed network mitigation and that this should be a last resort. It is noted in response that network reduction was only one of the mitigations proposed and that similar choices would likely be faced by deregulated operators.
- 10.5 A further concern raised by some authorities was the impact of proposed precepts on residents and Bolton Council made its support conditional upon there being no additional financial burden on the local authorities. Similar points were made in response to the first consultation. TfGM consider it relevant to note that local sources of funding already make a significant contribution to the funding of bus services (currently up to £86.7 million per annum is funded by the local authorities of Greater Manchester), and this would continue to be the case under all bus reform options, not just the Proposed Franchising Scheme. It was also noted that the majority of the proposed funding, including the proposed funding mitigations identified in the Covid-19 Impact Report, are from non-precept sources and that the local authority contribution is anticipated not to result in a net impact on local authority budgets.
- 10.6 Further concerns raised, particularly by incumbent operators, related to increased uncertainty and viability of the Proposed Franchising Scheme; a lack of detail on and the impacts of the proposed mitigations; whether the proposed sources of funding

were available and secured; and that there was a lack of consideration of alternative uses of this funding in the context of the financial pressures experienced as a result of Covid-19.

- 10.7 It is necessarily the case that the identified mitigations are options which GMCA would need to consider in light of prevailing circumstances in the future if the Proposed Franchising Scheme were introduced. The proposed sources of funding have not been committed to another purpose and it is for GMCA determine if it wishes to prioritise funding for the purposes of bus reform or other alternative uses.
- 10.8 Having considered the responses to the first and second consultations, TfGM considers that it remains the case that in light of Covid-19 there is now significantly greater uncertainty over future bus patronage and related factors. Whilst this uncertainty is not specific to the Proposed Franchising Scheme, and GMCA would still face risks under a Do Minimum or partnership, it would assume financial risks more directly under the Proposed Franchising Scheme. It is considered that the GMCA can afford to make and operate the proposed scheme. But, for this reason, it is important that GMCA notes this uncertainty and accepts the potential requirement to implement mitigation options of the form and scale identified in the Covid-19 Impact Report. If this were the case, TfGM considers that this would provide an acceptable balance of risks to achieve GMCA's objectives for bus services and that GMCA could afford to make and operate the Proposed Franchising Scheme.

11. MANAGEMENT CASE

- 11.1 In terms of the **Management Case**, in both the first and second consultations there were more favourable than unfavourable comments on GMCA's ability to manage the proposed franchise scheme as well as the transition and implementation from the de-regulated to proposed franchised operations. In the first consultation most of the concerns raised focussed on the costs, difficulties associated with securing sufficiently qualified staff and criticism relating to timescales and lack of time built in for evaluating and reviewing progress. In the second consultation most of the concerns were focused on TfGM having not provided enough detail on how the proposed operating model would be implemented in light of Covid-19; particularly if Scenario 3 emerged as the recovery scenario and that the complexity of transition and transition risk had been underestimated. There were also challenges around the accuracy and value for money on the transition costs.
- 11.2 In summary, TfGM recognises the risks and challenges resulting from the impact of Covid-19 when implementing and transitioning to any of the options. However, taking all responses into consideration, across both consultations TfGM concludes that despite this risk and uncertainty created by Covid-19 it would be able to manage the transition and manage the Proposed Franchising Scheme or a partnership option. There are no challenges arising specifically as a consequence of Covid-19 that would change the conclusion from the first consultation and require alterations to the framework outlined in the Management Case.

12. PARTNERSHIPS

- 12.1 As part of the Assessment, the Act required GMCA to compare the making of the proposed franchising scheme to one or more courses of action. Various options were considered in the Assessment and in particular, two alternative options were considered in detail. These options were a 'do minimum' option, which effectively meant leaving the market as is, and partnership.

- 12.2 The Assessment considered two different partnership options which illustrated the range of potential outcomes that could be achieved. One option was referred to as the Operator Proposed Partnership and reflected the propositions that had been discussed with operators whilst TfGM was in the process of preparing the Assessment. The other option, the Ambitious Partnership, was one that reflected a more ambitious partnership and was modelled by TfGM to show what it believed could be delivered under a partnership, should it include the introduction of some form of Enhanced Partnership Scheme, as allowed for under the Act. Having considered these options in the Assessment, it was concluded that the Proposed Franchising Scheme would be GMCA's preferred option in terms of meeting the objectives for improving bus services in GM.
- 12.3 During the first consultation, two substantive proposals were put forward. The first of these was OneBus' Partnership Plus proposal which was claimed to add further commitments to the Operator Proposed Partnership which was considered in the Assessment. Secondly, Stagecoach put forward a proposal of a partnership in the South of Greater Manchester which would be combined with a franchising scheme in the North of Greater Manchester. Consideration was also given to a proposal by First for a local partnership in Oldham. It was considered that none of these partnership options would achieve comparable benefits to the Proposed Franchising Scheme.
- 12.4 During the second consultation, some of the operators stated their preference for a partnership however OneBus and Stagecoach both confirmed that its previous proposals were no longer valid given the uncertainty caused by Covid-19. First reiterated its preference for its local partnership offer. Operators commented that no decision should yet be taken to introduce the Proposed Franchising Scheme until there is greater certainty in the market, at which point they would be in a position to put forward detailed but new partnership proposals. This was considered further by TfGM in the context of whether now is the right time to make a decision as to whether or not to make the Proposed Franchising Scheme and those findings are summarised in section 15 of this report.
- 12.5 A number of operators also proposed that a 'recovery partnership', based on high-level principles set out by the Confederation of Public Transport, should be considered by GMCA. Operators clarified that this was not an alternative to the longer-term partnership approach noted in the previous paragraph but would be focused on the short to medium term as the operators seek to stabilise the network and grow patronage. Any such arrangements would be based on ongoing cooperative working between operators and TfGM, and also assumes some level of ongoing government support. The proposals for 'recovery partnerships' are considered in more detail in TfGM's March 2021 Consultation Report. Only when the network was stabilised at some point in the future would it enable them to put forward longer term partnership proposals to GMCA. TfGM agrees with the importance of stabilising the network and recovering patronage as GM recovers from Covid-19 and considers therefore that such arrangements as 'recovery partnerships' are not an alternative to a proposed franchising scheme. TfGM intends to work with operators, as it has done through the Covid-19 pandemic, to help recover the bus network and any such arrangements (noting that these will be driven in part by the Department for Transport's ('DfT') approach to this period) would be put in place alongside the transition to franchising were a Mayoral decision in favour of franchising to be made.
- 12.6 Go North West also proposed a 'recovery partnership' as the first stage of an alternate three-stage proposal that would then involve TfGM letting direct award franchise contracts to current operators for a period of time. This would facilitate transition to franchising as well as testing commercial models prior to future franchise tenders. However, whilst it is accepted that directly awarding franchise contracts during transition would assist with mitigating some of the risks of transition to the

Proposed Franchising Scheme, TfGM's legal view is that it would not be permissible to direct award all of the franchise contracts during transition on the basis proposed by Go North West.

13. THE AUDIT OF THE ASSESSMENT AND THE REVIEW OF THE COVID-19 IMPACT REPORT BY GRANT THORNTON

- 13.1 During the first and second consultation period, some consultees made comments relating to the auditor's ("GTs") reports on both the Assessment and the Covid-19 Impact Report. Details of the issues raised and responses are set out in Appendix 1. In brief -
- 13.2 In the first consultation period challenges were raised by Stagecoach and Rotala including whether GT had adequately reviewed transition costs and assumptions; their approach to materiality and whether they had justified their view on the quality of the data. Stagecoach also expressed a view that the GT work was incomplete as they did not carry out an analysis of how all of the issues relating to materiality cumulatively impacted on their overall analysis. They also stated that there were, in their opinion, examples of fundamental flaws in the economic and financial cases that undermined the GT conclusions on affordability and value for money.
- 13.3 In the second consultation period a number of challenges were raised by Rotala and Stagecoach and their respective advisors which included that the scope of work required was not clear or adequate; that an assurance framework should have been used to perform the work; whether the review work undertaken supported the conclusions drawn; queries about whether there were updated financial models; and that the absence of specific comments on funding, affordability and risk, and recommendations made during the process had not been detailed.
- 13.4 Having considered the points raised it is not agreed that the respondees have shown either that GT failed to consider anything material or that its opinion was not one that they were reasonably entitled to reach when carrying out their audit of the Assessment. Further, with regard to the criticisms of GT's approach to its review of the Covid-19 Impact Report made during the second consultation period, it is not accepted that a further audit report was required under s123D of the Act, but rather that reliance can be placed on GT's conclusion in respect of it.

14. EQUALITY ACT 2010

- 14.1 Under the Equality Act 2010 (s. 149), GMCA and the Mayor are subject to the public sector equality duty which requires them, in the exercise of their 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.
- 14.2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 14.3 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice and promote understanding.
- 14.4 “Relevant protected characteristics” are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

First consultation period

- 14.5 For the purposes of the first consultation period, to support consultees to comment on equality issues, an initial screening EqIA (‘EqIA’) was published in draft form by TfGM on behalf of GMCA, in addition to the consultation materials required by section 123E(2) of the Act. The focus of the initial screening was to identify any potential adverse impacts so that those potential adverse impacts could be addressed and minimised moving forward. The EqIA did not anticipate that the Proposed Franchising Scheme would have any adverse impacts on those with protected characteristics and there would be positive impacts of varying degrees on certain groups.
- 14.6 Question 44 of the first consultation period asked consultees for any comments on the potential impacts identified through the EqIA. All comments received in response to that question were reviewed in full by TfGM.

Second consultation period

- 14.7 In the second consultation period, consultees were not asked to comment on the EqIA again, but the consultation questions were of a sufficient scope to permit comments relating to matters consultees considered relevant, including impacts or potential impacts on those sharing protected characteristics. TfGM undertook a full review and assessment of these comments.

Consultation Responses

- 14.8 A number of themes were identified through the review of the consultation responses and the Ipsos MORI reports for both the first and second consultations. The themes are set out and responded to in full in section 14 of TfGM’s March 2021 Consultation Report’ (Appendix 1).
- 14.9 Members will note that many useful points were raised by consultees which have provided valuable additional insight into the views and concerns of consultees. For example:
- (a) Consultees in both consultations emphasised the importance of understanding the needs of people with protected characteristics and of involving them in the development and provision of bus services;
 - (b) Some consultees made comments in both consultations broadly related to the specification and operation of vehicles;

- (c) Several consultees in both consultations highlighted the importance of drivers being aware of, and trained to deal with, the needs of all passengers, particularly those who are vulnerable or have special needs;
 - (d) In both consultations, consultees raised this issue in relation to smartphones or access to the internet, stating (for example) that phone-based ticketing was unsuitable for some disabled people. In addition, some consultees felt that bus travel should not require people to have a bank account or smartcard;
 - (e) Some people who responded to the second consultation noted that the standardisation of the bus system through the Proposed Franchising Scheme would remove often confusing types of tickets and provide a simpler fare structure, which would be helpful to everyone but especially to those with learning disabilities or cognitive impairments;
 - (f) Some respondents in the second consultation raised concerns in relation to the potential mitigations that GMCA may need to consider in the future (see the Covid- 19 Impact Report). Specifically, the comments to the second consultation mentioned that any increase in fares or reduction in services could impact on those with protected characteristics, particularly older people and those with disabilities.
- 14.10 TfGM's responses to the points raised by consultees are set out in full in section 15 of TfGM's March 2021 Consultation Report (Appendix 1).
- 14.11 In particular, with regard to the comments about smartphones/access to the internet and bank accounts noted above, TfGM confirmed that these points would be considered as plans for fares, ticketing and information are developed and any proposed changes would be subject to separate EqIAs. There are currently no plans to withdraw cash fares.
- 14.12 Further, with regard to the comments about the mitigations noted above, TfGM and GMCA recognise the possibility of adverse impacts that could follow in the event that any of the mitigation options were put in place, but also that it is difficult to say at this stage whether they are likely to occur or to what extent. Any proposed changes would be subject to due consideration by GMCA/TfGM of the public sector equality duty and to the extent that any of these mitigations may impact on those with protected characteristics, they would be analysed in further EqIAs as required.

Conclusion

- 14.13 The EqIA has been updated to reflect comments received during the first and second consultation. Having considered these comments, there are no aspects of the EqIA which would require significant changes at this stage. The EqIA is attached at Appendix 6.
- 14.14 Following a review of the responses to the consultations, it is not anticipated that the Proposed Franchising Scheme would have any significant adverse impacts on those with protected characteristics and there would be positive impacts of varying degrees on certain groups. Accordingly, a full Equality Impact Assessment is not required as no adverse impacts have been identified within the screening process.

15. IS NOW THE APPROPRIATE TIME TO MAKE A DECISION ON FRANCHISING

- 15.1 The November 2020 report set out the reasons for proceeding with a decision at this stage or alternately deferring the decision until there was more certainty with the pandemic. Members agreed to proceed with the consultation, and respondees were

asked to consider if this was the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme?

- 15.2 The second consultation found that there is substantial support for taking a decision at the present time – from local authorities, stakeholder and academic institutions and from the public.
- 15.3 The main criticisms of taking a decision now are that the assessment is out of date, there is still too much uncertainty with the pandemic, future patronage is unknown, and that the continuing economic uncertainty means that operators cannot put forward credible partnership options. In their view, therefore, it is not the right time to make such a long-term decision. They have also stated that, in their opinion, GMCA should wait for the expected DfT guidance on addressing uncertainty in scheme appraisal and to allow time for a new partnership offer to be developed which could then be compared with the proposed scheme and that making a decision now will bring significant financial and reputational risk to the CA.
- 15.4 Members are referred to section 17 of TfGM's March 2021 Consultation Report (Appendix 1) for a detailed consideration of all of the responses to this issue. In brief, despite these criticisms, the case for making a decision now remains strong:
- i. The Covid-19 Impact Report acknowledged the new challenges arising from Covid-19, it was right to conclude that GMCA's objectives for the bus service in Greater Manchester remain the right ones.
 - ii. The use of the scenario-based analysis in the Covid-19 Impact Report, enables a decision to be taken, despite the uncertainty of the current situation, with a good understanding of the additional risk and uncertainty due to Covid-19 and the potential mitigations.
 - iii. The scenarios were appropriately constructed and covered an appropriate range of outcomes –wider than those by exemplars held up by operators as best practice and similar to those applied by operators themselves in some cases.
 - iv. The economic and financial analysis based on those scenarios is sound and gives decision makers a good understanding of the robustness of the analysis underpinning the recommendations.
 - v. The financial risk for GMCA of taking a decision now has been clearly laid out for decision makers, and where there are risks of a shortfall in the most extreme scenario, the Scheme remains flexible. Its benefits are evident in a variety of scenarios.
 - vi. A decision to implement the Proposed Franchising Scheme would not distract TfGM from efforts to support recovery, and it is not incompatible with the use of recovery partnerships to support the market in the shorter term. Such partnerships do not mean that Greater Manchester's longer term recovery from Covid-19 would not be better supported by the Proposed Franchising Scheme.
 - vii. Further information becoming available through the progress of the Covid-19 pandemic would not fundamentally alter the uncertainty faced by GMCA or markedly improve the evidence underpinning the decision-making.
 - viii. TfGM acknowledge that the scenario analysis used in the Covid-19 Impact Report does not align with all currently available guidance, and may well not align with the DfT Uncertainty Toolkit as and when it is published. However, it is not considered that such existing guidance offers an appropriate approach

for the consideration of potential Covid-19 impacts, or that any forthcoming DfT guidance or new partnership offer would so materially improve the information available as to justify further delay.

- ix. Alternative approaches involving the direct award of contracts would not be possible under the current legal framework.

15.5 Given these factors, Members are advised that there are clear reasons to take the decision now – particularly in giving GMCA levers to help support the recovery of the bus market and the wider economy and society of Greater Manchester – that mean that, despite these arguments, the conclusion remains that it is appropriate to make a decision on the Proposed Franchising Scheme now.

16. COMMENTS OF THE GMCA TREASURER

16.1 Members will recall that in November 2020 the funding and mitigations for the Proposed Franchising Scheme was approved as set out below –

- i) *£78.0 million, in total, of Mayoral ‘earn back’ funds provided by central government as part of Greater Manchester’s Devolution Agreement. It should be noted that in terms of this funding including ‘earn-back’ for this purpose would mean that it would not be available for other (as yet unidentified) projects. However, the funding was originally provided for projects that are now complete or substantially complete;*
- ii) *£11.0 million, in total, raised by the existing precept as part of the Mayor’s 2019/20 budget for bus reform purposes (equating to £2.2 million per annum applied each year from 2020/21);*
- iii) *£17.8 million, in total, of contributions by Local Authorities as a proposed one-off increase in the statutory contribution in 2020/21;*
- iv) *£5 million, in total, of existing and forecast business rates pooling receipts held by the GMCA; and*
- v) *£22.7 million, in total, of Mayoral precept required from future years’ budgets’.*

3.5 *It should be noted that it is proposed to defer the local authorities’ proposed one off contribution to the end of any transition period (from 20/21 previously to 2025/26, assuming a one-year deferral of any implementation period). The deferral of this contribution could be accommodated through 2020/21 earn back funding which is of a similar quantum.*

.....
3.10 *The Report is clear, however, that the uncertainty previously identified during the transitional period (assumed to be until 2025/26) is now materially greater than at the time of the Assessment. (paras 5.3.4 and 5.3.7). In the event that the downside changes materialised the GMCA would need to consider further mitigations and/or funding in order for the Proposed Franchising Scheme to remain affordable. These mitigations would be of the same kind as set out in the previous GMCA reports (increase fares and/or reduce the network and/or increase local authority contributions), but the scale of any or all of the options may need to change.*

3.11 *Such potential mitigations, during transition, if Government funding is reduced or withdrawn, would include:*

- i) *Local Authorities, in conjunction with additional government funding, are currently being directed to pay concessionary reimbursements (and subsidised services payments) at pre-Covid levels. If concessionary*

reimbursements were once again paid on a usage basis, it could generate additional resources of at least £30 million, including £12.5 million previously provided for concessionary liabilities as part of the GMCA's preferred funding strategy, up to 2025/26 in the 'central' scenarios.

ii) Reducing transition costs (including on bus equipment, depots, and risk allowances). Savings in the order of £5 million to £10 million, net of inflation, could be achieved under the central scenarios and further savings could be achieved under a more adverse scenario.

iii) Making reductions to the network. This would be a significant mitigation option in the event of lower demand scenarios, noting that there would be some time lag in realising savings. The contracting strategy has the flexibility to accommodate such changes. For example, a 1% reduction (by way of illustration) in fleet volumes, operating kilometres and operating hours could result in a saving in the order of £4.5 million over the period from 2022/23 to 2025/26. Some of the changes may well be made by private sector operators before those parts of the network are franchised, so the GMCA would potentially be taking over a smaller, less expensive part of the network.

iv) Other, credible, locally prioritised funding sources included in the Assessment which the GMCA / the Mayor could prioritise in the transition period, in particular the value of Integrated Transport Block ("ITB") from 2021/22 that, based on previous years' allocations, would be up to £16 million per annum and uncommitted 'earn back' funding of approximately £15 million per annum from 2025/26, subject to confirmation through future gateway reviews

16.2 The Mayor's budget report for 21/22 also approved the funding included in the budget for Bus Reform and noted that a further update on expenditure and funding would be provided following any Mayoral decision on Bus Reform.

16.3 The CA Treasurer can confirm that the proposed funding arrangements as set out above remain available and that the GMCA can afford to make and operate the Proposed Franchising Scheme.

17. HUMAN RIGHTS ACT 1998

17.1 Section 6 of the Human Rights Act 1998 makes it unlawful generally for a public authority to act in a way which is incompatible with Convention rights. One such right is conferred by Article 1 to the First Protocol to the Convention on Human Rights ("A1P1"). That article provides that:

"Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law. The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest."

17.2 The introduction of franchising has the potential to involve an interference with, or a practical control of the use of, the possessions of those providing bus services in Greater Manchester. The Assessment included consideration of the potential effects that the Proposed Franchising Scheme is likely to produce, particularly on operators of various sizes. In order to consider the lawfulness of any franchising scheme, the consultation sought responses not only on that part of the assessment but also specifically on the potential impacts that the Proposed Franchising Scheme could

have on the businesses of those currently operating bus services in Greater Manchester.

- 17.3 The responses to those questions have been summarised in section 15 of TfGM's March 2021 Consultation Report (Appendix 1) In that regard, Members will note that in particular Stagecoach argued during both consultations that the Proposed Franchising Scheme, if proceeded with, was likely to breach their rights under A1P1. First also made similar comments during the first consultation but without direct reference to their rights under A1P1. None of the smaller operators made such representations.
- 17.4 The concept of "possessions" in A1P1 has an autonomous meaning which is not limited to the ownership of land or physical goods: certain other rights and interests constituting assets can also be regarded as "property rights", and thus "possessions" for the purposes of this provision. Rights akin to property rights have been recognised in cases where persons have built up a clientele or goodwill which have a certain worth in their own right.
- 17.5 In this case the Proposed Franchising Scheme does not involve the expropriation of any depots or fleet, or any other property used in providing or supporting local services in Greater Manchester that any bus operator may own or lease. It has, however, the practical effect of limiting the use to which they may be put in providing or supporting such local services for the purpose of the business in which they are now employed. It will also effectively deprive any operator of any goodwill it has built up in respect of such services in Greater Manchester if it is unable to provide them under its brand.
- 17.6 It is difficult for TfGM to estimate any reliable estimate of any goodwill that any operator may have to be acquired for the reasons set out in * but it cannot be assumed that there is no goodwill that may represent an asset to an operator.
- 17.7 The Proposed Franchising Scheme will involve a control of use for the purpose of A1P1. Although TfGM has said an operator may effectively "deprive" an operator of any goodwill it may have built up in respect of its services in Greater Manchester, it does not consider that any interference would be treated as a deprivation or expropriation within the meaning of the first paragraph of A1P1; rather, the Proposed Franchising Scheme will involve a control of use of property.
- 17.8 For that control to be lawful, the Proposed Franchising Scheme must be otherwise lawful, and it must pursue a legitimate aim. It is considered that the aims that franchising seeks to achieve are legitimate. To be compatible with A1P1, however, any interference must also strike a 'fair balance' between the demands of the general interest of the community and the requirements of the protection of a person's fundamental rights. There must be a reasonable relationship of proportionality between the steps taken and the aim sought to be realised. Alternative means of achieving the same aims that do not involve such an interference are relevant when considering the relationship of proportionality. A fair balance between the general interest and a person's rights will not be found if the person concerned has had to bear an individual and excessive burden. The availability of compensation, or the lack of it, may be material to the assessment of whether any measure respects the requisite fair balance or whether it imposes an individual and disproportionate burden.
- 17.9 The reasons for the introduction of franchising and the suggested alternatives to it designed to achieve the same aims have already been considered, including the partnership options developed with and by operators. TfGM does not consider that the alternatives suggested and examined will secure that the aims that franchising

seeks to achieve will be achieved to the same extent; that they fall substantially short of doing so for the reasons given; and that the introduction of the Proposed Franchising Scheme, rather than any partnership, is in the public interest.

- 17.10 Although the use that may now be made of any depot, fleet and other property used to provide or support bus services in Greater Manchester may be limited if franchising is introduced, as described above, land now used as a depot, the fleet and any other property affected remain the operators'. They may be used to support any bid for a local service contract that the operator may make when franchising is introduced, although there is no guarantee that the operator would necessarily win contracts that would enable them to be fully used. But in any event GMCA proposes to offer to acquire strategic depots at market value and to provide an option to incumbent operators to sell their suitable existing vehicles at their residual value. Land now used as a depot by any operator and its vehicles and other affected property may also be capable of valuable use for purposes other than the provision by that operator of bus services in Greater Manchester.
- 17.11 It cannot, therefore, be assumed that the introduction of the Proposed Franchising Scheme will deprive the depot, fleet or other affected property of any operator of all their value. But franchising may cause some operators a not significant loss in relation to their ability to exploit such assets for the purposes of providing the services that they currently provide, notwithstanding the mitigation available in respect of strategic depots and their fleet, and it will involve the loss of any relevant goodwill that it can be shown that the operator has earned in relation to its existing business in providing local services in Greater Manchester which it can no longer provide under its own brand. It may well also involve operators in other costs, such as those that will be involved if employees are made redundant, and pension scheme exit payments are made.
- 17.12 In summary, like many schemes to regulate markets that have not hitherto been regulated, the legislation providing for franchising does not include any provision for the compensation of any person adversely affected by the introduction of such regulation. GMCA and the Mayor will need to consider, therefore, whether, in the absence of such provision, such are the benefits of franchising in the public interest given the alternatives, that, having regard to the proposals for acquiring strategic depots and the fleet of bus operators and the opportunity they will have to bid for local contracts under the Proposed Franchising Scheme, the interference with their possessions is nonetheless justified and does not impose an individual and disproportionate burden on any of them. GMCA and the Mayor will need to be satisfied that it is.

18. LEGAL ISSUES

- 18.1 As set out in Appendix 1 a number of consultees, and in particular bus operators have raised issues in their responses to the consultation about the lawfulness and rationality of making a decision to implement the Proposed Franchising Scheme at this time and on the basis of the information available. They have in particular challenged the approach of the Covid-19 Impact Report, both that the GMCA should have begun the process again with a new Assessment and that the Scenario methodology as applied is insufficient for the task; questioned the quality and quantity of the information provided; disagreed with the length and timing of the consultation; and proposed that the level of uncertainty arising from the pandemic means that any decision should be delayed.
- 18.2 A summary of the incumbent operators' responses is set out above and a more detailed response to the specific legal issues raised is dealt with in TfGM's March 2021 Consultation Report' (Appendix 1).

- 18.3 In making any recommendation to the Mayor that he should make a franchising scheme Members need to be satisfied that the process followed is lawful, that the consultation process was fair and enabled respondents to consider all relevant issues and provide an intelligent response; that there is sufficient information to enable the authority and the Mayor to make such a decision; that they have balanced the issues set out in section 16.6.59 of Appendix 1; that they have had due regard to the matters set out in section 149 of the Equality Act 2010 (the Public Sector Equality Duty) with which they will be familiar and that it is reasonable to make a decision now. Members will note that each of these issues is addressed in Appendix 1.
- 18.4 In brief, in terms of the process followed officers are satisfied that the requirements of the legislation have been met in the preparation of the Assessment, the independent audit of that assessment, the first consultation on the Assessment and the second consultation on the conclusions of the Assessment in the light of Covid-19. The consultation process was carried out over a period of 20 weeks in total. The Assessment and all supporting papers were available and where additional information was requested it was provided where reasonably required. Full details are set out in section 16 of Appendix 1.
- 18.5 With regard to the timing of the decision members need to consider the points made by consultees about the reasonableness of making a decision having long term consequences both for the bus market, bus operators, the GMCA and the public as well as more immediate financial risks in a time of such uncertainty and prior to the publication of additional guidance from the DfT on how to plan in uncertain times and without waiting until an alternative partnership offer can be developed for comparison. Bus operators in particular have commented that the decision should not be taken now as the data is out of date, it is not possible to know the impact of the pandemic on the bus market and they are unable to commit to a long term partnership arrangement at present. Members need to weigh these representations against the alternative view that now is the right time to make a decision as the proposed scheme will best meet the GMCA objectives, a decision will create certainty and support recovery while flexibility in its implementation will help mitigate risks.

19. CONCLUSION

- 19.1 In conclusion it is considered that when compared to the alternatives the Proposed Franchising Scheme is preferable; that it would contribute to the implementation of GMCA's local transport plan policies made under the Act and other policies affecting local services that GMCA has adopted and published; that the GMCA can make and operate the scheme; that the proposed scheme represents value for money; and that the GMCA is likely to be able to secure that local services are operated under local service contracts.
- 19.2 Although it may have some detrimental effect on services entering Greater Manchester which GMCA would seek to mitigate as far as possible and is likely to interfere with enjoyment of their 'possessions' by bus operators it is nonetheless considered that on balance it is in the public interest to make the Proposed Franchising Scheme and that it should be progressed subject to a number of minor proposed amendments set out below.

20. UPDATING SERVICES

- 20.1 The services proposed to be franchised are listed in Annexes 1 and 2 of the Proposed Franchising Scheme. These services were identified by a general description of the route served and, for school services, by listing the appropriate school or college served.

- 20.2 As described in the consultation document these lists have been updated to ensure that they reflect the existing commercial network. When reviewing the responses to the second consultation, TfGM noted that a significant amount of services which cross between the sub-areas had not been correctly identified in the Proposed Franchising Scheme. This has not resulted in any new services being added to Annex 1 and thus made subject to franchising. It involves seven services being correctly marked in Annex 1 (which includes one service marked with an * and six services marked with a +). This has also meant that 95 services have been added to Annex 4, so that they are temporarily excepted from regulation under the Proposed Franchising Scheme until the relevant Sub-Area is franchised. Despite their number, these changes do not change how the principles on which the Proposed Franchising Scheme has been framed or, in particular, the proposal to temporarily except some services from regulation for the purposes of transition. They give effect to them correctly. It is also proposed in response to representations about the lack of clarity in the map in the draft scheme when delineating the Sub-Areas, that a large-scale map will be used as the scheme map rather than that attached to the draft. Such a map was already referred to in the draft scheme for the second consultation and any ambiguity about which is the definitive map will also be resolved.
- 20.3 It should also be noted that, whilst some new services have been registered and some service withdrawals, there has not been a significant amount of bus network change in the last year given the continued use of CBSSG. As such and in summary, the services listed in the Proposed Franchising Scheme now reflect those which are currently in operation. Further information on this can be found in the updated Proposed Franchising Scheme (as set out in Appendix 5).
- 20.4 Although the decision whether or not to make a franchising scheme has always been one for the Mayor to take, the draft that accompanied the second consultation need also to be amended so that any scheme is made by him on behalf of the GMCA (as that is a function under section 123H of the Act exercisable only by him given article 4 of, and paragraph 3(i) of Schedule 1 to, the GMCA (Functions and Amendments) Order 2019).

21. DATES PROVIDED IN THE PROPOSED FRANCHISING SCHEME

- 21.1 No dates were specified in the Proposed Franchising Scheme and it was instead decided that any dates would be specified should a decision be taken to make the Proposed Franchising Scheme. For the purposes of the first consultation, a cover sheet was included that informed consultees what those dates would be, should a decision be taken to make the Proposed Franchising Scheme on 2 April 2021.
- 21.2 During the second consultation, some consultees commented that no decision should be taken at this time. Several reasons for this were given, such as that there was still too much uncertainty caused by Covid-19 and that GMCA should wait until operators are in a position to submit their own detailed partnership proposals. More information on the partnership proposals are summarised in section 10 – 12 of Appendix 1 however TfGM consider that it would still be appropriate to make a decision at this time.
- 21.3 It is recommended in this report that a decision could be taken to introduce the Proposed Franchising Scheme and that the earliest date on which such a decision could be taken by the Mayor is 25 March 2021. Since any decision to make a scheme will now be taken earlier than described in the second consultation, the dates on which a local service contract to provide a local service in each of the scheme Sub-Areas may first be entered into, will be:

- Sub-Area A – 25th April 2022

- Sub-Area B – 17th April 2023
- Sub-Area C – 1st April 2024

21.4 It is also proposed that the dates on which a local service may first be provided under a local service contract in each of the scheme Sub-Areas will be:

- Sub-Area A – 29th January 2023
- Sub-Area B – 21st January 2024
- Sub-Area C – 5th January 2025

21.5 A copy of the Proposed Franchising Scheme, which includes these dates, can be found attached at Appendix 5 of this report.

22. TRANSITIONAL NOTICE

22.1 Where an authority decides to introduce a franchising scheme, the market will need to transition from a system where operators register services with a traffic commissioner to a system whereby the majority of the services are specified by, and provided under contract to, the authority instead.

22.2 The Act includes a number of measures to help with this transition. Under the Public Service Vehicles (Registration of Local Services) (Amendments) (Regulations) 2018 the notice period between the time when the traffic commissioner accepts an application for registration or variation or cancellation of a local service and the time when the notice period expires is currently set at 42 days.

22.3 The Public Service Vehicles (Registration of Local Services) (Franchising Schemes Transitional Provisions and Amendments) (England) Regulations 2018 (“the Regulations”) allows an authority to extend that period before the franchising scheme comes into operation, provided that they publish a notice for that purpose at the same time as making any such scheme. That period can be extended to a maximum of 112 days.

22.4 The Assessment proposed, at Section 31, that in order to mitigate risks arising from service disruption in the transition period, GMCA would seek to extend the notice period required of an operator to vary or cancel a service for that 112 day period. No consultees, including any of the operators, commented specifically on this prospect. The decision whether or not to publish such a transitional notice is one that it is considered falls to be made by the Mayor as it is one that has to be published at the same time by the same person as publishes the scheme, who would be the Mayor.

22.5 It is proposed that the same notice period would apply to all services covered by the scheme, save to the extent that they are excepted from the scheme when any application to vary or cancel the registration of a service is accepted by the Commissioner before section 123J of the Act applies to the franchise area (as regulation 4(1) provides that the Regulations do not apply to such services). To the extent that a service is excepted, Annex 3 provides that the services listed in Annex 4 are excepted “*to the extent that it operates in Franchise Scheme Sub-Area [X]...*”. This means that only the portion of those services that operate into a sub-area already franchised are excepted from regulation. For the portion of those services which do not operate in a franchised sub-area, as well as any other local services which, for example, operate wholly within sub-area not yet franchised, the 112 day period would apply, thus ensuring that all operators were treated equally in the effects of this notice on their services.

- 22.6 Whilst it is possible to specify different notice periods for different cases, the nature of services across Greater Manchester means that there is a risk that any description seeking to distinguish between different cases may be arbitrary in effect, fail to catch cases in which an extended period is required and lead to unequal treatment of operators who are operating similar services that fall either side of any such threshold. This reduces the impact of differing de-registration periods potentially having an adverse impact on certain operators who cannot change their service registrations as quickly as their competitors during this period. Distinguishing between cases would also risk disrupting any approach that TfGM would otherwise take to replacing de-registered services, by requiring priority to be given to those with shorter de-registration periods, rather than focusing on an efficient replacement of de-registered services overall. For this reason, a consistent approach to the notice period is preferred. For similar reasons whilst it is permissible under the legislation to treat applications for variations and cancellations differently, as variations could still require the procurement of a new service to maintain accessibility, treating the two cases differently may simply lead to a change in operator behaviour, such as materially varying services rather than cancelling them outright, which would still create similar accessibility issues to be managed by GMCA.
- 22.7 If the period of notice were not extended in this way, there is a greater risk that operators may de-register or vary services in a way which could affect provision of services which would have material adverse effects on passengers. Ensuring continuity of service is therefore a key issue, which was addressed in Section 31 of the Assessment. Whilst GMCA could seek to procure interim services in these circumstances, any failure to do so would potentially have significant material adverse effects, in particular on people dependent upon use of those bus services. Having more time would assist the provision of alternatives maintaining continuity of service. These alternatives in the Assessment included not only emergency letting of contracts, but also potential step-in by other commercial operators. The impact of COVID-19 on the bus market, however, means that the ability to seek step-in by other operators on a commercial basis may be more limited than envisaged in the Assessment, and that there may be a greater need, therefore, to rely on procuring short term service contracts. The 112 day period continues to give GMCA the ability to see if it can facilitate operator step-in and/or to procure those services, consistent with the business continuity strategy in the Assessment, and a better ability to manage the potentially different balance of risks arising from the impact of COVID-19 on operators. If there is a greater need to procure replacement services, the 112 day period provides more time for GMCA to effectively tender those services, including potentially having to deal with a larger number of tenders than would have been required if operator commercial step-in was more likely.
- 22.8 Extending the notice period during transition, however, would have an impact on operators by requiring them to give more notice than they have to do currently before they could vary or change services in the transition period. Such impacts may differ according to the circumstances of each operator. The potential impacts on operators are likely depend, however, mainly on the profitability of any services that they may seek to vary or deregister. If a given operator is seeking to deregister a profitable service then it is likely that the extension should not impose a disproportionate burden. However, it is possible that, a given operator may be limited in its freedom to seek different, potentially more profitable or more efficient business opportunities, owing to its obligation to continue its services for the duration of the transition period. It may also extend any period in which a service is not profitable. The lengthening of the period may therefore create an adverse impact on an operator's finances, as it will extend the period that they have to continue to run that service by up to 56 days, potentially for that longer period of time.

- 22.9 It is understood that there is a proposal that some form of Recovery Partnership may be introduced by DfT when current CBSSG funding is either ended or reduced. If such an arrangement were to be introduced, that may mean that Government would continue to provide additional funding to bus operators in the short-term and this may ensure that operators are able to continue running services which would otherwise currently be uncommercial for a further period, including any extended notice period, by providing operators with the funding available to operate those services. The provision of such additional funding, therefore, would both allow operators to continue to run services which are currently unprofitable save for government support, but leave those operators still at risk that, if funding was withdrawn, they would be at risk for any period that they were still required to run the service when support was not available.
- 22.10 The provision of any such support, however, is by no means certain. Any withdrawal of CBSSG funding support (or later recovery funding) is likely to lead to all operators having the viability of their services affected at the same time. There is a greater risk of this leading to services being cancelled or varied at the same time by multiple operators, making it important that the 112 day period is available to allow GMCA to effectively tender those services, including determining an appropriate and efficient way to manage that process. Whilst individual operators may only withdraw some services (depending upon the nature of viability of services at that point) this could still mean that the overall number of services de-registered in the same timeframe means that the 112 day period is required to effectively contract for those services which GMCA believes are still required to be operated.
- 22.11 The benefits of ensuring continuity particularly from a passenger perspective are considered to be important for the purposes of managing the transition to the Proposed Franchising Scheme should it be made. Given the need to ensure that services can be maintained during the transition period, which, if there were significant withdrawals would require the GMCA to provide a significant number of interim services, the longer de-registration period provides the time to effectively manage this putting in place any substitute services required. There is thus a balance to be struck between reducing the adverse impact on introduction of the Proposed Franchising Scheme of operators deregistering services quickly, impacting the bus network, and the instability that this would create, and any potential adverse impact on any operator running the service. No operator has specifically objected to the lengthening of this period, either in the first or second consultation. It is considered that the extension involves a fair balance between the public interest and those of bus operators and that the impact would not be likely to be disproportionate.
- 22.12 If a decision is taken to make the Proposed Franchising Scheme, it is recommended that such a notice would be published to extend the notice period to a period of 112 days. A copy of that notice can be found attached to this report at Appendix 7.
- 22.13 It is proposed that the GMCA also publish the transitional notice on his behalf if the Mayor decides that it should be published and that, for the avoidance of doubt, it should also agree to publish the notice if in fact a decision is taken by the Mayor to introduce the Proposed Franchising Scheme.

23. INVOLVEMENT OF SMALL AND MEDIUM-SIZED OPERATORS

- 23.1 If a franchising scheme is made, the GMCA is required to set out in the report required to be published under section 123G(1) of the Act, how, in conducting the procurement process for the provision of local services, the authority will facilitate the involvement of small and medium sized operators.

- 23.2 During the first consultation, consultees were asked for any comments on GMCA's plans for allowing small and medium sized operators the opportunity to be involved in the Proposed Franchising Scheme. As set out in more detail from section 6.9.112 TfGM's March 2021 Consultation Report the majority of the responses were favourable to GMCA's proposals and the responses to this question largely focused on the safeguarding and opportunities available to small and medium-sized operators ('SMEs') and the restriction that would be placed on the number of small franchise lots that any operator can be awarded in each tranche
- 23.3 The authority's proposed approach to facilitating the involvement of SMEs in conducting the procurement process is as follows.
- 23.4 **Packaging:** The network is proposed to be split into a small number (between 5 and 10) of large franchises alongside circa 25 small franchises and up to 300 schools resource contracts. The small franchises and schools resource contracts would specifically facilitate SME participation and would give them the opportunity to operate similar services to what they currently operate. It is also proposed that the small franchises will be structured in such a way as to provide a range of opportunities for small and medium-sized operators of various sizes. This means that the range of small franchise sizes, from a Peak Vehicle Requirement ("PVR") of 2 PVR up to c.12 PVR, will allow each SME to select individual or multiple franchises to bid for.
- 23.5 **Asset strategy:** It is proposed that the depot strategy would restrict large franchise operators from using the strategic depots, which would be provided by GMCA under the Proposed Franchising Scheme, for any operational services other than the large franchise operations.

Without this restriction, it is considered likely that large franchise operators would benefit from economies of scale and other efficiencies in bidding for smaller franchise packages by operating them out of a strategic depot. As a result, this also allows GMCA to facilitate the involvement of SMEs by attempting to prevent larger operators from being able to dominate those small franchises and school resource contracts.

- 23.6 **Procurement strategy:** It is proposed that that the procurement process for the small franchises and schools resource contracts would be simpler and less onerous than that for large franchises, reflecting the size, scale and risk of these franchises, and to avoid creating barriers to entry. This will include:
- i. A simpler submission requirement compared to large franchise procurements, including a single stage ITN, and tender documents that are shorter than for the large franchise and contain less onerous bid requirements;
 - ii. Creating a condensed franchise agreement for use in the smaller franchises to make understanding franchise obligations simpler. (A condensed franchising agreement being a simplified franchising agreement comparable to the size and strength of potential bidders for public contracts);
 - iii. For small franchises, a quicker transition to the use of the restricted procurement procedure, which is a less onerous procurement route than the negotiated procedure and should reduce bid complexity and resource requirement; and
 - iv. For school resource contracts, using the restricted procedure from the start of the Proposed Franchising Scheme.
 - v. This will be coupled with an assessment of the financial standing of potential bidders, undertaken at the start of each procurement, to ensure that operators

are of sufficient size and financial robustness relative to each franchise opportunity.

- vi. In addition to this, it is proposed that a restriction would be placed on the number of small franchises that could be awarded to a single operator under each of the franchise tranches. This will be set on a tranche by tranche basis and will be designed to provide small and medium-sized operators the opportunity to maintain and grow market share, whilst at the same time helping to facilitate the involvement of SMEs in the provision of services in the proposed scheme by limiting the ability of large operators or other SMEs to dominate the small franchise market.

23.7 **Information:** TfGM would also offer support to all operators, although specifically targeted at the needs of small and medium-sized operators, in understanding the franchise requirements and associated procurement process. This will include:

- i. A simplified franchise procurement guide explaining, in easy to understand terms, what the procurement process is and what the bid requirements for operators would be; and
- ii. Workshops offered to potential bidders for small franchises and school resource contracts to further increase their understanding of the process.

23.8 During the second consultation, although a specific question was not asked about whether respondents had any comments on GMCA's plans for allowing small and medium sized operators the opportunity to be involved in the Proposed Franchising Scheme, some consultees made further comments about SMEs and their ability to participate in the Proposed Franchising Scheme. In particular, one consultee commented that although the GMCA has tried to design the Proposed Franchising Scheme to allow access to the market for small and medium-sized operators, there is a risk that many small operators may not exist as a result of Covid-19. Another consultee also commented that SMEs should be able to bid for both large and small franchises. Further detail on TfGM's response to such comments can be found in section 6.9.110 of TfGM's March 2021 Consultation Report. Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that GMCA's plans for involving SMEs are still considered to be appropriate, despite the fact that there may be a risk that some operators may not exist in the future. It should also be noted that this is a risk under all of the options and may be mitigated by any additional funding which continues to be made available by government to assist the market in recovery.

24. RECOMMENDATIONS

Members are requested to:

1. Note the completion of the consultation process on the Proposed Franchising Scheme; its extent and the responses received.
2. Consider the TfGM Report 'Bus Franchising in Greater Manchester March 2021: Consultation Report' (Appendix 1) and endorse the conclusions therein.
3. Recommend to the Mayor that he make a franchising scheme as set out in Appendix 5 to this Report.

4. Recommend to the Mayor that, if he decides to make a franchising scheme, he should also publish a transitional notice in the form at Appendix 7 (which the GMCA would do if it were the relevant person to do so).
5. When the Mayor has decided whether or not to make a franchising scheme, agree:
 - i. to adopt and publish this report and its appendices as its response to the consultation, together with the Mayor's decision, as the report to be published by the GMCA under section 123G (1) of the Act;
 - ii. to give notice of that report to traffic commissioner (s.123G (2) of the Act).
6. If the Mayor decides to make a franchising scheme:
 - i. to publish the scheme on behalf of the Mayor at the same time as the report to be published under section 123G (1) of the Act;
 - ii. at the same time to publish a transitional notice in the terms set out in Appendix 7 and then, within 14 days of date upon which transitional notice is published, to give notice to the traffic commissioner of its publication on behalf of the Mayor if the Mayor so decides (or alternatively the GMCA) as required by the Public Service Vehicles (Registration of Local Services) (Franchising Schemes Transitional Provisions and Amendments) (England) Regulations 2018, and
 - iii. to agree that, in conducting the procurement process for the provision of local services, the GMCA will facilitate the involvement of small and medium sized operators in the provision of local services as set out in section 21 of this Report; (s123 G (3) of the Act).
7. To note that the proposed funding arrangements and mitigations for the Scheme as set out in this report were approved by GMCA at its meeting on 27 November 2020 and to confirm those arrangements.

Eamonn Boylan
Chief Executive, TfGM and GMCA

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Bus Franchising in Greater Manchester March 2021

Consultation Report

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1. Introduction

1.1 Introduction

Purpose of the Document

- 1.1.1 At its meeting on 7 October 2019, and having complied with the other steps as required by the Transport Act 2000 (as amended by the Bus Services Act 2017) (together “the Act”), GMCA decided that it wished to proceed with its proposed franchising scheme (“the Proposed Franchising Scheme”) and therefore resolved to conduct a consultation (“the first consultation”) in accordance with section 123E of the Act.
- 1.1.2 The purpose of the first consultation was to allow consultees to provide their views on whether or not the Proposed Franchising Scheme should be made, with or without modifications, before a decision is taken by the Mayor (on behalf of GMCA) whether or not to make a franchising scheme.
- 1.1.3 The first consultation started at noon on 14 October 2019 and closed at 11:59pm on 8 January 2020. To inform consultees, and as required by section 123E(2)(a) of the Act, upon the launch of the consultation GMCA published:
- a detailed and comprehensive consultation document containing the information required under section 123F of the Act;
 - an assessment of the Proposed Franchising Scheme (“the Assessment”);
 - an independent auditor’s report on the Assessment; and
 - Other materials (including documents supporting the Assessment, an initial equality impact assessment (“EQIA”) of the Proposed Franchising Scheme, the auditor’s observations on the Assessment and TfGM’s replies to the same).
- 1.1.4 At the close of the first consultation, 8,516 consultation responses had been received. A breakdown of those responses can be seen in Ipsos MORI’s June 2020 Doing Buses Differently: Consultation on a Proposed Franchising Scheme for Greater Manchester report (“Ipsos MORI’s June 2020 Consultation Report”) at section 2.3. This included 7,120 responses from members of the public, 115 from non-statutory consultee stakeholders, 41 responses from statutory consultees (which are those groups of persons and organisations whom GMCA were required to consult in accordance with section 123E(4) of the Act) and 1,240 campaign responses (further information about campaign responses can be found at section 14 of Ipsos MORI’s June 2020 Consultation Report). This report also considers the findings of the supporting qualitative research activity (contained in Ipsos MORI’s June 2020 Doing Buses Differently: Consultation on a Proposed Franchising Scheme for Greater Manchester Qualitative Research Summary Report (“Ipsos MORI’s June 2020 Qualitative Research Report”)) from the first consultation.
- 1.1.5 After the first consultation period closed, there was a global outbreak of Covid-19 which rapidly developed into a national state of crisis in the UK and elsewhere. Among other actions taken, the UK Government published its plan to “*contain, delay and mitigate any outbreak, and use research to inform policy development*” on 3 March 2020, which resulted in there being widespread and significant disruption to the bus market in Greater Manchester. Additional legal measures implemented by the UK Government in its response to the Covid-19 pandemic, such as the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020, had further direct implications for GMCA, caused

further disruption.

- 1.1.6 At its meeting on 26 June 2020 GMCA noted that before any decision on whether or not to introduce the Proposed Franchising Scheme could be made, consideration needed to be given to the impacts that Covid-19 may have on the bus market in GM. As a result, TfGM produced a Covid-19 Impact on Bus Franchising Report (“the Covid-19 Impact Report”). The Covid-19 Impact Report was not a new assessment of the Proposed Franchising Scheme. Instead, the Covid-19 Impact Report considered the extent to which the Assessment of the Proposed Franchising Scheme remained valid in the light of Covid-19 and the uncertainties associated with it. The potential impacts of Covid-19 on the key conclusions of the Assessment were considered against four potential scenarios which were developed to help plan illustrate what the bus market may look like in the future.
- 1.1.7 At its meeting on 27 November 2020, GMCA decided to undertake a further consultation (“the second consultation”) on its Proposed Franchising Scheme. The purpose of that consultation was to allow consultees to provide their views on the Assessment in light of the findings of the Covid-19 Impact Report and to provide their views on whether or not the Proposed Franchising Scheme should be introduced.
- 1.1.8 The second consultation started at 09:00 on 2 December 2020 and closed at 23:59 on 29 January 2021. In carrying out that further consultation, GMCA consulted the same groups of consultees as before.
- 1.1.9 To inform consultees, upon the launch of second consultation GMCA published:
- Its detailed and comprehensive consultation document containing a summary of the Covid-19 Impact Report;
 - the Covid-19 Impact Report; and
 - The auditor’s report on the Covid-19 Impact Report.
- 1.1.10 It also made available to consultees other documentation which related to the previous consultation. That included the documents set out at section 1.1.3 above, as well as a report TfGM had produced on the first consultation in June 2020 and other supporting materials.
- 1.1.11 GMCA aimed to make the consultation materials it published as accessible as possible to all interested persons and organisations, whilst also ensuring that local passengers and others were aware of, and able to input into, the consultation.
- 1.1.12 At the close of the second consultation, 4,017 consultation responses had been received. This included:
- 3,954 responses from members of the public;
 - 63 stakeholder responses (30 of which were previous statutory consultees); and
 - 1,431 campaign responses (1,334 received via Better Buses for Manchester and 97 received via Your Buses – Rotala).
- 1.1.13 A summary of consultation responses can be found at section 2.3 of Ipsos MORI’s Doing Buses Differently: Consultation on the impact of Covid-19 on the Proposed Bus Franchising Scheme for Greater Manchester March 2021 Report (“Ipsos MORI’s March 2021 Consultation Report”). That report also includes consideration of the qualitative research activities which were also undertaken by Ipsos MORI and which are also considered in this

report.

- 1.1.14 The consultation on the Assessment took place across two periods. When referring in this report to the first consultation this is in reference to the first consultation period and when referring to the second consultation this is referring to the second consultation period. This report provides TfGM's review of both of these consultation periods. The report explains:
- TfGM's approach to reviewing and considering the consultation responses on behalf of GMCA;
 - TfGM's response to the consultation and qualitative research feedback as obtained, categorised and presented by Ipsos MORI and presented in its three reports across both consultations; and
 - A detailed breakdown of the responses to the consultation responses received from (amongst others) statutory consultees.
- 1.1.15 In some cases, consultees raised similar issues during both consultation periods, in which case TfGM has reviewed those comments together and explained which comments were raised by consultees in each consultation period. This report also includes a review of alternative partnership options submitted by operators in their consultation responses.

2. Approach to reviewing consultation responses

2.1 Introduction

2.1.1 All responses received during both consultations went to Ipsos MORI – the independent agency appointed by TfGM on behalf of GMCA to categorise and code the responses. Ipsos MORI have reviewed and summarised all responses received during the consultation periods under the direction of TfGM and GMCA. This process, and the analysis from it, are summarised in two reports:

- The Ipsos MORI *“Doing Buses Differently: Consultation on a Proposed Franchising Scheme for Greater Manchester”* report (which is referred to below as the Ipsos MORI’s June 2020 Consultation Report) for the first consultation, and;
- The Ipsos MORI *“Doing Buses Differently: Consultation and qualitative research on the impact of Covid-19 on the Proposed Bus Franchising Scheme for Greater Manchester”* report (which is referred to below as Ipsos MORI’s March 2021 Consultation Report) for the second consultation.

2.1.2 These reports have been published and are referred to throughout this report (except for those sections addressing the qualitative research as explained at section 2.4 below).

2.1.3 Most of the responses during both consultations went directly to Ipsos MORI, but where a consultation response was sent directly to TfGM or GMCA, it was then sent to Ipsos MORI for coding.

2.1.4 The categorisation and coding of all responses was undertaken by Ipsos MORI. In addition to this, TfGM undertook a review of responses for both consultations as follows:

- Statutory consultee responses
 - First consultation: a full review of all responses received was undertaken by TfGM.
 - Second consultation: all responses received from these same groups (i.e. those that were classified as statutory consultees in the first consultation) were reviewed in full by TfGM.
- Comments relating to protected characteristics
 - First consultation: a full review of all responses received in relation to the question on the draft Equality Impact Assessment (EqIA) was undertaken by TfGM.
 - Second consultation: a full review of all comments received that mentioned protected characteristics was undertaken by TfGM.
- All other responses across both consultations – a review of all comments coded by Ipsos MORI as ‘unfavourable’/‘negative’ or ‘suggestions’; plus, an additional 10% ‘quality assurance’ check across the Ipsos MORI codeframe.

2.1.5 More detail on this activity is set out below. The key themes from the comments received from consultees, and TfGM’s response to the issues raised, will be set out in order of each case in the Assessment (see sections 4 to 8 below), before consideration is given to the alternative partnership proposals received during the consultation periods (see sections 10

to 12) and any comments relating to the EqIA or protected characteristics and the Proposed Franchising Scheme (see sections 15 and 16). Where appropriate, consideration of the relevant questions asked to consultees as part of the consultations will be given where it relates to the relevant case from the Assessment.

2.2 TfGM approach to reviewing responses

- 2.2.1 As stated above, Ipsos MORI received, categorised and coded all the responses to the consultations. This was done by creating a codeframe (or a coding framework), further information on which can be found at section 3.1 of Ipsos MORI's June 2020 Consultation Report for the first consultation and section 3/Appendix C of Ipsos MORI's March 2021 Consultation Report for the second consultation.
- 2.2.2 TfGM also reviewed the responses, to identify and consider the substantive issues and observations raised by consultees, and to ensure that all criticisms of, or suggested modifications to, the Proposed Franchising Scheme were identified.
- 2.2.3 For statutory consultees (such as bus operators and local authorities), TfGM reviewed all responses received, regardless of which questions a respondent had answered or how Ipsos MORI had coded the response. This same process was used in the second consultation for responses received from the same groups. A full list of the groups of statutory consultees as per section 123E(4) of the Act can be found in Appendix 1 of this report. Whilst OneBus – an association representing the majority of the commercial bus operators in Greater Manchester, formerly known as the Greater Manchester Bus Operators Association – is not identified as a statutory consultee within the Act, it undoubtedly plays an important role in representing the views of its membership. TfGM has therefore reviewed OneBus' responses to both consultations in full.
- 2.2.4 For all other responses (such as responses from members of the public and other stakeholders), TfGM undertook a 10% quality assurance review of all responses received. The purpose of this exercise was to review how Ipsos MORI had coded the responses and to provide reassurance that they had been correctly coded prior to being summarised in Ipsos MORI's reports.
- 2.2.5 The coding of these responses was reviewed by appropriate TfGM officers and advisors who had developed the Assessment and Covid-19 Impact Report, and who therefore had the expertise to review the coding of the responses, depending on which question had been answered. The output of the 10% quality assurance review was then shared with Ipsos MORI.
- 2.2.6 During the first consultation, one of the main issues identified by TfGM was in relation to Ipsos MORI's categorisation of responses as a 'comment' or a 'suggestion', as there were some instances where a comment was coded incorrectly, particularly around suggestions. Following this, TfGM also reviewed the codeframe itself to consider whether the codes established by Ipsos MORI were in fact suggestions, or whether the responses attributed to those codes should instead have been coded as favourable or unfavourable comments. This piece of work led to some codes being recategorised from a suggestion to a favourable comment, and some codes being re-categorised from a suggestion to an unfavourable comment.
- 2.2.7 There were no substantive issues raised in the same activity for the second consultation.

- 2.2.8 All comments ultimately coded as a suggestion or an unfavourable/negative comment were reviewed by TfGM for both consultations. This meant that TfGM reviewed each response and considered the points being raised.
- 2.2.9 It should be noted that TfGM did not undertake a review of all responses that had been coded as a favourable/positive comment by Ipsos MORI. Ipsos MORI's consultation summary reports present findings on what favourable/positive comments were made by consultees. It is that analysis of those favourable/positive comments for both consultations which is included and considered in this report.

2.3 TfGM approach to reviewing late responses

- 2.3.1 In the interests of fairness to those who took part within the consultation periods, Ipsos MORI have summarised late responses to both consultations separately.
- 2.3.2 The first consultation closed at 23:59 on 8 January 2020. Section 15 of Ipsos MORI's June 2020 Consultation Report shows that 72 responses were received after the consultation deadline and that the majority of those responses were in fact campaign responses.
- 2.3.3 Of the late responses received, one was from a statutory consultee – the Competition and Markets Authority – who informed TfGM on 8 January 2020 that it was in the process of finalising the governance and sign-off of its response and that its response would be submitted late. This response was received by Ipsos MORI on 7 February 2020. The response was reviewed by TfGM in a manner consistent with all other statutory consultee responses, and this analysis is included in sections 4 to 8 below. The other late responses that were submitted by non-statutory consultees (including the Association of British Commuters, Age UK Bolton, a local Greater Manchester councillor and a charity organisation) all appear to have made comments that were generally supportive of the Proposed Franchising Scheme.
- 2.3.4 Section 15 of Ipsos MORI's June 2020 Consultation Report found that, after excluding campaign responses, there were 27 late responses submitted by members of the public. Ipsos MORI found that all of those responses provided comments that were representative of the responses received by members of the public during the consultation period. Further detail on the key themes raised by the public can be found in Ipsos MORI's June 2020 Consultation Report and from section 4 onwards of this report.
- 2.3.5 The second consultation closed at 23:59 on 29 January 2021. Section 17 of Ipsos MORI's March 2021 Consultation Report shows that 23 responses were received after the consultation deadline.
- 2.3.6 Of the late responses, 11 were additional campaign responses and 8 were from members of the public. All of these responses provided comments that were in keeping with the themes raised by members of the public, as analysed throughout Ipsos MORI's March 2021 Consultation Report.
- 2.3.7 Of the remaining late responses, four were from stakeholder organisations. Stagecoach wrote to GMCA on 19 January 2021 and requested an extension of time, due to severe ill-health of a key member of the team developing their response to the consultation. The response was received by Ipsos MORI on 15 February 2021. This response was reviewed by TfGM in a manner consistent with all other responses from groups identified as statutory consultees in the Act, and this analysis is included in sections 4 and 8 below.

- 2.3.8 The remaining three late stakeholder responses were submitted from The University of Manchester, Graham Stringer (MP for Blackley and Broughton) and Schroders. All have made comments which were supportive of the Proposed Franchising Scheme.

2.4 TfGM approach to reviewing qualitative research

- 2.4.1 As well as categorising and coding the consultation responses, Ipsos MORI were also instructed by TfGM, on behalf of GMCA, to undertake a form of qualitative research to complement both consultations.

Qualitative research conducted as part of the first consultation

- 2.4.2 For the first consultation, the qualitative research explored the options set out in the Assessment, including the Proposed Franchising Scheme, with members of the public and other key interest groups such as businesses, young people and those residing outside of Greater Manchester in neighbouring authorities.
- 2.4.3 Workshops and focus groups were set up to understand what participants thought about the current bus market and other aspects of the Assessment, to gain a more detailed undertaking of what the participants thought of those matters. Two large-scale workshops were held, which took place over an extended time period (six hours), and provided an opportunity for participants to consider the proposals over the course of the day.
- 2.4.4 In addition to the workshops, six shorter focus groups were carried out. Three of these groups were carried out face-to-face, and three were conducted as online focus groups due to the geographical dispersal of the participants.
- 2.4.5 The research focused on key questions from the short consultation questionnaire, in particular:
- The current challenges with the bus market in Greater Manchester;
 - Options to reform the bus market;
 - Public sector funding;
 - The Economic Case and its conclusion;
 - The Financial Case and its conclusion; and
 - The Proposed Franchising Scheme.

Qualitative research conducted as part of the second consultation

- 2.4.6 As part of the second consultation, the qualitative research explored in greater depth the Covid-19 Impact Report in relation to the Proposed Franchising Scheme. This activity was carried out online with a representative sample of GM residents, and over the phone with individuals aged 70+. The latter group was targeted due to lower levels of digital access within this cohort, and consideration of access to the consultation during ongoing lockdown restrictions.
- 2.4.7 An online deliberative workshop took place over two, three-hour sessions with the group of 45 members of the public. Quotas for participants in this workshop were set for: gender, age, ethnicity, disability, local authority, urbanity, socio-economic group, current and future bus use and access to a car.

- 2.4.8 Additionally, a total of eight 60-minute telephone in-depth interviews were carried out with a broad range of individuals aged 70+.
- 2.4.9 The research focused on key questions from the consultation questionnaire, namely:
- Future bus demand and the Scenarios;
 - The Strategic Case and its conclusions in light of Covid-19;
 - The Economic Case and its conclusions in light of Covid-19;
 - The Financial Case and its conclusions in light of Covid-19; and
 - Why GMCA is proposing to proceed now.

Reporting and consideration of qualitative research outputs

- 2.4.10 The findings from the qualitative research carried out alongside the first consultation are summarised in the Ipsos MORI's June 2020 Qualitative Research Report. The findings from the qualitative research carried out alongside the second consultation are summarised alongside the consultation responses in the Ipsos MORI's March 2021 Consultation Report. Further information on what was involved in the research, and what information was provided to participants, can be found in these reports.
- 2.4.11 TfGM reviewed and considered the findings of both sets of qualitative research activity alongside its review of the consultation responses.

3. Use of Scenarios

3.1 Introduction

- 3.1.1 In the second consultation on the effect of the Covid-19 pandemic, respondents were asked the following question:

Question 1: In looking at the effects of the Covid-19 pandemic on the decision about whether or not to implement the Proposed Franchising Scheme, TfGM has used a number of scenarios which illustrate a wide range of potential longer-term outcomes for travel demand in Greater Manchester. Do you have any comments on this scenario-based approach?

- 3.1.2 A number of respondents commented on TfGM's use of scenarios to look at future trends and understand how the bus market may evolve after Covid-19. The Covid-19 Impact Report set out four potential scenarios for future patronage trends, alongside an explanation of how these trends might arise. The patronage trends projected were not forecasts: they were intended to represent the range of future outcomes that could still come from the interaction of the long-term drivers, i.e. the strength of the economic recovery and the attitudes to public transport among decision-makers and the public. The scenarios were used to understand how the conclusions arrived at in the Assessment might vary in different circumstances.
- 3.1.3 Responses concerning the application of the Scenarios to the economic and financial analysis in the Assessment are considered below in sections 5.9 and 7.4 respectively.

3.2 Support and comments on the scenario approach

- 3.2.1 There was widespread support for the approach on the Scenarios from a range of stakeholders. These included the constituent authorities of the Greater Manchester Combined Authority. For instance, Manchester City Council stated that, *"A scenario-based approach using educated speculation on how different factors may influence and interact with each other to give a range of outcomes for bus patronage and wider transport usage is the only sensible way to attempt to navigate the future. The Council considers the four scenarios, and the analysis and interpretation of each, to be reasonable and well-founded."* (Manchester CC, Question 1)
- 3.2.2 Other stakeholders, including TravelWatch NorthWest, Transport Focus and the Competition and Markets Authority, also endorsed use of scenarios.

Outcomes from Ipsos MORI's March 2021 Consultation Report on the second consultation

- 3.2.3 Ipsos MORI's March 2021 Consultation Report on the second consultation noted that there was strong support from members of the public for the scenario-based approach, with more than twice as many positive than negative responses received. Most positive comments acknowledged that this approach was sensible and overall a good idea.
- 3.2.4 The majority of the public thought the scenario-based approach was considered to be comprehensive and covered a number of likely outcomes for the impact of Covid-19 on bus patronage in the future. Comments said they were generally well thought through and

would prove useful in helping to redesign and plan future service delivery, as well as to forecast future costs.

- 3.2.5 Whilst there were fewer negative than positive responses to this question overall from members of the public, there was a greater range of negative themes raised. These mainly focused on why the Scenarios were unrealistic, either because they provided a false representation, did not consider certain variables/metrics, were too short-sighted and grounded in the current situation with the pandemic, and constituted speculation or guesswork. Comments were made about the lack of (or inaccurate) detail or information underpinning the scenario-based approach. A number of participants also considered that the Scenarios were biased and designed to support the proposals for a Proposed Franchising Scheme, whilst caution against making the Scenarios the sole/overriding focus was also urged.
- 3.2.6 Through the consultation, there were also some specific comments made about each individual scenario:
- Comments in response to Scenario 1 felt that it was the best/most realistic scenario, which represented the most likely outcome. There was also a specific concern raised about increased car usage and the potential resultant decline in bus usage.
 - Comments in response to Scenario 2 were mixed between those that considered it to be the most likely outcome and those that felt it was unrealistic, either because bus usage will struggle to recover to pre-pandemic levels or because it is overly optimistic. It was also felt that Scenario 2 could be more achievable under a partnership option, because it would allow operators to rebuild the network.
 - Comments were received about Scenario 3, which differed based upon how realistic or not participants felt it to be.
 - Comments received in response to Scenario 4 also differed depending on how realistic or not participants felt it to be. Other comments felt this scenario would require more buses, that it includes an over-estimation in terms of the growth in active travel, as well as an under-estimation of the likely economic recovery.

Outcomes from Ipsos MORI’s qualitative research on the second consultation

- 3.2.7 During the qualitative discussions with the public, there was support for the scenario-based approach. It was generally deemed sensible by participants and covered all eventualities.
- *“I would say that you couldn't base your predictions on one scenario, you have to look at best, worst and something in between. I should think this was the obvious way to do it really.”* Male, 70, Rochdale.
- 3.2.8 Through the qualitative discussions, there was an observation that the Scenarios were ultimately guesswork, and underlying this sentiment there were a number of variables that were mentioned as being hard to define or predict.
- 3.2.9 One participant pointed out that none of the Scenarios accounted for another wave of the pandemic. The participant felt that the Scenarios were based on the assumption that the vaccines will work indefinitely.

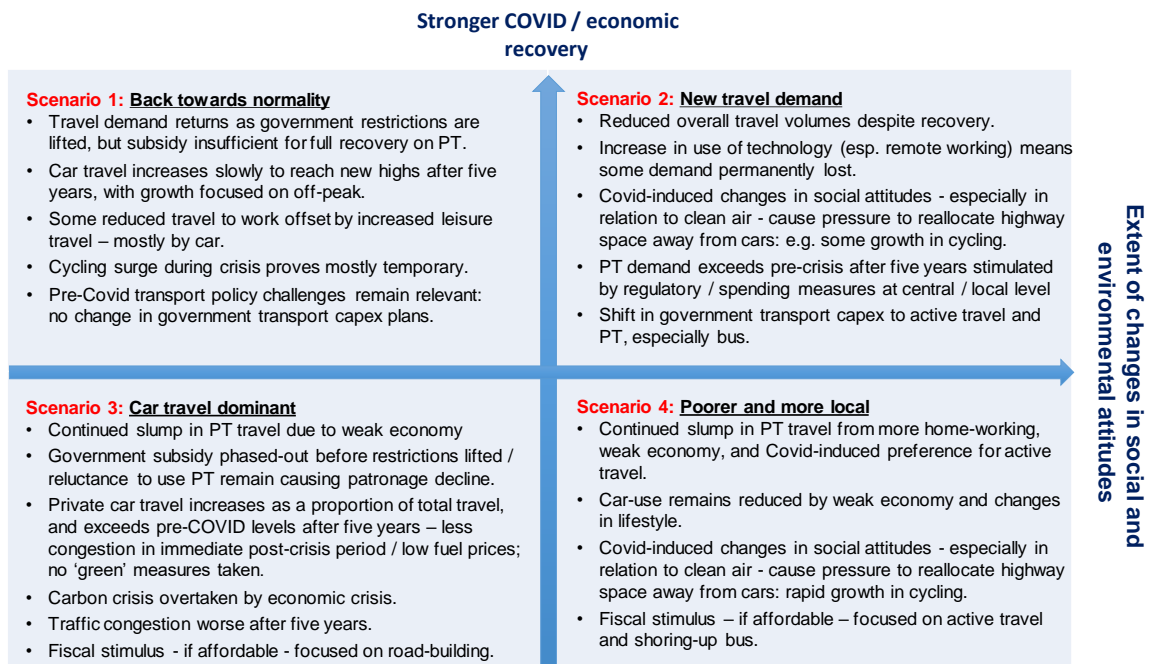
- 3.2.10 Generally, there was a belief that Scenario 1 was the most realistic scenario and would be driven by the return of people to work.
- *“It’s not going to get better or stupidly worse, it’s going to be somewhere in the middle.”*
Female, 41, Bolton.
- 3.2.11 Scenario 2 was considered too optimistic for some. There was agreement that more people would work from home, but some but did not think demand for public transport would increase. There were references to public transport not being ‘Covid-19 safe’ and people taking a long time to change that mindset. However, there was a positive view that people may shift to more sustainable travel modes as Government funding invests in these modes.
- 3.2.12 There was a mixed response to Scenario 3. Some participants thought this outcome to be the most likely, as people had grown to rely on their cars, whilst others felt more optimistic about bus patronage – for some, this was because they had a belief that things would improve more generally post-Covid-19 and they refused to have a negative outlook. Others believed sustainable travel was here to stay and people had continued to use the bus during 2020.
- 3.2.13 Scenario 4 was also felt to be reasonable, although there were some who felt that car demand would not reduce as anticipated, simply because people will be reluctant to get on public transport because they feel less protected from Covid-19. A contrary view was that bus use would be higher than in this anticipated scenario, because of the environmental benefits.

3.3 How TfGM developed the Scenarios

How TfGM developed the Scenarios

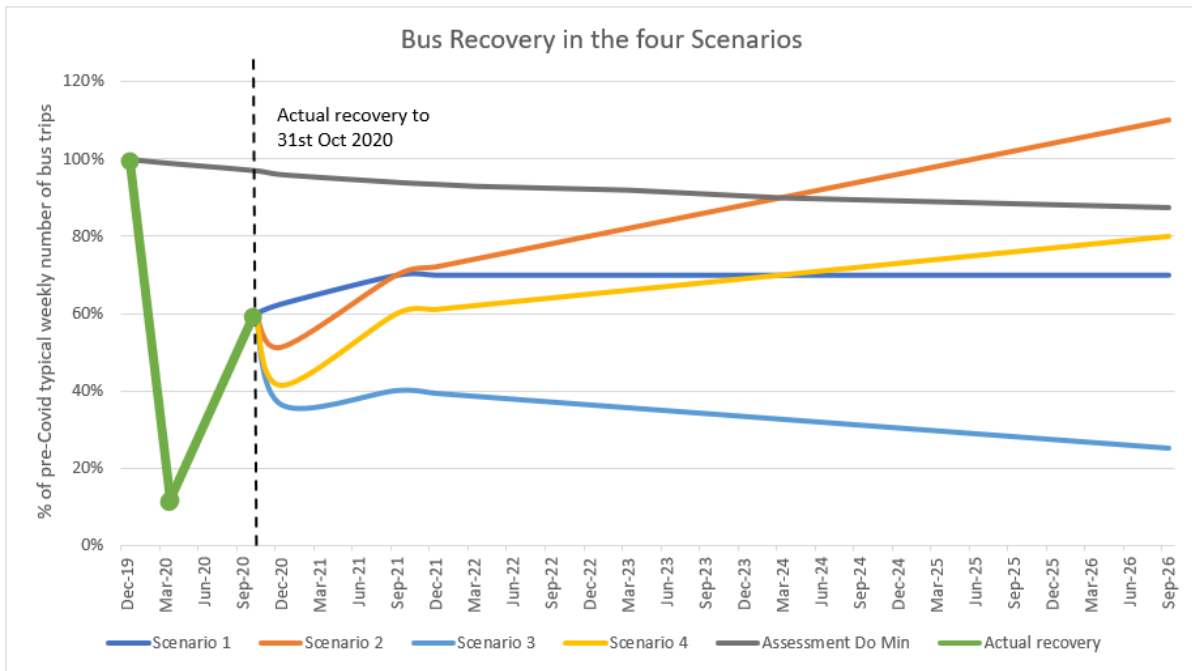
- 3.3.1 TfGM decided to use scenarios to help address the uncertainty associated with Covid-19 looking forward to 2026, as explained in the Covid-19 Impact Report. Scenarios are intended to represent ‘corner points’ of the domain of plausible outcomes and help to illustrate what may occur and why. Scenario planning entails identifying variables (sometimes called ‘uncertain factors’) that are expected to drive change in the future. The scenarios created in June 2020 reflected an iterative discourse between transport professionals, including those involved in planning and modelling, to reach a set of scenario narratives. In Greater Manchester, variables have been collected together to form two axes of a 2 x 2 grid of scenarios (Chart 1 below). The axes into which variables have been collected are:
- The strength of recovery from the Covid-19 pandemic. Economic strength/weakness is assumed to constrain central Government policy; and
 - The extent of change in public attitudes following the Covid-19 pandemic, with public attitudes assumed to influence central Government policy.

Chart 1: Underlying drivers of the four scenarios



- 3.3.2 Before the work was started, advice was sought from Dr Katy Roelich of Leeds University on the derivation of scenarios and how this might be approached.
- 3.3.3 Once the Scenarios had been developed, internal assurance was undertaken to ensure that the projections were internally consistent. TfGM looked at the resultant implied trip rates for those travelling and also whether the results would conform with the well-established principle of constant travel-time budgets (by which people across a range of human societies spend on average the same amount of time per day on travel, even when, for instance, a faster mode becomes available for journeys they currently make). These tests showed that, while Scenarios 3 and 4 – under a weaker economy – showed some reduction in travel time, the Scenarios did not throw up any anomalous results that would lead TfGM to question their internal consistency or credibility.
- 3.3.4 The scenarios were developed to be useful for a range of purposes within TfGM, including bus reform. They were not designed in a biased way to enable a decision to be taken to implement the Proposed Franchising Scheme, but to support decisions made on active modes, clean air, Metrolink and other issues. It was important to have consistency in the Scenarios used to look at decisions to be made in different policy areas, so that they might be as robust as possible. The most important aspect of the Scenarios, for the purposes of bus reform, was the projections of bus patronage that would be used to underpin analysis. The scenarios needed to be sufficiently broad in this aspect to allow for a wide range of outcomes, even if not all of those outcomes were equally likely.

Chart 2: The recovery under each of the four scenarios as it appeared in the Covid-19 Impact Report



Objections to how the Scenarios have been apparently developed and used

3.3.5 The objections to the development of the Scenarios used to test the different options can be divided into a number of categories:

- General criticisms of the approach to the development of the Scenarios including the failure to use quantified inputs and modelling to produce the patronage projections, the failure to follow guidance, and what other authorities have done;
- Specific criticisms of the Scenarios;
- The need to await further information; and
- Describing one scenario as less likely or as an ‘outlier’ is inappropriate.

3.3.6 These objections are considered in the following sections.

3.4 General criticisms of the approach

3.4.1 Operators criticised the approach to the development of the Scenarios, including the failure to use quantified inputs and modelling to produce the patronage projections, the failure to follow guidance, and what other authorities have done.

3.4.2 OneBus, who represents operators in Greater Manchester, say that, in the current circumstances, scenarios could be accepted to help determine patronage levels. They contend, however, that the legislation and guidance do not include any suggestion that the Assessment should be based on scenarios, and that analysis should be based on current and predicted trends in patronage derived from robust and reliable data.

3.4.3 Go North West state that the full range of assumptions behind the Scenarios are not available and thus the robustness of how each of the Scenarios has been modelled cannot be verified (Go North West Question 1)

3.4.4 Oxera (who were instructed by Rotala) stated that, in principle, it is reasonable to adopt a scenario-based approach that considers a range of potential future scenarios for travel in Greater Manchester and the effects on bus travel, and that such an approach is recommended when evaluating different policy options, when the probability of an event occurring is unknown. Rotala and Oxera contend, however, that the Scenarios in the Covid-19 Impact Report have not been developed reasonably, using the Uncertainty Toolkit for Analysts in Government, published by the Government Actuarial Department (GAD), as a framework for that assessment. The toolkit requires each individual source of uncertainty and a range of possible values for each to be identified, and then a set of coherent scenarios to be created, setting each source of uncertainty to a value that could realistically occur in parallel with others.

- In Oxera’s view, it is not clear what values are assigned to each of the sources of uncertainty: the quantitative assumptions for the identified drivers of demand are not set out, nor has their impact on demand been quantified through elasticities. There is, therefore, a risk of the Scenarios being optimistically or pessimistically biased and not evenly distributed around the most likely outcome. Absent such detail on the value selected for each source of uncertainty, insufficient evidence is presented to provide confidence that the sources of uncertainty, and the values chosen in each of the parameters included in each of the four scenarios, are unbiased (Rotala response section 14, Oxera Executive Summary section 2.2.1);
- The Toolkit notes that each source of uncertainty must be set to a value that could realistically occur in parallel with others. The approach in the Covid-19 Impact Report is out of line with that advice. Neither the description of the Scenarios, nor the qualitative assessment of the Covid-19 impact on the key demand parameters, provides a detailed insight into how the estimates of the levels of patronage shown under each scenario was generated. Recognising that the numbers were not modelled from a set of quantified inputs, but were devised to fit the Scenarios and to help understand what a range of outcomes could look like, Oxera states that the approach lacks transparency and that stakeholders cannot assess whether the combinations of values used for the full range of parameters under each scenario are compatible, and thus form a reasonable basis on which to conduct scenario analysis (Rotala paragraph 14, Oxera Executive Summary and section 2.2.2)
- It is not apparent that the uncertainty associated with each scenario has been quantified (Oxera 2.2.4)

3.4.5 Stagecoach contend, relying also on a report they commissioned from NERA, that the approach that TfGM has adopted is both seriously flawed; inconsistent with the rigour required under the Transport Act 2000 and the Green Book (to which the statutory guidance on franchising refers); and is not in line with best practice. NERA suggest that the analysis fails to match the level of rigour required in the Green Book, as the work done is not *“particularly rigorously and transparently done”* (p14). Subjective and unevidenced assumptions are used at each stage, the effect of which is amplified at each further stage, resulting in a set of outputs that cannot rationally bear any weight in the decision-making process. In particular (i), the Scenarios are not developed and explained clearly and robustly. The evidential basis for the development of the Scenarios and the demand forecasts is lacking. The documentation supplied, a 13-page note and a spreadsheet, provides very little information. It says nothing about how the Scenarios were developed or who was involved in the process of developing them. Without this analysis, it cannot be

said that the Scenarios characterise the high uncertainty faced by the market. (ii) There is no clear and robust link based on analysis and evidence between the Scenarios and the forecasts used in the Assessment. Under TAG, demand forecasts should be explained, reviewed and tested rigorously. This means that the forecasts are effectively just assumptions. (iii) The likely benefits of franchising and partnership are scaled in line with the forecast changes in demand, without a clear and convincing rationale. (iv) the analysis includes a number of omissions and inconsistencies. There are examples of how to conduct a robust analysis: Highways England on the Lower Thames Crossing and A303; Transport for the North's report on future scenarios and TfL's Financial Sustainability Plan. TfGM's approach falls short of such good practice. GMCA has not had any meaningful review by a third party, or sought "adequate assurance or advice on its approach" (SC Business Response 1.11, .1.12; NERA Section 4.5).

Response to criticisms of the approach

- 3.4.6 In response to OneBus's critique, it is right to say that scenarios are not as such set out as an approach in the Transport Act 2000 (as amended) or in the associated guidance on preparing an assessment of a franchising scheme. The Covid-19 Impact Report was not a new assessment. But in any event guidance is just that. The statutory guidance refers to using sensitivity tests and the use of scenarios for that purpose is well-recognised. This is also considered in the Economic Case section of this Report. Scenarios are a long-used and accepted method of dealing with uncertainty in situations of significant uncertainty such as the COVID-19 pandemic. In any event the statutory guidance does not preclude the use of any analytic tools. An authority should consider what techniques are appropriate in an assessment of uncertainty, or when presenting uncertainty around conclusions drawn for decision makers.
- 3.4.7 The scenarios were developed by TfGM to help decision-makers deal with the uncertainty of the Covid-19 pandemic and its aftermath. There is no definitive guidance for transport projects or for wider application that sets out that public authorities must construct scenarios in a specific way for such circumstances.
- 3.4.8 The criticism from Rotala / Oxera that TfGM did not follow GAD guidance for "scenario analysis" in its Uncertainty Toolkit assumes that the only reasonable way to use a scenario-based approach is to forecast a set of scenarios, using a set of models and ascribing a range of values to different variables. This assumption may also be implicit in Go North West's complaint that the full range of assumptions is not available. TfGM does not agree with this because:
- There exists literature and guidance that describes how scenarios might be used without modelling a set of outputs in the way that the GAD guidance implies. For instance, the Government Office for Science (GO Science) Future's Toolkit (2014)¹ outlines an approach to the development of scenarios in this way, which can be used for 'policy stress testing', which involves seeing how well the objectives stand up to a range of conditions. All of the processes described in GOS's Futures Toolkit are qualitative, many activities are completed in a workshop setting (without models), and the key output of the scenario development process is a scenario narrative (or logic). Additional guidance is provided on 'adding metrics to scenarios' on P56 and Annex 1,

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/674209/futures-toolkit-edition-1.pdf

but this is not mandatory. There is nothing in the GOS guidance that says factors under the influence of those developing scenarios (such as national Government policy) shouldn't be included in scenario development. The Aqua book contains guidance on expressing uncertainty and indicates that using scenarios is appropriate (including giving indications of the relative likelihood of different scenarios occurring), and that it not always necessary to quantify sources of uncertainty.

- Section four of the GAD guidance sets out a number of ways of arriving at a view of uncertainty, *“moving from approaches to use when we have a good numerical understanding of input uncertainties, though to approaches which can be used when we know less about how input uncertainties are quantified.”* They set out Monte Carlo techniques (which were used to quantify risk in the Assessment), convolution, summing uncorrelated uncertainties in quadrature, using past variance, focusing on dominant uncertainty, scenario analysis, and judgment. Whilst the description of scenario analysis in the toolkit does assume that a range of values will be ascribed to different variables, GAD do not suggest that under all circumstances quantifying inputs must invariably be a necessary part of arriving at a view of uncertainty, and communicating this to decision-makers. It states that, having considered where uncertainties lie, it is first necessary to consider whether *“it is possible and appropriate to quantify this uncertainty”*. It recognises that a quantified method may be unfeasible when there is too little information and that judgment may have to be relied on. The GAD toolkit recognises that judgment may be a way of examining uncertainty in such circumstances.
- As the GAD guidance sets out, scenarios are suitable where there are a number of sources of uncertainty with complex correlations between them, and it has the advantage of giving ‘real world’ explanations. Scenarios are commonly used in understanding and illustrating uncertainty. They can be derived from modelling (i.e. quantifying a set of inputs to a modelling system to arrive at a set of different outputs) as Rotala, Oxera and Stagecoach suggest, or alternatively through professional judgment. TfGM quantified bus patronage based on the factors in the Scenarios directly, using judgment with the aim of arriving at a good spread of scenarios.
- There is no information that would allow the generation of a forecast that would provide a reliable central case for patronage: the figures presented are part of a mutually exclusive set of projections of patronage. The scenarios do not represent forecasts of patronage in the way that the reference case forecast by the DRM in the Assessment does. TfGM felt that the degree of judgment required to determine a quantified variable for each input in each scenario (correcting for new factors due to Covid-19) was extremely high. In addition, there may be further uncertainty about the functioning of the modelling suite taking into account the impacts of Covid-19, because there are a number of influences on patronage (such as social distancing or the increase in home working) about which there is uncertainty. Further factors would have to be applied to the modelling, requiring further judgments where evidence is weak about the potential range of future values. Given the current uncertainty and the lack of information available to inform such judgments, this would have the effect of multiplying uncertainty rather than giving decision-makers help to understand it. It

would not be appropriate², therefore, to use the Demand and Revenue Model (DRM) to create projections for each scenario, and it would certainly not be more rigorous to do so.

- Whilst a modelled output could appear to employ an ‘analytical method’, therefore, it would also rely on significant judgment and be no more robust for that reason. Combining such a range of different figures, arrived at essentially through judgment, could conceivably result in a set of scenarios that reflect the range of possibilities less well. It would involve multiplying the number of times that judgments would need to be applied, and the number of times that the figures thus produced would interact and combine. The combination of such a range of judgments could have unpredictable results and the output would not be any more robust than simply taking the Scenarios and using judgment to arrive at patronage estimates, bearing in mind the need to ensure a good spread so that the uncertainty could be covered. Given the range of factors involved, it would potentially be less robust than the method TfGM chose.
- To present the results of a modelled exercise would also be to ascribe false precision to a complex set of inputs and relationships, which would not help decision-makers understand a reasonable range of outputs in terms of what might happen to patronage. Suggesting precision for each scenario in this instance, where what is being presented is a wide range of potential outcomes, is not helpful and potentially harmful in that it can imply that the scenarios can enable precise and accurate outturns to be forecast, when this is not actually the case. It should be remembered that these are not forecasts but, self-evidently, mutually exclusive projections that can help inform an understanding of the potential impact of different outcomes.
- The scenarios would not be made more fit for purpose, therefore, if they were derived from a modelled set of inputs – that would necessarily be invented – than from a set of patronage figures for the Scenarios arrived at by the exercise of judgment.

3.4.9 Oxera’s statement that the Scenarios may be biased and not evenly distributed around the mostly likely outcome is misplaced. A scenario itself cannot be ‘biased’: it presents a specific outcome in terms of patronage. There could be bias in the exclusion of a plausible scenario that would disadvantage one or other option, but this is not the case. The only additional scenario suggested by respondents is “*Scenario 5*” by Abellio – which would mean continued public support for the bus service and would be more favourable to the Proposed Franchising Scheme. In fact, the range of scenarios in the Covid-19 Impact Report is wider than the examples, such as TfL, cited by Stagecoach as exemplars of how the scenario approach should be carried out. The scenarios are evidently not evenly distributed around the most likely outcome: no outcome is cited as the most likely, and there is no reason why a set of scenarios should be evenly distributed if that is not the best way to

² To reconfigure the DRM, including reassessing whether the elasticities within the model (which define the relationships between different variables) may take several years because it will be some time before settled relationships can be adduced by new research. To use the DRM for Covid-19-specific scenarios at this stage would not therefore add any rigour to the process or be justifiable.

present uncertainty. Indeed, one of the criticisms made of the discussion of Scenario 3 (discussed below) is that no relative likelihood should be attributed to any scenario.

- 3.4.10 A number of operators have included responses that set out what they consider to be the lack of transparency about the Scenarios and their development.
- 3.4.11 A description the key drivers of likely public transport use, and how they might be reflected in each of the four scenarios, was provided at sections 1.4.2 to 1.4.20 of the Covid-19 Impact Report.
- 3.4.12 Their initial development was described in 1.4.21. A lack of transparency cannot be inferred from the fact that there are no quantified assumptions set out, as it was clearly stated that the patronage figures *“were not modelled from a set of quantified inputs but were devised to fit the scenario and to help understand what a range of outcomes could look like.”* It was thus clear that they were the product of judgment. There is no direct link between the spreadsheet that Stagecoach were provided with during the consultation and the Scenarios as set out. The spreadsheet was part of an exercise to look at an approach in which inputs to the modelling system were quantified, and projections taken from that the system and used for the Scenarios. But it was considered that this modelling approach would still involve judgments being made about a range of inputs, and would not yield a more transparent or robust set of scenarios: TfGM chose to use scenarios that were not constructed in this way.
- 3.4.13 Stagecoach complain that *“the forecasts are effectively just assumptions”*, as *“there is no clear and robust link based on analysis and evidence between the Scenarios and the forecasts used in the Assessment.”* The projections were not forecasts. Moreover, as the Covid-19 Impact Report stated in 1.4.25, there had been developments since the projections were developed; some of the original assumptions upon which each of the Scenarios might develop had unsurprisingly not proved correct and some would, also unsurprisingly, prove not to be the case. The projections were useful for the purpose of testing the impact of Covid-19 on the appraisal of the options in the Assessment. It was thought that they represented the range of future outcomes that could still materialise. Whether that is the case is ultimately what matters.
- 3.4.14 Stagecoach has referred to three examples of alternative approaches:
- It is not possible to verify the statements made in the report by Nera, on Stagecoach’s behalf, on the business cases for the Lower Thames Crossing and the A303, as these have not been made public. As they are not public and have not been released despite freedom of information requests, it is difficult to sustain the argument that their approach is more transparent.
 - In terms of the types of scenario considered and the types of variables, the approach taken by TfN and TfL is similar to that taken by TfGM. TfN’s approach to scenario planning is similar to TfGM’s in that local and national transport policies are one of their four key drivers of the future. Thus TfN’s scenarios also include variables over which it has some influence, but which are also major sources of uncertainty. TfL take a somewhat different approach in that only variables regarded as completely external to TfL are considered. So, central government policy was not considered by TfL as a driver of uncertainty – potentially because one key reason for TfL using scenario planning was to inform discussions with central Government on funding. TfN’s and TfL’s approaches do not fundamentally differ from that taken by TfGM, in terms of deciding what the

Scenarios should be, how they should be characterised and what factors should be considered.

- Both TfN and TfL modelled their scenarios from a set of inputs using their modelling frameworks. A different approach to quantifying outputs was taken in each. But, given the need to use judgment extensively in deciding on a large number of inputs, and the assumptions to be used in modelling any outcome, it is not clear that, for the reasons already given, such an approach is either more robust or transparent as Stagecoach and NERA claim. In fact both TfL and TfN use a narrower range of scenarios than TfGM. TfL have four main scenarios – in 2024 bus patronage ranges from +7% to -21%; by 2031 it ranges from +43% to -22%: the worst downside scenario is similar to TfGM's more central scenarios. The more positive scenarios would increase the benefits and financial position of the Proposed Franchising Scheme. TfN is more optimistic – they consider 2050 projections where three of four scenarios show increases in patronage of between 10% and 20%, and one shows a very slight decline. If TfGM had used scenarios more similar to those of either TfL or TfN, it would have been to the advantage of the Proposed Franchising Scheme compared to alternatives.
- Beyond the use of modelling to derive projections for patronage, the contrast drawn between the mode of producing the Scenarios in both TFN and TfL and TfGM's approach is exaggerated. Both TfGM and TfN use a matrix of four scenarios, and, in contrast to Stagecoach's claim, both set out the drivers of demand (Covid-19 Impact Report, Figure 1). TfN did publish a standalone report that describes the process of creating the Scenarios in more detail (including details of workshops held, etc.) – and given the modelling approach, there is a more complex process to describe. However, to say it 'generally provides a higher level of confidence' does not demonstrate that the Scenarios produced are themselves any more fit for the purpose of testing the options set out. TfL produce a similar set of scenarios to those used by TfGM in terms of characterisation; they did not consider more negative outcomes than TfGM (demand is lower than 'business as usual' in two of four main TfL scenarios, as opposed to three of four TfGM Scenarios). Their scenarios were also modelled in a more complex way (including in combination with a range of different cost scenarios) but this does not mean that they are more robust.
- With regard to the A303 and Lower Thames Crossing promoted by Highways England (cited by NERA), it is notable that Highways England published an economic appraisal of their £27.4 billion pound Road Investment Strategy 2 (Road Period 2: 2020/1-2024/5) investment programme in July 2020, which failed to mention the Covid-19 pandemic at all (this includes work on the A303). The work refers to uncertainty by referencing the DfT 2018 Road traffic forecasts. Whilst these are referred to as 'scenarios', they are in fact risk-based sensitivity tests based on varying one key input at a time, and hence pivot round a central case rather than representing alternative futures, as would happen with scenario analysis. From the publicly available information, it seems that Highways England have not taken the approach set out by NERA and Stagecoach as best practice.

3.4.15 The work done on scenarios, and using the Scenarios to test the validity of the conclusions of the Assessment, lies outside the usual practice of transport appraisal in TAG. This, and the methodology followed, does not mean that the work was not undertaken 'rigorously' as NERA and Stagecoach suggest. 'Rigour' in this instance does not mean necessarily using

a modelled set of quantified inputs, but using a set of scenarios that carefully selected to reflect an appropriately wide range of possibilities and look at the consequences of those events occurring.

- 3.4.16 There has been no suggestion that there is a wider specific range of possibilities that should have been considered. Stagecoach’s own use of scenarios in their interim financial results (to 31st October 2020), for example, used a far narrower range of possible outcomes, and there is no sense that these scenarios have been the result of any other process than judgement. They cite ‘severe’ and ‘plausible’ downside scenarios that have commercial revenue at 75% and 85% of pre-COVID levels in the year ending 30 April 2022. Go Ahead in their Group Annual Report (September 2020) set out scenarios of patronage returning to 80% and 90% of pre-COVID levels. When looking at the future of their business, operators are content to use narrow ranges of scenarios and use an approach similar to, if not cruder than, that employed by TfGM. As set out above TfL and TfN’s scenarios are more ‘optimistic’ than TfGM’s.
- 3.4.17 The wide range of potential scenarios TfGM set out remain appropriate for the purpose for which they were devised and means that decision makers can be confident there are not plausible outcomes that have not been considered. The consequences of these events – principally lower patronage (and also lower revenue for the bus service) – are also carefully considered. The analysis in the Economic and Financial cases uses the scenarios to carefully consider their implications for the conclusions reached in the Assessment on value for money and affordability.
- 3.4.18 The Government guidance on the level of detail for the Assessment refers to a level of detail for an Outline Business Case. The Assessment at check 1.3.1 set out the expectation of the development of different parts of the case at Outline Business Case (OBC) stage – the OBC should enable a decision maker to decide on an option to be pursued, but does not support final investment decisions or choice of a contractor as a Full Business Case (FBC) would. This means it is accepted that uncertainty – for instance over final costs – will exist at OBC stage. The guidance on developing business cases (Guide to developing the project business case, HM Treasury 2018) suggests using optimism bias to deal with uncertainty, which the Assessment does. However, the effects of the Covid-19 pandemic are such that the standard approaches to risk and optimism bias require supplemental approaches, to properly give decision-makers an understanding of the uncertainty they are facing – such as using scenarios.
- 3.4.19 The existence of different approaches in different circumstances in no way invalidates TfGM’s approach to scenario planning. Grant Thornton (GT) were aware of the decision taken not to quantify inputs and model scenarios, and did not raise this as an issue in their review of the work done. The critical aspect is the range of scenarios used and whether this is adequate or is unreasonably narrow, and whether they are biased or partial to a specific option. The lack of a methodology, such as that proposed by Oxera or used in other cases, has no impact on whether the Scenarios can be considered to cover an appropriately broad range of potential outcomes. The range of scenarios is wide, and while the methodology has been criticised by some respondents, they do not suggest that the outcome would in fact be outside the range of the Scenarios set out by TfGM.

3.5 Specific criticisms of the Scenarios

3.5.1 Abellio recognised that a scenario-based approach was probably necessary, but the TfGM Scenarios had two key weaknesses and suggest that a 5th Scenario should be considered. More specifically:

- The weaknesses of the approach adopted were (i) that *“the two-dimensional approach to establishing scenarios may have been un-necessarily simplistic and reductive with the result that other potential scenarios are not covered”* and (ii) that the two variables used to create the four scenarios are both ‘demand side’ to the exclusion of the ‘supply side’. (Abellio Question 1); and
- There should be a ‘5th scenario’, *“state supply-side support”*, in which 100% of services are operated and maintained, despite patronage having fallen to around 60% and may only be likely to return to 70%–80% of pre-pandemic levels in the medium term. In this scenario, consideration would need to be given to the questions, arguably side-stepped in the Covid-19 Impact Report, of how long state support for existing networks should continue; who should make decisions on the shape and reach of the network while the state support continues; and what are the implications of Scenario 5 for the other options (Do Minimum, Partnership or Franchising). Abellio’s conclusion is that the present circumstances are closely aligned to the Proposed Franchising Scheme and it should be implemented. Had Scenario 5 (assuming the patronage in the two ‘central’ scenarios, 1 and 4) backed by additional state support of £3.5m per month compared with the pre-Covid-19 market been compared with partnership or franchising, GMCA would surely wish to lead on the key decisions rather than following the lead of others.

3.5.2 Go North West raise a number of objections to the Scenarios and their construction:

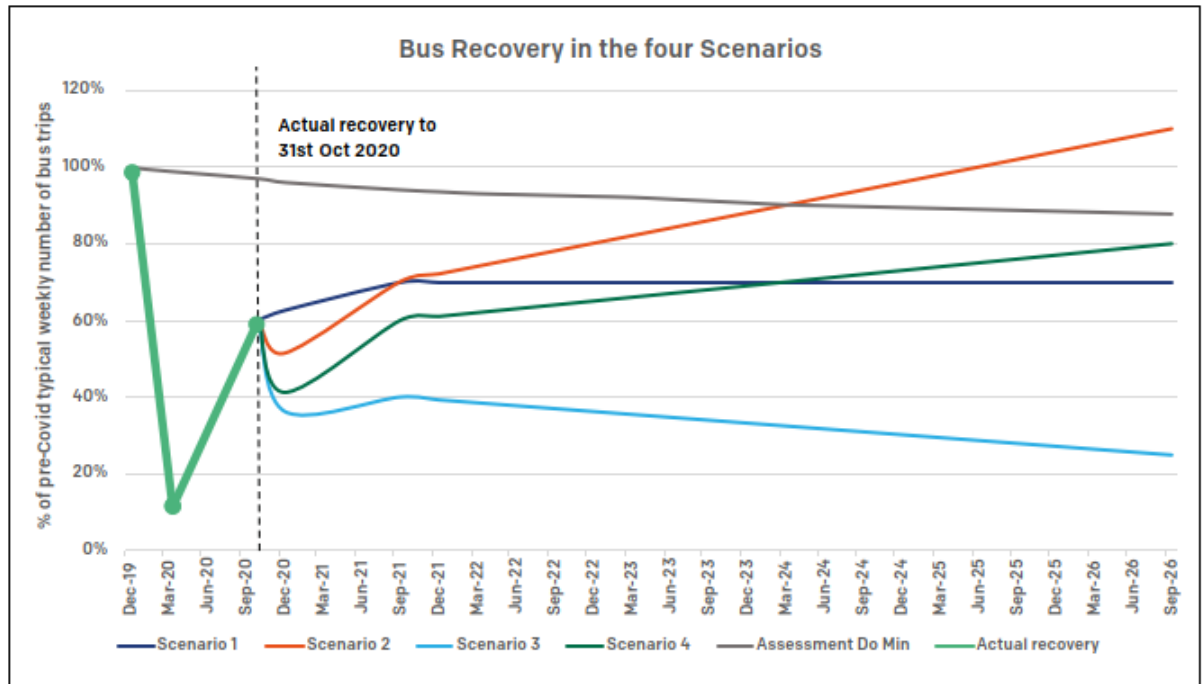
- *“The scenarios themselves do not give sufficient indication of sensitivity of the economic and financial cases to patronage, farebox revenue and service level, and so there is little evidence to confirm that they properly assess the range of risk to GMCA.”* (Go North West Question 1)
- There is a discrepancy in respect of the starting point in October 2020: chart 6 shows patronage levels at 60% of pre-pandemic levels; chart 2 in the consultation document shows the starting point at 50%.
- The approach adopted places a high dependency on the starting position, particularly patronage forecasts at 6 and 18 months from October 2020. The fact that the Scenarios, which were developed in May/June 2020, do not take into account the two most recent lockdowns, undermines the conclusions. Thus, the national figures for the week ending 21 November 2020 and that ending 22 January 2021 are both significantly lower than the forecasts for Scenario 1 and slightly lower for Scenario 3, the two scenarios considered the most likely outcomes. Using points in time at 6, 18 and 78 months is likely to produce an overestimate of patronage. Autumn 2021 would seem to be a much more appropriate and reliable baseline date for any assessment.
- The approach involves only a short-term view of the bus market, whereas the pandemic will have longer term impacts that are as yet unknown and not accounted for in the Scenarios. Consequently, any extrapolation of the results over the longer term must come with a high degree of caution as to their usefulness (Go North West Question 1).

- For the two most likely scenarios, patronage by 2026 is shown to be between 10% and 20% lower than the levels in the original Do Minimum assessment. Recovery to the predicted Do Minimum patronage levels is not expected until the late 2020s at the earliest, which is a fundamental change to the subsequent analysis and must impact on the case for change. 2026 seems to be too early to use as the point in time against which to base the affordability assessment presented, and undermines the economic appraisal.

3.5.3 Stagecoach point out that each of the Scenarios (other than Scenario 3) assumes that the bus market will begin to recover in December 2020, which it has not done so; the assumptions for the Scenarios are out of date because of the emergence of new variants and the uncertain progress of the pandemic; it is unclear what further restrictions or relaxations to those restrictions will be put in place this year, and in those circumstances the patronage forecasts under each of the Scenarios cannot be relied on. They likewise contend that the Scenarios take a short-term view of Covid-19, assuming a return to pre-Covid-19 levels of demand beyond 2026, which is unrealistic.

TfGM Response

- 3.5.4 As set out above, the approach to scenarios was not to look only at two dimensions as Abellio suggest. As the section in the Covid-19 Impact Report (1.4.3 to 1.4.28) sets out, there are a range of different factors considered. The grid created, using two dimensions, shows how different scenarios can be contrasted using two high-level trends – attitudes to travel and the environment and the recovery of the economy. As the descriptions of the Scenarios demonstrate, each of these contains a number of different factors that could impact on demand in the future: the Scenarios were not simplistically created using two factors, but rather a grid of these two factors was used to help place and understand the range of factors considered. It is not the case that this process has led to a narrow range of scenarios or too few scenarios being considered: while an infinite number of scenarios could be created and used, to be of help to decision-makers they need to be few in number and cover the range of potential outcomes. The Covid Impact Report is explicit in stating that the outcome is unlikely to exactly match any one of the Scenarios presented.
- 3.5.5 Abellio also suggest that a ‘5th’ scenario should be considered – characterised by a dominance of public sector subsidy for operators. This may be a good description of the current situation, but does not invalidate the different potential future scenarios, which include consideration of the continuation of public subsidy. Whilst the Proposed Franchising Scheme is closer in character to the current market than that which obtained pre-Covid-19, this situation is unlikely to continue as it relies fully on Government support.
- 3.5.6 The discrepancy between Chart 6 in Report (p17) and Chart 2 in Consultation Document (p33) is an error in publication. The correct version is in the Report shows 60% as a starting point. In compiling the consultation documents an erroneous version of the chart was included. The points on the chart showing the progress of the Scenarios remain the same. See the corrected version of this chart below:



- 3.5.7 In contrast to the claim made by Go North West, the Scenarios do not place a high dependency on their starting position. They are explicitly formulated by reference to a range of factors that are longer term than initial variance in the response to the pandemic. Section 1.4.25 of the Covid-19 Impact Report sets this out, as well as stating that some assumptions will necessarily prove to be incorrect, which is self-evident in any event, given there are four contrasting scenarios.
- 3.5.8 Go North West also refer to a number of specific, unanticipated developments that have occurred since the Scenarios were developed – such as the national lockdowns – and Stagecoach also refer to recent developments in new variants of Covid-19 and their potential impact on the effectiveness of vaccination. Such developments, even if they were unanticipated, do not invalidate the Scenarios, nor do they suggest a different patronage for the main period for which the Proposed Franchising Scheme and other interventions are appraised. Recent developments (including the timetable for the lifting of the restrictions of the second lockdown) do not, in fact, invalidate the original projections for 18 months into the Covid-19 pandemic, i.e. September of this year, (70%, 80%, 40% and 60% of pre-Covid patronage for the four scenarios respectively). These outcomes are still possible under different circumstances over the next six months or so. Even less would recent events invalidate what any of the Scenarios project beyond this year; depending on the progress of the different drivers of the Scenarios Neither Stagecoach, NERA, or Oxera suggest any different range of longer-term outcomes that should be tested based on these recent developments, or any other consideration.
- 3.5.9 Go North West state that the Scenarios are too short-term and that 2026 is too early to end the Scenarios. This timeframe was chosen as one over which the effects of the Covid-19 pandemic could be thought to play out, and the key shorter- and longer-term effects of the pandemic would by that point be part of a new status quo. The Covid-19 pandemic will affect long-term trends and attitudes as well as having shorter term effects – but given the level of uncertainty, and the use of a range of scenarios (rather than a central focus

approach), it is appropriate to represent its effects as occurring over a discrete period of time.

- 3.5.10 The trend of a fall in patronage each year of 1.2% assumed in the Economic Case moving forward from 2026 is also conservative in that it represents a continued decline even after the negative shock in three of the four scenarios. Assuming a longer term trend for the effects of COVID-19 (for instance to 2031 as TfL do) is unlikely to lead to a different outcome in terms of the economic analysis – particularly as the effects of COVID-19 will become less marked in the years following 2026. .
- 3.5.11 In terms of the affordability of the scheme in the years after 2026, the Covid-19 Impact Report also accepted (at section 5.3.37) that, if a downside scenario materialised in the years following transition period (after 2025/6), then it would be reasonable to assume revenue would not revert to pre-Covid levels after the transition period set out in Table 10. In considering the affordability of the Proposed Franchising Scheme and financial risks for GMCA it is relevant to note, as set out at section 5.3.19 of the Covid-19 Impact Report, that it is any impacts on net revenues that are ultimately relevant and that a loss of farebox revenues is not in itself problematic from a purely financial perspective if this were offset by equivalent reductions in network operating costs. These matters are further considered in the Financial Case section of this Report at 7.5.

3.6 The need to await further information

- 3.6.1 A number of representations were to the effect that no decision should be made until the DfT has provided its guidance on using scenarios, due to be published in February 2021 (but not yet forthcoming as of 12th March 2021), and until the impacts of Covid-19 in the longer-term are known or knowable.
- 3.6.2 Rotala and Oxera suggest it is irrational for the Scenarios to have been developed before consideration of the guidance which the DfT is developing. GMCA should have waited to ensure that the Scenarios used are in line with the guidance. It would be prudent to wait until the guidance is published, which may support a more robust assessment. The Covid-19 Impact Report suggests that approach adopted will align with this yet unpublished DfT guidance, but, in the absence of any evidence of any discussion with, or information provided by, the DfT, ‘the accuracy of GMCA’s approach by reference to the DfT guidance’ cannot be tested (Rotala response sections 12 and 23; Oxera p8).
- 3.6.3 Go North West state that a scenario-based approach is only effective and useful if the Scenarios developed are both realistic and sufficiently differentiated. It considers that the scenario planning used is unrealistic, and that it is unclear whether the approach used will be consistent with the guidance expected from the DfT. As the economic analysis is required to be compliant with Transport Appraisal Guidance, it would be better to wait for the new guidance to be published to ensure alignment with it (p5, 11), (Go North West Question 1).
- 3.6.4 Stagecoach further contend that it does not understand the basis for the statement that TfGM was confident that its approach to the application of scenario analysis will align with

the DfT's guidance once published; NERA consider that it will not do so; and that, given its resources and expertise, the DfT is better placed to prepare these scenarios.

TfGM Response

- 3.6.5 It is not the case that TfGM based the Covid-19 Impact Report on draft DfT guidance that others have not seen. Whilst TfGM was aware of discussions within DfT and with their stakeholders on further work on dealing with uncertainty, TfGM did not have sight of any drafts prior to the publication of the Covid-19 Impact Report, and TfGM engaged with DfT alongside other stakeholders in early discussions, and was ready to take note of aspects of such discussions that would indicate their proposed approach was not the right one. Nothing of this nature was apparent. The Consultation Documents did set out that TfGM was confident of alignment between the scenario approach taken and the forthcoming guidance. The update given by DfT in July 2021 set out that *"It is too early for us to fully understand the impacts that Covid-19 may have on future travel demand and travel preferences but **tools such as scenarios allow us to explore plausible futures and test how well schemes perform in different future states. Similarly, standard sensitivity testing around appraisal values provides resilience against potential changes in those values as a business case is developed.**"* (section 2.11; TfGM emphasis).
- 3.6.6 It is likely that, when the guidance appears, it will represent an evolution of both sensitivity testing and the use of scenarios. The evolution of scenarios could well explore structural trends of national importance, as set out by DfT in Jul 2020 in their 'route map', where they stated their intention to create scenarios looking at specific national trends, with forecasts being developed after February 2021. If so, TfGM consider that while such scenarios would be helpful, they are not likely to be as appropriate for the consideration of the impact of Covid-19 on the robustness of the conclusions in the Assessment regarding the VfM of the Proposed Scheme. Any new DfT scenarios are still likely to pivot round a central national projection, and so would not create the diverse range of plausible futures that Scenario Planning requires. They are expected to be more akin to sensitivity tests of particular drivers of uncertainty (such as technology changes, e.g. high electric vehicle take-up, or behavioural factors, e.g. changing trip rates), rather than narratives that explore the interaction of these drivers into coherent and plausible scenarios. It is the latter form of Scenario Analysis that TfGM has determined is most applicable for assessing the potential impacts of the uncertainty introduced by Covid-19 on the conclusions within the Assessment in a way that is relevant, informative and transparent to local decision-makers. TfGM acknowledge that such an approach does not align with current guidance, nor may it align with the Uncertainty Toolkit as and when it is published. However, it was felt that neither the existing guidance nor the planned Uncertainty Toolkit, for the reasons set out above, were likely to offer an appropriate approach for the consideration of Covid-19 impacts, and so an appropriate local methodology was devised.

- 3.6.7 The question of whether TfGM should wait for this potential guidance to be published until further information becomes available is addressed in the section 17.2.31 on ‘Considerations on taking the decision on the Proposed Franchising Scheme now’.
- 3.6.8 Whether or not DfT are better placed to prepare scenarios, it is not clear that they intend themselves, as NERA suggest, to develop projections of bus demand in Greater Manchester, and they have not indicated that they would do so.

3.7 Describing Scenario 3 as an ‘outlier’

- 3.7.1 Rotala and Oxera contend that certain scenarios cannot be described as “outliers”, as the probabilities associated with each have been omitted, and there is no evidence that a sound statistical framework has been developed to determine the probability that must have been attached to each. They contend that the term ‘outlier’ should be reserved in a statistical sense for data within a ‘stochastic process’ that would ‘have to be stationary’. Although including a highly optimistic and highly pessimistic scenario is consistent with the guidance, the Toolkit notes that equal attention should be given to each scenario to avoid bias. Calling two of the Scenarios outliers suggests that equal attention has not been given to these two, relative to the others. They also contend that there is no basis, in any event, on which to dismiss certain unfavourable scenarios, most notably Scenario 3. The recovery between the summer and November 2020 is not sufficient to discount the likelihood of Scenario 3 or other downside scenarios that could undermine the case for franchising, given the obvious uncertainties associated with Covid-19 (Rotala response sections 15-17; Oxera Executive Summary sections 2.2.3 and 2.3). Rotala argue (at section 16) that any decision-making process which takes Scenario 3 effectively out of account as being an outlier would be ‘irrational’ and/or would fail to take material considerations into account.
- 3.7.2 Stagecoach suggest there is no solid justification for describing one of the Scenarios (Scenario 3) as an outlier. TfGM’s description of that scenario actually seems to accord with reality today. (SC Business Response 1.9). NERA question how Scenario 3 can be described as unlikely, given what has happened to bus patronage since the report was written (NERA Section 4.1). In an Appendix, NERA selectively underline some aspects of the text written in June 2020 describing Scenario 3 and suggest that these are characteristic of the current situation.
- 3.7.3 Go North West state that it is unclear why two of the Scenarios proposed (Scenarios 2 and 3 – where patronage increases and suffers its greatest decline), which are considered unlikely, are used in the Assessment.
- 3.7.4 OneBus state that all the Scenarios are ‘off track’ and that Scenario 3 (which sees a drastic reduction in patronage) is most likely to occur.
- 3.7.5 The Community Transport Association concurred with this view, stating that Scenario 3 is the most likely and therefore work should be undertaken to avoid such an outcome.

Response to the points made on Scenario 3 as an outlier

- 3.7.6 In response to the points made on Scenario 3 being described as an outlier:
- The Covid-19 Impact Report does not discount Scenario 3, but rather points to the need to consider all scenarios: “*Whilst each of the four Scenarios is not equally likely to occur, they represent a range of outcomes in the period to 2026 that should be considered when looking at the decision of whether to franchise bus services in Greater Manchester.*” (Covid-19 Impact Report 1.4.29).

- The statement that Scenarios 2 and 3 should be described as ‘outliers’ is made in a section that considers the likelihood of some of the factors described in the Scenarios. Neither Rotala nor Oxera challenge the specific reasons set out for Scenario 3 to be considered unlikely. Oxera argue that the term should be reserved in a strict statistical sense for data within a ‘stationary stochastic process’, and it is true that the term is often used for data points within a dataset that lie outside a certain range. The scenarios are clearly not data points, however, and the term was used in the Covid-19 Impact Report to indicate they should be considered less likely. The discussion of the likelihood of different scenarios is intended to help decision-makers understand better the circumstances that might occur in the future, and thus allow for better decision-making, rather than indicating a biased or irrational process.
- One Bus and the Community Transport Association both assert that scenario 3 is the most, rather than least, likely to occur. Scenario 3 should still be considered an outlier notwithstanding recent developments (including the renewed lockdown of January 6th) that some respondents suggested may make it more likely. The reasons for thinking that scenario 3 is less likely remain valid. The economy has shown the ability to bounce back following each lockdown (the last OBR forecast has an expectation that GDP is expected to grow by 4 per cent in 2021 and to regain its pre-pandemic level in the second quarter of 2022, six months earlier than forecast in November). The Covid-19 Impact Report sets out that scenario 3 includes the removal of support for the bus service before restrictions are lifted, and other long-term factors that reduce patronage even from the levels seen during the initial lockdown when patronage was at its lowest. There is no evidence this will happen. The bus market similarly has been shown to be to some extent resilient. While bus patronage is currently low, even in the midst of lockdown it is 35% of pre-COVID levels and is likely to rise once further restrictions are lifted. Crucially the Government has not withdrawn support for the market and it is public knowledge that DfT are considering how to structure future support for the bus industry. The phrase ‘recovery partnerships’ has been used by some operators to describe arrangements around such support (some operators have argued that GMCA should delay any decision until these arrangements are in place – these points are discussed at section 17.2 ‘Considerations on taking the decision on the Proposed Franchising Scheme now’. NERA’s suggestion that the low levels Scenario 3 envisages should not be seen as unlikely is misplaced. Likewise, linking (a limited selection of) aspects of scenario 3 with the current situation, (i.e. prior to the period to which the patronage forecasts refer), as NERA do in the appendix to their report, in no way means that this is likely to remain the case for the next few years.
- In response to Go North West’s argument that the Scenarios do not give an indication of the sensitivity of the economic and financial cases to them, this analysis is clearly set out in the Economic and Financial cases in the Covid-19 Impact Report.
- The scenarios considered less likely are included because it is good practice to include a range of outcomes that are possible even if they are less likely. In particular, this gives decision-makers a wider view of potential outcomes that they should be aware of.

3.8 Conclusion

3.8.1 The Oxera report, commissioned by Rotala noted that forecasting should not be based on a central estimate approach, and that, to take account of the long-term effects of the pandemic, a scenario-based approach is appropriate. They and a number of other operators criticised how TfGM approached the construction and use of scenarios. However, they attracted support from a very wide group of stakeholders. Key points in conclusion are

- In contrast to the suggestion that the Scenarios were not developed in a transparent way and were biased, the methodology used was set out clearly in the Covid-19 Impact Report. The outputs of the process (and thus the assumptions made about patronage in each scenario) were checked for coherence and consistency. Recent developments (either positive or negative) do not affect the validity of the Scenarios as they are dependent on longer-term factors. There has been no suggestion that there is a wider specific range of possibilities should have been considered. The wide range of potential scenarios TfGM set out remain appropriate for the purpose for which they were devised and means that decision makers can be confident there are not plausible outcomes that have not been considered.
- Whilst operators have pointed to one piece of guidance – the GAD guidance that suggests scenarios should be developed through quantifying inputs and modelling outputs in each scenario, and quantifying the uncertainty associated with each – , this does not mean this is the only reasonable, or necessarily the best, way to approach scenarios in circumstances of uncertainty. Exercising judgment over a range of complex inputs and relationships is no more robust or transparent than doing so on an appropriate range of outputs – in this case bus patronage figures.
- TfGM have not followed a markedly different approach to that taken by other organisations such as TfN or TfL, even though they have quantified inputs. The existence of other approaches doesn't mean in any event that TfGM's approach is the wrong one or lacks the robustness necessary to test the options for bus reform. TfGM's most pessimistic downside scenario is far more pessimistic than that of TfL or TfN, or any of those used by operators in informing their shareholders of expected performance.
- It is legitimate to regard Scenario 3 as less likely or an 'outlier'. The use of such language did not imply that it was being used in a strict statistical sense. The reasoning laid out in the Covid-19 Impact Report on why it is less likely than others remains sound, and recent developments do not invalidate it. Stagecoach themselves, in their interim results published in December 2020, for example, cite 'severe' and 'plausible' downside scenarios that have commercial revenue at 75% and 85% of pre-Covid-19 levels in the year ending 30 April 2022, which would indicate patronage considerably higher than TfGM's Scenario 3.

3.8.2 The most important consideration in looking at the Scenarios is whether they are sufficiently broad to encompass the right range of potential outcomes, to enable reasonable testing of the sensitivity of the conclusions in the Assessment to the uncertainty associated with Covid-19. Whilst NERA say they are not able to say whether the range is appropriate, it is notable that none of the operators have actually suggested a different, wider range of potential outcomes should be tested. The alternatives cited as better practice, TfL and TfN, have narrower ranges of outcomes for public transport. It is

considered that TfGM's scenarios provide a good basis for considering the sensitivity of the conclusions in the Assessment to the uncertainty associated with Covid-19.

4. Strategic Case

4.1 Introduction

- 4.1.1 This section sets out how respondents to the consultations commented on the Strategic Case in the Assessment for reforming the bus market, and the conclusions on the different options for reform. The Strategic Case in the Assessment set out the implications of declining bus use and the challenges facing network integration in Greater Manchester. It sought to provide a full review of the options available to address these problems. Three options were shortlisted in the Assessment: the Do Minimum option; a new partnership; and the Proposed Franchising Scheme. Under a new partnership, two options are assessed, both covering the whole of Greater Manchester, which sought to illustrate the range of potential outcomes that could be achieved by such a partnership: the Operator Proposed Partnership and the Ambitious Partnership.
- 4.1.2 This Section also addresses issues raised by respondents to the second consultation following the Covid-19 pandemic and the Covid-19 Impact Report that was published alongside it.
- 4.1.3 It should also be noted that, during the first consultation, TfGM received further partnership proposals from bus operators. They have been considered by TfGM, and the conclusions are set out in separate sections of this response (see Section 10, Section 11, Section 12 and Section 14 of this response). The implications of that consideration are set out here as part of the discussion on the treatment of partnerships within the Strategic Case. Some responses to the second consultation discussed using partnership as part of the recovery from Covid-19 – these responses are considered in the section that looks at whether now is the right time to make a decision on the Proposed Franchising Scheme.
- 4.1.4 In the first consultation, consultees were asked to consider the following specific questions in relation to the Strategic Case:
- Question 12: The Strategic Case sets out the challenges facing the local bus market and says that it is not performing as well as it could. Do you have any comments on this?*
- Question 13a: The Strategic Case says that reforming the bus market is the right thing to do to address the challenges facing the local bus market. To what extent do you agree or disagree with this?*
- Question 13b: Why do you say this?*
- Question 14: Do you have any comments on GMCA’s objectives for the future provision of bus services as set out in the Strategic Case?*
- Question 15: Do you have any comments on how the Proposed Franchising Scheme might contribute to GMCA’s objectives for bus services as set out in the Strategic Case?*
- Question 16: Do you have any comments on how a partnership option might contribute to GMCA’s objectives for bus services as set out in the Strategic Case?*
- 4.1.5 The following discussion of Strategic Case issues also looks at relevant issues raised in answers to other questions and in separate submissions and letters – such as that of

Stagecoach – which is not organised by consultation question. In particular, answers to Questions 26 and 35 contained relevant material from respondents.

4.1.6 In the second consultation, consultees were asked the following specific question:

Question 2: Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?

4.1.7 The discussion of Covid-19 issues looks at responses to this question and other relevant material raised in answers to other questions and separate submissions and letters.

4.1.8 The discussion of the Strategic Case issues also picks up the issues set out in the *Ipsos MORI Doing Buses Differently: Consultation on a Proposed Franchising Scheme for Greater Manchester* report on the first consultation (which is referred to throughout this section as "*Ipsos MORI's June 2020 Consultation Report*"). The report concluded that most participants agreed with the challenges facing the local bus market as set out in the Strategic Case, that reform was needed, and that such reform would be the right thing to do to address such challenges. Of the 6,032 participants who completed the tick-box question (Question 13a), 87% agreed that the Strategic Case for reform was the right thing to do. Furthermore, 74% agreed strongly with reform, just 4% disagreed strongly. According to Ipsos MORI analysis, most but not all, of the 39 statutory consultees who provided comments about the Strategic Case for change were in agreement that there was a case for change and that reform would be necessary in the future. Whilst bus operators currently not present in the Greater Manchester market tended to welcome the Proposed Franchising Scheme, Ipsos MORI note that some of the incumbent bus operators did not think that the Proposed Franchising Scheme is the right approach at all, preferring a partnership option instead. For organisations who advocated a partnership approach, they believed that this could have more benefits over the Proposed Franchising Scheme and that in their opinion, GMCA's objectives could be achieved in less time, for less cost and less risk by a partnership scheme.

4.1.9 The discussion also picks up issues set out in the Ipsos MORI's March 2020 Consultation Report on the second consultation.

Statutory Consultees – Bus Operators and Transport Stakeholders

4.1.10 Ipsos MORI's June 2020 Consultation Report noted a number of points on the bus operators' responses. Ipsos MORI noted that non-incumbent operators tended to support the Proposed Franchising Scheme and thought there would be advantages to introducing it. An operator not in the commercial market in Greater Manchester, HCT Group, cited declining passenger numbers, route cuts and increasing fares as justification for change. Incumbent operators tended to oppose the Proposed Franchising Scheme, and the main source of opposition came from the operators currently active in Greater Manchester. Opposition also came from organisations associated with operators, such as OneBus, that represent commercial operators in Greater Manchester. An incumbent operator, Rotala, cited pollution and congestion as key issues to be tackled. Some respondents, such as Stagecoach, were not in agreement with GMCA's analysis of sub-optimal performance of bus services in Greater Manchester and did not agree with re-regulation.

4.1.11 Other points are important to note from the Ipsos MORI's June 2020 Report on the first consultation. Incumbent operators face a change in the market where they would need to compete to run services in Greater Manchester and potentially operate at a lower margin

than they would wish to. They have marshalled a number of arguments to oppose the Proposed Franchising Scheme. Incumbent operators linked their challenge of the analysis of the causes of decline to the potential for the Proposed Franchising Schemes to meet GMCA’s objectives. They have, in general, argued that the challenges to the bus market from internal causes (such as complexity of fares or network issues) are far less significant than challenges from outside – the most significant being congestion, which slows buses down (although this also affects one key alternative mode, private cars). Thus, a push to change how the market works which franchising represents would be misplaced. They go on to argue that the best solution would be for GMCA to pursue a partnership and spend further funds on bus priority measures, combining the benefits from these two measures.

- 4.1.12 These points are linked to points made about the analysis of partnership in the Assessment. Operators asserted in response to the first consultation that partnership could achieve more than has been allowed for in the Assessment, and contrast this with the higher level of cost and risk to GMCA of implementing the Proposed Franchising Scheme. Operators also make some other points about the Proposed Franchising Scheme, for instance asserting that it could discourage operators from running cross-boundary services.
- 4.1.13 Ipsos MORI’s March 2020 Consultation Report notes that some operators maintained opposition to the Proposed Franchising Scheme and also argued that it was the wrong time to take a decision. The bus operators representative group for Greater Manchester, OneBus, also expressed opposition, the details of which will be considered below and at section 3 Use of Scenarios. Abellio, an operator from outside Greater Manchester reiterated their support for the Proposed Franchising Scheme (e.g. answers to Question 2, 6, and 7). Warrington’s Own Buses indicated support and noted that the Proposed Franchising Scheme should be implemented as soon as possible (Question 2).

Statutory Consultees – Local Authorities

- 4.1.14 Ipsos MORI’s June 2020 Consultation Report noted that local authorities were in agreement with the challenges put forward in the Strategic Case and the proposed reforms, in particular citing poor service levels, declining patronage, congestion and pollution as reasons for change. Increased affordability of fares and provision of services based on social needs were also reasons cited by local authorities as justification for change. Local authorities raised some additional reasons, such as the changes in the location of public services, which were not considered in the Strategic Case. Whilst most local authorities were in agreement that the Proposed Franchising Scheme was the best way to combat these challenges, some councils raised concerns around the impact of change on cross-boundary services, and also the potential cost associated with the introduction of the Proposed Franchising Scheme.
- 4.1.15 Both authorities within Greater Manchester and neighbouring authorities had concerns about how the application of the service permit scheme, and changes due to the statutory tests for the grant of a permit, might affect the viability of services. These authorities pointed out how important these services were to communities on both sides of the boundary, and in some cases look for GMCA to show an understanding of how the Proposed Franchising Scheme would affect specific services.
- 4.1.16 Ipsos MORI’s March 2020 Consultation Report noted that many local authorities reiterated their support for the Proposed Franchising Scheme in their responses to the second consultation. For instance, Manchester City Council reiterates its support, along with other authorities within Greater Manchester and outside it. For example, Blackburn with Darwen (outside Greater Manchester) say that *“The Council is supportive of GMCA’s proposal to*

introduce a Franchising Scheme for the Greater Manchester area, in order for GMCA to achieve its strategic objectives in terms of supporting sustainable economic growth, improving quality of life for all, protecting the environment and developing an innovative City Region." (Question 2)

Other Statutory Consultees

- 4.1.17 Ipsos MORI's June 2020 Consultation Report noted that most other statutory consultees supported the Proposed Franchising Scheme. TravelWatch NorthWest cited cheaper fares and better ticketing as supporting reasons for change, but noted that the full extent of benefits would not be achieved without additional investment in improvements to infrastructure. This is in line with TfGM's acknowledgement that 'Phase 2' measures will be required to deliver the full benefit of change. Unite stated that increased accountability was a key benefit that re-regulation can deliver, which would enable increased control.
- 4.1.18 It should be noted that, in their response, the Competition and Markets Authority (CMA), reiterated their previous views on the bus market in the UK and their preference for 'on-road' competition (as the current deregulated market) over the 'off-road' competition. They also noted the difficulty of reversing the decision to put a franchising scheme in place, and therefore urged that any authority considering such a move be clear on the benefits to passengers that would result.
- 4.1.19 Ipsos MORI's March 2020 Consultation Report noted that, in responding to the second consultation, a number of stakeholders repeated their support, such as Unison, MPS (Afzal Khan, Debbie Abrahams, and Councillors from different parts of Greater Manchester. Groups representing passengers such as Travelwatch NW and the Association of British Commuters also expressed support for the Proposed Franchising Scheme. HHS Trust in Greater Manchester (Manchester University NHS Trust; Northern Care Alliance NHS Trust; Christie NHS Trust) also expressed their support, citing their concerns about the network and how it should support patients and staff.

Academic Institutions and Action Groups

- 4.1.20 Ipsos MORI's June 2020 Consultation Report noted that responses put forward by academic institutions and action groups included support for the Proposed Franchising Scheme, as it would create greater and easier mobility for students, reduced/cheaper fares, improvements in disabled access, a better ticketing system, and integration of the bus network into the wider Greater Manchester transport network. They also stated that the Proposed Franchising Scheme would be likely to reduce car journeys across Greater Manchester, and as such there would be environmental benefits with reduced pollution.
- 4.1.21 Some groups were very supportive of the Proposed Franchising Scheme, and cited reports from independent organisations that were favourable to franchising and its ability to improve bus services in UK cities.
- 4.1.22 Ipsos MORI's March 2020 Consultation Report noted that a number of groups and institutions supported the implementation of the Proposed Franchising Scheme, such as the Trafford Centre, Oxford Road Corridor, Steady State Manchester, Broadheath Community Association, GM Older people's Network, Bruntwood, and Recovery Republic CIC. Manchester Metropolitan University set out their support for the scheme. The Centre of Cities repeated their support, stating "*Franchising is the clearest route to delivering a higher quality bus service at greatest value for the public purse. Duplication can be stripped out of the network, underserved areas subsidised, integration with other modes improved,*

fares simplified and massive investment in electric vehicles accelerated in ways that the best partnerships cannot.” (Question 2).

- 4.1.23 Groups associated with operators – the Confederation of Passenger Transport, the Chartered Institute of Logistics and Transport, continued to oppose the scheme.

Members of the public

- 4.1.24 Ipsos MORI’s analysis on the first consultation found that reliability, frequency, VfM, reduced congestion, increased patronage and improvement in the environment were key reasons put forward by members of the public for supporting the Proposed Franchising Scheme. Some responses that were not in favour of change were concerned with affordability and the effect on the employees of bus operators. A number of respondents suggested additional changes such as express services and the reorganisation of bus routes.
- 4.1.25 Ipsos MORI’s March 2021 Consultation Report on the impact of Covid-19 on the Proposed Bus Franchising Scheme for Greater Manchester showed there was strong support from members of the public for the Proposed Franchising Scheme. Through the consultation, there were over three times as many positive as negative comments from members of the public in response to the conclusion of the Strategic Case (that it is likely to perform better than the partnership option in achieving GMCA’s objectives, notwithstanding Covid-19).
- 4.1.26 Most of the positive comments in response to the conclusion of the Strategic Case agreed that the Proposed Franchising Scheme is the preferred option and should go ahead, because it will help to deliver the objectives. Other responses suggested there was impatience amongst participants that bus reform was long overdue and that the Proposed Franchising Scheme should be implemented sooner rather than later, and that they did not want to see any further delays. There was broad agreement expressed in the positive comments that the current system is not working, and that reform is necessary, bringing with a range of benefits to Greater Manchester.
- 4.1.27 A large proportion of the negative comments from members of the public concluded that the Proposed Franchising Scheme is flawed (but did not go on to explain why), will not help to deliver against GMCA’s objectives and should therefore not go ahead. Concern was raised about the potential increase in council tax and the increased burden this would place on taxpayers, whilst questions were also posed about the greater financial risk for TfGM and GMCA.
- 4.1.28 Participants thought that the benefits were exaggerated and not worth the upfront cost to implement the Proposed Franchising Scheme, whilst other participants did not think passengers and the public would reap any benefit from the reform.
- 4.1.29 Through the qualitative discussions, there were several reasons, cited from a number of participants, as to why the Proposed Franchising Scheme better meets GMCA’s objectives, including control, integration and improving services.
- 4.1.30 Through the qualitative discussions, there were also a small number of negative comments made in relation to the performance of the Proposed Franchising Scheme in meeting GMCA’s objectives, including affordability, and whether this could be delivered due to Covid-19.

Section structure

4.1.31 Following a general market update (setting out the latest information on the bus market in terms of patronage and the mileage run by operators), the Strategic Case is structured into the following sections, responding to the main themes identified from TfGM's analysis of consultation responses and consideration of the Ipsos MORI reports, as follows:

- General Market Update: setting out the latest information on the bus market in terms of patronage and the mileage run by operators (i.e. how the size of the market has changed);
- Causes of decline: looking at the account of the challenges facing the bus network in Greater Manchester, and the potential for congestion and other issues to have been underestimated in the Assessment;
- Competition and the shift from 'on-road' to 'off-road' competition, including the views of the CMA on this issue;
- The franchising proposition on network: considering and addressing challenges to the proposals around network change under the Proposed Franchising Scheme;
- The franchising proposal on customer service: addressing challenges on the value and nature of unified branding, accountability and point-of-contact under franchising;
- The franchising proposition on fares: considering and addressing challenges on fare levels and changes, and whether the proposed simplification is a good idea;
- The effect of the Proposed Franchising Scheme on cross-boundary services, and the approach to ensuring that services that are high-quality cross-boundary services where they serve a passenger need;
- The value of partnership proposals: considering and addressing challenges to how the Assessment appraised partnerships and the new partnership proposals that were presented in response to, or subsequent to, the consultation process; and
- 'Phase 2' and infrastructure spending: among other issues, considering and addressing the challenge on 'Phase 2' that the money required for the transitional spending for the Proposed Franchising Scheme could be better spent on relieving congestion and other schemes.

4.2 General Market Update

Patronage

4.2.1 Since the Assessment was completed, data for 2018-19 became available that allows Table 3 of the Assessment to be updated:

Table 1: Total Passenger Journeys on Public Transport Services in Greater Manchester (Millions of Journeys)

Year	Annual public transport patronage (millions)				Indexed to 2009/10			
	Bus	Train	Metrolink	Total	Bus	Train	Metrolink	Total
2007-08	226.7	22.2	20.0	268.9	100.0	97.8	102.0	100.0
2008-09	233.0	22.8	21.1	276.9	102.8	100.4	107.7	103.0
2009-10	226.6	22.7	19.6	268.9	100.0	100.0	100.0	100.0
2010-11	224.0	22.1	19.2	265.3	98.9	97.4	98.0	98.7
2011-12	218.6	24.9	22.3	265.8	96.5	109.7	113.8	98.8
2012-13	219.7	25.3	25.0	270.0	97.0	111.5	127.6	100.4
2013-14	216.7	24.7	29.2	270.6	95.6	108.8	149.0	100.6
2014-15	210.9	25.0	31.2	267.1	93.1	110.1	159.2	99.3
2015-16	208.5	25.1	34.3	267.9	92.0	110.6	175.0	99.6
2016-17	201.6	26.7	37.8	266.1	89.0	117.6	192.9	99.0
2017-18	194.3	26.9	41.2	262.4	85.7	118.5	210.2	97.6
2018-19	189.1	26.4	43.7	259.2	83.5	116.3	223.0	96.4

4.2.2 It is clear from these figures that the decline in bus patronage continued into 2018-19. During 2019, there will have been some positive impact from the new concession for young people – the ‘Our’ Pass offering free travel to 16–18-year-olds. It is as yet too early in that pilot scheme to know by how much this will have increased patronage, and the effects of this will be hard to discern in 2020 because of Covid-19.

Mileage

4.2.3 Table 2 below shows estimated mileage since 2015.

Table 2: Annual mileage ('000s registered miles)

Source: TfGM Network Database

Calendar Year	Wholly commercial	Subsidised & partially subsidised	Overall
2015	52,114	11,857	63,971
2016	50,796	11,427	62,224
2017	49,295	11,115	60,411
2018	48,788	10,938	59,726
2019	46,244	10,701	56,945
2020	39,179	8,720	47,899

4.2.4 It can be seen that there has been a continued downward trend in both types of mileage, but with wholly commercial mileage falling more steeply than subsidised and partly subsidised mileage.

Market share and competition

4.2.5 Table 3 below sets out the level of market concentration in five-yearly intervals and the data from 2019.

Table 3: the level of market concentration in five-yearly intervals and the data from 2019

No of operators	1999		2004		2009		2014		2018		2019	
	% of all operators	% share of mileage	% of all operators	% share of mileage	% of all operators	% share of mileage	% of all operators	% share of mileage	% of all operators	% share of mileage	% of all operators	% share of mileage
Commercial mileage												
2	4.7	78.7	4.8	76.3	5.6	78.9	8.0	86.0	10.0	84.2	10.0	62.8
3	7.0	84.3	7.1	81.9	8.3	86.7	12.0	92.6	15.0	90.5	15.0	76.6
4	9.3	85.9	9.5	85.3	11.1	88.7	16.0	94.6	20.0	93.2	20.0	86.7
5	11.6	87.4	11.9	87.4	13.9	90.4	20.0	96.2	25.0	95.6	25.0	93.1
10	23.3	94.0	23.8	94.4	27.8	96.7	40.0	99.1	50.0	99.6	50.0	99.4
15	34.9	97.8	35.7	98.3	41.7	98.8	60.0	99.8	75.0	100.0	75.0	100.0
20	46.5	99.2	47.6	99.4	55.6	99.6	80.0	100.0	100.0	100.0	100.0	100.0
Total ops	43		42		36		25		20		20	
Subsidised mileage												
2	6.3	46.0	5.4	42.9	5.6	38.4	7.4	50.1	8.3	39.8	9.1	41.9
3	9.4	55.9	8.1	51.4	8.3	55.5	11.1	60.2	12.5	55.6	13.6	58.9
4	12.5	63.8	10.8	59.6	11.1	62.0	14.8	67.4	16.7	65.2	18.2	65.7
5	15.6	71.2	13.5	65.8	13.9	68.1	18.5	73.3	20.8	72.1	22.7	71.9
10	31.3	87.1	27.0	85.9	27.8	88.0	37.0	94.0	41.7	90.8	45.5	90.6
15	46.9	95.5	40.5	94.7	41.7	95.8	55.6	98.4	62.5	96.7	68.2	97.7
20	62.5	98.7	54.1	97.7	55.6	98.6	74.1	99.6	83.3	99.6	90.9	99.9
Total ops	32		37		36		27		24		22	

4.2.6 First’s sale of its Queens Road and Bolton depots to Go Ahead and Rotala respectively has changed the market in the northern part of Greater Manchester. The contrast between 2018 and 2019 includes the effect of the sales. As the tables show, the top two operators in Greater Manchester went from running 84.2% of the commercial mileage to running only 62.8%. This means that there is a lower level of market concentration in the North of Greater Manchester than has been the case, and hence greater potential for competition.

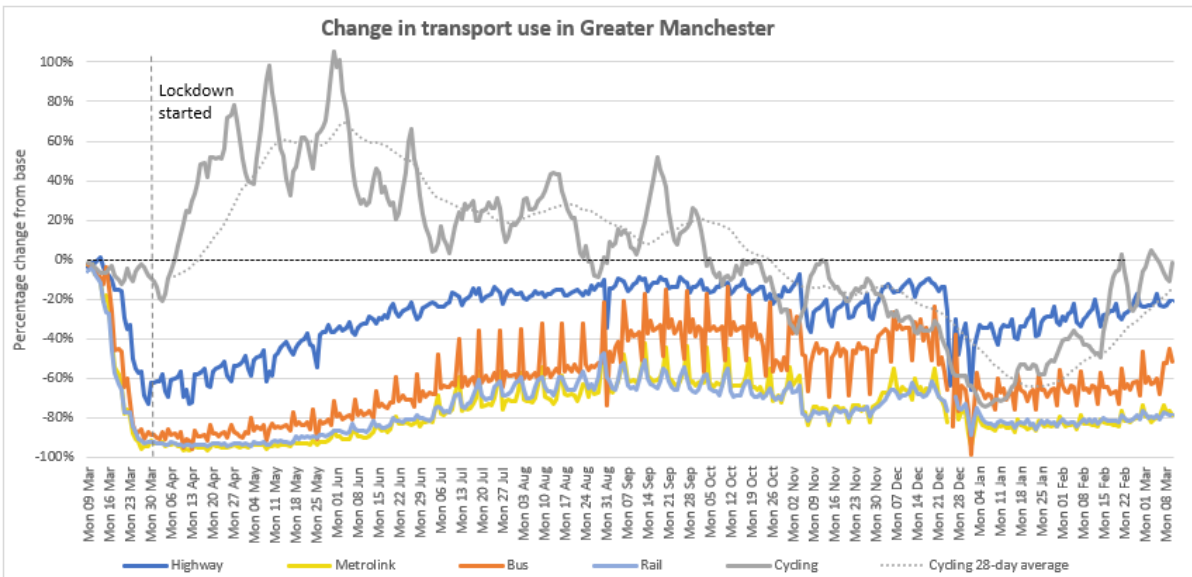
4.2.7 The new operators in Greater Manchester entered the market through acquisition, after GMCA asked TfGM to carry out the Assessment of the Proposed Franchising Scheme. Since the acquisitions, there have not been extensive changes to the network. First completed a mini-network review in and around Oldham in 2019, mostly modified to remove cross-town services to improve punctuality and reliability. Go North West have been proactive in livery design and recently launched their first route brand – the service 52 ‘Orbits’. This also benefitted from extended hours of operation to maximise opportunities for Trafford Centre passengers. Rotala (branded Diamond Bus) have experienced problems because of driver shortages since taking over service operations in August 2019, leading to wide-scale service disruption and significant gaps in services on frequent services, creating inevitable customer and stakeholder disquiet.

4.2.8 Since they were implemented, these changes have yet to result in any tangible improvements for customers. The mileage run by operators has further reduced rather than increased. Changes to ticketing have created further barriers to travel. Initially, following the acquisitions, there was a North Manchester ticketing agreement whereby each of the three operators accepted each other’s tickets. This has now ceased to exist. As a result, passengers who do not pay the premium for an all-operator ticket have access to fewer routes. This would affect any journey that now requires a bus trip in an adjoining

area run by a new operator, requiring the purchase of either a new ticket, or an all-operator ticket at a premium.

- 4.2.9 The figures set out above represent the bus market in Greater Manchester prior to the Covid-19 pandemic. The Covid-19 Impact Report set out what has happened to different modes of transport in Greater Manchester to November 2020. This showed the effects of Covid-19 and the first lockdown, and showed a recovery into Autumn 2020. Chart 3 below shows the continued recovery of the different modes of transport in Greater Manchester up to February 2021.

Chart 3: Change in transport use in Greater Manchester, March 2020-March 2021



- 4.2.10 Since the Covid-19 Impact Report was published in November 2020, there have been further restrictions imposed across the UK and a national lockdown imposed on 6 January. These interventions have resulted in a decline in bus patronage since November 2020, when recovery was at c.60% of pre-Covid-19 levels, with bus patronage recovery compared to pre-Covid-19 levels falling to c.35% in February 2021. The network being run is smaller than the network before the Covid-19 pandemic and is extensively supported by the continuation of the CBSSG (including CBSSG Restart (CBSSG-R) and any future Government funding allocation(s) that may replace CBSSG)) public funding.
- 4.2.11 According to the announcement by the UK Government on 22 February 2021, the national lockdown will be lifted in stages, with the first relaxation of restrictions occurring on 8 March 2021, where all pupils will return to schools, and rules on socialising in a public space will be relaxed so that two individuals from different households can meet outside
- 4.2.12 On 29 March 2021, outdoor gatherings will be permitted for up to six people from different households, or any number of people from two different households. Outdoor sports facilities will also reopen, meaning there will be a significant increase in leisure activities from this date. Further easing of restrictions will occur throughout April and May, until eventually all social contact restrictions will be removed by 21 June, providing the levels of Covid-19 infections remain low.
- 4.2.13 TfGM expect bus patronage to recover back to at least 60% of pre Covid-19 levels throughout March and April, as it did when the previous restrictions were lifted in the summer of 2020. Recovery could then exceed 60% throughout late April and May 2021, as

social contact restrictions are eased to a greater extent than in summer 2020, and even further recover in June 2021, when all social restrictions are planned to be lifted.

- 4.2.14 As can be seen from Chart 3 above, the various other modes of transport across Greater Manchester followed a similar trend to bus patronage, with recovery compared to pre-Covid-19 levels reducing since November 2020 due to the various restrictions and national lockdown imposed since the Covid-19 Impact Report was published. Again, TfGM would expect to see each mode recover back to summer 2020 levels, once the national lockdown begins to ease from March 2021 onwards. Cycling has significantly reduced. This is predominantly due, however, to the weather throughout winter and cycling is expected to return to the levels seen in 2020 as both the weather increases and social restrictions are eased throughout spring 2021.

4.3 Theme 1: Causes of Decline and the challenges facing the bus market in Greater Manchester

- 4.3.1 A number of incumbent operators who responded to the first consultation challenged the account, in the Assessment, of the causes of decline of the bus services. They argued that the discussion of the challenges facing the bus services (at section 2.1.10 to 2.1.16 of the Assessment) placed too much emphasis on issues with the bus services themselves (lack of co-ordination in the network, fares and ticketing issues, etc.), and too little weight on the other factors that influence demand, such as congestion. This supported statements later in their responses either that franchising was unnecessary, or that priority should be given to other direct measures to address issues such as congestion. Rotala, in their response to Question 12, describe franchising as a “*knee-jerk*” response to falling patronage.
- 4.3.2 Representing operators, OneBus cite figures prior to deregulation in 1986 to show that passenger number declines predated the privatisation of the bus market. It should be noted that the factors affecting changing bus patronage in the 1970s and 1980s are likely to be different in some respects to those driving change now. For instance, car use increased greatly in earlier years compared with more recent years: increasing from 96.3 million miles in Great Britain in 1970, to 233.7 million miles in 2000; but only increasing to 255 million miles by 2018 (DfT tra0101). Greater Manchester would have seen a similar trend.
- 4.3.3 OneBus, and the incumbent operators, also suggested in their response to the first consultation that some of the challenges noted from the functioning of the bus market are overplayed in the Assessment, and do not constitute a problem that needs to be addressed.
- 4.3.4 It is important to note that the case for reforming the bus market (and hence for introducing the Proposed Franchising Scheme specifically) was not based upon a particular set of reasons for historic decline. Instead, it is based on the finding in the Assessment that there are issues with the bus service that could be addressed, and hence the service would improve, if reform were undertaken. It was thought that franchising would also improve the VfM for public investment in a number of ‘Phase 2’ measures.

Congestion

- 4.3.5 Operators have not challenged TfGM’s points on congestion in the Strategic Case of the Assessment, but have argued, in their responses to the first consultation, that congestion should have more prominence compared with other issues.
- 4.3.6 Several incumbent bus companies and organisations representing the interests of bus users (OneBus and Bus Users UK) argued, in their responses to the first consultation, that the Assessment underplays the effects of congestion. For instance, in their answer to Question 12, First argue that “*the biggest single challenge facing local bus operation is the adverse effects of congestion, in terms of decreased service punctuality, greater variation in operating conditions and increased journey times*”. They point to the increased journey times and the additional costs that congestion imposes on operators, and hence fare increases for passengers. Stagecoach cite Professor David Begg's report at section 4.5 of their response concerning the impact of congestion on bus services, which “*identifies that for every 1% reduction in average bus speed, the cost to bus operators of providing those*

services increases by 1%. The average speed of Stagecoach's South Manchester services has worsened from 10.17 mph in 2007/8 to 9.21 mph in 2018/19 – a 9% reduction”.

- 4.3.7 Several incumbent operators, including Stagecoach at section 4.6 of their response to the first consultation, suggest that congestion could as easily be addressed through partnership, and that it would, therefore, be wrong to proceed with the Proposed Franchising Scheme. OneBus, in their response to Question 16, suggest that partnership would be a quicker way of achieving GMCA's objectives. Operators also point to the transition spending on the Proposed Franchising Scheme, and argue this could be better spent elsewhere. This point is discussed below at section 4.12. Rotala felt it would be better to focus on congestion and pollution, rather than franchising. The report also refers to The Chartered Institute of Logistics and Transport's response to the first consultation, noting that they have seen no evidence that franchising would improve reliability and punctuality.
- 4.3.8 Independent passenger groups who responded to the first consultation also identified the importance of bus journey times to passengers, and the adverse effects that congestion might have on them. Transport Focus, in their response to Questions 12 and 13 of the first consultation, cite research previously published that 34% of infrequent / non-users see journey times as a barrier to using the bus, the second most commonly cited reason (the first being buses not going where people want to go).
- 4.3.9 It is not the case that the Assessment ignores the effects of congestion. The effects that congestion has had, and was likely to have, were in fact considered at section 6.2.12 to 6.2.16 of the Assessment together with an analysis of the changes in traffic speeds since 2011-12. This section also cites the research undertaken by Transport Focus on the importance of the factors associated with the bus service that passengers value. Overall, Section 6.2 of the Assessment sets out a number of factors, outside the operation of the bus market, which have historically affected bus patronage and will continue to do so. The forecasting for the Reference Case, set out in the Assessment at section 14.4, takes a number of factors into account to create a forecast of how the bus market might evolve without intervention.
- 4.3.10 The effects of congestion are also clearly set out in the analysis presented in the Economic Case in the Assessment. In particular, the effects of congestion on the costs of running the bus service are taken into account. It is true that the Reference Case waterfall plot reported in the Economic Case (Chart 14) of the Assessment, showing the modelled factors that influence patronage, suggests at first glance that congestion has a minimal impact on bus patronage in the forecasting carried out. This is because that impact is only representing the immediate impact of increasing journey times for passengers, which are relatively small, and are offset by a positive impact on bus patronage caused by increasing car journey times.
- 4.3.11 As respondents suggest, rising congestion increases costs to bus operators striving to maintain their levels of service, and fare rises and/or network contractions are some of the knock-on impacts for passengers. These factors are accounted for in the model suite, by increasing bus hours and PVR by the same proportion as the forecast reduction in bus journey times. These metrics are used, along with bus kilometres, in the financial model to calculate operating costs that therefore increase due to congestion. This is set out in the Economic Case discussion at section 5 of this response.
- 4.3.12 This means that the overall effects of congestion in the model are significant, as the cost changes drive changes to fares and network which themselves have effects on patronage. Thus, TfGM is satisfied that, both in the Assessment of the bus market and in terms of

forecast, the effects of congestion were not underplayed. This point is also considered in relation to comments made on the Economic Case, which explains in more detail the total impact of congestion in the forecasts (in section 5.3.2– 5.3.6 of this response) Whilst the consultees have raised congestion as an issue, consultees have not introduced any evidence or information concerning congestion that would justify changing TfGM’s analysis of its effects in the Assessment materially.

- 4.3.13 Improvements in the punctuality and reliability of bus services are clearly set out in the third objectives for GMCA to improve the speed and reliability of the bus service (section 7.2.9 to 7.2.10 of the Assessment). Greater Manchester has long recognized the importance of addressing congestion, as part of a comprehensive bus strategy, as demonstrated by programmes of investment in bus priority since the first Greater Manchester Local Transport Plan was agreed in 2000. Whilst congestion does have an adverse effect on reliability and punctuality, bus operators’ management actions and operational contingency also have an effect on the punctuality and reliability of services. As noted by Ipsos MORI in their findings, HCT Group and a number of local Government organisations recognised in their responses to the first consultation that the reform of the bus market, as set out in the Strategic Case, has the potential to improve punctuality and reliability.
- 4.3.14 It is important to note, however, that the Proposed Franchising Scheme is not proposed in the Assessment as an alternative to measures to improve congestion.
- 4.3.15 The Strategic Case contains a section on ‘Phase 2’ measures that points to the need to undertake further measures concerning congestion. Sections 8.7 and 8.8 of the Assessment explained that the Proposed Franchising Scheme would facilitate a greater range of such ‘Phase 2’ measures. The argument that the Proposed Franchising Scheme diverts funding and/or attention away from such measures, however, is considered in greater detail below at section 4.12 of this response on further infrastructure spending.

Metrolink and tendered services

- 4.3.16 Another challenge to the need for reform of the bus market in Operator responses to the first consultation is the decline in bus patronage due to a modal shift to the Metrolink tram service. There has been such a shift, reported in the Assessment at section 5.2, where it stated the decline in bus patronage since 2010-11 is due *“in part but only in part”* to the ability to use the expanded Metrolink network (Section 5.2.3.). Section 6.2.10 of the Assessment provided an estimate that 65% of the total decline in bus patronage between 2012 and 2017 was due to a modal shift to Metrolink.
- 4.3.17 In the first consultation, a number of operators argued that the effect of Metrolink on bus patronage means that there is not a case to reform the bus market. Go North West stated this as a cause of decline in their answer to Question 12 of the first consultation, though they give no further detail.
- 4.3.18 Stagecoach, pointing to the new lines that have opened since 2007-08, contended that the abstraction from bus to tram accounts for the majority (two –thirds) of the decline in bus usage in that period and that, when adjusted for this correctly, the actual decline in bus usage is at its lowest level since the 1950s. First, in their answer to Question 12, they noted the information presented in the Assessment on the effect of Metrolink. They applied the 65% figure from the Assessment to the reported decline of 29.7 million journeys between 2010-11 and 2017-18 to arrive at a figure of 10.4 million journeys not attributable to

Metrolink. They concluded that, if the effect of Metrolink is removed, patronage fell by 4.6% between 2010-2011 and 2017-18, rather than 13.3% (29.7 million).

- 4.3.19 Some operators also attributed the decline in bus patronage to the decline in financial support for TfGM tendered services. These are put on where operators do not run (or more usually) have withdrawn a service or part of a service (e.g. evenings and weekends). Belle Vue, in their answer to Question 12, suggested this is part of the reason for the decline in bus patronage. Rotala contended that most of the decline in bus patronage is due to a combination of Metrolink and also reduction in support for TfGM tendered services. They argued that of the 4.6% decline (calculated above), 3.5% was accounted for by the reduction in the supported service budget. It considers, therefore, that the reduction in bus patronage is considerably less material than was assessed and *“entirely contradicts the assumption in the Strategic Case that bus patronage is on a downward spiral in the Greater Manchester Area”*.
- 4.3.20 First also challenged how Metrolink has been taken into account in the forecasts: saying that it looks like recent trends in abstraction to Metrolink have been extrapolated forward, and that the forecast should be different (though they do not state how these should be different.) Arriva, in response to Question 12, stated that the development and expansion of the tram network, if not done in a coordinated manner, risks abstraction from bus services.

The effects of Metrolink

- 4.3.21 The Assessment does not seek to hide the impact of Metrolink expansion. It does, in fact, overlay its effect. More recent data has become available on the extent of extraction from the bus network caused by increases in Metrolink patronage.
- 4.3.22 The original estimate in the Assessment contained an error. The decline in bus patronage was measured over five years (2011-12 to 2016-17) while the estimated abstraction from bus to Metrolink was based on a six-year period.
- 4.3.23 Since the Assessment was published, more recent patronage data for 2018-19 has become available (2019/20 data might be affected by Covid-19). Applying the same method for estimating patronage abstraction by Metrolink as was used in the Assessment to the 29.7 million fall in annual bus patronage over the seven-year period between 2011-12 and 2018-19, using Metrolink data for the period 2011 to 2018, the estimate of abstracted patronage becomes 38%. (Note that the 5.2 million fall in bus patronage between 2017-18 and 2018-19 was significantly higher than the 2.5 million increase in Metrolink patronage).
- 4.3.24 Since the Assessment was completed, further Metrolink survey data has also become available that repeats the question *“If Metrolink was not available for the journey you are describing, what would you have done instead?”* If these new figures were used to estimate abstraction over the seven-year period between 2011-12 and 2018-19, using Metrolink data for the period 2011 to 2018, the previous estimate of 38% would fall to 33%. This is because more of the newer passengers will not have come from previous bus journeys; some are undertaking new journeys to destinations such as Media City and some may have come from outside Greater Manchester. Initially, a higher proportion of Metrolink patronage is likely to have come from the bus network, and it would take time for

Metrolink to attract passengers from cars. It would not be unreasonable to assume that, considering the period as a whole, , abstraction would be in the range of 33% to 38%.

- 4.3.25 Over the period 2011 to 2018, annual patronage on established Metrolink lines (Altrincham, Bury and Eccles) increased by approximately 1.4 million, which does not appear in the figures in the Assessment. At least some of this increase could have been caused by the expansion of the network, providing people with more possibilities for undertaking journeys by Metrolink. Applying the 2018 survey data to this increase would give an estimate of an additional 5% of patronage abstracted from bus, making a total of 38%–43% of the decline in bus patronage being due to the expansion of Metrolink.
- 4.3.26 One other effect of the increase in Metrolink patronage, not included in the Assessment, is a potential positive effect on patronage in bus transport from the historic increase in Metrolink patronage. This will be stimulated by integrated public transport, as people use bus as a feeder mode to Metrolink or to continue journeys. A high proportion of Metrolink passengers might be those that otherwise would not be using public transport, or enabled by Metrolink to live a car-free or reduced-car-use lifestyle (as set out in the Assessment at section 5.4). A survey undertaken in October and November 2018 showed that 6.3% used bus to get to a Metrolink stop and 4.2% for an onward journey after using Metrolink. This shows that Metrolink does not preclude bus use but can also encourage it.
- 4.3.27 In contrast to statements by operators including Stagecoach, the Assessment did not underplay the effects of Metrolink in contributing to bus patronage decline, but rather overestimated those effects to the disadvantage of the Strategic Case supporting the Proposed Franchising Scheme. The effect on patronage between 2011 and 2018 is likely to be very much lower than set out in the Assessment. During the Covid-19 pandemic, bus patronage has held up better than rail nationally, and this is true of Greater Manchester; it is very unlikely there has been any further extraction of revenue at this time. Whilst this still means that the expansion of Metrolink has had a long-term effect on bus patronage, it does not mean that other factors are not important or that the bus service is not capable of improvement. In the Assessment, bus operators and other consultees did not provide any relevant evidence demonstrating that the material considerations in the Assessment had, in fact, been underplayed. Given the availability of improved data concerning bus and tram patronage, and no contradictory new evidence or analysis, TfGM now considers the Strategic Case supporting the Proposed Franchising Scheme is stronger in this particular respect than originally anticipated. The forecasts deal with the effects of Metrolink appropriately. The fact that the expansion of Metrolink reduced bus patronage does not mean that there are not issues with the bus service which should be addressed through reform.

Reductions in supported services

- 4.3.28 The factors bearing on all patronage will affect subsidised services as well as commercial services, so not all of the reduction in patronage on subsidised services will be due to the reduction in the scale of the service itself.
- 4.3.29 Rotala’s calculations of the impact of the reduction in the supported service budget are problematic, because they use an incorrect estimate of the supported service budget of £45 million in 2010-11, when in fact it was just under £29 million, an overstatement by a factor of 55%. The budget for 2019-20 is £27.6 million.
- 4.3.30 Mileage reductions will reduce patronage and reductions in funding for supported services have reduced overall patronage. This has been a factor in reduction in bus patronage in the

UK generally. However, commercial mileage had reduced more than subsidised mileage in the years preceding the Covid-19 pandemic, and because subsidised services are run in places or at times where operators do not think economic services are possible, they have significantly fewer passengers. In percentage terms, commercial and subsidised miles have reduced by similar amounts: since 2015, wholly commercial mileage reduced by 11.3% and subsidised and partially subsidised by 9.3%; in absolute terms the number is higher for commercial mileage approximately 5.9 million miles lost as opposed to 1.2 million.

- 4.3.31 Cuts in commercial mileage are significantly more extensive and those services tend to carry more customers (Rotala assume twice as many). The reduction in subsidised services is therefore very unlikely to have had a significant effect on patronage in Greater Manchester as asserted by Rotala.

The combined effects of Metrolink and reduced subsidised services

- 4.3.32 It would not be right, therefore, to attribute the decline in bus patronage pre-Covid-19 almost entirely to the expansion of Metrolink and reduction in the mileage of subsidised services.

Forecast effects of Metrolink

- 4.3.33 With respect to the criticism from First on forecasting in the Assessment, the forecast is not an extrapolation of previous abstraction from bus to Metrolink, but was based on what further abstraction of known schemes might cause. It is standard practice (contained within DfT's WebTAG guidance on transport appraisal) that forecasts should include known schemes rather than other transport schemes that do not yet have consent or funding. TfGM is satisfied that doing so is a suitable and informative assessment methodology. Thus, the forecast included an effect for the opening of the Trafford Park Line, which was at an advanced state of planning, but does not include any further potential Metrolink lines. Whilst it may be possible that the network would be further expanded in the 30-year appraisal period, in TfGM's view it would not be appropriate to include speculation about the potential effects of possible schemes in its forecasting. This is also true of any anticipated changes – for instance in the area of clean air – that would make it more likely for bus patronage to increase and, indeed, future programmes of bus priority and their future positive impact on bus speeds and patronage.

- 4.3.34 The forecasts include an income elasticity, and this would take account of the effect where some organic growth in Metrolink patronage might be expected from increased income, as a 'better' (albeit more expensive) mode, at the expense of bus. It is one of the mechanisms that underpin the effect of increasing income reducing bus use.

Other factors causing decline

- 4.3.35 Some respondents to the first consultation give other reasons for the decline in bus use. Some of these – for instance Tameside Metropolitan Borough Council – support the analysis presented in the Assessment but suggest other reasons why fewer trips might be taken, for instance, the decline in town centres in Greater Manchester, or an increase in low density housing. Rotala point to the lack of indexation of the Bus Service Operators Grant (BSOG) in addition to other factors in their answer to Question 12.
- 4.3.36 The Assessment points to a number of other reasons, for instance, the decline of town centres at section 5.2.8. The lack of indexation of the BSOG is taken into account in the

financial forecasts for all scenarios in the Assessment, and this in the forecasts set out in the Strategic Case of the Assessment at section 5.5.

- 4.3.37 OneBus, in their answer to Question 12, set out a whole category of what they term “*authority failures*” where TfGM is said to be at fault and the cause of the decline in bus patronage. Factors they cite include inadequate information at bus stops, a lack of raised kerbs at bus stops, the closure of certain roads to bus traffic by local highways authorities (not TfGM), and perceived “*negativity*” about buses. TfGM is satisfied that none of these factors are likely to have been significant factors in the decline. It is false to claim that TfGM has been spreading negativity about buses as a mode of transport. It has instead highlighted their importance in its published policies such as the Greater Manchester Transport Strategy 2040 and its associated Delivery Plan. In any event, the factors identified do not weigh against the Strategic Case supporting the Proposed Franchising Scheme. As set out in the Assessment, ‘Phase 2’ measures could include improvements to on-street infrastructure (such as raised kerbs or information at bus stops) and could also include work to improve the reputation of the bus service.
- 4.3.38 TfGM is confident that all significant causes of decline in bus patronage before the Covid-19 pandemic were considered in the Strategic Case in the Assessment.

Limited competition and the challenges arising from the functioning of the bus market

- 4.3.39 The Assessment set out some challenges facing the bus market that come not from exogenous sources – such as a rise in car ownership – but from how it functions. This sets out the limited competition typical of bus markets and how this exists in Greater Manchester, and that there are challenges arising from how the network is planned and operated; from overly complex fares and ticketing and from a lack of complete and high-quality information. Some respondents noted these features of the bus market and supported the analysis, whilst others (incumbent operators) challenged the analysis.
- 4.3.40 OneBus and some operators, including Stagecoach, set out, in their responses to the first consultation, why they did not agree with the analysis in the Assessment on the perceived challenges to the market. However, there is also support for the analysis in the Assessment on the issues facing the current bus market. Ipsos MORI found that elected representatives, environmental heritage community or amenity groups, local Government organisations and other non-statutory organisations were supportive of the analysis in the Assessment of the issues facing the bus market, as noted in their report.

Competition

- 4.3.41 The Strategic Case in the Assessment sets out an assessment of competition within the Greater Manchester bus market at section 6.3.5 to 6.3.10; the effects of this on cost of travel and network integration are set out in the subsequent sections. This is supplemented by analysis set out in the Bus Market Supporting Paper at section 3.7. This concluded that there was limited competition within the Greater Manchester bus market and that the effects of the limited competition, and some of the effects of the competition that did exist, caused some challenges for the bus market. Operators generally did not challenge the concept that the bus markets suffer from limited competition.
- 4.3.42 Operators noted, in their responses to the first consultation, that the sale of two of First Manchester’s depots and operations meant that there has now been some new entry into the Greater Manchester bus market. The potential for greater competition because of this change was noted at section 6.3.10 of the Assessment, it being stated that it is unlikely that

the long-term trend in competition will change markedly and that Greater Manchester is unlikely to see long-term benefits from a competitive market. It is important to note that there have been no new entrants to the Greater Manchester market at scale other than through purchase.

- 4.3.43 In terms of the increased competition in the North of Greater Manchester, Go North West stated in its response to the first consultation that in fact it competes with other operators on similar or identical flows, and has increased competition recently by offering an enhanced peak express service between Bury, Heywood and Manchester. The main example is Rochdale Road, on which Go North West runs the 17 and 18 services from Manchester towards Middleton and Rochdale, which compete with Diamond services between Middleton and Manchester. The peak express service referred to is likely to be the X63 which was a pre-existing service where daytime services were increased. There was, however, no discernible trend of improved services across the North of Greater Manchester where these operators run services prior to the impact of Covid-19. The Assessment at section 6.3.39 noted that this would lead to a more fragmented position in terms of fares – and this proved to be the case in North Manchester, as passengers’ operator-own tickets allow them travel on fewer routes than previously. As noted above in the General Market Update section from Section 4.2, this had not yet resulted in extensive changes to the bus network pre-Covid-19.
- 4.3.44 In their responses to the first consultation, some incumbent operators and OneBus argue that the Assessment overplays the importance of some of the challenges from the functioning of the bus market, implying that reform is not necessary. The following sections look at these issues.

Network effects

- 4.3.45 First, in their answer to Question 12, say that the lack of network co-ordination is overstated, arguing that maximising “connections” could lead to reduced demand. Go North West, in their answer to Question 12, point to the existence of bus stations passengers can use for interchange and GMTL travelcards as evidence coordination is possible. Transdev argue the lack of co-ordination is a “surprising accusation” as there are tickets available for bus and tram (though not for train and tram).
- 4.3.46 In terms of services that have social and economic value, First point to the practice of giving a “consistent level of service” on routes, and Transdev point out that some operators run services on a marginal basis.
- 4.3.47 The points raised by operators do not show that the Assessment overstated the significance of the inefficiency of planning a set of separate competing networks. It is worth noting that DfT, in their initial impact assessment on the legislation enabling franchising to be considered, included a figure of 3% for the improvement in network efficiency under franchising. Section 6.3 and 6.4 of the Assessment demonstrate that planning separate networks, rather than one integrated bus network, is less efficient and does not provide as good a service for passengers as it might. This is further demonstrated by the network modelling undertaken as part of the economic analysis. This showed that reallocating resources could be done more efficiently and that this would lead to benefits for passengers. There is therefore not only a strong theoretical reason to believe that network

efficiency can be improved but this has been demonstrated in the modelling. (Assessment section 6.3 and section 14.6)

- 4.3.48 It is also right to point out that operators do not typically provide services that have social and economic value to the community if they are not profitable. This is not to criticise operators but merely to point out a feature of a deregulated market that, in TfGM’s Assessment, supports the case for the Proposed Franchising Scheme. Equally, it would be counter-intuitive for operators to integrate their services with train and tram, where to do so would reduce their patronage and transfer it to competing services or modes.

Complex fares and ticketing

- 4.3.49 In their responses to the first consultation, operators have also criticised the points made on complex fares and ticketing. First say in their answer to Question 12 that *“continued existence of single operator period products is entirely appropriate. These provide a discount for the benefit of the great majority of passengers who make the same journey(s) every day on the same service provided by the same operator”*. First also say that better information choices *“are already available to the passenger should they choose to use them”* in their answer to Question 12. Go North West in their answer to Question 12 asserted that they *“do not consider current ticketing arrangements to be complex or detrimental to passengers”*. They say TfGM have overstated the importance of this issue. Stagecoach pointed to the existence of multi-operator tickets as well as single operator tickets (Section 4.7) and say that they can provide more choice and value. Transdev asserted that the complexity is *“subjective”* in their answer to Question 12 and that passengers taking regular journeys do not notice overall complexity.
- 4.3.50 The evidence presented in the Assessment at section 6.3.30 to 6.3.39, as well as the evidence presented in the Bus Market Supporting Paper on the views of passengers at section 6.3.43, shows that there is complexity in the current system and that passengers find the complexity of current ticketing, and the lack of interoperability between tickets, as a barrier to using the bus service. This is highlighted by the responses to previous engagement with passengers (including the consultation on the Greater Manchester Transport Strategy 2040) as well as the response to the first consultation on the Proposed Franchising Scheme. Ipsos MORI note, at section 7.1.2 of section 7 of the Ipsos MORI’s June 2020 Consultation Report Transition Buxton’s response in relation to challenges in the market, that *“It is not performing well because services are too expensive, too infrequent, routes are too complicated”*. They also note that 37 of the favourable comments, in response to how the Proposed Franchising Scheme might contribute to GMCA’s objectives, were that tickets would be simplified with a member of the public stating that *“I hope a simpler fare system can be achieved”*. Another member of the public set out the lack of interoperability, stating that *“Part of the problem with the bus scheme is the weak and expensive interlink between different companies. Franchising this would be perfect as it gets rid of the different operators, different tickets, different prices and disjointed timetables”*. Other responses are considered further at section 5.1.27 below.

Satisfaction scores

- 4.3.51 In terms of customer service, operators in their responses to the first consultation point to high scores in customer satisfaction surveys which are consistently in the 80s (these are

reported in the Bus Market Supporting Paper at section 7.1, with the satisfaction scores on punctuality which are lower at 73%).

- 4.3.52 Satisfaction scores are to some extent a helpful metric, but they do not relate to those who have chosen to stop using the bus or those who have never considered it as a mode. High satisfaction scores in these surveys have been a feature of the UK bus market while patronage has been declining, and they do not mean that there are no issues with the operation of the bus service that should be addressed.

Views of other stakeholders

- 4.3.53 In their answers to Question 12 from the first consultation, several of the Greater Manchester authorities and neighbouring authorities expressed agreement with the issues set out in the Assessment. For instance, Blackburn and Darwen Council said that it *“supports GMCA’s analysis in terms of challenges facing the Greater Manchester bus market, which mirrors background conditions experienced within the Borough of Blackburn with Darwen”*. Cheshire East Council set out analysis that further supports contained in the Assessment, setting out *“shared issues that support a case for change include: lack of a coherent network; lack of a common identity (brand); complexity of fares and tickets; lack of local accountability; and unclear value-for-money on public funding”*. They also point to the performance of London under the franchised system compared with other metropolitan areas in the UK.
- 4.3.54 Others note problems with the network. Bolton Council report *“There is inadequate network coverage and absence of commercial services to some of our major employment sites such as Middlebrook and Logistics North”*. Manchester City Council express concern on the standard of service in their answer to Question 12 and note *“the current system often leads to a confusing range of tickets which the travelling public often find hard to understand”* and note the variable standards in terms of fleet and standards of service. They also point to lack of response to changing travel patterns in terms of the increased importance of Manchester Airport and its Enterprise Zone and the late night / shift work economy.
- 4.3.55 Similar comments on the challenges facing the bus market are also made by Rochdale Borough Council, Stockport Metropolitan Borough Council and Trafford Council. TravelWatch NorthWest point to a set of factors in addition to the need for bus priority measures: the convenience of the car and growth in car ownership, together with lack of car restraint in cities like Manchester; and unfamiliarity with ticket purchasing procedures (pricing, how to pay, etc), journey planning and information. They also point to the difficulty of accessing information about fares; customer care perception and in reality (very much down to driver attitude and conduct); lack of fares integration and poor modal interchange arrangements, which in turn this results in an over-complex fare structure, which is a disincentive to travel; lack of on-bus information systems, not least real-time.

Objectives for reform

- 4.3.56 Among respondents to the first consultation, there is a good deal of agreement over the objectives for reform, that comes from the analysis of the issues affecting the bus market set out in the Assessment in section 7. This comes in part from incumbent operators (even those who oppose the Proposed Franchising Scheme): Arriva, in their answer to Question

13, note there is a case for reforming the bus market in Greater Manchester; First, in their answer to Question 14, note their agreement with all the objectives in the Strategic Case.

- 4.3.57 The Ipsos MORI's June 2020 Consultation Report at section 7.2.1 refers to a number of stakeholders who wanted the objectives to go further. Some referred to going further in terms of encouraging modal shift. Bolton Council advocated expanding objectives to include sustainable improvements that could be measured over time. However, the Ipsos MORI findings also acknowledge that most stakeholders agreed with the objectives, with 355 consultees providing favourable comments in response to Question 14 of the first consultation in comparison with 95 unfavourable comments. Very few of these comments were in disagreement with the objectives themselves. They are a combination of wanting to see more ambition in terms of overall outcomes – such as increases in the modal share of non-car modes of transport – and disagreement that the Proposed Franchising Scheme would be the best way of achieving these objectives.
- 4.3.58 Stockport Metropolitan Borough Council suggested extending the objectives to cross-boundary services. The objectives for improvement do apply to these services. It should be noted that it would not be possible to extend the franchise areas beyond Greater Manchester, other than in partnership with a neighbouring authority who would franchise services. Neighbouring authorities are in different positions with regard to potential bus reform, and this could be an option considered in the future. It would be possible to work with neighbouring authorities in the context of cross-boundary services as indicated below. In terms of further ambition to encourage modal shift and improve the environmental performance of the fleet, these ambitions were set out in the Greater Manchester Transport Strategy 2040 and further detail given in the Delivery Plan to the Greater Manchester Transport Strategy 2040 (published in 2019). The specific objectives set out in the Assessment build on these, and feedback suggests that they are right for the bus services in Greater Manchester.

Different challenges to the market due to Covid-19

- 4.3.59 In their response to the second consultation (Question 2), Go North West argue that the challenges facing the bus market are now different since Covid-19, because there are new patterns of trips being undertaken, and a lack of trust in public transport. It contends that there is likely to be a quite fundamental shift in how and when people wish to travel, which have not yet been recognised: there are immediate-to-short-term travel impacts from Covid that are likely to last well into 2021 and perhaps 2022; and medium-to-long-term economic and travel choice impacts, plus structural economic and mobility impact. Another omission is around public confidence in the public transport network. These, they argue, are more significant than previous challenges noted, and the absolute priority will be to give passengers confidence in using the network again.
- 4.3.60 Similarly, Stagecoach, in their response to the second consultation, argue that the original objectives for the bus service in Greater Manchester set in February 2017 are invalid because the effects of the Covid-19 pandemic, not least on the need for transport for work and leisure, are likely to be “*permanent*”. The challenges for the bus market set out in the Assessment do not remain largely relevant: the impact of Covid-19 has brought an entirely new set of challenges that are greater in magnitude and impact than those set out in the Assessment. (SC Business Response 10.4). There are key unanswered questions including the extent of modal shift (whether from public transport to cars or to cycling), the shape of the bus market (how many competitors survive and in what form), the level of migration within the country (e.g. from urban to rural settings) and patterns of commuting and

working from home. Town and city centres will have to be rethought: the Covid-19 Impact Report has not evaluated the risks of changes in the use of town and city centres, and how the longer-term impact will play out in different parts of Greater Manchester (SC Business Response Introduction and Question 2).

- 4.3.61 Other respondents felt that the previous challenges still remain, such as Manchester City Council, Bolton Council (answer to Question 2) and Salford City Council (response p.1). Manchester City Council point out: *“However, in any scenario that emerges out of our hopeful transition out of the pandemic, the Council considers that all of the pre-existing problems with the current deregulated bus services will require to be fixed; that no other proposed reform to the bus market offers the same opportunity to integrate modes, simplify ticketing and specify the necessary level of service, and that the four scenarios set out in the second consultation, whilst merely illustrative, provide the confidence necessary to support the Proposed Franchising Scheme being adopted and implemented, alongside the evidence already presented as part of the 2019/20 consultation.”* (answer to Question 2).
- 4.3.62 The scenarios set out in the Covid-19 Impact Report make clear that the challenges of changes in patronage, and the need to rebuild trust in public transport when it is safe to do so, have not been ignored by TfGM in their analysis. They form some of the context for the consideration of whether to implement the Proposed Franchising Scheme. Section 2.2.21-2.2.25 of the Covid-19 Impact Report refer to the Scenarios and the further challenges to the bus market noted there, including a lack of certainty and the potential for reductions in patronage. Section 2.2.25 noted the challenge to operators’ capital programmes (Go North West criticise this as ‘unsubstantiated’ but then note that fleet and depot investment plans are being revised’ (Question 2)).
- 4.3.63 Neither Go North West nor Stagecoach suggest alternative objectives other than a general point of recovering the bus market. As set out in the section on ‘recovery partnerships’ at section 13, TfGM intend to work with operators and take advantage of Government support under any market structures available to build back the bus market as strongly as possible. This is not an alternative course of action to Franchising but complementary to any choice on whether and how to reform the bus market (as set out in the section on ‘recovery partnerships’ at section 13 of this report).
- 4.3.64 While the effects of COVID-19 can be thought of in terms of new challenges – such as the need to persuade potential passengers to use the service again – it also makes existing challenges such as co-ordinating the network to best effect more urgent to recover better. While recovery will part of the activity of TfGM and hopefully undertaken in co-operation with operators, it is not separate from objectives maintaining or improving the quality of the network or the simplicity or value for money of fares. These are the elements that will assist any recovery no matter what the starting level of patronage is.
- 4.3.65 The additional challenges of Covid-19 do not change the need to reform the market to address these challenges. The objectives set out in the Assessment remain the right ones for GMCA, even though recovery could arguably be described as an ‘objective’ in itself. The Proposed Franchising Scheme is flexible and will be able to adapt to potential changes to travel patterns such as those suggested by Rotala and Stagecoach.
- 4.3.66 The COVID-19 Impact Report concluded that while the context of the COVID-19 pandemic was different, the objectives for improving the bus service in Greater Manchester remained valid, and this remains the case. A revised version of the Transport Strategy 2040 has also recently been adopted by GMCA in the light of COVID-19 (January 2021) that contained the

same high-level objectives (the 'Vision for Bus') for the bus market as in the original (published in 2017).

Conclusion

- 4.3.67 Given the multiplicity of factors affecting bus patronage over the medium term, positively (the economy and population of Greater Manchester have grown over this period, which will have a positive effect on patronage) as well as negatively, it is not possible to be definitive about the causes of decline in patronage – nor how respective causes might continue to increase or decline in the future.
- 4.3.68 However, rather than underplaying the effects of the key factors of congestion and Metrolink abstraction adduced by operators, the Assessment sets them out clearly, or even overplays them to the disadvantage of the Proposed Franchising Scheme. TfGM is satisfied that the Assessment takes account of these factors in its consideration of the bus market and how it is likely to evolve in the future. It also sets out other important factors that affect patronage, which are not associated with the operation of the bus services, and which TfGM considers will have a material impact on patronage, such as increases in car ownership.
- 4.3.69 The information set out by operators on the causes of decline in the bus service in Greater Manchester does not convincingly indicate that the analysis in the Assessment is materially incorrect, flawed or biased, nor does it alter the conclusion, drawn by the Assessment, that there are factors affecting the service that mean that reform of the bus market should be sought by GMCA. TfGM's and Ipsos MORI's analysis has identified that consultation responses from local authorities and bus users overwhelmingly support and endorse TfGM's analysis concerning factors influencing decline, and have endorsed the potential for measures under the Proposed Franchising Scheme, to encourage and simplify bus use.
- 4.3.70 In addition, there is little challenge offered by operators to the objectives set out by GMCA in the Strategic Case of the Assessment, apart from that they could be implied from the challenges on the problematic nature of the complexity of fares and ticketing noted above. Neither does the argument that TfGM should have considered more challenges to the bus service following the Covid-19 pandemic (such as mistrust in public transport) mean that these issues have not been considered, or that the objectives for reforming the bus service should be different. The Objectives are generally endorsed even by those who oppose the Proposed Franchising Scheme for improving the bus service in Greater Manchester.

4.4 Theme 2: Competition and the shift to a franchise market structure

- 4.4.1 Introducing the Proposed Franchising Scheme would change the market in Greater Manchester from a deregulated one, where competition takes place ‘on-road’ as operators are free to register services and run buses, to one where competition is ‘off-road’, as operators compete to run franchise contracts. Some respondents had comments on the idea of changing the market structure in this way. As well as support for the Proposed Franchising Scheme noted above, there was broader support for the idea of franchising.
- 4.4.2 Two reports that argue in favour of a franchised bus model were cited as part of statutory consultee responses to the first consultation. Abellio referenced a report published by Centre for Cities (CfC) in November 2019, entitled *“Delivering change – improving urban bus transport”*, which provides analysis that supports Abellio’s view that a franchised scheme would deliver the greatest benefits to GMCA. Unison cited a report by Transport for Quality of Life (TfQL), *“Building a World-class Bus System for Britain”*, which supports their view that franchising enhances service provision through increased public control. These reports, and their analysis of the benefits of franchising, are explored in more detail below.
- 4.4.3 In their report: *“Building a World-class Bus System for Britain”* (2016), TfQL’s analysis concludes that franchising represents better VfM than a deregulated bus system. Their estimates conclude that replacing the deregulated bus model throughout the UK with franchising would yield net financial benefits equivalent to £340m per annum, arising from retention of *“excess profits”* (£114m per annum), as well as *“patronage and revenue increases over time as a result of unified network design and simplified ticketing (£168m per annum) and efficiencies in provision of services that are currently tendered (£79m per annum)”*. The report’s overall conclusion states that the municipal operation would yield the greatest financial benefit, followed by franchising.
- 4.4.4 Similarly, in their report on *“Delivering Change”*, CfC find that franchising is a fundamental enabler of higher-quality bus services. This is because franchising provides the Mayor with powers covering standards, fares, ticket types, routes and service frequencies. CfC state that the increased level of Mayoral control facilitates innovation and improvements to customer experience, such as the integration of the bus network with other transport modes, creation of a common payment system, and greater certainty of outcome in relation to how services will respond to investments (e.g. new bus lanes can be created for routes where higher frequency services are planned). CfC consider that these improvements, empowered by franchising, enable the network to be designed to cover the most extensive area possible for passengers to utilise the available modes of transport.
- 4.4.5 Furthermore, CfC highlight that greater control over bus services equips Mayors with greater ownership, due to increased exposure to reputational damage. For example, CfC state that franchising provides Mayors with increased ability to control air quality, as they are able to put more stringent standards in place to meet environmental and clean air targets. Accountability for failure to meet any such targets therefore clearly lies with the Mayor. CfC consider that this is likely to provide a heightened sense of responsibility, therefore encouraging a more active and interventionist approach to bus services under their authority.
- 4.4.6 TfQL’s report notes that effective transition towards a franchised model requires successful management and minimisation of disruption, as well as the introduction of measures for small operators. TfQL’s research finds that this is most likely to be achieved through a depot-level franchising model, similar to the Proposed Franchising Scheme envisaged for

Greater Manchester. TfQL point out that any potential negative impact on small operators could be mitigated through the introduction of specific measures, such as allocating certain routes to be on an individual franchise, thereby encouraging participation from small operators.

- 4.4.7 It is important to note that, whilst both reports provide an analysis that favours a franchised bus model, they also acknowledge some of the risks involved with franchising, which need to be managed carefully. In particular, control over farebox revenue means that unforeseen decreases in revenue or increases in operating costs will have to be plugged by other means. CfC state that, whilst franchising provides additional benefit in comparison to a deregulated model, further supporting measures are required in order to attain the full benefit, including the introduction of further bus priority measures, as well as close coordination with neighbouring authorities.

‘On-road’ vs. ‘off-road’ competition

- 4.4.8 Comments on changes to specific level of competition are considered above at section 4.2. Some operators, and the CMA, said in their responses to the first consultation that it would be preferable to run bus markets so that there was ‘on-road’ competition. Without setting out a position in detail, incumbent operators Stagecoach and Rotala specifically expressed preference in their consultation responses for ‘on-road’ competition with Rotala stating that *“opening a market up to competition only periodically in the form of tenders limits the dynamic evolution of the market and risks locking in a sub-optimal outcome”*. Rotala also point out that the competitive position in Greater Manchester has changed since the sale of two of First’s depots and operations to Rotala and Go North West. Ipsos MORI note in their report that Rotala assert that competition for the market is an inferior form of competition in their answer to Question 35 (12.1.1).
- 4.4.9 The CMA set out a more detailed and nuanced position on competition. In their response, they noted that the CMA and its predecessors have engaged with local bus markets several times, and noted a preference for on-road competition, in line with their preference for competition to take place within markets if this is possible.
- 4.4.10 In particular the CMA summarised the 2011 Investigation findings which found that competition was not working, and in particular that:
- Head-to-head competition was uncommon;
 - Competition is not effective in those local markets where head-to-head competition does not exist;
 - Many local markets exhibit persistently high levels of concentration; and
 - Ongoing sustained head-to-head competition, where present, delivers significant benefits to customers.
- 4.4.11 The CMA stated that the 2011 Investigation did not recommend franchising as a means of addressing competition issues in bus markets. The 2011 Investigation noted a number of material risks around authorities having the skills and capabilities to design and monitor bus networks, as well as its view that there is information asymmetry between transport authorities and the operators, which might lead to mis-specified franchise contracts. However, in their first consultation response, the CMA state that its views identified in the 2011 Investigation were reached from the perspective of the CMA’s narrow objectives, and acknowledged that those charged with managing effective bus networks have much wider

sets of objectives and duties that they are required to balance: *“in making that decision, the CC acknowledged that LTAs have wider social and policy objectives which franchising may help to achieve”*.

- 4.4.12 The CMA note their position on bus franchising and make some specific observations about the Proposed Franchising Scheme. In respect of its position on bus franchising it noted that: *“the CMA recognises that franchising may be appropriate in specific circumstances but believes that on-road competition should only be abandoned in favour of competition for the market in circumstances where this is the only way to secure better outcomes for the travelling public, residents and taxpayers”*.
- 4.4.13 The Assessment and the Bus Market in Greater Manchester Supporting Paper includes analysis that indicates that this is the case, given the limited nature of competition in Greater Manchester. The CMA note in its response to the first consultation that local LTAs may have multiple policy objectives that may go beyond the promotion of competition that would benefit consumers, and that LTAs are best placed to make that decision.
- 4.4.14 Having set out its broader position on franchising, the CMA make a number of observations on the Proposed Franchising Scheme. It notes the decline in bus journeys and the target to increase the proportion of journeys made by walking, cycling and public transport to 50%. It also notes GMCA’s and TfGM’s intention to develop an integrated transport network. The CMA state that it has *“reviewed the full assessment and supporting papers, but we do not comment on the detailed analysis conducted by GMCA”*. It does state, however, that *“GMCA presents evidence of local bus market(s) that are not working in the interests of passengers”*.
- 4.4.15 The CMA consider that partnership could deliver many of the benefits of franchising with lower risks. It acknowledges that the outcomes achievable from partnerships may be more limited, and it also recognises GMCA’s concerns over the deliverability of all aspects of the VPA, given the lack of enforcement mechanisms. However, it also points out that, if a partnership does not deliver the desired outcomes, the authority could introduce franchising subsequently. This would avoid some of the risks, but delay realisation of the benefits anticipated from franchising.
- 4.4.16 The CMA state that it is not in a position to determine whether a franchising or partnership approach is the most effective way of delivering GMCA’s multiple broader policy aims. However, they *“recognise and accept that franchising could be the most effective vehicle for delivering these policies – with the basis for this view being set out in the assessment”* and that it *“could deliver significant benefits to passengers in Greater Manchester”*.
- 4.4.17 The CMA recommend that GMCA should ensure that it has fully considered the risks that the CMA have identified with franchising before proceeding, and it emphasises the risk of causing long-term changes to the structure of the bus market, which may not be fully reversible and may adversely affect passengers in the long-term.
- 4.4.18 Having noted this summary view, the CMA explain that the focus of its comments in the consultation response concern how the Proposed Franchising Scheme might best be configured, to ensure that there is a good level of competition ‘for the market’, as operators compete to fulfil franchise contracts. These points are considered in the response to the Commercial Case comments below at section 6.9.70 – 6.9.261.
- 4.4.19 Considering the consultation responses regarding competition and the nature of the market, it can be concluded that the limited nature of competition in the deregulated market, as well as the disadvantages of having competing bus networks (in terms of the

lack of integration in either the network itself or in terms of fares and ticketing) provide a basis for changing the nature of competition.

- 4.4.20 The introduction of the Proposed Franchising Scheme would be a long-term change and is set out as a long-term intervention in the Assessment. The risks associated with a change in market structure are recognised in the Assessment, and the Assessment and this consultation response explain how it has considered these, and put in place appropriate mitigations. It is important to recognise, nonetheless, that the Proposed Franchising Scheme will involve a transfer of cost and risk to GMCA, and that this transfer must be regarded as long-term and not a responsibility that can be shed lightly. The Proposed Franchise Scheme is anticipated to benefit passengers and not have adverse impacts upon them in the long term. It is central to the franchising proposition that it is a long-term market change, and that it will enable further beneficial measures in the long term. However, whilst it should be regarded as long-term, is not irreversible. The market was changed following the Transport Act 1985 to the current deregulated market (and to a franchised market in London). It could be deregulated at a later date, although this may be unlikely to benefit the incumbent operators who, in the meantime, would need to compete for franchise contracts.
- 4.4.21 The fact of the widespread use of franchising in bus markets, not only in London but more widely in Europe, Asia, the America and the Middle East, however, shows that competition ‘for the market’ can be effective, lasting and can bring benefits to passengers.
- 4.4.22 In their responses to the first consultation, some operators criticised the record of London as a franchised market. Rotala claim in their answer to Question 12 that London has experienced declining patronage in recent years compared with the rest of the country; in their answer to Question 14 they note the average age of buses in London is 5.9 years (it is 8 years in Manchester); quote annual deficit numbers for 2019-20 of £722 million and say that passenger numbers have declined every year since 2014-15, to claim that the franchised market does not work well when compared with the deregulated market.
- 4.4.23 In recent years, London has suffered some decline in passenger numbers alongside other jurisdictions. DfT’s Annual Bus Statistics 2018-19 note (December 2019) states that passenger numbers fell in London between 2017-18 and 2018-19 by 1.2%. Numbers in metropolitan areas outside London were broadly stable (although there was a decline in Greater Manchester of 2.7% between 2017-18 and 2018-19.) However, the picture in recent years is different – the DfT note that between 2008-09 and 2018-19 numbers fell in London by 1.4%, whereas in England outside London they fell by 11.9%, contradicting Rotala’s assertion. Commercial mileage in metropolitan areas outside London fell during this period by 13.2%, whereas mileage in London rose very slightly (DfT Bus 0203a/0205a).
- 4.4.24 In terms of the deficit cited by Rotala, the Assessment acknowledged, when citing London, that it had received public support. However, quoting a deficit figure for London, without acknowledging deregulated markets also receive support from Government, is misleading: in 2018-19 English metropolitan areas outside London received a net figure of 56.4 pence per passenger journey compared with London’s 36.4 pence per journey (DfT Bus 0503b). Over the period 2008-09 and 2018-19 the total net estimated Government support for bus service fell by 34% in London and 19% in English metropolitan areas outside London (DfT Bus 0502b).
- 4.4.25 The relative performance of bus services in London and the rest of the country does not support the idea that London has performed worse, or that it has dealt with the pressures felt by all bus services worse than deregulated services in comparable metropolitan areas.

In fact, following the huge success of franchising in the early years of the century, the bus market in London has sustained itself better than elsewhere.

- 4.4.26 Operator responses to the second consultation did not consider the question of different types of competition ('on-road' or 'off-road'). The CMA response to the second consultation does not repeat points from the first response, but notes that any move away from on-road competition should be on the basis it is the best way to secure better outcomes for passengers. They give examples, such as greater co-ordination of ticketing and greater coordination of the network, which are part of GMCA's objectives for bus reform. (CMA, p.4)
- 4.4.27 In Abellio's response to the second consultation, they state that the current situation should be regarded as a 5th scenario, noting that *"the deregulated market which existed pre-Covid will not be sustainable at its previous size in any credible medium-term forecast. So, if GMCA and the people of Greater Manchester wish to exercise control over the size (reach) and stability of the future medium-term network it is imperative that a decision is taken to introduce the Proposed Franchising Scheme as soon as possible."* In this analysis, the deregulated market lacks independent stability and there is not competitive pressure that would come from a flourishing market. Whilst TfGM prefers to use scenarios to look at the longer term than the immediate situation, this reinforces the need to move to a franchising system where competitive pressure can exist 'off-road'.

4.5 Theme 3: Franchising scheme proposition – approach to network

Approach to Network

- 4.5.1 In their responses to the first consultation, OneBus, along with a number of incumbent operators, raised a number of challenges to the franchising proposal in terms of how effectively it would be able to achieve GMCA’s objectives for the bus network. They argued that there is little capacity for improvement in how the overall network is run, and that the political control of TfGM would not enable effective management of the network in any case. Points are also made about the extent to which the Proposed Franchising Scheme would improve the punctuality and reliability of the bus service. These critiques were not covered again in responses to the second consultation.

Network efficiency

- 4.5.2 The Strategic Case identifies current inefficiency in the bus market being composed of a series of different and partially competing networks, and that this has the effect of not serving passengers in the optimal way. Planning the network as a single entity, in conjunction with, rather than in competition with, other public transport modes, would enable greater efficiency and more passengers to be served.
- 4.5.3 The OneBus response states, in response to Question 14, that this relies on “*latent market travel demand*” and that operators would have found all demand in the market because they are incentivised to do so. It would, they argue, be over-optimistic to believe that a franchised network could be more efficient and drive passenger growth. They also say that in terms of network planning principles that value both coverage (i.e. being more comprehensive) and simplicity and ease of understanding, “*it is certainly possible to have a network that is comprehensive and to have one that is comprehensible, but not both*”.
- 4.5.4 Go North West, in their answer to Question 35, argue that the redeployment of buses from busy corridors (where the Assessment states there may be over-busing) could disadvantage passengers. As suggested below in the Economic Case response at 7.5.13, they also argue the network would be less efficient and “*ossify*”. First, in their response to Question 16 (and their letter to GMCA), suggest that the Proposed Franchising Scheme would not mean any step change in frequency or investment. They also suggest that the contention that the network will be planned as a single network is inconsistent with the intention to award contracts replicating the current provision.
- 4.5.5 At section 4.5 of their response, Stagecoach suggest that reducing high frequencies because of any redeployment of buses would reduce bus patronage. They contend that current operators can be responsive and efficient, whilst GMCA would be too slow in changing the network. They argue that the Proposed Franchising Scheme would amount to a “*prescribed specification*” that would not respond to changing circumstances because of the inflexible nature of franchise contracts.
- 4.5.6 At section 6.3, the Assessment sets out the reasoning behind the idea that current network planning is inefficient, noting that it is planned as a series of different and partially competing networks rather than as one efficient network – and that it would be possible to plan a network better and increase patronage with the same level of resource in section 9.2. Despite the assertions to the contrary that improvements could not be made on the current network, the ability of GMCA to control the network planning process, without the constraints of preserving an individual operator’s routes, market share or profitability, would enable a greater degree of improvement than a partnership. The areas for

improvement identified during work to consider network improvements included improving the coordination of services on shared corridors, the removal of service variants, and rerouting services within corridors to redistribute resources from over-bussed sections to poorly served areas.

- 4.5.7 The Strategic Case set out why there are inefficiencies in the current planning of the network. Any redistribution of resource would involve reductions as well as increases, but it is false to say that this would mean a worse service for passengers. An improved network, using the same level of resource, was tested using the TfGM’s network model. This work was reported in the Economic Case and took account of all of the changes to the network, including any reductions in frequency, to see whether there could be a net improvement. The conclusion (as reported at section 14.5 of the Economic Case in the Assessment) was clear – when the type of changes set out above are tested, a net improvement in outcomes for passengers is shown. It is not the case that the current market maximises demand from the resources available and improvement is not possible. It is wrong to claim that there is not latent demand that a better bus service could not take advantage of: demand for any mode of transport will vary by the cost, convenience and quality of the service, and improvements to the bus service are shown to be able to increase demand. Thus, in contrast to Go North West’s statement that planning would be less efficient, there is clear potential for it to be more efficient. In addition, there is no reason to believe the network would “ossify”; on the contrary, a process of continual improvement is envisaged.
- 4.5.8 Changes to the network using the same resources are, of course, limited, as First point out. Any further service improvements would be part of ‘Phase 2’ and would require further investment to achieve. Whilst the Proposed Franchising Scheme provides a strong platform for such changes (as set out in the Strategic Case of the Assessment at section 8.7) it would not in itself extend the network in this way. The award of contracts in the first round of franchising would not, as First suggest, tie TfGM to the current network. Some smaller changes would be made in the award of contracts initially, and the contracts themselves will allow for changes as the network is modified. The intention is that passengers should not notice large-scale changes to their routes on day one, but that improvements are introduced in a considered way. The modelling in the Economic Case of the Assessment introduce the network benefits over a period of time to reflect this.
- 4.5.9 Planning the public transport network in a coordinated manner could also aid the implementation of mobility as a service (MaaS), by ensuring that the network would not act as a competitor to other forms of public transport. This would not simplistically mean taking out buses where trams run, but making sure that the bus served a distinct market and was not set up to simply compete with the tram. Making decisions on a whole and integrated network basis would improve efficiency, and a set of potential changes designed to better match supply and demand were tested using TfGM’s network model. This takes account of the loss of patronage from redeploying buses as well as any gains made elsewhere, and it demonstrated that it is possible to derive a net benefit from network changes.
- 4.5.10 Some operators have made similar points with respect to the network benefits ascribed to the Proposed Franchising Scheme in the economic analysis. These have been reduced, as the shrinkage of the commercial network (since the original analysis was completed) has meant that there is less scope for redeployment of resources. These points are discussed at section 5.4 of this response.
- 4.5.11 The OneBus assertion that “*it is certainly possible to have a network that is comprehensive and to have one that is comprehensible, but not both*” is contradicted by the example of

the London bus network which is franchised and is both comprehensive and integrated, covering over 700 different routes, with a high degree of clarity about routes for passengers, high quality information across a number of media to help passengers navigate the system, and stability in the network, with changes consulted on and planned in advance. This is complemented by the fact passengers are able to use one payment method across all bus routes as well as other modes of transport such as the underground. It is easier for bus services to be comprehensive in London than other metropolitan areas because of the density of population, but this does not mean that it is impossible to have a network that performs better than the current network in Greater Manchester in terms of being comprehensive and comprehensible.

- 4.5.12 It is recognised, however, as argued by OneBus, that network planning principles are always to some extent in tension – for instance it would be possible to increase the coverage of a network by having more complex routes that served many passengers less well. However, planning the bus network in Greater Manchester as one unified network is more likely to get closer to each of these principles, and to resolve trade-offs in the best way possible for passengers, than the current system of separately planned networks.
- 4.5.13 In terms of the responsiveness of GMCA, the Assessment sets out in the Commercial Case how there would be a contractual change mechanism to enable changes to be made, and that GMCA would be able to make changes to the bus network during the period of franchises (Section 25.2). This mechanism would be able to absorb changes likely to be made during the term of the franchise. The contract would allow for increases or decreases in service on a cost-neutral basis. For any level of potential foreseeable change in the level of service specified (due either to patronage decline or to new services that would increase the service), the operator would be able to accommodate such changes without being left with unproductive assets or employees – for instance, buses or drivers that were not needed. Thus, in any year, TfGM would be able to change the service and either reduce the service and save the direct costs of running those services, or increase the service and pay the additional costs without additional penalty. Over the longer term, the Financial Case takes account of any costs that, while they would reduce as the network shrinks, would not do so in an even or directly proportionate way (for instance, some of the costs of operating a depot).
- 4.5.14 It is true that a process, set out in statute, would be required for changes that would require changes to the Proposed Franchise Scheme. This process would require consultation, which would, it is envisaged, involve local stakeholders including local authorities. The extent of consultation required would be proportionate to their scale. Further, any changes would be informed by consultation itself, and TfGM would therefore expect changes to be of a higher quality.

Decision-making and management of the network

- 4.5.15 As well as points made about the effectiveness of TfGM management (discussed at section 8), OneBus and some incumbent operators have argued, in their responses to the first consultation, that there would be political interference in network planning that would decrease efficiency or increase costs under the Proposed Franchising Scheme. OneBus, in their response to Question 14, point to a tension between passenger needs and political interference, and say that meeting social needs could be difficult financially. They also criticise TfGM’s management of the schools network and the Metroshuttle service.
- 4.5.16 Section 8.4 of the Assessment sets out how the Proposed Franchising Scheme would make improvements to the network and other areas. This recognises that there would be trade-

offs involved in making changes. The decision-making process described there sets out how TfGM would be responsible for managing operators and for making recommendations based on evidence to the Mayor and GMCA, who would be responsible for setting the strategic direction and making key decisions.

- 4.5.17 Prior to the Covid-19 pandemic, up to 40% of funding for the Greater Manchester bus market came from public sources (it is currently the majority of funding). It is therefore not inappropriate that there should be some democratic accountability in terms of how the service paid for is run. It is essential that any decisions made are based upon evidence. GMCA has, over the past 30 years, developed and run the Metrolink tram network and made decisions on routes, fares and operations based on evidence. There is therefore a strong track record to suggest that Greater Manchester will be able to run the bus network professionally, effectively and efficiently and take evidenced-based decisions on the network and other issues. As set out in the response to the Management Case questions (section 8), the points made by OneBus with respect to the schools and Metroshuttle service misrepresent those situations and do not vitiate the strong track record of TfGM in tendering contracts for bus services. All decisions under the Proposed Franchising Scheme would be made within the framework of that scheme and subject to the usual constraints of how public authority is exercised. TfGM is satisfied that the components of decision making under the Proposed Franchising Scheme, should it be proceeded with, will greatly enhance the quality of the bus network in Greater Manchester.

Punctuality and reliability

- 4.5.18 Responding to the first consultation, OneBus, in their response to Question 15, say that *“the proposed scheme fails to address the causes of inconsistent bus journey times which are affected by highway issues”*. Operators make similar points linked to the points made on congestion and the issues of spending to alleviate this.
- 4.5.19 The Proposed Franchising Scheme does not directly change any of the highways issues that affect punctuality and reliability. As set out in the Assessment at section 8.4, the ability to specify the performance regime will mean that TfGM has some control of the reliability of the service offered by franchise operators. As set out in the Assessment at section 9.2, the commercial arrangements would ensure that operators were incentivised through franchise contracts to improve punctuality and reliability and, therefore, improvements in the overall level of punctuality and reliability could be expected. However, without further funding or other measures it would be incorrect to assume that franchising alone would lead to extensive reliability benefits. The Economic Case does not do so.
- 4.5.20 Whilst GMCA do spend money on road infrastructure, including bus priority, GMCA is not the highways authority in Greater Manchester, and some of the measures suggested – for instance on roadworks – are outside the scope of the consultation on the Proposed Franchising Scheme. To the extent there are practical measures to reduce congestion and improve journey times, these would be taken forward under any market structure. GMCA do fund bus priority measures and these, along with other measures that would improve reliability and punctuality, are discussed in response made to points about ‘Phase 2’ of the

Proposed Franchising Scheme and the reliance of the case for the Scheme on benefits coming from 'Phase 2' (at section 4.12).

Responses to the second consultation

- 4.5.21 There were several comments received in response to the second consultation, regarding how the effects of the Proposed Franchising Scheme on the network could impact on passengers.
- 4.5.22 Most consultees who commented on the network made positive comments on how the effects of the Proposed Franchising Scheme on the network could impact on passengers. TravelWatch NorthWest commented that, under all scenarios, the Proposed Franchising Scheme would offer greater benefits for passengers looking forward. In particular, it should improve integration between modes. Transport Focus recognised that there would be an impact on council tax; from a passenger perspective they commented that the proposed scheme still could give the best outcome, by offering more stability and a bigger 'safety net'. Bruntwood noted the advantages of the Proposed Franchising Scheme – rather than a partnership – in terms of the comprehensiveness, stability and efficiency of the network.
- 4.5.23 Manchester City Council reiterated the points, made in its first consultation response, that the Proposed Franchising Scheme represents the best outcomes for passengers and wider society in terms of the benefits of a coherent, integrated bus service within a wider public transport network.
- 4.5.24 Trafford Metropolitan Borough Council also commented that many of the benefits to passengers of the Proposed Franchising Scheme highlighted in the previous Trafford Council remain relevant – benefits such as the comprehensiveness, stability and efficiency of the network and greater fares simplification. They suggest that any disruption to services should be kept to a minimum, and welcome that TfGM has put additional measures in place to monitor and mitigate the risk.
- 4.5.25 Wigan Metropolitan Borough Council commented that the reduced financial strength of operators (due to the effects of Covid-19) could increase potential for the withdrawal of services or increased fares, and believes the Proposed Franchise Scheme could reduce this risk and provide greater certainty for passengers in the long-term.
- 4.5.26 Transport Focus also commented that they believe the plans lack clarity on addressing passengers' priorities for improved reliability and punctuality, suggesting that robust measures are needed across modes to deliver an attractive network that fosters growth and trust. They also reiterate their suggestion of a need for transport users to have a voice that is heard through independent, multi-modal representation, which holds providers to account in a more focused and sustained way, to ensure user priorities remain at the heart.
- 4.5.27 In response to Transport Focus;' comment, the Strategic Case of the Assessment sets out the ambition for improved reliability and punctuality at section 7.2. As set out in the Covid-19 Impact Report, whilst additional further spending would be required to support increased reliability and punctuality, the Proposed Franchising Scheme would enable operators to be incentivised directly via a performance regime, thereby improving consistency in reliability and punctuality across the network. As explained at section 2.5.12 of the Covid-19 Impact Report, the Proposed Franchising Scheme is, therefore, more likely

to lead to continuous improvement than the voluntary arrangements of a partnership agreement with operators.

Conclusion

- 4.5.28 As set out above, TfGM remains satisfied that being able to design the network in the long term, without the restriction of the current market structure, can result in benefits to passengers. The operators' points have been considered, but do not contradict the point that planning multiple competing networks would be less efficient than one integrated public transport network.
- 4.5.29 There are challenges by respondents to the consultation on whether it is possible to better plan the network under the Proposed Franchising Scheme, and whether TfGM and GMCA would together be able to do so. TfGM has carefully considered these responses in the context of the Assessment and the Proposed Franchising Scheme. TfGM's assessment is that none of the critical responses demonstrate that further efficiency cannot be delivered from implementing one single integrated public transport network rather than having different, partially competing networks. They also do not demonstrate that GMCA would, as the franchising authority under the Proposed Franchising Scheme, be unable to do so.

4.6 Theme 4: Customer Service

- 4.6.1 The Assessment sets out at section 9.4 how the Proposed Franchising Scheme proposition delivers against GMCA's customer service objectives. In their responses to the first consultation, OneBus and incumbent operators have challenged the Proposed Franchising Scheme in terms of some of the customer service elements. They have argued that some elements do not differ between the Proposed Franchising Scheme and a partnership, and that the effects of branding have been overestimated. They did not expand on these points in responses to the second consultation.
- 4.6.2 In their responses to the first consultation, some incumbent operators (such as First and Stagecoach), along with OneBus, argued that there is not a great deal of difference between the franchising and partnership proposals in terms of customer service. In terms of the on-bus experience, both the Proposed Franchising Scheme and partnership proposals have measures to improve cleanliness and improve driver training. In both cases, improvement is more certain through the specification of these through franchise contracts. The proposals on driver training for partnership have been scaled down since the first consultation was published (see Partnership Plus Section 10.2.67). The Proposed Franchising Scheme does not contain any elements providing for significant improvement over the status quo in terms of vehicles available (other than that funded as part of a clean air plan); this is the same as the Partnership Plus proposal (which is considered in detail in section 9 of this report). Further investment would be part of 'Phase 2', and investment in new vehicles is likely to be driven by clean air and decarbonisation rather than by customer experience of the interiors. Proposals on the safety of passengers, other than 'Phase 2' investment, do not differ between the different options.
- 4.6.3 Go North West, in their answer to Question 35, argue that the existence of franchise contracts means that innovation is slow to arrive in franchise systems, which are rigid and slow to introduce new technology; they use an example of Metrolink, which they say is not punctual and has not introduced integrated ticketing. There is no evidence presented for this and indeed most franchise markets around the world show high levels of innovation. In the UK, London has used contactless and other forms of electronic payment for longer than the bus market in Greater Manchester, and has had integrated ticketing on bus and other modes for far longer through Oyster and contactless. It remains ahead of Greater Manchester in this regard. Metrolink has offered smart ticketing since 2019, whereas this has not happened in the bus market in Greater Manchester. The punctuality record for Metrolink is good, with 90.5% of trams departing less than two minutes late against a target of 90%. Issues affecting punctuality of Metrolink are discussed in the Metrolink Annual Performance Report (GMCA, October 2019).
- 4.6.4 Some operators focused on the issue of branding and information. TfGM believe there is value in making the bus network easier to understand and navigate, by having a unified brand for the network, and a single point of contact that is maintained by, and linked to, the entity responsible for the network, together giving customers confidence in using the network. This is reflected in the objective on information, branding and contact set out at section 7.4.1 to 7.4.4 of the Assessment.
- 4.6.5 Go North West, in their answer to Question 35, argue that having one brand on a network can make it harder to navigate, and that different branding for different routes can make the bus service more legible; they give several examples of these. Rotala, in their answer to Question 35, say *"there is no evidence that a degree of continued separate branding would be prejudicial to establishing a more integrated bus service across the whole of*

Greater Manchester". They also question the basis of the branding value used in the Economic Case (this is discussed at section 5.5.17 onwards).

- 4.6.6 Transdev, in their response to the second consultation, express concern at the idea of a 'one size fits all' brand for different types of service such as the Guided Busway or a smaller bus.
- 4.6.7 The benefits of unifying the Greater Manchester bus service under a single brand are not simply associated with the idea of a specific single livery for buses and other visual branding. The benefits come from a combination of factors, which together have value to customers and to the wider conurbation. The brand brings together, and allows people to have confidence in, a set of aspects of the bus service that will make them more likely to use it. These are:
- The simplicity and ease of use of the bus service, (in particular a single coherent and unified fares system and a single coherent and unified network) and its legibility to a range of potential users;
 - Confidence in the levels of customer service offered, and the understanding that there is one place to go for information, complaints and suggestions;
 - A sense of greater democratic accountability for the service and an understanding among customers of who is responsible for the network they use; and,
 - A contribution to placemaking and an identity for the place covered by the service – as exemplified in London.
- 4.6.8 The Assessment (at section 9.4) argues that franchising is able to align a brand for Greater Manchester with the provision of information and a single point of contact for customers when they have issues, which would link directly to the body accountable for the running of the service. TfGM is satisfied this would be beneficial to customers and non-customers alike in their ability to understand and use bus services. It would increase the legibility of the network for those who are infrequent users or non-users. This aligns with the response from Stagecoach (Section 4.6) who cites its experience in rail to point out that branding is not simply about vehicle livery but the complete customer journey. In contrast to the partnership options, the Proposed Franchising Scheme would be able to link the branding with accountability for the planning and operation of a unified service, which is what makes a difference to customers. It is also worth noting that London has flourished with one marketing identity, as have services in European comparator cities like Gothenburg or Stuttgart.
- 4.6.9 Regarding the specific issues raised by the operators, the view that having one brand on a network can make it harder to navigate, and that different branding for different routes can make the bus service more legible, may reflect a confusion between the related but separate concepts of the route brand and the system brand. It is agreed that passengers must be able to differentiate between bus routes. A good starting point is to ensure each route has a unique route number, which is not currently the case in Greater Manchester. As an example, looking at bus routes numbered between 1 and 10 in Greater Manchester, there are currently two unrelated Route 1 services operating in Greater Manchester, two unrelated Route 2 services, two unrelated Route 5/5A services, two unrelated Route 7 services, three unrelated Route 8/8A services, and three unrelated Route 10/10A services. It is likely that the strength of each individual route brand will improve under the Proposed Franchising Scheme, because this type of duplication is likely to be eliminated. More generally, for a large city region such as Greater Manchester, with hundreds of bus services,

it is impractical and undesirable to create unique route branding (in terms of livery) for each route; no city regions have attempted to do that.

- 4.6.10 In response to the issue raised by Rotala that *“there is no evidence that a degree of continued separate branding would be prejudicial to establishing a more integrated bus service across the whole of Greater Manchester”*, the Assessment does not argue that better integration and maintaining a degree of separate branding are mutually exclusive. However, the specific value of brand as defined in the Assessment can only be delivered under the Proposed Franchising Scheme, as it relates to simplification of the system of a type that can only be delivered if there is a single democratically accountable authority responsible for the specification and delivery of the unified system. Through no fault of the operators, this benefit is simply not achievable under the partnership or deregulation options.
- 4.6.11 TfGM remain of the view that there is greater potential to improve the customer proposition under the Proposed Franchising Scheme. Whilst there may be some areas where change will be more obvious than others, in areas such as branding, and the provision of consistent unified services information to improve the usability and legibility of the network, there are clear advantages to the scheme.

4.7 Theme 5: Fares

- 4.7.1 OneBus and incumbent operators, in their responses to the first consultation, raised some challenges on the fares proposition for the Proposed Franchising Scheme, in relation to both the levels fares are proposed to be set at and also the objective of simplification of fares. First Manchester and the Confederation of Passenger Transport (CPT) also make some points in their answer to the second consultation.

Fare levels

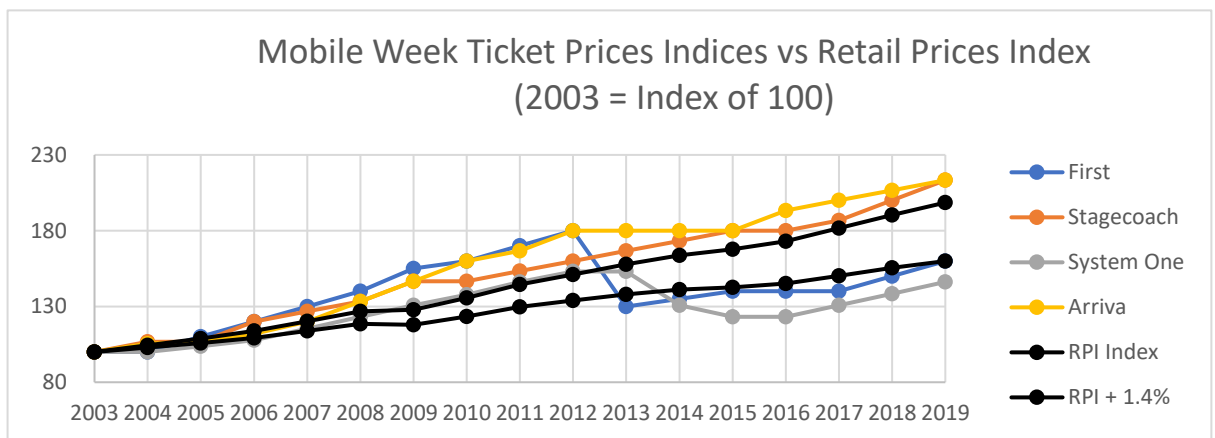
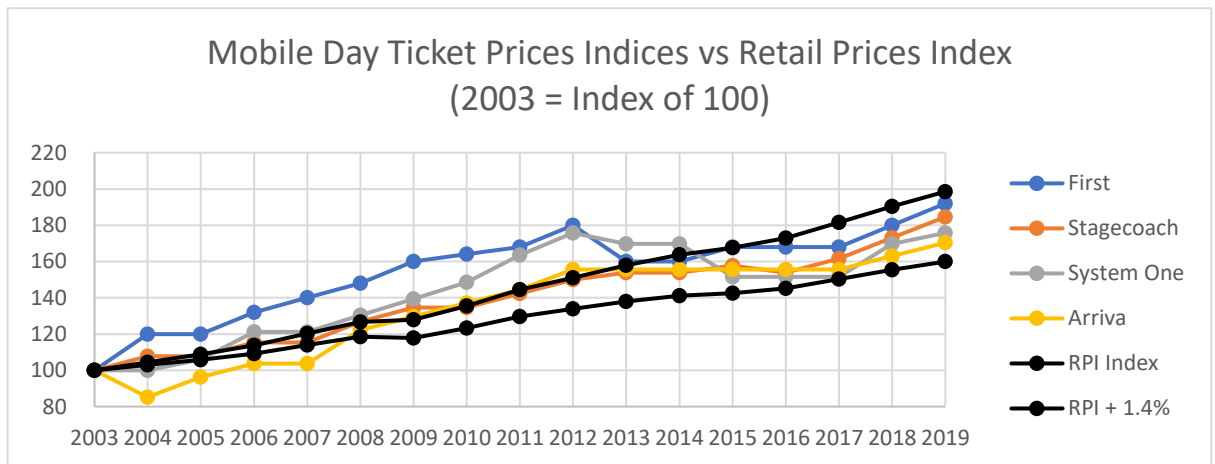
- 4.7.2 The proposition that was considered in the Assessment was that, under the Proposed Franchising Scheme, standard period tickets would be valid on all operators' buses across the whole of Greater Manchester, and would be priced at the level of the lowest current major operator in Greater Manchester. It was assumed that corridor-specific discounted products would be retained, though these would also be valid on all buses on that corridor, rather than one specific operator. At the time of the Assessment, both First and Stagecoach daily and weekly tickets were priced equally at, for instance, £16 for a weekly fare – as opposed to £19 for an all operator ticket that would currently enable travel across all of Greater Manchester. Fares were set at this level.
- 4.7.3 OneBus, in their answer to Question 14, and Rotala, in their answer to Question 13, wrongly imply that the modelled fare increase of 1.4% above inflation is specifically part of the franchising proposition. There are also challenges to that figure: Rotala say it is not sustainable and Go North West say that this is higher than has been historically the case. Stagecoach make the point that this rise is greater than that of “*average fare yield*” (again implying that historically fares have not risen by this amount); this point and the difference between this and fares is addressed in the discussion on the Economic Case below at section 5.5.29 onwards.
- 4.7.4 Transdev (trading also as Rosso), in their answer to Question 14, point out that the price level set out in the Assessment (£16) would represent an increase (of 6.7%) for customers using Rosso’s ‘GM Saver ticket’ (currently £15). This is true, and there is potential for other fare increases for customers from smaller network operators such as Transdev. These effects are modelled in the Economic Case. However, the Rosso GM Saver ticket only allows passengers on Rosso buses in Greater Manchester along with other Transdev bus services within Greater Manchester (such as the Witchway and the Red Express). This is a very small part of the network (approximately 4.7% of mileage within Greater Manchester). The fare increase would give passengers access to the whole network rather than approximately 4.7% of it. Ipsos MORI’s June 2020 Consultation Report notes that the Confederation of Passenger Transport UK (CPT) noted that passengers would still be subject to inflation-related fares’ increases under franchising (12.2.2).
- 4.7.5 First Manchester, in their response to the second consultation (Question 12), say that it is unsurprising operators have increased fares above inflation, citing cost increases and the effects of congestion. They say that franchising would not solve this problem. CPT, in their

answer to the second consultation, say that all fare rises go into improving services for passengers.

4.7.6 Salford City Council acknowledge that fares are a key issue for commuters and note: *“it is encouraging that the Proposed Franchising Scheme is forecast to result in no change or lower fares for the majority of passengers, with increased accessibility across the network”*.

4.7.7 The modelled rate of inflation for fares is 1.4% above inflation (RPI) for all of the options considered in the Assessment. OneBus and the operators were wrong to say that this inflation rise is considered to apply only to the Proposed Franchising Scheme, because it was also applied equally to the other options considered. The methodology for developing the assumption on fare changes was set out in section 14 of the Assessment and Section 4.5 of the Economic Case Supporting Paper. It is further discussed below at section 5.2.4 onwards of the response concerning the Economic Case. In brief, as the costs and revenues of the bus market in Greater Manchester were forecast forward, the increase in the costs of running the bus service, and the decline in passenger numbers, meant that (as has historically been the case) operators would need to react through a combination of reducing the network and increasing fares above inflation. The figure of 1.4% above inflation approximates the extent to which costs were rising above inflation. If a lower rate of increase were assumed, then greater (and more damaging) cuts to the network would have to be assumed to compensate.

4.7.8 This assumption is given a degree of validity by the analysis of past fare increases in Greater Manchester, set out in the Strategic Case of the Assessment. Updated charts are shown below:



- 4.7.9 The charts show that an assumption that the market would increase prices by RPI+1.4%, while not simply an extrapolation from this trend, is not a radical departure from historical trends. The derivation of the 1.4%, and its use across different options, is discussed below in the Economic Case at section 5.2.4 onwards. The reasons for this increase are associated with higher -than-inflation costs, as the Assessment points out.
- 4.7.10 For the bus market to have a sustainable financial position in future years such an assumption was necessary: it applies to the Reference Case and all options. This is not to say that either private sector bus operators or GMCA would not seek to avoid such increases if possible. Above-inflation fare rises are clearly undesirable. It is clear from the objectives set out at section 7.3 of the Assessment, and from the discussion of how the Proposed Franchising Scheme would work in section 8.4 of the Assessment, that VfM for passengers would be central, and it is GMCA's objective that fare rises are kept to a minimum to ensure the funding of the service. Decision-makers would not, under the Proposed Franchising Scheme, simply apply an above-inflation fare increase unless it was necessary to do so to maintain the desired level of service. Given the need to maintain a degree of profitability, CPT's statement that all fare rises benefit passengers is impossible to verify.
- 4.7.11 It is not assumed, however, that the Proposed Franchising Scheme would make a difference to the basis of the costs of running the bus network (such as vehicles, labour and fuel), although operators would be incentivised to control costs to improve their returns from running bus services. The Assessment does not suggest that the pattern of cost increases would be changed by Franchising, as First Manchester suggest.

Fare simplification

- 4.7.12 In their responses to the first consultation, a number of incumbent operators suggested that the objective of 'simplified and integrated fares' (set out at section 7.3 in the Assessment) would not represent an improvement, and that the level of simplification proposed under the Proposed Franchising Scheme would not be appropriate.
- 4.7.13 OneBus, in their answer to Question 14, argue that "*simplification can be detrimental,*" and that flat fares can lead to people travelling different distances paying the same fare, which can lead to inequity, and that simplification leads to increased prices and declining patronage. First, in their answer to Question 15, argue that normalising prices to the lowest large operator would require subsidy from taxpayers.
- 4.7.14 First Manchester, in its response to the second consultation (Question 12), accept that there is scope for simplification, but argue that there is scope for single operator tickets for those that make the same journeys every day using only one service.
- 4.7.15 The evidence that passengers value simplicity and ease of understanding in ticketing arrangements remains overwhelming. This is set out in the Bus Market Supporting Paper. Responses to the consultation also show this. The Ipsos MORI report at section 7 notes that the academic institutions, action groups, charity and voluntary sector organisations, and non-incumbent bus operators such as Tower Transit, also acknowledge the need to address the complexity and lack of integration of ticketing.
- 4.7.16 As noted at section 7.2.3 of the Ipsos MORI's June 2020 Consultation Report, there were 202 comments made that were in general agreement with or support of GMCA's objectives, and a further 47 comments that ticketing would be more simplified, with resultant reductions in fares. Quotes from members of the public include: "*I hope a simpler*

fare system can be achieved, with seamless transfer between modes and between operators” and “I agree with all the points especially making it easy to use and affordable” as cited in the Ipsos MORI report. Section 7.1.2 of the Ipsos MORI report also notes that amongst those consultees that agreed with reform, the *“perceived or actual benefits included having a more integrated bus network, cheaper fares, and a more straightforward ticketing system”*.

- 4.7.17 The Proposed Franchising Scheme includes the simplification of period fares, of which there are currently over 200 period products valid on services operating in Greater Manchester (which are used by the overwhelming majority of passengers), and there would be a process of simplification to single fares. This would not increase fares for those typically using only one service, but give them a wider choice of services and journeys to use.
- 4.7.18 It is not necessarily the case that a single flat fare would be appropriate for the Greater Manchester market, and GMCA would not put in place such a system unless there was evidence that it would be beneficial. The introduction of a zonal fare structure on the Metrolink network simplified the fares and ticketing offer for Metrolink customers in January 2019. The system introduced four concentric-ringed fare zones, largely based on the previous underlying fare structure on the Metrolink network. This new system is simpler and easier to understand and reduced the number of fares available per product from 8,556 to just 10. The introduction of ticket zones also allowed TfGM to take advantage of the next iterations of smart ticketing and introduce contactless PAYG on the Metrolink network. TfGM’s move to zonal on Metrolink is an example of where simplification for customers can be achieved without a single flat fare.
- 4.7.19 The financial implications of fares changes are contained within the Financial Case presented in the Assessment. As would be expected, farebox revenue is forecast to reduce relative to the Reference Case as a result of the fares interventions alone (by 1.2% – see Section 42.1.3 of the Assessment). However, the additional revenue forecast for other aspects of the scheme outweigh this and result in an overall farebox revenue increase of 3% relative to the Reference Case (see Section 42.1.5 of the Assessment). It would, therefore, not be the case that further subsidy would be required as First suggest. No changes to single fares are assumed in the financial forecasts.
- 4.7.20 The pre-Covid-19 market also exhibited some reductions in VfM for passengers. First tickets now allow passengers to travel on a far smaller network than previously and this has not led to decreases in price (currently £17 for a weekly ticket). Similarly, Go North West and Diamond weekly tickets are a similar price (£16 vs £16.50 for Stagecoach in 2020) and also only offer passengers approximately a third of the network that they did before the sale of parts of First’s operation.

Conclusion

- 4.7.21 In terms of the fares proposition, it is important to note that an above-inflation fare rise is not part of the Proposed Franchising Scheme as such, but is a Reference Case assumption. Such fare rises would not happen unless they were necessary to fund the service. In the absence of additional funding, it would not be appropriate to assume lower fares for the Proposed Franchising Scheme than other options, and the Assessment did not do so.
- 4.7.22 Considering the points made by respondents, it is possible to be confident that fares simplification is an appropriate objective for GMCA. Many consultees consider customers find the complexity of the current fares difficult to navigate, and efforts to make it easier

would be welcome. The fact that the Proposed Franchising Scheme would lead to a greater degree of simplification than alternatives is an advantage of the Proposed Franchising Scheme.

4.8 Theme 6: Cross-boundary services – Permitting arrangements

Introduction

- 4.8.1 A service permit would be required in respect of that part of any cross-boundary service that is not franchised or excepted from regulation under the scheme. The Assessment describes (in section 33) the statutory tests (as set out at section 123Q(5) of the Act) that are required to be applied to the granting of permits, and how GMCA would apply those tests in practice. The tests are (i) that *“the proposed service will benefit persons making journeys on local services in the area to which the scheme relates,”* and (ii) that *“the proposed service will not have an adverse effect on any local service that is provided under a local service contract in the area to which the scheme relates”*.
- 4.8.2 These tests would also apply to services that an operator would wish to run wholly within Greater Manchester. The CMA have stated that it would be important to allow operators to run permitted services within Greater Manchester, if they can identify a market that the franchised service is not addressing. The statutory tests would allow such a service to access a permit, and the process described in section 33 of the Assessment would apply to these cases.
- 4.8.3 The Assessment indicated that there were approximately 116 cross-boundary services, some of which are currently supported by TfGM and/or neighbouring authorities. It is anticipated that a number of these, insofar as the bulk of their route is within Greater Manchester, would be part of the Proposed Franchising Scheme. Others would not be anticipated to have any potential adverse effect and therefore would be likely to be granted a permit without any changes required. The Assessment considered that 24 services might be adversely affected by the permit regime, in that their route or boarding might need to change. This could mean some services would be less viable and operators might cease to operate them. The Assessment set out the engagement that had taken place with neighbouring authorities and how GMCA would work with neighbouring authorities to ensure that services could continue where needed.
- 4.8.4 In response to the first consultation, there was some support for the arrangements set out in the Assessment. Abellio support the arrangements in their answer to Question 26. HCT Group argue that social value of a service should be taken into account in the first statutory test. Go North West, in their answer to Question 3, suggest putting cross-boundary services within the scope of the Proposed Franchising Scheme to preserve or improve service to passengers (this is proposed as set out below).
- 4.8.5 There were also comments received from operators and local authorities a (both inside and outside Greater Manchester), as part of the first consultation, focused on the impact that franchising may have on services that serve areas both inside and outside Greater Manchester, and the disruption and changes to them that it may cause.
- 4.8.6 Some authorities repeated these concerns as part of the second consultation. These are set out below at section 4.8.37.

Challenges from, and concerns expressed by, local authorities, operators and operators' representatives

Sufficient information

- 4.8.7 Rotala, in their response to Question 5 of the first consultation, have suggested there is not enough information in the first consultation to properly explain the process for obtaining a service permit, and that a permitting process could discourage operators from applying for a permit for a service in the first place (which in turn would have an impact on passengers).
- 4.8.8 Some authorities, in their responses to the first consultation, express the desire to know more about how services will be affected prior to any Mayoral decision. Cheshire East Council state in their answer to Question 12, *"The conditions relating to cross-boundary services should be known at the time of any decision to adopt franchising"*. Derbyshire express concern that the impact on passengers has not been looked at in sufficient detail in their answer to Question 23. Cheshire East Council also point to a risk that the existence of franchises could distort local markets, and ask what arrangements GMCA anticipate to monitor this situation.

Effects on cross-boundary services

- 4.8.9 Section 33 of the Assessment acknowledges that if cross-boundary services had, for example, to reduce the number of stopping points within Greater Manchester, this could damage their viability. This is because they may depend on revenue generated largely or wholly within Greater Manchester, rather than through the sale of tickets for cross-boundary travel or for travel outside Greater Manchester.
- 4.8.10 A number of operators commented on this in responses to the first consultation. In their responses to Question 5 and Question 26, Rotala commented that the Proposed Franchising Scheme would have a negative impact on cross-boundary services, because cross-boundary services would need to comply with the same standards as a franchised service to be able to obtain a service permit. In their response to Question 26, Rotala also point to the potential for reduced income for cross-boundary services and suggest that there may be a *"reluctance"* to permit cross-boundary services to stop, reducing their revenue and meaning passengers could not catch a bus. This concern relates to the application of the second statutory test, in ensuring that a proposed service should not have an adverse effect on any local service that is part of the Proposed Franchising Scheme.
- 4.8.11 Stagecoach (see section S6.2 of their response) point to the fact that any restrictions on services or stopping points could inconvenience customers and potentially lead to movement to other modes. At section 9.6, they point to the analysis presented in the Assessment of routes potentially affected, and argue that the proposals to work with operators and authorities on a pre-application basis are *"non-committal"* and that *"no real solutions appear have been agreed or costed"*. Transdev (see page 7 of their response) list their cross-boundary routes and express concern that they could be adversely affected, making a distinction between new services and established routes they feel should be treated with more leeway.
- 4.8.12 A number of Greater Manchester local authorities have emphasised in their responses the links between their areas and areas outside Greater Manchester, and the importance of the bus services that link them. Rochdale Borough Council, Salford City Council, Stockport Metropolitan Borough Council, Tameside Metropolitan Borough Council, Trafford Council

and Wigan Council have each mentioned the importance of these links and the need for GMCA to preserve these links.

- 4.8.13 Neighbouring authorities also commented in responses to the first consultation. For neighbouring authorities, the preservation of cross-boundary services is an important concern, with some stating that the viability of cross-boundary services may be rendered uneconomic, because of their dependence on revenue generated wholly within Greater Manchester, rather than through the sale of tickets for cross-boundary travel or travel outside Greater Manchester. Points are also made that passengers could be disadvantaged if the services were severely restricted in their operations, which would restrict travel options.
- 4.8.14 Blackburn and Darwen Council, Cheshire East Council, Cheshire West and Chester Council, Chorley Council, Derbyshire County Council, High Peak Council, Lancashire County Council, Liverpool City Region Combined Authority, Rosendale Borough Council, Warrington Borough Council, and West Yorkshire Combined Authority have all expressed this concern. A number of authorities have set out specific services that passengers in their areas value. Derbyshire County Council, Blackburn and Darwen Council and West Yorkshire Combined Authority expressed interest in being involved in the permitting decision-making process.

Concerns on Fares and ticketing

- 4.8.15 OneBus point to the potential confusion if passengers' tickets are not valid on cross-boundary services. Although this is the case now for passengers who have a ticket for a cross-boundary service run by a company different to that running other services in Greater Manchester, greater simplicity and interoperability within Greater Manchester could potentially lead to a higher expectation that such services would accept tickets issued by the franchised authority. They also point to the potential for increased costs to the passenger from ticketing arrangements, but this would not represent any change from the current situation, where passengers need to pay to travel on another company's bus or buy a multi-operator ticket.
- 4.8.16 Neighbouring authorities are keen to take advantage of the potential (set out in the Assessment in section 16) to put in place new cross-boundary ticketing arrangements that would be of benefit to passengers, but also want to ensure that it would not inhibit broader 'pan-northern' initiatives. It is not clear why the permitting arrangements or cross-boundary arrangements would inhibit any further initiatives. It is possible to have overlapping initiatives.
- 4.8.17 The following sections address the concerns raised by operators and local authorities.

Sufficiency of information and the permitting process & specific routes

- 4.8.18 The Assessment set out the process for obtaining permits and also the potential effects of the permitting arrangements on cross-boundary services. Taken together, this amounts to a good deal of information even if the specific details of any permit conditions are subject to a further consultation. The Bus Market Supporting Paper in section 6 sets out the engagement that took place with neighbouring authorities to better understand the potential impacts on passengers in those areas of the Proposed Franchising Scheme and any potential partnership. Details of the services that were potentially affected by the

permitting arrangements were set out, along with plans for operating the permitting scheme.

- 4.8.19 The Assessment sets out the basis under which permits would be granted and is clear on the main restrictions the statutory test would impose. It considers the potential effects of the permitting scheme on cross-boundary services. Whilst some consultees have requested further details on how the service permit process would work, it should be noted that there will be a further consultation as required by the Act on service permit conditions, if a decision is taken to make the Proposed Franchising Scheme. Operators can object to those conditions as being too onerous separately, if they feel them to be so. It is not anticipated that permit conditions would be so onerous that operators would find difficulty in meeting them.
- 4.8.20 It is not possible at the moment to anticipate the result of an application that has not yet been made for a particular service. It is not possible to ‘grandfather’ rights to a particular service, as a permit can only be granted through the application of the statutory tests. Whilst it is maybe more likely that services similar to those being run would be of genuine benefit to passengers, applications would need to be considered on an impartial basis. This is particularly true as this is a changing landscape. For instance, since the Assessment was completed, the 130 service from Macclesfield into Greater Manchester has ceased operating. Transdev announced the cutting of the X41 service from Accrington into Manchester City Centre, although this decision was subsequently changed, and an altered service put in with public funding to support it. This new service has an altered stopping pattern because of the change in the nature of the funding (it cannot compete with services that are not subsidised).
- 4.8.21 It is considered that sufficient detail was given in section 33 of the Assessment, absent a list of services for respondents to understand how this would work, as well as section 16 on the potential impact on passengers in neighbouring authorities. This was clear what types of services would potentially be affected. Section 33 of the Assessment set out how GMCA would approach the tests and the evidence that they would look at, as well as outlining the process for application, including potential pre-application discussions with GMCA, which in turn would help to reduce the risk of many of the issues raised by statutory consultees materialising, as early engagement with GMCA should help to promote the successful operation of the service permit process. Section 16 of the Assessment set out potential effects on these services, as well as actions GMCA would undertake to ameliorate any effects on passengers, as is discussed above. Consultees also had the opportunity to seek further information about the proposals during the consultation period.
- 4.8.22 TfGM is confident that sufficient information on the proposed service permit application process was set out in the Assessment, so in the absence of any specific issues having been raised by Rotala in particular, then it is undefined which parts of that process were unclear.

The Permitting process and effects on services

- 4.8.23 As set out in section 16 of the Assessment, the importance of the cross-boundary services to passengers whose journeys originate both inside and outside of Greater Manchester is recognised. As a local authority, GMCA has a responsibility for those who travel into the area from outside as well as to those who live in Greater Manchester. As such, it is

concerned to minimise the effects on services that benefit passengers and to replace any services that are unable to continue.

- 4.8.24 Although a cross-boundary service cannot be brought into the Proposed Franchising Scheme in its entirety, as suggested by Go North West (as the Proposed Franchising Scheme could only apply to services inside Greater Manchester), consideration would be given to letting cross-boundary services as a combination of franchise and secured service contracts, either in conjunction with neighbouring authorities or by TfGM alone. This could be done where compatible with local transport powers, where passengers would benefit from such a service. This is likely to be done where services run for the most part in Greater Manchester and are unlikely to have adverse effects on services run outside Greater Manchester.
- 4.8.25 There was some confusion as to whether any cross-boundary services would be franchised. As set out below in section 16, it should be noted that it is proposed that some cross-boundary services would be franchised within Greater Manchester. To the extent that they operate outside of Greater Manchester, then that portion of the route would be secured under other powers. Annexes 1 and 4 of the Proposed Franchising Scheme list the services which would be franchised, and there are currently 11 services that are currently assumed would continue to operate outside of Greater Manchester. These are as follows:
- Cadishead – intu Trafford Centre – Manchester City Centre (which runs into Warrington)
 - Standedge – Uppermill – Oldham – Manchester City Centre (which runs into Huddersfield)
 - Hollingworth – Stalybridge – Ashton (which runs into Glossop)
 - Broadbottom – Hattersley – Hyde (which runs into Glossop)
 - Strines – Marple – Stockport (which runs into Hayfield)
 - Stockport – Hazel Grove – Disley (which runs into Hayfield)
 - Standish – Wigan (which runs into Chorley)
 - Rochdale – Healey (which runs into Wallbank)
 - Bolton – Astley Bridge – Horrocks Fold (which runs into Belmont)
 - Shevington Vale – Wigan Infirmary (which runs to Wrightington Hospital); and
 - Wigan – Shevington Moor Circular (which runs to Wrightington Hospital).
- 4.8.26 For those cross-border services that are not franchised within Greater Manchester, the Assessment sets out that the process for obtaining a service permit would be made as straightforward as possible, so as not to create a burden on operators and create a hurdle to operators proposing cross-boundary services, as Rotala suggest above. It is acknowledged that services may have to adapt in order to pass the test, which may mean not directly competing with franchised routes within Manchester. There is no intention to set prohibitive standards to exclude services from operating in Greater Manchester.
- 4.8.27 The Assessment proposes a pre-application process, which would be used to consider the potential effects of a service (proposed either by an operator or a local authority), and to consider whether any aspects of that service may need to be changed, in order for passengers to have a coherent service within Manchester, and for the operator to be granted a service permit. Whilst this could not commit TfGM to granting permit to a

resultant application, it is seen as a reasonable step to avoid unnecessary work and make the process easier for operator to navigate.

4.8.28 In administering the statutory tests, GMCA would:

- Look at the benefits to all passengers, including those whose journeys start across the boundary, in determining the benefits of the service for the first statutory test;
- Determine the totality of effects on any franchised service when looking at the second test, to determine whether there would be an adverse impact. This would include potential negative effects (e.g. extensive revenue loss that would affect the viability of the service), as well as potential positive effects of the cross-border service on any franchise service affected in bringing in passengers who might interchange with it; or positive effects on any such services affected from decongestion from modal shift; and
- Welcome the input of local authorities in providing information and evidence concerning services that would apply for a permit. TfGM would anticipate working with Greater Manchester authorities and neighbouring authorities, not only on supported services but also those promoted by private operators.

4.8.29 However, although neighbouring authorities would be able to make submissions as to whether the tests were satisfied, the ultimate decision would rest with GMCA (which would likely be TfGM on its behalf). There is not a 'reluctance' to allow cross-boundary services that are of benefit to passengers, but instead an acknowledgment of the requirement on GMCA to apply the two statutory tests to any services that operators would wish to run into the franchised area.

4.8.30 In terms of onerous standards, Section 33.1.8 of the Assessment stated that: *"Permit conditions would be used to help mitigate any adverse impacts from poor quality service within Greater Manchester"*. There will be a separate consultation on such conditions before any service permit scheme is adopted, and one of the considerations would be their effect on the viability of any cross-boundary service.

Response to withdrawal of services

4.8.31 The key point from many of the operators appears to be that they will withdraw services if the Proposed Franchising Scheme is introduced, particularly if routes or boarding places have to be changed. This is possible where those services do compete with franchised services within the boundary and, therefore, may not be permitted in their current form. If services are withdrawn, there is opportunity to replace them with joint franchised and secured services. In those cases, it would be possible to extend the franchised service cross-boundary with a secured service (either with the neighbouring authority or TfGM alone).

4.8.32 If the conditions that GMCA attached to a service were felt by an operator to make that service so unattractive that they decided not to proceed with the service, GMCA would work with neighbouring authorities to consider replacement services, if it was felt that there were benefits to passengers. There would be a number of funding and fares options available, depending on the nature of the service and the extent to which it operated outside or inside the Greater Manchester boundary. The current basis for GMCA to work with local authorities (pursuant to section 9A Transport Act 1968 and section 63 of Transport Act 1985) would enable GMCA to support these services, even if operating outside of Greater Manchester. There would be an opportunity, for example, to replace a withdrawn service with joint franchised/secured services by extending the franchised

service cross-boundary with a secured service (either with the neighbouring authority or TfGM alone).

- 4.8.33 Any supported service would need to pass the competition test (set out in Schedule 10 of the Act). This might lead to some restrictions on the portion of the service outside Greater Manchester and journeys undertaken wholly within that area, so as to avoid the risk of the distortion of competition. However, in most cases it is anticipated that in the event that an operator or authority was unable to successfully apply for a service permit, a viable cross-boundary service could be put on to serve the needs of passengers.

Ticketing

- 4.8.34 As set out above, the current situation is that for passengers on cross-boundary services, the ticketing situation depends on the operator running that service. It may be their ticket allows them some access to services inside Greater Manchester run by the same operator, but these might not be particularly extensive.
- 4.8.35 The introduction of the Proposed Franchising Scheme is therefore unlikely to worsen the situation for passengers. In fact, the intention to introduce an 'add-on' ticket means that passengers would be able to get access to more of the Greater Manchester network at lower cost. Ticketing schemes that cover Greater Manchester and some or all of neighbouring areas could also be introduced.

Responses to the Second Consultation

- 4.8.36 Stockport MBC set out a concern that Covid-19 could worsen the situation for cross-boundary services, and so wish to work with TfGM to understand how to support these services.
- 4.8.37 Some authorities outside Greater Manchester set out further concerns in response to the second consultation. Blackburn with Darwen, Lancashire, and the Peak District NPA emphasised the importance of cross-boundary services and welcomed the chance to work with GMCA on improving services. Liverpool City Region urged GMCA to mitigate risks to cross-boundary services, and would seek to align permit schemes if both they and Greater Manchester were to take a decision to franchise their bus market.
- 4.8.38 Derbyshire County Council repeat points, made in response to the first consultation, set out that they remain concerned about the impact of the scheme on cross-boundary services, and urge TfGM to mitigate the risk of damage to such services (Question 7 / Question 12). West Yorkshire Combined Authority ask what involvement neighbouring authorities can have in the introduction of a permit scheme
- 4.8.39 As set out above, GMCA is obliged to apply statutory tests to the granting of permits under the Proposed Franchising Scheme. This would be done taking into account the benefits to passengers of these services, and the benefits to franchised services of potential services. GMCA will consult on the introduction of the permit scheme if a decision to franchise the bus market is taken, and will consult with authorities on that, as well as working with neighbouring authorities to improve cross-boundary bus services.

Conclusion

- 4.8.40 The Assessment contained considerable detail on the permitting arrangements for cross-boundary and other services not part of the Proposed Franchising Scheme. The analysis of services presented in the Assessment, and shared with neighbouring local authorities as

part of engagement prior to the consultation, is, in TfGM's view, sufficient to understand the nature and assessed effect of the arrangements.

- 4.8.41 It is not possible to comment in detail on how current services, that are in any event subject to change or cancellation in the current market, would need to be altered or otherwise to receive a permit. TfGM accepts, however, that the Proposed Franchising Scheme would impact on services, hence the need to apply for a service permit, which in turn could lead to some services needing to change. It is important to note that the process set out in the Assessment would be run so as to facilitate services that benefit passengers, even where change is necessary for a statutory test to be passed.
- 4.8.42 GMCA would welcome further engagement from local authorities inside and outside Greater Manchester on these arrangements, and, as well as consulting on the permit scheme, will seek joint working to improve cross-boundary services.
- 4.8.43 TfGM value cross-boundary services and the intention is that cross-boundary public transport travel of all types, including by bus, increases with the implementation of the Proposed Franchising Scheme. The potential for new fares arrangements (including 'add-on' tickets giving access to the whole Greater Manchester bus network for a reduced price) should encourage greater cross-boundary bus travel and mode shift from the private car. This will contribute to GMCA's objective set out in the Assessment (see Section 2.1.5) to increase the share of non-car modes to 50%.
- 4.8.44 Where a current cross-boundary service is altered such that an operator no longer wishes to run the service (for instance if the majority of the revenue were from journeys wholly within Greater Manchester rather than cross-boundary journeys), then GMCA would be able to support a similar service to serve the needs to passengers in neighbouring authorities. GMCA, with local authorities, would have the power to do so, and takes seriously its responsibilities to passengers outside Greater Manchester for whom cross-boundary journeys are important.

4.9 Theme 7: Greater Manchester Clean Air Plan

- 4.9.1 This section of the report considers the consultation responses relating to Greater Manchester’s Clean Air Plan (GM CAP) and its potential implications on the Proposed Franchising Scheme.
- 4.9.2 Although consultees were not asked any questions in relation to the GM CAP, consultation comments on this subject area were received from operators, local authorities and transport user groups during the first consultation, and to a far lesser extent during the second consultation.
- 4.9.3 This section is structured into the following sections, responding to the main themes identified from TfGM’s analysis of consultation responses and consideration of the Ipsos MORI analysis as follows. Note, not all themes were emphasised to the same extent in both consultations, given that, as referenced above, the responses to the second consultation are less detailed.
- Level of detail provided in the Assessment regarding the Clean Air Plan;
 - Impact of the Proposed Franchising Scheme on the Clean Air Plan;
 - Impact of Clean Air Plan on cross-boundary services;
 - Implications for fleet requirements under the Proposed Franchising Scheme;
 - Implications for depot requirements under the Proposed Franchising Scheme;
 - Comparison between the Proposed Franchising Scheme and the various partnership proposals put forward by operators; and
 - Other comments received.

Level of detail provided in the Assessment regarding the GM Clean Air Plan

- 4.9.4 Responses to the first consultation from several operators stated that more information is needed on how congestion and air quality issues are to be addressed, in order to reach the Clean Air Zone (CAZ) requirements to meet Euro VI standards for buses by 2021. For example:
- OneBus stated that *“the assumption of the Clean Air Plan not being included in the Assessment will either see the Plan not delivered, or funding required from elsewhere”*;
 - HCT Group stated that *“CAZ investment costs have not [been] included in any of the reform options. GMCA need to provide clarity on who would bear these, if the business case were to be approved”*;
 - Go North West stated that there is *“no methodology set out for addressing the CAZ requirements”*; and
 - Bus Users UK stated that *“there is scant attention paid to the environmental/air quality implications of the plan. Without the kinds of initiatives planned by York and Bristol, or an Ultra-Low Emission Zone or Congestion Charging aimed at removing or reducing private cars from the centre(s), substantial modal shift from cars to public transport will not be feasible in the short or medium term”*.
- 4.9.5 A number of operators, and OneBus, questioned why CAZ requirements and related matters are not covered in this Assessment. The Assessment sets out that clean air was

dealt with via a separate GM CAP business case. To address these points, TfGM sets out, below, an explanation of the rationale for separating out the two aspects.

- 4.9.6 The Economic and Financial Cases in the Assessment did not consider the effects, on the options or on the Reference Case, of there not being sufficient Government funding for full reimbursement of the costs of upgrading or providing new vehicles to meet the Euro VI engine requirement, to comply with any forthcoming CAZ requirements.
- 4.9.7 If such costs had been included, it would have affected the Reference Case (i.e. the market without intervention) and hence both the partnership options and the Proposed Franchising Scheme equally in terms of a financial cost. The reason for excluding any such costs was that the decision on whether to apply any regulations that would incur costs for a bus operator, in the absence of Government intervention, would be dependent on policy articulated in the GM CAP. Two specific points about the process required by the Green Book are important:
- Only future year transport system interventions with committed funds should be included in the Reference Case; and
 - The specification of the appraisal in the economic and financial cases is based on the specification of the options.
- 4.9.8 At the time the Assessment was being prepared, the GM CAP Outline Business Case (OBC) had been submitted to the Government's Joint Air Quality Unit (JAQU), but work was ongoing to develop a more detailed plan and associated FBC, which was not due to be completed until later in 2020 (the GM CAP final plan will be brought forward for decision-makers as soon as is reasonably practicable possible). This necessarily meant that at the Assessment stage it was not possible to determine the costs in detail, given there was still work to be undertaken as part of the GM CAP to determine the numbers of vehicles that would meet the standards, the technical solutions to dealing with this and the approach to implementing a CAZ in terms of fines, etc. It is therefore appropriate that the costs (and benefits) of the different kinds of interventions, i.e. clean air and bus reform, are counted within their own business cases to avoid double counting.
- 4.9.9 If costs were to arise, in the deregulated market, operators would face a choice about how to comply and whether to absorb any costs through lower profits (assuming they have the capability to do so). Similarly, under the Proposed Franchising Scheme, GMCA would have to determine how to approach the requirement to comply as part of the franchising arrangements, including how this would be funded. This choice was acknowledged in the Assessment.
- 4.9.10 TfGM note the comments from OneBus that the GM CAP will either not be delivered, or will require funding from elsewhere. As described in the Assessment (Section 23.6.9). The GM CAP OBC asked Government to provide funding to upgrade the bus fleet, where possible, to meet Euro VI standards so that all buses would conform to the required Euro VI for buses standards if the CAZ is implemented. The Government awarded £14.7 million as an initial tranche of funding to retrofit buses running services in GM, which have older engines that are not compliant with the GM CAZ emission standards, but the remainder is still subject to a Ministerial decision. TfGM is coordinating the development and implementation of the GM CAP on behalf of the 10 districts in Greater Manchester. The

costs and funding of intervention are included this business case and, therefore, these have not been included in the Assessment.

- 4.9.11 If the request for funding is successful, this would be applied to vehicles in the Proposed Franchising Scheme (to the extent that vehicles had not been upgraded prior to any implementation of the Proposed Franchising Scheme).
- 4.9.12 TfGM notes the comments from Bus Users UK that without initiatives to remove or reducing private cars from the centre(s), substantial modal shift from cars to public transport will not be feasible in the short or medium term. Any such initiatives (e.g. future policies linked to the City Centre Transport Strategy) to support clean air are separate to the Assessment.
- 4.9.13 In summary, given TfGM is separately coordinating the development and implementation of a GM CAP on behalf of the 10 districts in Greater Manchester, and that this Plan is neutral as to whether any form of bus reform is implemented, TfGM remains satisfied that the approach (i.e. to consider each of bus reform and the implementation of a Clean Air Plan separately) is the appropriate approach. TfGM remain of the view that this approach would not impact the successful implementation of the GM CAP under the Proposed Franchising Scheme.

Impact of the Proposed Franchising Scheme on the GM Clean Air Plan

- 4.9.14 Several responses to the first consultation expressed support for the Proposed Franchising Scheme, stating that they believe it will help GM achieve its Clean Air Plan. For example:
- Salford City Council stated that *“the proposed franchising scheme offers the best opportunity to control the specification of buses in the fleet, which will ensure a regular renewal of vehicles and the provision of engines that meet the latest environmental standards; this is key to delivering on the aims of the Clean Air Plan”*;
 - Trafford Council stated similarly and added that they believe that the Proposed Franchising Scheme *“should be used as a mechanism to address clean air and particulates through requiring the move to higher environmental standards for buses including electric powered vehicles”*;
 - TravelWatch NorthWest stated that franchising would *“allow coordinated investment and greater control over bus services, allowing low-emission buses to be specified and thus contributing to the Clean Air Plan”*;
 - The Peak District National Park Authority stated that *“the overall approach could help to reduce the number of vehicles driving into already congested urban areas”*;
 - Warrington Borough Council commended *“the plans to enhance the operational fleet in terms of emissions allied to the CAZ”*;
 - Abellio stated that they believed *“the introduction of the Proposed Franchising Scheme would offer a great opportunity for the City Region to upgrade its fleet to new, low or zero emissions vehicles”*;
 - Bury Council stated that the Proposed Franchising Scheme supports the objectives of *“promoting modal shift from cars with the associated benefits in terms of emissions, contributing towards our tackling climate change”*; and

- Keolis stated that the Proposed Franchising Scheme *“is the best way to give TfGM the confidence to invest in an enhanced product offer which will deliver [amongst other things] ... reduced congestion, ... modal shift through network integration, ...[and] reductions in harmful emissions”*.

4.9.15 Several responses to the second consultation also expressed support for the Proposed Franchising Scheme, stating again that they believe it will help GM achieve its Clean Air Plan. For example:

- Bury Council stated that *“The proposed franchising scheme seems to provide better opportunities to reform the bus market in GM in a manner more commensurate with the vision of what is required to strengthen the bus network to positively impact residents and help address issues around congestion, active travel and air quality.”*
- Salford City Council stated that *“Given the right infrastructure, promotion and management our positive experiences with the Vantage service which normally carries around 60,000 passengers per week could be replicated more widely across Salford and Greater Manchester. This, combined with transitioning fleets to electric vehicles would benefit all commuters by tackling congestion, improving air quality and reducing carbon.”*
- Stockport Metropolitan Borough Council stated that *“There is also a clear opportunity for any franchising activity to coincide and support wider efforts to electrify the bus fleet and contribute to air quality improvements. Stockport Council would like to work with TfGM to understand how the proposed timescales for bus franchising fit in with the desire to electrify the bus fleet and replace or retrofit non-compliant buses.”*
- Trafford Council stated that *“The problems of climate change, air quality and economic inequality remain significant challenges – and all will be easier to address with a better system of public transport. The franchising scheme appears to be the best means of meeting that objective.”*
- Trafford Council went on to state that *“The Proposed Franchising Scheme will provide an integrated bus network that can properly connect to other public transport provision, deliver simplified and unified ticketing and information, improve standards and set a platform for investment to meet current and future need. It will also play a key role in increasing the use of public transport, reducing congestion and improving air quality.”*
- Trafford also commented that *“even with the uncertainties of Covid-19, the proposed franchising scheme is an appropriate way forward. It will lead to an improved bus network which is integrated with other sustainable transport modes. This will also lead to improved environmental outcomes, through modal shift from the private car and also improvements to the environmental performance of the bus fleet.”*
- Wigan Council commented that *“Without intervention, there is likely to be greater damage to the bus market, leaving people without sustainable travel options, forcing people to drive and further contribute to congestion and poor air quality. It is therefore imperative the decision is made quickly to address the challenges facing the bus market in Greater Manchester.”*
- Abellio commented that *“The PFS provides greater control over emissions and congestion levels which will in turn lead to clear air benefits.”*

- Bruntwood also commented that *“A franchising scheme is also likely to deliver wider societal benefits in terms of reduced emissions, over time, than the do minimum or the partnership model”*.
- Bruntwood commented that a franchising scheme is also likely to deliver wider societal benefits in terms of reduced emissions, over time, than the Do Minimum or a partnership approach. They believe that it offers a greater degree of mode shift from private cars and a greater prospect of improvement in the environmental performance of the fleet and explain that, given the key requirement for the transport sector to make a major contribution to the objective of the city rapidly decarbonising, it is essential that GMCA and its partners have control of key levers, such as the operation of the bus network to enable this objective to be achieved.
- The Association of British Commuters also noted that the benefits to wider society are crucial, and it is clear that the economic benefit will stretch across multiple areas of public life including the environment.

4.9.16 A number of unfavourable comments were received in response to the first consultation, including:

- Go North West commented that they do not believe that the Assessment has considered CAZ obligations and associated timescales. In particular they state that *“bus operators are in the process of upgrading their fleets to Euro 6 standard in order to meet this deadline”* which *“requires operators not only to make investment (very little of which is underwritten by the Government) but to manage complex and significant upgrading projects”*. It is *“not reasonable to propose making a decision regarding the Scheme in March 2020”*. Instead they proposed that a *“better proposal would be for GMCA and bus operators to focus on achieving the CAZ obligations, and only once that is done, turn to considering the implementation of franchising or any other scheme”*;
- Stagecoach stated that the Proposed Franchising Scheme does little to reduce the environmental impacts of vehicles on the Greater Manchester network. They state that there is *“criticism of operators in partnership schemes for their reliance on external funding, yet the same external funding sources (DEFRA) are relied upon for franchising”*. Stagecoach consider that a *“key principle of any clean air strategy must be to reduce car usage, and the franchising scheme is modelled to have the greatest effect on reducing car km, of 13.4m trips per year. With no journey time reductions and so many of the initiatives in franchising unfunded, this assumption does not feel credible”*; and
- Stockport Metropolitan Borough Council noted concerns regarding the meeting of its clean air targets *“especially with Stockport borough’s date of entry into the franchise agreement not expected until at least 2023”* and stated that *“greater clarity is required on how improvements to the bus fleet for emissions to meet clean air requirements could be delivered before franchising commences in the area”*. The Council also asked: *“how will the Clean Air Plan bus schemes and the franchising requirements for fleet renewal work and will this lead to the Sub-Areas A and B benefiting from more clear air funding for buses than sub area C?”*.

- 4.9.17 There were some other specific unfavourable comments raised in the Covid-19 Impact consultation about interaction between the Proposed Franchising Scheme and CAP (e.g. in relation to fleet requirements) that are considered in the relevant sections below.

TfGM Response

- 4.9.18 TfGM does not consider it is necessary to postpone the commencement of the Proposed Franchising Scheme (should any decision be taken to introduce it), as suggested by Go North West, in order to achieve the GM CAP. It should also be noted, as set out at section 16.2.54 of this report, that the Proposed Franchising Scheme would not be made in March 2020 as commented on by Go North West (as that date has clearly passed). The GM CAP does not assume any decision whether or not to make the Proposed Franchising Scheme, and the achievement of either the GM CAP or the Proposed Franchising Scheme is not dependent upon the other. It is also noted that the fleet residual value mechanism (described at section 26.2.5 of the Assessment) will offer operators mitigation from the risk of stranded fleet, including any investment in new fleet required to meet CAZ requirements, at the commencement of franchising. It is therefore possible to achieve both the GM CAP and any proposed implementation of the Proposed Franchising Scheme simultaneously.
- 4.9.19 It is not immediately clear what criticism of operators Stagecoach is referring to as the Assessment, at section 9.2.27, recognised that the GM CAP was dependent on funding from central Government irrespective of any decision to make the Proposed Franchising Scheme. The point in relation to modelling is noted and the Economic Case of this report deals with operator critique of the modelling approach.
- 4.9.20 The concerns raised by Stockport Metropolitan Borough Council over the fact that the South of Greater Manchester is in the final round of franchising implementation are noted, and are considered further at sections 6.9 and 16.2.34 onwards of this report. However, the GM CAP is neutral as to whether any form of bus reform is implemented, and therefore clean air obligations will apply to all bus operators, whether operating under franchise contracts or as commercial services. Similarly, the request made in the GM CAP OBC that Government provide funding to upgrade the bus fleet is made on a Greater Manchester-wide basis and does not distinguish between franchised and non-franchised operations.

Impact of Clean Air Plan on cross-boundary services

- 4.9.21 Cheshire East Council stated concerns that *“local authorities (and operators of commercial services) outside the GMCA may not be in a position to specify the same vehicle emission standards to match those that are part of the Franchise Scheme”*.
- 4.9.22 Warrington Borough Council stated that care was required to ensure that *“such plans do not negatively impact on the availability of, in particular cross boundary, local bus services”*.

TfGM Response

- 4.9.23 Clean Air bus retrofit funds are available to any registered operator for a registered bus service operating in GM. As noted earlier in this section, future clean air requirements will be determined by the GM CAP and subsequent implementation, rather than the Proposed Franchising Scheme, which may impact on cross-boundary services. However, any such requirements would be independent of whether the Proposed Franchising Scheme is

introduced or not. The impact of the Proposed Franchising Scheme on cross-boundary services are considered separately at section 4.8 of this report.

Implications for fleet requirements under the Proposed Franchising Scheme

- 4.9.24 Several responses to both the first and second consultations made comments on the implications for fleet requirements under the Proposed Franchising Scheme.
- 4.9.25 Rotala refers to analysis performed by a Mr Peter Nash, and states that:
- *“If fleet renewal took place at a rate to maintain average fleet age then, by the end of the first round of franchising, 58% of the fleet would not meet the required standard. The cost to convert the remaining feet would be around £23 million”;*
 - *“This sum is unlikely to be met by central Government in full so will have to be sourced locally with a risk of it being recovered from the tax payer”;* and
 - *“It should also be noted that there is an increase in the annual cost associated with a fully Euro VI fleet (exhaust maintenance and ad blue additive consumption) and this has not been accounted for. This is likely to cost around £2.5 million a year (based on the annual cost of £1500 per vehicle). Again, this will have to be met locally and may well fall to the tax payer”.*
- 4.9.26 Bus Users UK noted that *“investment in vehicles to keep the fleet green will be substantial and ongoing and this is glossed over in the plan. Again, CPT members have already committed to buy only ultra-low and zero emission buses from 2025 and the scheme adopted in Greater Manchester would need to set aside funds to do the same. As each vehicle costs around £300k, this is no small commitment”.*
- 4.9.27 Wigan Council noted that for *“smaller companies operating bus services in the Wigan Borough ... it is highly likely that new, higher quality, low emissions buses would need to be purchased and they would need support in making that transition if, indeed, the buses are not in public ownership through the Proposed Franchising Scheme”.*
- 4.9.28 West Yorkshire Combined Authority stated that *“it is likely that increased demand for zero-emission buses could extend the nine-month timescale”* and that it is *“important to engage operators with the Clean Air Plan in advance of franchising to ensure the fleet commitments are attainable within the given nine-month period between contract award and implementation”.*
- 4.9.29 Stockport Metropolitan Borough Council asked what consequences of clean air requirements will be for *“buses that previously have received or will receive funding for upgrade to a lower emission rating from the GMCA?”*
- 4.9.30 There were also some responses to the second consultation that made further comments on the implications for fleet requirements under the Proposed Franchising Scheme:
- 4.9.31 Go North West stated that *“[operators] fleet and depot investment plans are being revised as a result of the Covid-19 pandemic, but which will still align with legislative requirements. How and when the CAZ is implemented in Greater Manchester given the changes in air quality as a result of the Covid-19 pandemic is likely to be a more fundamental question than its supposed reliance on operators’ investment plans.”* Go North West were also concerned that any financial risk faced by GMCA as a result of the Proposed Franchising

Scheme could require funding to be diverted from other priorities and possibly undermining the ambitious plans to improve air quality.

- 4.9.32 Stagecoach stated that *“Any fleet upgrades would be priced in as a cost to the GMCA under a franchise contract, transferring the cost of decarbonising the Greater Manchester bus fleet from private operators to the taxpayer. In contrast a partnership option would encourage commercial investment in meeting clean air targets. This, however, has not been taken into account in the GMCA’s assessment of the financial impact of Covid-19. TfGM appears to be aware that operators would not have invested in new fleet during the pandemic. However, it is unclear whether it has factored in the cost increases to get the fleet to the level it is intending to meet. This would likely worsen TfGM’s analysis.”*
- 4.9.33 CPT commented that given *“The franchise scheme transition period is anticipated to take 4 years and during this time, bus operators would simply not be able to commit to investing in any new, greener buses, and therefore not able to contribute to air quality targets if they faced the threat of franchising. In the future, any new buses delivered under the franchising scheme would need to be Government – ultimately taxpayer- funds”*

TfGM Response:

- 4.9.34 TfGM notes the analysis referred to by Rotala and the comments from both Bus Users UK and Wigan Council. However, as noted earlier in this section, future clean air requirements will be determined by the GM CAP and subsequent implementation, rather than the Proposed Franchising Scheme, and will be neutral as to whether the Proposed Franchising Scheme is introduced or not. As such, the Proposed Franchising Scheme is not anticipated to impact either the cost or funding of compliance with the requirements of the GM CAP.
- 4.9.35 TfGM notes the comments from West Yorkshire Combined Authority in respect of lead times for new fleet. However, as also considered at section 6.8.28 of this report, it is currently satisfied that the proposed mobilisation period of nine months is adequate for the manufacture and delivery of both Euro VI diesel (typically six months) and ULEV (typically eight months) fleet, but would continue to review this, including via ongoing discussion with manufacturers, to identify any specific circumstances that require a longer mobilisation period.
- 4.9.36 The query from Stockport Metropolitan Borough Council regarding buses in receipt of funding for upgrade to a lower emission rating is noted. TfGM believes that this query applies regardless of whether the Proposed Franchising Scheme is introduced or not, and is therefore not relevant to the Assessment specifically. It is anticipated that this will be considered in the GM CAP.
- 4.9.37 In respect of Stagecoach’s comment in regard to fleet investment, and as noted at section 4.2.37 of the Covid-19 Impact Report, the Assessment did not assume the availability of funding for generally reducing the average age of the Greater Manchester fleet. Therefore, without further intervention, it is anticipated that the average fleet age at the commencement of franchising would be maintained, but not reduced, by the Proposed Franchising Scheme and would remain consistent with that of the Reference Case.
- 4.9.38 In respect of the cost to the taxpayer of decarbonising fleet, and the assertion that the partnership option would encourage commercial investment in meeting clean air targets, and as noted at section 4.9.61, conclusions drawn by TfGM based on operator proposals and responses to the original consultation are that the fleet commitments that would benefit clean air are dependent on Government funding being available. Therefore, it has

been concluded that these proposals do not bear a significant difference to what could be achieved under the Do Minimum option. This has been re-enforced by the significant reduction in capital investment by operators during the Covid-19 pandemic.

- 4.9.39 In respect of Go North West’s comment regarding how and when a potential CAZ is introduced, TfGM recognises the importance of implementing this as soon as possible but it is important to note that the Clean Air proposals are separate and will be considered irrespective of any decision in respect of the Proposed Franchising Scheme. This also applies to the concerns surrounding the funding available.
- 4.9.40 In terms of CPT’s comment, to address the risk of outdated buses and equipment being retained in Greater Manchester through the RV mechanism, TfGM has a series of mitigations in place that are summarised at section 6.8.37 of the Commercial Case section.

Implications for depot requirements under the Proposed Franchising Scheme

- 4.9.41 A number of responses were concerned about the implications for depots of a transition from diesel to alternative technologies, required to meet the requirements of the GM CAP. These included the following:
- Arriva stated that *“depots would need to be ‘future-proofed’ to ensure that the requirements of the franchise contracts can be fulfilled, such as the provision of appropriate charging or other infrastructure. If this is not done, the barrier to entry (significant investment in charging infrastructure as an example) would remain and not be removed simply by providing a generic bus depot”*;
 - Abellio stated that *“options being considered by GMCA for future depot provision should include infrastructure to allow for the use of such vehicles”*; and
 - Bury Council stated that the franchising proposal *“provides an opportunity for considerable action to be taken in terms of environmental (air quality) improvement, with a focus on an electric fleet and EV Charging point infrastructure. Longer term this should include hydrogen fuel cell technology”*.
- 4.9.42 Favourable comments were also received from the Liverpool City Region Combined Authority who stated that *“local control of bus depots may be an appropriate course of action under a variety of different delivery models in order to support a move to zero emission bus fleets”*.

TfGM Response:

- 4.9.43 Consideration has been given, in the depot strategy, to the future needs of depots in relation to changing technology, for example, to a move to electric vehicles. Consideration has been given to the extent to which the strategic depots could be adapted for electric vehicle charging and other relevant infrastructure requirements. This is both in the context of current depots acquired from Greater Manchester bus operators, and any depots constructed in the future for the steady-state solution. This and the same in relation to small franchise depots is considered at section 6.3.32 – 6.3.37 of this report.

Comparison between the Proposed Franchising Scheme and the various partnership proposals put forward by operators

- 4.9.44 A number of comparative comments were received during both the first consultation and the second consultation from the perspective of clean air, some favouring the various

partnership proposals put forward by operators and some favouring the Proposed Franchising Scheme.

4.9.45 Favourable comments regarding the various partnership proposals put forward by operators include:

- Arriva stated that *“partnerships, voluntary or statutory, have been proven to deliver significant investment and improvements in city-wide bus networks, [amongst other things] reducing fleet age and emissions. We feel this has been overlooked throughout the assessment”*; and
- Transdev stated that Operator Proposed Partnership option will *“increase investment levels rolling out new low emission buses faster than otherwise with resulting air quality benefits”*.
- First stated that *“investing even a fraction of this sum through partnership working could deliver quicker and more consistent bus journey times with significant fleets of zero emissions buses.”*
- Confederation of Passenger Transport suggested that *“a partnership between Greater Manchester Combined Authority and Bus Operators would not only deliver improvements to the bus network, but would also help Greater Manchester achieve Clean Air Zone targets and improve public health.”*

4.9.46 Favourable comments regarding the Proposed Franchising Scheme include:

- Abellio stated that *“the environmental benefits of a franchising scheme (e.g. increasing use of sustainable modes, managing emissions from the bus fleet, and increasing public transport access to new areas of employment and housing) are likely to exceed those that any partnership option could deliver”*; and
- Manchester City Council stated that the Proposed Franchising Scheme is *“likely to lead to a more stable network which can be marketed on a consistent basis to new customers and to visitors to Greater Manchester, thereby encouraging patronage growth. This growth can in turn help to drive healthier revenues while also tackling car dependency, emissions and transport congestion as more people choose to make use of an integrated transport network along with higher levels of walking and cycling”*.

TfGM Response

4.9.47 The Assessment considered the proposals that were put forward by the operators, under the Operator Proposed Partnership option, to introduce 150 new vehicles each year for the first three years of the partnership, and their commitment that each operator in the partnership will bring the average age of the fleet to under seven years over the term of the partnership agreement. Sections 4.1.8 to 4.1.13 of the Partnership Option: Operators’ Position and Modelling Implications Supporting Paper considered these proposals in further detail, and concluded that these proposals did not represent a departure from the Do Minimum option. For instance, TfGM would, under any model, work with operators to take advantage of DfT funding for the good of Greater Manchester residents, and operators would be expected to continue to invest in assets/asset renewals as part of their normal course of business.

4.9.48 Proposals that have been put forward in relation to fleet age and emissions have also been considered as part of the Partnership Plus and Stagecoach’s South Manchester Partnership

proposals within this report. Section 10.2.24 to 10.2.25 of this report consider the Partnership Plus proposals, although these do not differ from those considered in the Assessment under the Operator Proposed Partnership. Section 11.2.29 to 11.2.36 of this report consider the proposals put forward by Stagecoach under their South Manchester Partnership proposal. The conclusions drawn in relation to this proposal are consistent with those for the main Operator Proposed Partnership, in that the Euro VI commitment from Stagecoach is dependent on Government funding being available and agreed terms for retrofitting. It has been concluded, therefore, that these proposals do not bear a significant difference to what could be achieved under the Do Minimum option.

- 4.9.49 In reference to First’s comment regarding the extent to which partnership can support the Clean Air agenda, as explained in section 12.2.7, First’s proposals were not expected to represent a significant step change in investment compared with what would be expected. In terms of their implication that any funding for the Proposed Franchising Scheme could be put to alternative uses, section 4.12.42 explains that the business case process allows such decisions to be taken.

Other comments received

- 4.9.50 There were several responses that stated the need for low emission vehicles. For example, Bolton Council stated that *“much of the bus fleet across Greater Manchester is old and does not meet the latest greener emission standards. Older and inefficient fleet of buses contribute significantly to high levels of air pollution in towns. Buses have an important part to play in helping reduce carbon emissions by reducing the number of car journeys made. It is therefore imperative that a modern, environmentally friendly fleet is introduced”*. In response to the second consultation, Bolton Council reasserted its belief that vehicles should be low emission.
- 4.9.51 Several responses noted concerns with the cost involved in delivering low emission vehicles. For example, Cheshire East Council stated that *“there is a significant incremental cost of new zero / ultra-low emission buses compared to diesel powered vehicles. Accordingly, Cheshire East recommends that the GMCA works in collaboration with other major transport commissioners, the bus industry and central Government to collectively commit to future zero / ultra-low emission vehicle orders to enable vehicle manufacturers to reduce the price based on better economies of scale. Such an approach would help bring forward such benefits in many other geographical areas, particularly those with air quality management issues. This concept should also be considered by central Government within the scope of a long-term Bus Strategy.”*
- 4.9.52 Also regarding concerns with the cost involved, in response to the Covid-19 Impact Consultation, Bolton Council stated that *“we would welcome further reassurance on liabilities and implications of wider clean air and climate change reform”*.
- 4.9.53 Stockport Metropolitan Borough Council’s response to the second consultation noted the need to consider the impacts of other interventions such as the GM CAP, when assessing the impact of Covid-19 on bus services, stating that *“As bus travel is only one part of the transport network, it is important that the impacts of other interventions and investments in the transport network (i.e. through delivery of the MCF programme and Clean Air Plan)*

be considered as part of the scenarios when looking at the potential impacts of Covid-19 on bus services.”

- 4.9.54 Several operators stated concerns that the current CAZ proposal excludes private cars, which the 10 districts in Greater Manchester should reconsider, as this would have a much more positive result in achieving the clean air plan than only applying the CAZ to buses.
- 4.9.55 Rotala stated that *“the Assessment assumes that the Bus Services Operator Grant (“BSOG”) will be maintained at current levels. However, BSOG is currently under review and there is in any event no entitlement for electric vehicles, thereby increasing operating costs.”*

TfGM Response

- 4.9.56 The comments received are not directly relevant to the Assessment or any decision on whether or not to introduce the Proposed Franchising Scheme. They are expected to be addressed in the GM CAP, which is currently in development. TfGM is working with operators in relation to the Clean Air Plan and retrofitting of vehicles. TfGM has factored the risk around any future reduction in BSOG through its risk provision. TfGM recognises that BSOG is under review, and that in the future, should there be investment into electric vehicles, the implications of BSOG would be part of the analysis. In terms of the CAZ proposal excluding private cars, there has been extensive work done to determine the best performing option; and this has been validated by Government and a direction to implement a CAZ C has been received in a Ministerial direction.

Conclusion

- 4.9.57 Although consultees were not asked any questions in relation to the GM CAP, a range of respondents provided comments, both favourable and unfavourable, on this subject.
- 4.9.58 A number of unfavourable comments were received regarding the lack of detail on the GM CAP contained in the Assessment. Given that TfGM is separately coordinating the development and implementation of a GM CAP on behalf of the 10 districts in Greater Manchester, and that this is neutral as to whether the Proposed Franchising Scheme is introduced or not, TfGM remains satisfied that the approach adopted (i.e. to consider each of bus reform and the implementation of a GM CAP separately) is the appropriate approach.
- 4.9.59 Similarly, TfGM does not consider it is necessary to postpone the commencement of the Proposed Franchising Scheme (should any decision be taken), as suggested by Go North West, in order to achieve the objectives of the GM CAP.
- 4.9.60 A number of comments were received regarding the implications of the GM CAP on fleet, in particular from a cost and funding perspective. However, as future clean air requirements will be determined by the Clean Air Plan (which is neutral as to whether the Proposed Franchising Scheme is introduced or not) rather than the Assessment, the Proposed Franchising Scheme is not anticipated to impact either the cost or funding of compliance with the requirements of the GM CAP. In respect of the cost to the taxpayer of decarbonising fleet, conclusions drawn by TfGM, based on operator proposals and responses to the first consultation, are that the fleet commitments that would benefit clean air are dependent on Government funding being available. Therefore, it has been

concluded that operator proposals do not bear a significant difference to what could be achieved under the Do Minimum option.

- 4.9.61 Unfavourable comments received from operators, when comparing the GM CAP from the perspective of the scheme and the partnership option, have been considered. The Assessment, and our review of the partnership proposals submitted as part of the consultation process, have identified where operators were making commitments in relation to fleet investment at Euro VI and better. TfGM are satisfied that such commitments have been taken into account in both the Assessment and consultation response. The conclusions drawn are that the fleet commitments that would bring clean air from the various operator proposals are dependent on Government funding being available. It has, therefore, been concluded that these proposals do not bear a significant difference to what could be achieved under the Do Minimum option.

4.10 Theme 8: Consideration of partnership proposals

Introduction

- 4.10.1 During the first consultation, a number of responses were received that suggested that TfGM had not given sufficient attention to the partnership proposals presented by operators, and a number of alternative proposals were set out. Responses to the second consultation suggested that more consideration should be given to the prospect of ‘recovery partnerships’ (though these are not specific proposals, but rather potential arrangements around the use of any further Government and/or local funding for the bus service) or that, as there were no current partnership proposals, a proper comparison had not been made. These are discussed in detail in section 10, section 11, section 12 and section 14, and also in the ‘recovery partnerships’ section 13.
- 4.10.2 This section considers the theme amongst a number of the consultee responses that the partnership options, in particular the Operator Proposed Partnership, considered in the Assessment should be given further consideration and should be preferred. Reasons given for this were:
- The partnership options considered in the Assessment were not complete/had not been tested with the operators;
 - The benefits associated with the partnership options were underestimated;
 - The costs associated with the partnership options in the Assessment are too high and that the VfM of the partnership options have, therefore, been underestimated, in comparison with the Proposed Franchising Scheme;
 - There was a general lack of appreciation of partnerships considered in the Assessment;
 - Partnerships could be introduced more quickly, with less risk and cost to the taxpayer, than the Proposed Franchising Scheme and could achieve similar benefits; and
 - Those benefits could be further enhanced if the costs of implementing the Proposed Franchising Scheme were saved and used on ‘Phase 2’ measures.
- 4.10.3 It is important to note that the partnership proposals do not contain any further measures to address congestion than would be pursued by GMCA under a business-as-usual or the Do Minimum option. The Ipsos MORI report noted operators’ support for partnership in their answers to Question 38, including repetition of the points about how the partnership would come at less cost and risk to GMCA (at Section 12.4.1).

Operator engagement on partnerships and completeness of the option assessed

- 4.10.4 In their response to the first consultation, OneBus commented that the partnership option considered in the Assessment was not complete and that *“we are concerned that TfGM has picked a moment in time where a line was drawn and the Partnership proposal at that stage and was taken as being the best offer to be used for the Assessment without advising OneBus or the operators when that was”*.
- 4.10.5 The Act requires the assessment of a proposed franchising scheme to compare the making of the scheme with one or more courses of action. Various options in addition to ‘Do Minimum’ were considered in the Assessment. In particular, two options were considered in detail throughout the Assessment for the partnership option. One option was referred to as the *“Operator Proposed Partnership”*, which reflected the propositions that had been

- discussed with operators whilst TfGM was in the process of preparing its Assessment on behalf of GMCA, which was proposed to take the form of a Voluntary Partnership Agreement (VPA). The other option, the *“Ambitious Partnership,”* was one that reflected a more ambitious partnership and was modelled by TfGM to show what it believed could be delivered under a partnership and under an Enhanced Partnership Scheme (EPS).
- 4.10.6 Extensive engagement with operators was carried out before the completion of the Assessment and first began in October 2017. To facilitate discussions, operators shared an initial partnership offer and TfGM shared information about GMCA’s Vision for Bus and other objectives. TfGM also shared the approach to the appraisal of options in the Assessment. As a result of this engagement, the operators shared a consolidated partnership offer reflecting the outputs of discussions in January 2018. Having established that a number of specific commitments were more like ‘commitments to commit’, it was agreed that further work was required to elicit additional detail from the operators with regards to their partnership proposals.
- 4.10.7 To develop further detail, a number of working groups were established involving the relevant TfGM officers. Terms of reference were agreed for each working group explaining the membership and purpose of each group, along with items to be discussed within each working group. A number of legal sessions were also running in parallel to the working group meetings. An output of this engagement was the ongoing drafting of a VPA. This highlights TfGM’s serious consideration of the partnership option and the serious attempt to work with operators, over a period of almost two years, to develop their partnership proposal.
- 4.10.8 At the point the Assessment was completed, over 50 meetings had been held with operators, and the nature of the partnership proposals were well developed when they were defined for appraisal in the Assessment. As noted above, engagement began with the operators in October 2017 and therefore operators had a significant amount of time to come forward with their *“best offer”*. At the beginning of the engagement TfGM discussed the objectives for bus reform. The point at which the Assessment was completed followed nearly two years of discussion with operators (October 2017 to June 2019). It cannot be claimed that the completion of the Assessment came as a surprise to operators.
- 4.10.9 Stagecoach criticised the inclusion of the Ambitious Partnership option as it said *“We had no discussions whatsoever with TfGM as to what an ambitious partnership could look like, and it has simply been created as a theoretical construct by officials and not operators, which allows one of the other contractual mechanisms under the Bus Services Act (an Enhanced Partnership) to be considered. It is therefore difficult to comment fully on the appropriateness of the commercial implications of the partnership options as set out in the Commercial Case”*. As noted above, the Assessment also considered an Ambitious Partnership option which detailed TfGM’s view of what more could be achieved with operators under a partnership. This was done to provide a more stringent test for alternatives. The reason for considering this option was to assess what could be delivered over and above what the operators were willing to agree to under the Operator Proposed Partnership, and hence did not require further consultation. In fact, operators have changed and improved the partnership offer, but in a different way to the Ambitious Option tested.
- 4.10.10 After June of 2019, while the Assessment was completed, audited and consulted upon, discussions with operators on partnerships have continued. There have been over 40 meetings between TfGM, operators and OneBus since the finalisation of the Assessment. The purpose of these meetings was to develop further detail to allow the VPA to be

finalised, and most importantly, to allow the partnership to be implemented more quickly, if the decision taken following the consultation were to pursue alternatives to the Proposed Franchising Scheme. In addition to this, the meetings have been used to develop the Operator Proposed Partnership itself and ensure GMCA understands the complete picture of what a partnership could offer.

- 4.10.11 Engagement since completion of the Assessment has included understanding a number of key commercial principles for the VPA, and how these would work in practice under a partnership, thus further understanding the governance structure and the corresponding resource requirements for a partnership, along with sources of funding and how funding mechanisms would work. The individual working groups have specifically focused on key performance indicators, revisiting the workflow approach for reviewing the network having completed a proof of concept review for Tameside, as well as discussing further detail from the proposals previously discussed, such as the marketing budget, driver training and in-service cleaning. Engagement has also continued with the respective parties' legal advisors, as we have continued to update the VPA drafting to reflect discussions held to date with the operators and OneBus.

Partnership cost development

- 4.10.12 The engagement with operators, noted above, has informed consideration of the costs incurred under a partnership, acknowledging that there are costs associated with administering and managing the partnership. The costs and resources were carefully considered, and TfGM determined that it would require incremental resource to that currently employed in order to properly resource its own commitments.
- 4.10.13 TfGM began by looking at the governance structure proposed by operators (including working groups looking at different issues, monitoring and data requirements, and senior level governance including a Partnership Delivery Board and a Partnership Strategy Board), along with the input into the cost and resource implications provided by the operators, to cost the resource TfGM believe is required to deliver the Operator Proposed Partnership. This includes resource consideration of people (for example, in terms of full-time equivalents (FTE)) and also systems. This estimate was then looked at in terms of currently available resource, to understand the incremental resource necessary. TfGM is confident we have allocated the appropriate costs to the Operator Proposed Partnership, based upon the information received from operators and the logical process followed.
- 4.10.14 Operators considered that they could manage and deliver their commitments within their existing resources. TfGM raised concerns over this, questioning whether this will lead to a properly resourced and enduring partnership.
- 4.10.15 It is worth noting, in response to Question 31 with regards to comments on the affordability of the partnership options, Go North West reference a bond being part of the terms under the Partnership Plus proposal. They state, "*under the terms of this bond, any operator that sought to exit the partnership would be contractually obliged to make a payment that would be financially very significant*" with the intention of providing confidence to GMCA that the operators will deliver their commitments under Partnership Plus. There is, however, no bond being proposed under Partnership Plus. The Partnership Plus proposal has been analysed and considered in further detail later in this report and it has been made clear through engagement with operators that a bond is not intended to be used as a mechanism under Partnership Plus. Go North West, in their response to the consultation,

also refer to the Nexus VPA as being an example of how this mechanism works in practice, although there is currently no bond being used under the Nexus VPA.

Justification of partnership costs

- 4.10.16 Under the Operator Proposed Partnership considered in the Assessment, it was identified that six additional FTEs would be required within TfGM to support a partnership. Several operators have challenged that this resource is excessive and is not required and could be absorbed into the existing TfGM Bus Services team. This is not possible, however, as the existing team will need to continue to manage the supported and the school services networks. Managing a partnership would therefore require incremental resource, as has been the case during the development of the partnership to date, and further highlighted by the proposed governance structure of the VPA.
- 4.10.17 In response to Question 34 of the first consultation, some of the statutory consultees acknowledged the need for resource in order to implement and continually manage the partnership. Rotala recognise that there would be no major procurement phase required under a partnership, and there would be costs involved in developing the partnership model fully and introducing the necessary systems for implementation. Abellio, in response to Question 34, note that *“if GMCA did decide to pursue a partnership option, the proposed approach for TfGM to implement and manage that option is reasonable”*.
- 4.10.18 The Operator Proposed Partnership could have more than 10 members all with their own competing commercial pressures. The risk of failure of the partnership is therefore high. The financial and other resources, such as the six full-time equivalents, are required to help seek to ensure that the benefits are enduring. Without such investment, it is more likely than not that any benefits of partnership would disappear. Without the investment, TfGM would not be able to monitor the performance of the partnership against its commitments, actively take part in the governance of the partnership (including the proposed working groups), or take part in decision making. Without this active engagement, the benefits of the partnership would definitely fall away to some extent and would be more like to reduce significantly.

General lack of appreciation of partnerships

- 4.10.19 A number of operators argued that the Assessment had not taken sufficient account of the potential for partnership to deliver passenger benefits and patronage growth; for example, Rotala, in response to Question 36 of the first consultation, felt that the Assessment had understated the partnership option. In particular, the following partnerships were cited as positive examples of what could be achieved:
- Brighton and Hove (Rotala);
 - Greater Bristol (OneBus, Go-Ahead, Rotala);
 - Lothian (Rotala);
 - Merseyside / Liverpool City Region (OneBus, Arriva);
 - Nottingham (Rotala);
 - South Yorkshire Sheffield (Go-Ahead, Rotala) plus Rotherham, Barnsley and Doncaster (Rotala);
 - Tyne and Wear (Go-Ahead);

- West Midlands (Go-Ahead, OneBus, Rotala); and
- Go-Ahead also referred to the benefits of guided busways in Bristol, Cambridge, Greater Manchester, Gosport/Fareham, Luton/Dunstable and Fastway (Crawley, Gatwick Airport and Horley) (Go-Ahead); however, guided busways are infrastructure and therefore not necessarily linked to the partnerships.

4.10.20 Partnership is not a new concept in Greater Manchester and dates back to the Integrate project, initiated in 1998, which involved partnership between the main public transport operators and the public sector. The current state of the bus market in Greater Manchester is one that reflects an open and positive attitude to partnership on behalf of TfGM.

4.10.21 TfGM has used various forms of partnership to attempt to improve the bus network and service quality on behalf of GMCA. This shows that TfGM and GMCA do not undervalue partnerships, but have historically tried to use partnerships to achieve transport objectives. In particular, amongst other things:

- Using powers given in the Part II, sections 135 to 138, of the Transport Act 2000, Greater Manchester introduced a statutory Ticketing Scheme in 2003. This protected multi-operator travelcards offered voluntarily by operators through Greater Manchester Travelcards Ltd (GMTL) from an existing operator, leaving GMTL or a new operator entering the market and deciding not to join the GMTL;
- During work on the Transport Innovation Fund (TIF) in 2008, TfGM worked with operator representatives to review the bus network. Although congestion-charging, a crucial element of the TIF required by the Government, was rejected by a local referendum, discussions with operators on implementing the TIF network took place with operators, albeit with limited success. Although there have been no further wholesale network reviews, TfGM's service planners regularly engage with operators with the aim of maximising the effectiveness and synergy of the commercial and subsidised networks and ensuring that commercial opportunities are not missed;
- The introduction of a Punctuality and Reliability Monitoring System (PRMS), using heavily revised roadside monitoring from 2009, combined with regular meetings with operators and agreed performance improvement plans, has helped operators to monitor and improve punctuality and reliability;
- A countywide VPA and Code of Conduct for bus operators was introduced in October 2010 to raise service delivery standards. Seven operators at that time collectively delivering 86% of Greater Manchester's network mileage, including Arriva, First and Stagecoach, committed to VPAs embracing this Code of Conduct. Under the agreement, TfGM undertook to work with the Greater Manchester Authorities to resolve highway performance and infrastructure issues, and to maintain publicity and bus stop infrastructure. There were also operator undertakings covering driver training and behavioural standards, customer complaint handling and fares and information display;
- In April 2012, following negotiations with Stagecoach, a statutory Quality Partnership Scheme (QPS) for the Manchester – Hazel Grove (A6) was introduced. The QPS was underpinned by a complimentary VPA, setting out the framework for how all stakeholders would work in partnership to deliver the objectives of the QPS;
- Delays caused by opposition from a small operator meant that plans for a QPS on the Bolton – Leigh (A579) corridor were abandoned, since the age of infrastructure went

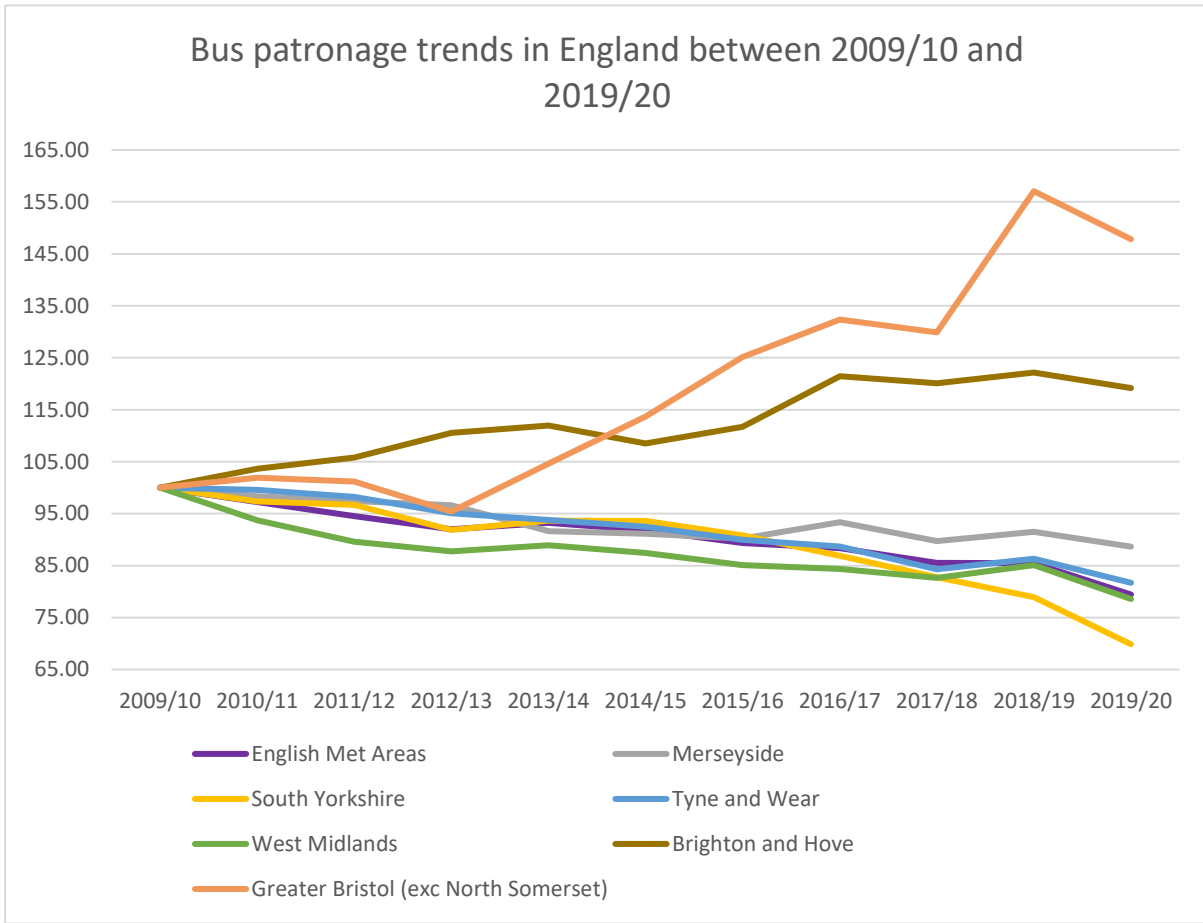
over the 10-year limit for a statutory QPS. Nevertheless, in 2013 a VPA was implemented in its place, covering many of the same performance criteria as the A6 statutory QPS;

- A supplier rating system for the general subsidised network was introduced from February 2012; this uses 15 measured criteria to assess operator competence and performance. Achievement of a specified standard is a prerequisite for being a supplier of tendered services. The purpose is not to exclude operators from the tender process, but to improve standards and achieve consistency across the tendered network. The performance threshold has been gradually increased and is kept under review;
- The TravelSafe Partnership, which has its origins in the Integrate project referred to above, is a multi-agency initiative, set up to keep the public safe by deterring and preventing crime and educating young people on the dangers and consequences of antisocial and criminal behaviour; and
- Investment in bus priority, including the Leigh – Salford – Manchester busway used by the Vantage service, has been significant, as has investment in the waiting environment (Bus Stations, Interchanges and bus stop upgrades). GMCA has a track record of investing in such measures, spending approximately £275 million on bus priority measures, bus stations and interchanges since 2009.

4.10.22 Data from the DfT on patronage is available for the areas cited by operators, apart from Lothian. This data is from DfT Table BUS0109a, which is based on data provided by bus operators.

4.10.23 We have summarised this data from DfT into the graph below to show the change in passenger journeys between 2009-10 and 2018-19. The table below also shows when partnerships were introduced in these respective areas:

Chart 4: Bus Patronage Trends in England between 2009/10 and 2019/20



Area	Partnership introduced
<ul style="list-style-type: none"> South Yorkshire 	Includes: <ul style="list-style-type: none"> Buses for Sheffield – 2012 Barnsley Bus Partnership – 2017 Doncaster Bus Partnership – 2016 Rotherham Bus Partnership – 2015
<ul style="list-style-type: none"> West Midlands Bus Alliance 	Includes: <ul style="list-style-type: none"> Birmingham City Centre Advanced Quality Partnership Scheme (AQPS) – 2012 Wolverhampton City Centre AQPS – 2018 Solihull Town Centre AQPS – 2017
<ul style="list-style-type: none"> Greater Bristol (excl. N Somerset) 	<ul style="list-style-type: none"> Metrobus QPS – 2017 QPS on specific corridors – 2011-2012
<ul style="list-style-type: none"> Merseyside 	<ul style="list-style-type: none"> Liverpool City Region – 2016
<ul style="list-style-type: none"> Tyne and Wear 	<ul style="list-style-type: none"> East Gateshead Bus Alliance – 2017
<ul style="list-style-type: none"> Brighton and Hove 	<ul style="list-style-type: none"> Relaunched in 2015

- 4.10.24 Of these partnership areas, only Brighton & Hove and Greater Bristol show sustained patronage increases. In the context of declining patronage in non-metropolitan areas, it should be acknowledged that flatlining is an achievement.
- 4.10.25 One factor that the two biggest success stories, Brighton & Hove and Greater Bristol, have in common is increasing population. Between 2009 and 2018, population in these areas rose by 9% and 10% respectively. Patronage, on the other hand, increased by 22% and 43% respectively, so whilst the population increases no doubt contributed to the patronage increase, they cannot fully account for it. Population increased in all the areas shown, and in Nottingham by 12%, more than either Brighton & Hove or Greater Bristol. However, it is worth noting that during this period Nottingham also had a second tramline built.
- 4.10.26 It is difficult to isolate the many factors affecting bus patronage, but it is worth noting the high population density of Brighton & Hove and the City of Bristol (although not the surrounding area). A significant number of people in both areas also have a green ethos, meaning that many residents will be favourably disposed to public transport, even if they belong to a demography that would, in other areas, be less favourably disposed. Nevertheless, it seems likely that partnership has been beneficial in Brighton & Hove and Greater Bristol. However, it is worth noting that there has been considerable public investment in Bristol, for example, in ‘Metro’ services and in university bus services for the two universities. There has been over £230 million of public investment in metrobus. In Brighton, there has been implementation of extensive limitations on car use. Both of these are drivers of change, rather than the partnership itself, although partnerships can be useful and can help leverage such public investment.
- 4.10.27 One other factor that Brighton & Hove and Greater Bristol share (along with the West Midlands, Nottingham and to a lesser extent Liverpool City Region) is that there is a single dominant operator. In such circumstances, it is likely to be easier to negotiate a meaningful partnership than where there are two or more operators with a significant market share (there are five in Greater Manchester). However, where there is a single dominant operator, there is a risk that the partnership simply reinforces the dominant position of that operator, reducing competitive pressure and associated efficiency benefits.
- 4.10.28 It is also worth noting that Reading, where the dominant operator is municipally owned and where the local authority takes its dividend in better bus services, has also shown a sustained increase patronage increase (The population in Reading has also increased, but not quite as much as in Brighton & Hove and Greater Bristol).
- 4.10.29 The success of the other partnerships cited by operators – Liverpool City Region, West Midlands, Nottingham and in particular South Yorkshire and Tyne and Wear – is less obvious.
- 4.10.30 Compared with the overall downward trend in metropolitan areas, patronage in the Liverpool City Region appears to have levelled off in the last five years, which – as in the case of Nottingham – can be regarded as an achievement. The Liverpool City Region reported a 16.2% increase in fare-paying patronage between 2016-17 and 2017-18. This is largely attributed to the introduction of ‘My Ticket’. This started in May 2014 as a £2 day ticket for 5–15 year-olds in Merseyside and was extended to 16–18 year-olds in July 2015. It was further extended to Halton in September 2015. It is understood that after some initial financial support (concessionary reimbursement) from Merseytravel, this is now an entirely commercial offer and there appears to have been a genuine increase in patronage by young people. The main conclusion that can be drawn from ‘My Ticket’ is that reducing

fares increases patronage, which is consistent with expectations. The price was increased to £2.20 and it is understood that this led to a fall in sales.

- 4.10.31 Between 2017-18 and 2018-19 there were patronage increases the West Midlands, preceded by a long-term downward trend. It is too early to say whether the increases represent the start of a sustained upward trend.
- 4.10.32 Another factor that makes it difficult to assess the success of partnership is that different areas start from different positions. As noted earlier, there has been partnership working in Greater Manchester for over 20 years, whereas in some areas such initiatives are more novel. Many of the partnership initiatives elsewhere have also been implemented or tried in Greater Manchester: investment in bus priority and the waiting environment (most partnerships); simplified ticketing and fare reductions (Bristol, Liverpool City Region); network reviews (West Midlands, South Yorkshire); and safer travel (West Midlands).
- 4.10.33 The evidence on the benefits of partnership in terms of patronage growth is at best mixed. It is likely to be easier to negotiate a partnership where there is a single dominant operator, but this does not guarantee success and risks losing the efficiency benefits associated with competition. Where partnership has been successful, this has involved extensive public action and investment. Also, as the sustained patronage growth in Reading demonstrates, partnership is not the only route to a successful bus network. Partnership can be a positive influence on patronage and, where combined with public investment, can help to sustain or even increase patronage, and can provide greater certainty of success than a 'Do Minimum' scenario for those planning such investment.
- 4.10.34 The Assessment did not take the position, however, that partnerships were not beneficial or that they could not, combined with public investment, achieve some patronage growth. GMCA have pursued partnership working over a long period of time and the Assessment did not assume that a partnership would not be of benefit. It looked at the partnership offered by operators and its benefits and limitations, to understand what it could achieve given where the starting point of the Greater Manchester bus network.
- 4.10.35 Operators have cited examples of partnerships and asserted that TfGM have, in general terms, underestimated the potential of bus partnerships, and therefore in some way underestimated the potential of the specific partnership proposed by operators. The evidence on the success of partnerships in the UK is mixed as set out above. Other than asserting the success of partnerships, no evidence is presented that TfGM have underestimated their potential in general, or that such underestimation has prejudiced the analysis presented on the potential for a Greater Manchester partnership. This was based on what operators in Greater Manchester were prepared to do.

Responses relevant to the advantages and disadvantages of the assessed partnerships

- 4.10.36 Sections 5.4 and 5.5 below look at the challenges posed to the economic analysis of monetised benefits in the Economic Case of the Assessment. This section notes challenges to how those potential benefits and disadvantages of the assessed partnerships were described in the Strategic Case. The Economic Case in the Assessment, at section 13.3.10 to 13.3.12, notes that the benefits of any partnership option are significantly more fragile and subject to erosion over time, because they require multiple parties to enter VPAs. As

has frequently been seen elsewhere, such as Sheffield, these agreements can erode relatively quickly over time.

- 4.10.37 It is acknowledged in the Assessment at section 8.5 and also in the section below on Partnership Plus (which considers the latest version of the Operator Proposed Partnership option, submitted by OneBus as part of their first consultation response), that one of the benefits of a partnership is that it would offer less risk to GMCA. This is mainly due to operators retaining revenue risk and therefore GMCA assuming less direct financial risk. Transition costs under a partnership would also be lower than the Proposed Franchising Scheme. A number of consultee responses from operators and others have also correctly pointed this out. For example, Stockport Metropolitan Borough Council *“recognises the limitations of the partnership options but also notes the lower financial risk that would be incurred should these approaches be taken”*.
- 4.10.38 A number of consultees set out that a partnership would be easier to implement. OneBus, in response to Question 34, note that the *“implementation of the Partnership would not be as complex as for the Franchising Scheme and not require the major procurement phase”*. Tameside Metropolitan Borough Council recognise that, although it would not *“offer the full range of benefits which the document states will come from Franchise Contracts”*, a partnership would *“appear easier to implement”*. Bolton Council, in response to Question 38, note that the partnership option would result in little change and therefore would have limited impact on the operators as services, timetables and ticketing would continue to be decided by the operators, also highlighting that it would be easier to implement.
- 4.10.39 Stagecoach at sections 2.3 and 5.3 respectively of their response state that *“The Assessment appears to be overly favourable in attributing benefits towards franchising”* and that *“the economic case presents an overly optimistic view of franchising ... Much of the Assessment, especially when considering the benefits offered in partnership, seems to place a view that private operators will simply deliver the legal minimum, and therefore any partnership initiative is credited with only a low level of benefit”*. Stagecoach note that a partnership option would provide a more targeted approach at less cost and risk to the local taxpayers, with the ability to deliver a more sustainable and joined up bus network. They argue that the Assessment assumes that under a partnership, operators will degrade their quality of customer experience to a minimum level, which they feel is *“simply not credible or feasible”*.
- 4.10.40 First claim in their answer to Question 3 that franchising does not provide significant benefits. In their answer to Question 16, First argue that there are restrictions on the potential of a partnership – namely legal constraints on cooperation on fares and constraints on the ability to run routes that are not profitable. They then argue that these are not changes that the bus market *“should”* make: that there should not be integrated fares, and routes that are not financially successful should not be funded.
- 4.10.41 They then argue that a partnership has the necessary levers to make improvements to the bus service. They argue that there is no constraint on what an operator could offer in terms of changing the network. On fares they note the only constraint is that operators would need to keep their own single fares. They argue much could be delivered on customer service and that aspects of branding (livery on buses) could be delivered by a partnership. First also claim that the idea of modelling the Ambitious Partnership is arrogant on behalf

- of TfGM. In their answer to Question 42, First somewhat contradict their earlier statements and assert that there is no constraint on what could be agreed as part of a partnership.
- 4.10.42 Go North West set out some of the further detail of the Partnership Plus offer (pp. 24-5) that is additional to Operator Proposed Partnership, as well as reiterating some of the aspects of the original partnership, such as the potential fares freeze. As part of this they mistakenly claim that a bond has been offered and that a bond was part of the partnership arrangements in the North East. They argue that the Assessment underestimated the effects of the partnership on punctuality and reliability. They argue that a partnership would be more innovative than a franchised market as operators would naturally innovate more. Elsewhere, Go North West claim that deregulated markets are more innovative (discussed below at 7.2.25). They claim that partnership is more resistant to shocks to demand.
- 4.10.43 Rotala, in their answer to Question 14, set out some of the details of the Partnership Plus offer and claim that this is able to achieve GMCA's objectives for the bus service. In addition to setting this out, they make some further points in terms of these objectives. In terms of network, they claim that a partnership would achieve a great deal of change and cite the example of the West Midlands. They note that punctuality targets are enforced because of the enforcement of the Traffic Commissioner. They note that they have ordered new buses and that a CAZ could be implemented without franchising. On fares, Rotala cite the two-year fares freeze that is part of the partnership proposal, and on customer service would be able to put branding in place that would help customers. They also point to the profit share mechanism set out as part of Partnership Plus.
- 4.10.44 In response to Question 28 of the first consultation which considered the commercial implications of the partnership options, Stagecoach, Rotala and Go North West were amongst those that left favourable comments. Amongst the favourable non-statutory consultees were OneBus and Transdev. OneBus did not agree that the interoperability benefit would be reduced under a proposed partnership scheme, stating: *"There is a range of multi-operator and multi-modal tickets available now and under the partnership proposal the operators have agreed that these products will be the prime products for targeted marketing"*. Transdev stated that *"We believe the partnership can achieve similar levels of benefits at a lower risk to the public purse"*.
- 4.10.45 Some of the points made by operators with respect to the Proposed Franchising Scheme are discussed above. Arguments, adduced by operators, that the transition to franchising would be more costly than a partnership as set out in the Assessment and are discussed in the Commercial Case and the Management Case. The Commercial Case considers the operators' challenges in relation to depot related costs, the proposed RV mechanism and the procurement of intelligent transport systems (ITS) at sections 10.1.57, 10.1.74 and 10.1.101 of the Assessment respectively. These sections conclude that the Financial Case in the Assessment includes a prudent estimate of the costs associated with acquiring control of strategic depots including an independently obtained valuation and a quantified risk assessment. It concludes that different courses of action by incumbent operators in relation to the RV mechanism are likely to have a neutral effect on franchise cost implications. The Commercial Case also concludes that the strategy described in the Assessment, in relation to ITS equipment, is not based upon a conclusion that GMCA would be able to negotiate contracts with greater value, given the operators' challenge that the private sector is able to do this. The response on the Management Case, at section 8.3, considers the challenge that the costs associated with the transition to franchising had been underestimated in the Assessment. It concludes that while the transition timescales

are ambitious, GMCA believe that they are achievable and do not underestimate the cost. GMCA are satisfied that the approach taken in the Assessment balances risk with the need to implement timescales that benefit customers and minimise the uncertainty for the operators.

- 4.10.46 The contrast between the records of franchised and deregulated markets with respect to innovation is discussed above at section 4.6.3. There is no reason adduced by Go North West or other operators to lead to a conclusion that a partnership would lead to greater innovation in Greater Manchester than the Proposed Franchising Scheme.
- 4.10.47 It is also clear from the Assessment that the Proposed Franchising Scheme is acknowledged in itself not to change the pace of fleet replacement or to change how the CAZ would be implemented, albeit GMCA would be able to specify vehicles in franchise contracts. It is important to note that partnership would not make any significant progress in this regard, and investment figures quoted by operators are dependent on public funding coming forward which would be available under different market structures.
- 4.10.48 In response to the points made by operators on the assessment of partnerships, it is important to note the following points. The partnership option (if available) does come with less cost and risk to GMCA than the Proposed Franchising Scheme, as some operators point out. The decision to recommend the Proposed Franchising Scheme in the Assessment took account of this and valued the potential benefit of the Proposed Franchising Scheme sufficiently to make this cost and risk worthwhile. Whilst operators have emphasised this, they did not advance arguments in response to the first consultation that in TfGM's view would change the balance.
- 4.10.49 In response to the points made by Stagecoach that TfGM have only considered the minimum that a partnership could do, the partnership that is assessed in the Strategic Case and is modelled in the Economic Case in the Assessment was one that emerged from the discussions with operators and was not an 'minimum' assumption. The potential longevity of the benefits under such a partnership are discussed in the Assessment, and it is noted that all such arrangements are subject to the commercial influences on operators and have changed in other places, such as Sheffield. In this context, it was appropriate in the Assessment to point out the lack of certainty about the long-term nature of benefits from a partnership, and for decision-makers to take this into account. In the Economic Case, the benefits of the partnership are nonetheless assumed to last as long as those for the Proposed Franchising Scheme.
- 4.10.50 Similarly, the points made by First that there should not be a constraint assumed to what could be achieved through partnership are misplaced. They note some of the constraints as set out above. The partnership that is looked at in the Strategic Case in the Assessment is based on the discussion with operators that determined what operators in Greater Manchester were willing to come together and offer. Although the Ambitious Partnership was posited without reference to operators, it was done in recognition of the possibility that the offer from operators could be improved. A new offer came forward during the first consultation, and inevitably this differs from the Ambitious Partnership. It has been assessed to see whether it would change the recommendation made (although it is not now available).
- 4.10.51 In terms of what network changes are possible under a partnership raised by First, Transdev and Rotata, it is important to note that as well as the difficulty of co-ordinating a set of networks that continue to compete with each other, operators set out limits to this process. As set out in the Assessment (see Sections 8.5 and 9.2), operators did not agree

to redeploy resource between operators or between different areas, and it is much harder in a deregulated network to achieve these types of changes. They also rejected the idea of a statutory EPS, which would allow more cooperation on network design than would be permissible under competition law under a VPA or an informal partnership. The assessment of what could be achieved in the Strategic Case (and the value ascribed to this in the Economic Case) in the Assessment was therefore based on the reality of how operators would approach this question.

- 4.10.52 The detail of the Partnership Plus offer has been assessed in a separate section, below (Section 10). The conclusion is that this does not offer a greater degree of benefit than the Ambitious Partnership examined in the Assessment. In some areas it is anticipated to perform better and in others less. For example, additional benefits would be gained from the additional revenue protection and customer service staff operators have committed to provide, the provision of 30 additional buses to the existing network and the proposal to allow acceptance of an operator ticket on a subsidised service for a surcharge of £1.00 (although in many circumstances this would offer no saving to passengers over and above buying a System One ticket). This is offset against a reduction in the commitment to provide driver training, with the assumption in the Assessment under both partnership options being an additional day of training per driver per annum, whereas under Partnership Plus this would form part of the annual CPC driver training. The assessment of the profit share mechanism that has been proposed under Partnership Plus shows that this is unlikely to be of great value to GMCA or in enhancing bus services. The amounts arising from the profit share scheme would be dependent on the level of funding available to make specific highway interventions in the first instance (as it is proposed that the share of profits would be derived from the increased profits as a result of specific interventions into the bus network, e.g. infrastructure). It would be extremely difficult to ascertain whether any increase in profit was down to an intervention; were some funds to be agreed, only 50% would be able to be put toward new schemes. By contrast, under franchising all further income would be able to be deployed on further measures, if this were the best way of using the funds.
- 4.10.53 In terms of Rotala's objection that no credit is given to partnership to improve bus services, it is worth noting that they point to the Traffic Commissioner as enforcing standards. This would, however, not represent a shift from the status quo. In the Economic Case it is not assumed that the Proposed Franchising Scheme would improve punctuality, despite the fact that there would be contractually enforced contracts. It remains the case that the Proposed Franchising Scheme would have a greater chance of improving punctuality, but in either case significant improvement would require some level of increased investment.
- 4.10.54 It is possible to conclude that despite the points made by operators, the assessment of the potential for a partnership to achieve GMCA's objectives did not underestimate its potential to do so, and that the comparison with the Proposed Franchising Scheme set out there was appropriate. The Proposed Franchising Scheme carried more cost and risk than a partnership but is significantly more likely to deliver better outcomes for the bus network in Greater Manchester.

Positive statements on partnership from local authorities

- 4.10.55 There were some further positive statements on partnerships made by other respondents to the consultation. Stockport Metropolitan Borough Council also acknowledge some of

the benefits that partnership would bring, noting in response to Question 16 that “*previous partnership working has provided improvements in the borough on key routes*”.

- 4.10.56 As Lancashire County Council also point out in their response to Question 36, “*the partnership approach may have less risk of a negative impact on neighbouring authority cross boundary services than the franchising scheme, as there would be no permitting process in place – status quo*”. Although some of the current pressures may remain which have seen some services cut or being alternatively run as a subsidised service, with a partnership there would be no change to the ability to operate cross-boundary services under a partnership.

Speed of the partnership proposal

- 4.10.57 A number of the large operators currently operating in the Greater Manchester bus market set out, in their responses to the first consultation, that a partnership could be implemented, and in turn deliver benefits, more quickly and efficiently than the Proposed Franchising Scheme. TfGM fully support the need to ensure benefits are delivered as quickly as possible in order to improve the customer experience; this is evident in the Vision for Bus objectives set out in the Strategic Case of the Assessment, whereby the majority of the objectives are to be met within one to three years of intervention. However, it is not just about delivering change quickly, but also ensuring a quality service is delivered and maintained, offering long-lasting benefits.
- 4.10.58 Amongst the operators’ first consultation responses, some of the comments in relation to partnership include Go North West in response to Question 15 who feel that a “*Partnership Plus VPA would enable GMCA to achieve its objectives, more quickly and at much lower risk*”. This was also echoed in their response to Question 36 where they stated that a partnership would deliver benefits at a lower cost and lower risk. OneBus also state in response to Question 45 that under a partnership “*the customer improvements needed to make buses better can be delivered much quicker*”. Stagecoach, in paragraph 1 of their response, as noted above, have also made it clear that their view is that a “*partnership offers a more economic, efficient and effective alternative to franchising*”. First, in response to Question 41, state that a partnership-based approach would allow “*greater advantages to be gained, more quickly and at lower cost and risk*”. CPT, in response to Question 36, state that the partnership approach would allow for timescales to be expedited. These views that any benefits would be realised quicker under a partnership were reflected in the Assessment and the Economic Case assumptions.
- 4.10.59 Although a VPA (i.e. the legal mechanism for a partnership put forward by operators) could be entered into relatively quickly on a practical basis, given where the VPA drafting has got to, the engagement with operators suggested otherwise. TfGM engaged extensively with operators to discuss how a partnership could be used to meet GMCA’s objectives, since October 2017. As of June of 2020, there were a number of commercial aspects still to be agreed, and a number of commitments that are in effect ‘commitments to commit’. This means that many commitments will not be agreed upon when entering into the VPA and that there remains some significant doubt as to exactly what would be delivered and when. Subsequently, the operators clarified that because of the Covid-19, they could no longer

confirm the commitments in the original partnership. It is not possible to say when a new partnership might be possible

Comments on partnership and employees

- 4.10.60 Rochdale Borough Council and Stockport Metropolitan Borough Council state the effect that bus reform may have on employees involved in the bus public transport system across Greater Manchester. Stockport Metropolitan Borough Council acknowledge the lower impact of partnership on staff but that any form of bus reform needs to focus on protecting staff. First, in response to Question 29, note that *“a partnership-based approach led by shared objectives will better guarantee the long-term future of operator employees as it helps reduce the potential “shocks” to the system that Franchising would deliver”*.
- 4.10.61 As noted at section 9.12 of the Ipsos MORI’s June 2020 Consultation Report, 26% of the 174 consultees that responded to Question 29 (the potential impact of partnership options on the employees of operators) responded with favourable comments. This included many statutory consultees agreeing that a partnership would not impact employees and would not affect job security. For example, Abellio state in their response to Question 29 *“Abellio does not believe there would be any major impact on employees from a partnership or the Proposed Franchising Scheme. In both cases, employees would work for private suppliers”*.
- 4.10.62 In response to Question 29 in relation to the impact of the partnership options on employees of operators, the majority of unfavourable comments came from members of the public (87 out of 92 unfavourable comments), whose main concern was around job security under a partnership approach, with one member of the public stating *“Under a partnership scheme, employees would still be subject to the bus operator’s commercial whims. If one of the operators pulls out of bus operations, there wouldn’t be the same safeguards you get from transitioning to another operator, as under a franchised structure”*.

Comments on disadvantages of partnership

- 4.10.63 The disadvantages of the partnerships were also commented on in the first consultation. As noted above, a partnership could have been entered into relatively quickly via a VPA; however, the extent to which this would have improved the current bus system and deliver benefits was limited. The Economic Case set out below, addresses the theme amongst consultee responses that question whether the appropriate benefits were associated with the partnership options. Many of the consultee responses to the first consultation acknowledge the limitations of the partnership option to the extent that it would deliver positive change and benefits.
- 4.10.64 Bolton Council, in response to Question 38, consider that very little would change under a partnership: *“The Partnership options will have a limited impact on the operators as they will continue to run services and retain farebox profits. They will also continue to determine the timetables, ticketing, etc. meaning that very little would change.”* This highlights the fact that GMCA would have less control under a partnership. Manchester City Council state that *“an enhanced partnership model is unlikely to alter the current situation”*.
- 4.10.65 Question 28 of the first consultation asked consultees whether they have any comments on the Assessment of the commercial implications of the partnership options as set out in the Commercial Case. As noted at section 9.11 of the Ipsos MORI’s June 2020 Consultation Report, of the 166 consultees that responded to this question, 30% answered favourably towards the partnership option. The majority of the statutory consultee responses were

unfavourable. Bolton Council felt that: *“The partnership options do not offer the same controls as the proposed franchise scheme in terms of services to be run, uniform and integrated ticketing that can be used across all modes of transport”*. Amongst other non-statutory consultees that left unfavourable comments in their response to the first consultation were The Chartered Institute of Logistics and Transport and Steady State Manchester Collective. As mentioned at section 9.11.2 of the Ipsos MORI report, Steady State Manchester Collective note the limitations of the partnership options, stating that they would *“deliver less of the needed systemic change than the franchising option [and] ... are based on incumbent operators and could, paradoxically, be anti-competitive in that they could act as a barrier for new entrants”*.

- 4.10.66 Rochdale Borough Council, in response to Question 28, note *“the Partnership Options offer few new ideas that enhance current service provision under the existing tender processes and there are few promises of step-change service improvements”*. The amount of change possible under a partnership would be limited. As noted by Salford City Council in response to Question 16, the network would not be considered as a whole and therefore *“redistribution of resources that are currently in competition between operators would be limited. Opportunities for common ticketing and fare products would also be limited”*. Salford City Council also note that partnership does not allow for a central planning function which is the core of developing a good bus network. Stockport consider that the economic benefits are greater under the Proposed Franchising Scheme and a partnership would not *“provide the flexibility to manage the network to support the wider Greater Manchester Objectives”*.
- 4.10.67 Other consultees acknowledged that the partnership option did not address the demands and priorities that passengers want to see and agree with the conclusions reached in the Assessment on partnership. Rochdale Borough Council note in response to Question 16 that *“the Partnership Options offer less appeal to potential new passengers or those people considering a switch from less sustainable modes. The chance to integrate bus services with those of other sustainable modes of travel are also less deliverable through the Partnership Options.”* Rochdale Borough Council note that although the partnership options are considered affordable, they do not generate sufficient benefits in terms of service improvements for passengers.
- 4.10.68 Question 16 of the first consultation asked respondents for comments on how a partnership option might contribute to GMCA’s objectives for bus services as set out in the Strategic Case. The response was mixed. Of the participants that responded, section 7.3 of the Ipsos MORI report indicates that more than twice as many participants answered with unfavourable comments compared with those that answered with favourable comments. The positive statements about partnership by the operators involved have been set out above. Other statutory consultees favoured the Proposed Franchising Scheme, this included TravelWatch NorthWest and Bolton Council who, in response to Question 16, felt that *“a partnership agreement is unlikely to bring about the changes required to improve the system”*. In relation to the responses from a total of 25 non-statutory consultees, 18 responded with unfavourable comments in response to Question 16. With regards to members of the public, 110 responded with favourable comments compared with 261 responding with unfavourable comments. 52 of the unfavourable comments were due to thoughts that the Proposed Franchising Scheme would be a better option than a partnership and 41 respondents stated that a partnership would not result in objectives being realised. As noted at section 7.3.3 of the Ipsos MORI report, one member of the

public stated *“I don’t feel partnerships will offer the best value for buses as operators still dictate routes, fares etc”*.

- 4.10.69 Having considered the advantages and limitations of a partnership alongside the consultee responses to the first consultation, these did not change the Assessment of partnerships or justify changing the analysis that was set out in the Assessment. The positive points for a partnership should be noted – the relatively low loss in the short term of a partnership option and the fact that GMCA would not take on revenue risk, as well as partnership not creating any issues with cross-boundary services (although by the same token not offering any improvement or innovation in this regard). In particular, analysis in the Strategic Case of the Assessment set out how far a partnership would go in delivering the objectives and ensuring these are continued to be delivered through to 2040, and concluded that this was not as far as the Proposed Franchising Scheme would go.

4.11 Alternative proposals

- 4.11.1 As part of the responses to the first consultation, GMCA received three separate partnership proposals. Stagecoach submitted a proposition for consideration envisaging a partnership in the South of Greater Manchester while a franchising scheme would be implemented in the North of Greater Manchester; OneBus submitted their Partnership Plus proposal, which would see the whole of Greater Manchester operating under a partnership via a VPA, and First put forward a proposal to pilot a partnership in Oldham. These proposals are considered in further detail at section 10, Section 11, and Section 12 of this report (although Partnership Plus and Stagecoach’s proposals are not now available).
- 4.11.2 A summary of OneBus’ Partnership Plus, Stagecoach’s South Manchester partnership proposal and First’s proposal is provided below. The continued engagement with OneBus and its members, and the resulting consultee responses from the large incumbent operators, illustrated that the operators did not come together to offer the best possible partnership, as GMCA had three different and mutually exclusive partnership offers coming from the first consultation. Since that point, correspondence with operators has demonstrated that the effects of the Covid-19 pandemic means these partnership proposals are no longer available. Nevertheless, consideration of their key aspects is set out below.

Partnership Plus

- 4.11.3 Between October 2017 and November 2019 there was ongoing, extensive engagement with the operators in order to consider what could be achieved under a partnership option. As part of their first consultation response, OneBus have now come forward with “*an improved Partnership offer,*” referred to as Partnership Plus. This was an updated version of the partnership offer previously discussed with TfGM. TfGM reviewed the Partnership Plus offer in detail, which has involved consideration of the Partnership Plus commitments against each of the five cases in the Assessment. TfGM also sought clarification on a number of matters, given that, in the main, the level of detail provided for the new commitments was relatively low and a number of the commitments at best could be described as ‘commitments to commit’.
- 4.11.4 As part of the review undertaken for Partnership Plus, TfGM confirmed with OneBus which commitments were restatements of previous commitments that had been considered and therefore were included within the Assessment, and which commitments were the new “*Plus*” elements:
- Profit share schemes will be set up to allocate a share of benefits derived from increased profits as a result of specific interventions into the bus network (e.g. infrastructure) back into improving services further;
 - Young people who no longer benefit from Our Pass can sign up to half-fare discounts for up to six months as a transitional period;
 - 30 extra buses are being provided by operators to allow for new routes;
 - If an operator fails to deliver a commitment or potentially fails to meet an agreed set of KPIs then there will be some financial implications via a liquidated damages mechanism;
 - A review of the bus stops will be completed to ensure they are close to Metrolink and rail stations; and

- OneBus to recruit a total of 14 additional staff – primarily staff that will both provide revenue protection and customer service.
- 4.11.5 TfGM also considered any commitments developed further through the continued engagement with OneBus and its members since the Assessment. This included a proposal that, where a secured service is let as a supplement to an existing commercial service, for example, to extend that service later into the evening or earlier into the morning, the operator running that secured service would be able to sell a £1.00 add-on ticket to the day ticket of the operator running the commercial service. This would allow customers to use the supplementary evening or weekend service without further charge.
- 4.11.6 The review of the Partnership Plus proposal results in an increase in benefits compared with the Operator Proposed Partnership considered in the Assessment. In particular, the benefits would be greater as a result of the additional revenue protection and customer service staff, the acceptance of an operator ticket on a secured service for an add-on fee of £1.00 and the 30 additional buses that may be used for new services. However, the analysis and review of these commitments has demonstrated that the benefits arising are expected to be small, relative to the difference between the current franchising and partnership options.
- 4.11.7 TfGM is confident that sufficient consideration has been given to Partnership Plus to come to the view that, overall, it is expected that the proposal (if available) would deliver no greater benefits than the Ambitious Partnership modelled in the Assessment.

Stagecoach South Manchester Partnership Proposition

- 4.11.8 TfGM received a proposal from Stagecoach, as part of the first consultation, to set up a partnership in the South of Greater Manchester that is intended to “*complement any decision to franchise the North*”. In its proposal, Stagecoach puts forward 35 initiatives over the key areas of network, fares, fleet investment and customer, and a governance structure to coordinate the market.
- 4.11.9 The proposals can be summarised as follows:
- Operations & fleet investment – Investment in fleet to deliver a reduction in the average age of Stagecoach’s fleet in the South of Greater Manchester to seven years, investment in fleet to deliver Euro VI compliance by September 2021 (subject to funding from Defra).
 - Network planning & performance – Improved consultation on changes made to services including the provision of additional data on unprofitable routes, the establishment of key performance indicators, including a performance regime. Stagecoach notably also propose to commercialise a portion of the currently subsidised services in the South of Greater Manchester and have calculated that this would represent a saving of approximately £1.8 million to GMCA per annum.
 - Customer – Various initiatives to improve customer experience (11 in total) including a proposed unified brand and a proposed single point of customer contact.
 - Fares, Ticketing & Retail – Initiatives aimed at simplifying the fares and ticketing proposition, including reducing the number of fare bands to four on its services, the creation of a single suite of period tickets for its services in the South of Greater Manchester by January 2021, extending the introduction of carnet ticketing,

introducing a flat fare in the evenings and rolling out fare capping on its services in the South of Greater Manchester by the summer of 2021.

- Financial proposals – A proposed profit-sharing mechanism that would split any profit generated by Stagecoach above an agreed “*target level of profit*” between GMCA, a ‘South Manchester Partnership Fund’ and Stagecoach. The money received by GMCA could be spent across the whole of Greater Manchester on initiatives that benefit the bus network. Stagecoach proposes that the money in the partnership fund would have two thirds specifically for reinvestment in the bus network in the South of Greater Manchester. GMCA would be obliged to put £1.8 million per annum into this fund.
- Community & Employee – Stagecoach intend to continue to enhance the role that they play in the community throughout the duration of the partnership.

4.11.10 Section 11.2 of this response analyses whether the proposals would enable GMCA to achieve the Vision for Bus as part of its Greater Manchester Transport Strategy 2040. The Strategic Implications section finds that overall, whilst Stagecoach intends that its proposal will create a “*seamless*” market in Greater Manchester, under the scenario proposed, GMCA is likely not to be able to achieve its objectives on simplicity, integration and in a number of other key areas including on network (in terms of the network, GMCA would not have control to be able to make its own decisions for the South of Greater Manchester (unlike in the North). Furthermore, there remains a risk around the longevity of any intervention (one of GMCA’s objectives) as the partnership is voluntary in nature. The value of the profit share mechanism is also in doubt.

4.11.11 The Economic Implications (section 11.3) of this response concludes that the net present value (NPV) and benefit-cost ratio (BCR) of the Stagecoach partnership and a franchise in the North, both when considered individually and when combined, are likely to be substantially lower the Proposed Franchising Scheme. The NPV of the Stagecoach’s partnership, as well as the combined franchising scheme in the North, may even be lower than the Operator Proposed Partnership, as Stagecoach’s proposal would not result in the existing premium between the individual and multi-operator tickets being reduced (this has been assumed and therefore modelled for the partnership despite this only being offered “*following a review*”).

4.11.12 The implications of the proposals from a commercial perspective are considered at section 11.4 of the Commercial Implications section: that whilst in theory Stagecoach’s proposals result in a combination of two options already considered in the Assessment, the proposal would mean allowing two different regulatory frameworks for the bus network in Greater Manchester and this leads to some complications (particularly for services at the boundary between the North and South of Greater Manchester) and potential inefficiencies in managing the network. This means that, as the Management Implications section at section 11.6 explains, whilst the incremental operating costs of operating a combined partnership and franchising network could be less than operating the Proposed Franchising Scheme, it is likely that the overall scenario would be less efficient to manage, as TfGM would effectively be monitoring the bus network in Greater Manchester under two different regulatory frameworks.

4.11.13 The impact on affordability for GMCA is considered at section 11.5 of the Financial Implications section. It analyses how the overall funding requirement would likely change, and finds that funding needed for franchising the North only would not reduce in proportion to the scaled-down revenues and costs in a franchised area, and there would

be costs to manage the partnership. There also remains a risk that the smaller franchise area in the North would be commercially weaker, as the North is currently commercially weaker than the South.

- 4.11.14 Overall, given that GMCA may not be able to achieve its objectives under the proposals, and the Economic Implications section concludes that the proposal would deliver an NPV that was likely to be substantially lower than the Proposed Franchising Scheme, the conclusions in the Assessment remained valid. Having a unified livery and, ostensibly, a unified network, risks confusing passengers as there would still be different tickets available for different operators and franchised buses and different organisations would be accountable for the network. Whilst the CMA noted that partnerships do not necessarily fall foul of competition rules, a partnership where potential competitors have been removed from the market (as franchise operators would not be able to run services outside of those in their contracts from depots supplied by TfGM) does risk a substantial reduction in the level of competition for Stagecoach in the South.
- 4.11.15 The Stagecoach proposal for the South could be combined with a partnership in the North of Greater Manchester instead of franchising. This would lower transition costs. It is unlikely to deliver a greater level of benefit than the Proposed Franchising Scheme or the partnership options examined in the Assessment, as the measures in the partnership in the North would not be enhanced, and those in the South do not deliver significant additional benefits. In addition, there would be disbenefits for passengers and TfGM in running two separate partnership structures within Greater Manchester with implications for branding and consistency of customer service.

First Proposal

- 4.11.16 As part of the first consultation, TfGM received a proposal from First to adopt a pilot-based approach for both franchising and partnership in Greater Manchester. More specifically, First have proposed that a local partnership (LP) should be run as a trial in one area, in parallel to any new franchising or similar scheme being piloted in another. First consider that the LP approach would be “*particularly amenable*” to the local circumstances in Oldham where First have their operational base and depot in Greater Manchester.
- 4.11.17 In terms of First’s proposal, there is very little detail provided and that is why a proportionate approach has been taken to consider the proposal under the four areas of GMCA’s objectives (Network, Fares and Ticketing, Customer, and Value for Money). The commitments within the proposal are similar to those put forward under Partnership Plus. In summary, the main differences are that First are proposing a ring-fenced time-limited ‘emergency’ tender fund, greater integration of tendered and commercial services, fleet investment of a minimum 22 new vehicles per annum for three years, a continued process of fare simplification (e.g. there would be only four standard single fares), early adoption of ‘tap and cap’ ticketing, and a localised livery would be applied following local agreement.
- 4.11.18 This proposal would require a significant amount of further engagement with First to elicit the details of what is being offered. It is therefore only possible to review at a high level what marginal benefits this may deliver over and above what the Partnership Plus might

deliver, if combined with it or implemented alongside any new franchising or similar scheme being piloted in another area of Greater Manchester.

Conclusion on the alternative partnership proposals

- 4.11.19 GMCA considered the alternative partnership proposals received as part of the first consultation. The level of detail provided within the Partnership Plus and Stagecoach proposals has allowed TfGM to perform a detailed review of these proposals against each of the five cases included in the Assessment, a summary of which is provided above, and further detail is considered at section 10 and section 11. The First pilot partnership proposal, along with the suggestions to trial franchising and the possibility of combining these proposals, for example, implementing the Stagecoach partnership in the South alongside the OneBus partnership in the North of Manchester, have also been considered.
- 4.11.20 The analysis of the Partnership Plus proposal concludes that it would deliver benefits no greater than the Ambitious Partnership considered in the Assessment. The analysis of the Stagecoach proposal concludes that this proposal would deliver benefits substantially lower than the Proposed Franchising Scheme. Similarly, the analysis of the First proposal concluded that this proposal could not be shown to deliver a higher benefit than the Proposed Franchising Scheme and would come with considerable implementation challenges. For these reasons TfGM is confident sufficient consideration has been given to these alternative proposals and concludes that they do not impact the overall conclusion in the Assessment.

Responses to the second consultation

- 4.11.21 Stagecoach suggested that the June 2020 report had only tested a ‘strawman’ and “*discounted the partnership option on a binary (yes / no) basis*” and that GMCA did not take an equal approach to partnership or devote equal resources to it (SC Business Response 10.4e). However, it is clear from the extensive engagement with operators before the Assessment was completed and during the first consultation with Stagecoach on their own partnership that this option was not discounted without sufficient effort being paid. The consideration of partnerships in the Assessment and subsequently (including in sections 10, 11, and 12) has been undertaken across the five parts of the business case, and not on a ‘binary’ basis.
- 4.11.22 In the main, responses to the second consultation on partnership accepted the fact that the partnership proposals that had been submitted previously were no longer valid because of the Covid-19 crisis. Some operators such as Stagecoach argued that any decision on franchising and any further consultation should have been delayed until operators in Greater Manchester chose to put a revised partnership offer together. These points are addressed in section 17.2.

Partnership conclusion

- 4.11.23 A number of the consultee responses to the first consultation raised a concern that the partnership option had not been given enough consideration in the Assessment. TfGM is satisfied that there had been extensive and meaningful engagement with the operators and other stakeholders, including over 90 meetings between TfGM and operators between October 2017 and November 2019 to discuss their partnership offer, and it is considered that operators had considerable opportunity to come forward with their best offer. Operators were aware of the timetable and had ample time to develop and agree a strong partnership proposal. The Operator Proposed Partnership, appraised in the Assessment,

was a fair reflection of what TfGM understood to be the potential for the partnership then proposed. Subsequent proposals (assessed in section 10 onwards) have been carefully considered by TfGM in the context of the first consultation, and appear to be reactive to the Assessment. They cannot be taken as evidence that the partnership proposal included within the Assessment was insufficiently developed by TfGM.

- 4.11.24 Considering the challenge offered by operators on partnership costs, TfGM is confident that the allocation of costs to the partnership option in the Assessment were relevant and appropriate. The partnership costs were developed based upon information received from the operators, the proposed governance structure and by following a logical process. The costs reflect the value of the partnership and are required to ensure the benefits are enduring over the life of the partnership.
- 4.11.25 The arguments that the Proposed Franchising Scheme does not deliver the benefits that are set out in the Assessment are dealt with above. The conclusion of this analysis is that the analysis of how effectively the Proposed Franchising Scheme would achieve GMCA's objectives in the Assessment was appropriate, and that the Proposed Franchising Scheme remains the option that has the better chance of achieving those objectives.
- 4.11.26 As set out at section 64.1.4 to 64.1.7 of the Assessment, the cost of the Proposed Franchising Scheme is higher, and the associated risks were also higher than the partnership options then available. Points made that the Proposed Franchising Scheme comes at greater risk (particularly during transition) are dealt with in the examination of the Management Case in section 8 of this response. Other than simply asserting that the risks exist, operators have not shown that they were underestimated in the Assessment or that the mitigations set out were inadequate. Whilst there is greater cost and risk with the Proposed Franchising Scheme, the clear difference in the ability of the two interventions to achieve GMCA's objectives mean that it can be an appropriate choice to implement the Proposed Franchising Scheme in preference to a partnership.
- 4.11.27 This remains the case in the context of the Covid-19 pandemic and the different scenarios set out in the Covid-19 Impact Report, particularly because at this stage, the operators have confirmed that the partnership offers do not stand. Discussion of responses to the second consultation on this point is at the sections regarding partnerships below (section 10, 11, 12, 13 and 14).
- 4.11.28 Having considered the responses to consultation, TfGM is satisfied in the robustness and quality of the assessment in the Strategic Case of the advantages of a partnership, and the extent to which they would achieve GMCA's objectives. Such an assessment needs to be made on the specifics of the partnership proposed by operators, and none of the points made by operators on how this would affect the network, fares or customer service show that the analysis made in the Assessment of how effectively these achieve the relevant objectives was flawed. It is also the case that the Assessment did not ignore the fact the partnership could be put in place more quickly than the Proposed Franchising Scheme, and this is accounted for in the benefits set out in the Economic Case. Whilst partnerships can be positive and can be particularly useful where there is extensive public investment in deregulated markets, there is no evidence that without such investment they have a dramatic effect on patronage. Further analysis of the improved option put forward by operators during the consultation period (set out below in section 10) shows that this was not likely to deliver a far greater level of benefit. As set out below at section 4.12, TfGM do not consider that implementing a partnership would create more scope for anti-congestion

measures. By contrast, the Proposed Franchising Scheme would enable a wider range of 'Phase 2' measures and would improve their VfM.

4.12 Franchising and the place of further ('Phase 2') measures to improve the bus service

- 4.12.1 A number of incumbent operators and operator representative organisations argued, in their responses to the first consultation, that the Proposed Franchising Scheme is weak because some of the benefits of the Proposed Franchising Scheme relate to items that would be part of 'Phase 2' and are therefore uncertain. For instance, Bus Users UK say, "*there is no timescale for this (phase 2), nor is there any mention of budget being set aside*"; Stagecoach say that there are major "*step change interventions*" but that they only appear as part of 'Phase 2' and would only be implementable after 2025. Go North West argue that GMCA's objectives cannot be realised through the Proposed Franchising Scheme unless measures such as congestion charging, "*red routes*" and infrastructure investment are undertaken. First and Rotala each make similar points in their responses.
- 4.12.2 A number of respondents to the first consultation suggested areas where further measures might be of advantage to the bus network in Greater Manchester. Some changes that respondents wanted to see, such as consistent fares, would be part of the Proposed Franchising Scheme, whereas others would be part of a 'Phase 2'. These included fares measures such as extending concessions or making fares more affordable across the board. Suggestions were also made in terms of extending the network both in reach and times of operation, for instance aligning times more closely with Metrolink services or introducing more orbital and express services. Some thought there should be more local consultation about potential routes and where demand might be stimulated.
- 4.12.3 Bus infrastructure, and the introduction of further bus lanes or other traffic management measures, were also suggested to improve punctuality, as well as holding operators to a high standard, as would be done under franchising. Suggestions were also made around improving the perception of bus services, to encourage a broader range of users to take the bus. A significant number of respondents to the first consultation suggested that further measures be taken in pursuit of clean air and abatement of CO₂, for instance introducing electric buses or other solutions.
- 4.12.4 It is right to say that the 'Phase 2' measures set out in the Assessment are not currently funded and do not currently have a timetable for implementation. This is appropriate for a set of measures that would potentially be implemented over a long timeframe and in changing circumstances. Some of these changing circumstances would be associated with the bus services themselves – for instance extra resource to improve punctuality – whilst others would be separate to it, such as changes to infrastructure. However, within the proposed approach, Section 15.4 of the Assessment sets out the potential economic value for further investment in the bus system. It points to a rigorous system of evidence-based assessment, in order to understand the best interventions and how those interventions could be VfM.
- 4.12.5 Sections 8.7 and 8.8 of the Assessment set out how the different types of measures would be able to be implemented under different market structures – a deregulated market with a partnership in place and the Proposed Franchising Scheme. Although some measures, such as the types of investment that have taken place in bus priority measures available to all operators, are possible to undertake under all market structures, other measures, such as support for resource to improve reliability of services or support to reduce fares outside

of statutory concessions, are much more difficult to implement legally in a deregulated market.

4.12.6 Some of the measures that can be implemented are also better VfM when undertaken under the Proposed Franchising Scheme. Where an authority invests public money, and this results in increased patronage, the resulting profits are realised by operators in a deregulated market, but would revert to GMCA under the Proposed Franchising Scheme and benefit the people of Greater Manchester, and facilitate further investment, as well as benefitting GMCA and the people of Greater Manchester (a discussion of profit share mechanisms proposed by operators during the first consultation period as part of different revised partnership proposals are set out at section 10 and Section 11). Table 4 below reflects the analysis set out in the Strategic Case of the Assessment at section 8.7.

Table 4: Investment in Bus under Alternative Market Structures

Intervention Group	Intervention Details	Deliverability		
		Deregulation	EP/VP	Franchise
Network expansion	Additional links; routes or frequencies: currently limited under 1968 Act to where the commercial service doesn't run.	Mostly not possible	Mostly not possible	Deliverable
Fares	Phase 2 could include fare reductions across the board or freezes and greater integration across modes.	Mostly not possible	Mostly not possible	Deliverable
Quality of Service Provision	Operating resource to improve reliability (scheduled, standby, engineering).	Mostly not possible	Mostly not possible	Deliverable
	Investment in bus priority and wider infrastructure.	Possible but poorer vfm	Possible but poorer vfm	Deliverable
	Enforcement and monitoring measures: parking and bus lanes, roadworks.	Deliverable	Deliverable	Deliverable
	Fleet measures: for passengers or for environmental e.g. Euro VI or Electric.	Possible but poorer vfm	Possible but poorer vfm	Deliverable
	Information, customer service and marketing.	Possible but poorer vfm	Possible but poorer vfm	Deliverable
	Use of technology: e.g. 'mobility as a service' partnerships.	Possible but poorer vfm	Possible but poorer vfm	Deliverable
	Waiting environment: especially perception of safety.	Deliverable	Deliverable	Deliverable

4.12.7 Whilst it is not possible nor appropriate to count on positive benefits from 'Phase 2' measures in the forecasts of improved patronage under the Proposed Franchising Scheme, it is right to point to the potential benefits they could bring. TfGM remains satisfied that its Assessment adequately accounts for 'Phase 2' interventions, given the flexibility in the implementation of the Proposed Franchising Scheme to allow for those interventions to be developed in a variable policy and economic environment. The case underpinning the Proposed Franchising Scheme is not dependent on any realisation of some or all of the 'Phase 2' interventions, but it is right to highlight that particular 'Phase 2' interventions may give rise to future opportunity, and therefore realisation of future potential value.

4.12.8 In response to the second consultation, the Association of British Commuters commented that they believe that regulation also gives Government and local authorities better incentive to invest, knowing that they will not only be in charge of strategic planning, which

supports the point above that it is important to point to the potential benefits franchising could encourage for 'Phase 2' measures.

'Phase 2' measures and the opportunity cost of franchising

- 4.12.9 Operators in responses to the first consultation challenged TfGM's analysis of the causes of decline and, in doing so, focused on the issue of congestion as the key challenge facing the bus service. As explained above, however, it is wrong to say that congestion is the only issue facing the market. This is to ignore the issues that arise from the nature of the deregulated market itself, such as the efficiency of the network and the complexity and level of fares.
- 4.12.10 Some operators, in their responses to the first consultation, contend that it would be better to address congestion before addressing bus reform. For instance, First Manchester, in their answer to Question 16, state that *"surely the correct approach, as adopted in many areas of the UK already, is to address these issues first, thereby providing an environment where bus operators are able to maximise their operational efficiency and provide a higher standard of service that passengers need"*.
- 4.12.11 Some incumbent operators suggest, in their responses to the first consultation, that measures that would be part of 'Phase 2' should be considered alongside a partnership. They contend that the benefits of a partnership together with the benefits that could be secured with 'Phase 2' measures - by using the money saved in the costs of implementing franchising - is a better option than the Proposed Franchising Scheme (with its attendant transition costs). This is linked to their arguments on the primacy of congestion as a cause of the current decline in bus patronage, discussed at section 4.3. These arguments are considered below when considering the choice between franchising and a partnership.

Priority of spending on anti-congestion and other 'Phase 2' measures versus bus reform

- 4.12.12 It is important to recognise that the Proposed Franchising Scheme is not proposed as an alternative to measures that would reduce congestion or improve the reliability of the bus service.
- 4.12.13 GMCA have a view of what bus schemes should be taken forward irrespective of the decision on the Proposed Franchising Scheme, and franchising has not been viewed as an alternative to such a capital programme. The Greater Manchester Transport Strategy 2040 Delivery Plan 2021-26 (GMCA, January 2021) established a forward programme through the establishment of Quality Bus Transit Corridors, particularly along core routes between adjacent town centres. Such schemes will need a positive VfM case to be made to be taken forward.
- 4.12.14 Where spending would tackle congestion, GMCA would consider this and seek to take it forward, regardless of whether the Proposed Franchising Scheme was taken forward. It should be noted that there has been public sector investment in bus priority in Greater Manchester for a 20-year period, since the first LTP established the 200km Quality Bus Corridor network. Since then, we have delivered the Cross City Bus Network, dedicating further core priority to buses, and we are currently delivering the Salford/Bolton Bus Network programme. Throughout this era, there has also been promotion of junction priority, utilising SCOOT and MOVA UTC technology, and delivery of a range of 'pinch-point' schemes to support bus movements. TfGM works with operators through the Control Centre to provide a coordinated response to issues as they arise. Local authorities have also undertaken highways works to combat congestion. The decline in patronage seen in

recent years has occurred despite this public investment. It is anticipated that such investment would continue whether or not the decision to implement the Proposed Franchising Scheme is taken.

- 4.12.15 The options considered in the Assessment were those that had the potential to address the full range of objectives that GMCA had, to improve the performance of the bus market of Greater Manchester. In doing this, GMCA did not ignore the potential for other investment in bus infrastructure alongside that in the interventions. Indeed, it was expressly recognised that there were other measures that could be taken under any option which may also support achievement of objectives. As stated at section 8.6.2 of the Assessment *“There are a wide range of further measures that can play an important role in improving the performance of bus services in Greater Manchester. The measures taken, (which would include things like public investment in infrastructure and bus priority) could be implemented in a piecemeal fashion and some of these could be undertaken under a variety of market structures. They do not, therefore, amount to separate options for reforming the bus market and are therefore excluded from the shortlist of overall bus reform options. However, the ability to take such actions is an important part of the consideration of the shortlisted options”*. Nothing in the Assessment, therefore, would stop such additional investment being made in conjunction with the introduction of a partnership option, and indeed the partnership option was progressed on the basis that it would, potentially, allow for such investment, where appropriate, as would other options considered.
- 4.12.16 These full options to reform the market were considered because there was a case for change, identified in the Assessment, to reform the market and not continue with the current market. GMCA has invested historically in bus priority, but there is a need to make broader changes; hence the consideration of the Proposed Franchising Scheme and a partnership that addressed issues across Greater Manchester. For this reason, there is not an either/or decision to choose between continuing to invest, as GMCA have done, in measures to reduce congestion versus implementing the Proposed Franchising Scheme. The programme can and will be pursued regardless of any decision to proceed with the Proposed Franchising Scheme, but is likely to be stronger under the Proposed Franchising Scheme.
- 4.12.17 In response to the second consultation, Trafford Metropolitan Borough Council commented that an improved transport system will support economic activity and reduce congestion, which supports TfGM conclusions that reforming the bus market will allow GMCA to tackle congestion.

Partnership and ‘Phase 2’ measures financed by savings from not introducing franchising

- 4.12.18 Some operators have suggested that measures that would be part of ‘Phase 2’ should be considered alongside a partnership. In opposing the Proposed Franchising Scheme, Stagecoach commented that:

“Our overarching view remains that delivering the proposed franchising scheme will absorb £134 million of public money, for no ascertainable improvement in journey times and service quality or provision and will limit new vehicle investment and innovation. It seems evident that investing over £134 million of public money into infrastructure projects alongside private investment and innovation through a partnership with bus operators (which encourages bus

use) would be a more optimal investment for the local and national taxpayers, and would not compromise investment in other vital, publicly funded services.”

- 4.12.19 Given the range of choices available for public spending, spending choices are made by developing appropriate policies and strategies, and then by developing the business cases for options that are designed to address specific problems and support the delivery of strategic objectives. The Five Case Business Case framework is the universal framework used to structure the evidence. It seeks to ensure scheme promoters have followed due process when selecting and assessing options, and that they thoroughly examine and understand the strategic importance and VfM of those options in the context of affordability and deliverability. In this case, GMCA has identified the structure of the Greater Manchester bus market as an impediment to the delivery of strategic objectives. Options for intervention have been selected and assessed to address this issue, and the full range of objectives identified by GMCA.
- 4.12.20 Alternative views will always exist with regards to where best to spend public money, in this case, specifically, the potential opportunity costs of spending more money on congestion relief. However, the issue of opportunity cost is inherently considered when doing any economic appraisal. If the VfM rating for a project is poor, the implication is that the ‘potential benefits to society of alternative options foregone (the DfT definition of an opportunity cost) could well be expected to be higher for alternatives. The Covid-19 Impact Report presented a set of ‘what if?’ tests looking at the effects of the Covid-19 pandemic on the VfM of the Proposed Franchising Scheme:

Sensitivities £m 2010 values and prices	Measure	Franchising			
		Scenario 1: Back to normality	Scenario 2: New travel demand	Scenario 3: Car dominant travel	Scenario 4: Poorer and more local
Step 2: 1:2	NPV	£166	£304	£3.0	£198
	BCR	2.5	3.8	1.0	2.8
Step 3A: Downside loss of network and interoperability benefits	NPV	£68	£304	-£39	£133
	BCR	1.4	3.8	0.7	2.0

- 4.12.21 After the reduction in benefits from steps one and two, the rating for the Proposed Franchising Scheme was over 2:1 under three of the four scenarios. This suggests that there are few alternative spending options that would return greater value per pound spent. Taking into account further reductions of benefits under step three – the VfM is good under Scenarios 2 and 4; less good but positive under Scenario 1 and poor under Scenario 3. It should be noted that alternative proposals would now have extremely poor VfM (because there are no commitments that would create benefits). The Covid-19 Impact Report gives decision-makers the information, both in terms of monetised benefits and other benefits and effects, to understand the VfM of different interventions and make spending choices. It is not typical, nor would it be appropriate or reasonable, to seek to ‘level up’ the financial

cost of each option under consideration in a business case assessment study of this type. Solutions considered in business cases almost always have different costs and different benefits, and they are considered against common standards of strategic fit and VfM in order to determine the best way forward.

- 4.12.22 Stagecoach’s contention that, if a partnership were to be pursued rather than franchising, GMCA could “save” £134 million which could be devoted to ‘Phase 2’ measures, is in any event flawed. The Assessment found that in the transition period up to 2024-25, there would be forecast net costs of £122 million for the Proposed Franchising Scheme and forecast costs of £13.8 million for the Operator Proposed Partnership; a difference in the transition costs of approximately £108 million in cash terms (less than the £134.5 million identified by Stagecoach). But this comparison only relates to the transition period. It ignores the period after 2024-25 and the ongoing costs of partnerships, which the Assessment found would be approximately £83.6 million for the Operator Proposed Partnership, compared with a forecast cumulative net surplus for the Proposed Franchising Scheme of £94.4 million over the same period. The spending for the different options over the full appraisal period is in cash terms and is incurred over different timeframes, and so cannot be directly compared on a pound for pound basis. However, a high-level exercise to ‘discount’ the cash costs of the Proposed Franchising Scheme and the Operator Proposed Partnership to current, approximately 2019-20, prices would result in a cost difference or ‘saving’ to GMCA in the order of £56 million in current prices, significantly less than the £134.5 million referred to by Stagecoach, which could potentially be spent on ‘Phase 2’ measures over the relevant appraisal period. In practice, any spending and funding availability would also depend on (i) the balance of capital and revenue funding required for bus priority interventions (and whether GMCA would be liable for any ongoing lifecycle costs) and (ii) the timing and associated funding profile for the same proposed interventions. It would also depend on whether there were other projects, not necessarily related to buses, that GMCA might choose to spend any ‘savings’ on.
- 4.12.23 As well as the amount of funding, there are a number of points to make about Stagecoach’s proposal in terms of the practicality of the proposals and how they would fit with addressing GMCA’s overall objectives for the bus service, and what assumption could be made about their potential VfM.
- 4.12.24 Stagecoach has not proposed any specific interventions for which any savings could be used. Its claim that investing any savings from introducing a partnership, rather than franchising together with a partnership, would produce better VfM than franchising is purely an assertion, with no explanation as to what would be funded, over what period or with what benefits.
- 4.12.25 In fact, as part of the discussions on partnerships with operators over the past few years, TfGM has discussed with operators, including Stagecoach, the need to consider bus priority measures and other congestion measures that would improve journey speeds, journey time variability and passenger infrastructure. Whilst over a period of over a year a process for identifying such schemes was developed with operator input, these discussions did not progress to the extent that any specific schemes were identified and ready for implementation. Whilst viable schemes could no doubt be developed, they would require proper development before introduction. Even if schemes had been identified, then where more significant intervention is required, there would be a need for engagement with many stakeholders, including operators and the relevant highway authorities, who would need to be involved in the development of such schemes. It would also be necessary to develop those schemes in the context of the wider Greater Manchester Transport Strategy

- 2040, which requires wider considerations to be taken into account. It would also be necessary to take into account the needs of other road users and the overall effect any schemes could have on congestion.
- 4.12.26 It is obviously impossible to carry out an economic assessment of Stagecoach’s contention in the same way as franchising and the partnership options were considered in the Assessment, in the absence of any details about, for example, the specific schemes in any programme of measures and when they might be carried out. Given the amount that GMCA would ‘save’ is in the order of £56 million in current prices with a partnership rather than a franchising scheme, it is likely that the number of bus priority schemes that could be progressed using this money would only cover a relatively small subset of the overall bus network. The range of parameters that could apply to such schemes means it is very difficult to make any reliable assumptions as to their likely value. There is no reason to assume, as Stagecoach appear to do, that, when their value is added to that of a partnership, it will exceed the likely value of franchising. If it were to be assumed that the economic performance of such a programme of bus priority would be consistent with the programme averages quoted by a Greener Journeys report and if the full allocation of the £56 million ‘saving’ was spent on bus priority measures, for example, then the resulting derived NPV when added to that of the partnership option would be likely (under three of the four scenarios) to be less than that of the Proposed Franchising Scheme over the appraisal period – particularly because no benefits could currently be ascribed to the partnership option.
- 4.12.27 The VfM of any ‘Phase 2’ measures taken in conjunction with a partnership is also likely to be lower than such measures taken in conjunction with the Proposed Franchising Scheme, as there would be a narrower range of options available for spending, and those that could be undertaken under either option would be likely to have poorer VfM with a partnership than with franchising, because revenue generation associated with the improved service would not accrue to GMCA to offset investment costs.
- 4.12.28 It may not be desirable to spend any available funds solely on bus priority in any event. Whilst congestion is important, it is not the only determinant of bus performance. Bus operators seek to downplay structural issues with the market (e.g. fares and network) and also other operational issues such as the resources devoted by them to operate and control the service. Even in terms of bus journey times which directly affect customers, issues other than congestion, such as how bus exit and boarding is handled and how ticketing works (e.g. extent to which cash is handled), are significant. This narrowing of the potential issues faced from the bus service does not accord with reality of the situation and implies that the main solution to the problems facing the bus market is about public spending.
- 4.12.29 As well as aligning the incentives of the operators and passengers, good service performance requires more interventions than simply reducing the impacts of congestion on bus services through bus priority measures, and this is not merely a spending issue. Poor bus service performance is the result of a complex set of endogenous and exogenous factors that interact with one another and of which congestion is only one. Explanatory factors that are not in the control of operators include congestion, temporary roadworks and road closures, and ad hoc disruptions for other causes including passenger actions and force majeure. Explanatory factors that are in the control of operators and that affect performance are often the result of the commercial imperative that operators face, and include the inadequacy of the resources employed to operate and control the service, structural issues with the way services are scheduled and delivered, and staff retention and motivation problems that affect the reliability of service delivery. This is not an exhaustive

list. All of these factors are prevalent to a greater or lesser degree across Greater Manchester and greatly affect the service passengers receive. It is therefore inappropriate to focus on bus priority measures alone, as explained within the Assessment. A broader range of interventions would necessarily allow for greater impact and better VfM, and the ability of franchising to support such a range of measures is one reason that it better meets GMCA's objectives for the bus service in Greater Manchester.

Opportunity cost in the context of the Covid-19 pandemic

- 4.12.30 In their responses to the second consultation, some operators have made similar points. Go North West suggest that *“given the inevitable pressures on Treasury funding it is paramount that we prioritise passenger recovery (without regulatory distraction) to help ensure a sustainable network that then forms a viable franchising proposition for the longer term”* (p.2). As a consequence, they suggest a different path to franchising via direct award of contracts (this is considered in section 14). They suggest that there may be a funding gap during transition, and that would need to be met by central government, local taxation or changes to the service (p.4).
- 4.12.31 Stagecoach note the increased pressure and the fact that the £134.5 million transitional cost is not to be spent on network, fares or new buses, saying that there may be competing pressures for the money. (SC Business Response 5.1, 5.2) Stagecoach go on to cite some specific pressures such as Manchester Airport, a report of GMCA's Audit Committee of January 2021 (and cite some specific shortfalls and risks from GMCA documents), and say that there would be lower farebox and less money available from business rates (SC Business Response 5.3-5). This point is repeated in 7.1 in considering the impact on GMCA of the Proposed Franchising Scheme.
- 4.12.32 Go North West, in their answer to question 3, argue that the use of local funding would have an *“associated opportunity cost”* and that it is unclear whether this cost has been accounted for in the updated VfM statement. In their answer to 9B, Go North West assert that the identified funding in the Financial Case is not sufficient to cover the costs of the Franchising Scheme.
- 4.12.33 First, in comparing the Proposed Franchising Scheme to partnership state that say that *“The need for costs to be underwritten by local taxpayers at a time when local economic conditions are both unfavourable and uncertain also weighs heavily against franchising.”* CPT quote from a You Gov poll from 2020 (the poll was actually commissioned by OneBus and reported in April of 2019), which reported a figure of 76% not wanting increases in Council Tax to pay for better public transport.
- 4.12.34 Bolton Council suggest that the proposal should be subject to a full business case, and that they wish to consider both how the investment will represent VfM and how it fits within Local Authority and GMCA priorities.
- 4.12.35 Local authorities are likely to be facing additional pressures and some reduction in local tax revenues following the Covid-19 pandemic. In this context, district local authorities and GMCA will continue to make spending decisions in the same way as at present, which includes consideration of the strategic, economic and financial aspects of projects or programmes. GMCA has set out its priorities in the Greater Manchester Strategy and supporting documents such as its local transport plan. Using the powers in the Transport Act 2000 (as amended) and considering franchising was part of that strategy. Decision-makers are aware of the respective financial pressures and the need to balance competing priorities, and any decision that they take will be done so with an understanding of the

budgetary issues that GMCA and the local authorities face. However, the process for implementing the Proposed Franchising Scheme does not, and need not, include a 'Full Business Case' following a Mayoral decision. There will be continual reviews of the VfM, affordability and efficiency of spending on bus reform through the tendering process and the commissioning of services annually, as part of the budget setting process; and on an ongoing basis via budget monitoring reports, all of which will be monitored by GMCA via the Committee and its sub-committees. Ongoing governance and scrutiny through GMCA will examine the value of TfGM spend on bus (as it does currently in other areas) on an annual basis.

- 4.12.36 It is not clear what Go North West mean when they say that it is unclear whether the cost has been accounted for in the material presented on VfM – opportunity cost it is inherent to a VfM assessment. The response on the Financial Case sets out the sources of funding and concludes that the funding is available and sufficient to cover the costs of the Proposed Franchising Scheme. It also sets out the increased uncertainty and the possibility that (particularly in a situation more like Scenario 3 than the others) further mitigations would be necessary.
- 4.12.37 There is no suggestion that implementing the Proposed Franchising Scheme would take priority over or would have the effect of inhibiting efforts at supporting the recovery of the bus market. Some operators have suggested that taking advantage of Government support for the market through 'recovery partnerships' should take precedence over implementing the Scheme, but as set out at section 13, such arrangement would be pursued irrespective of the choice to implement the Proposed Franchising Scheme or not, and would potentially (as suggested by Go North West) provide some support before the implementation of the Scheme.
- 4.12.38 Operators have not collectively proposed a specific viable partnership offer for the longer term, or any other particular use of any resources that could be assessed in terms of their VfM compared with the Proposed Franchising Scheme. Go North West, as discussed in the section on 'recovery partnerships' (section 13) suggest a range of things that could be part of 'recovery partnerships', but as set out there these would either be part of plans whatever the market structure (e.g. a publicity campaign, support for infrastructure or electrification), or would require agreement among operators that has not so far been forthcoming (such as universal travel on one operator's ticket). The measures that might support the bus service in a recovery period would not be different from those Phase 2 measures that would support the service at any other time. The same considerations apply to them in terms of VfM during a period of recovery as at any other time. Thus, the conclusion set out above, that the VfM of any 'Phase 2' measures taken in conjunction with a partnership is also likely to be lower than such measures taken in conjunction with the Proposed Franchising Scheme, would remain the case despite the effects of Covid-19 as this would not affect the . Given the lack of a partnership offer from operators (beyond a willingness to take advantage of Government funding that would be available in any case), it is more likely than previously the case that this will remain the case.
- 4.12.39 In the immediate recovery period and beyond, the increased proportion of public money going into support the bus service in Greater Manchester means that getting VfM from this is ever more important. The analysis in the Assessment set out above at section 1.12.5-7 demonstrates that the VfM of 'Phase 2' measures to support the bus service would be

better under franchising than under a partnership and more extensive support for the bus service would be possible.

Conclusion

- 4.12.40 Franchising is not proposed as an alternative to ‘Phase 2’ measures but as a reform of the bus market which will enable a greater variety of ‘Phase 2’ measures to be implemented. The need for reform demonstrated in the Assessment means that it would not be appropriate, as First Manchester suggests, to invest in bus priority measures before considering the Proposed Franchising Scheme. This would be to continue with the current policy of implementing bus priority measures without reforming the market, which the Assessment shows has left significant challenges unaddressed. Investment in such measures and reform are complementary measures as the Greater Manchester Transport Strategy 2040 sets out.
- 4.12.41 In terms of the challenge from Stagecoach, that combining a partnership with investment of money ‘saved’ from not implementing franchising would deliver better VfM, a number of points should be made.
- 4.12.42 First, the options in the Assessment were chosen to meet the full set of GMCA’s objectives for improving the bus service. It is not typical, nor would it be appropriate or reasonable, to seek to ‘level up’ the financial cost of each option under consideration in a business case assessment study of this type. It may not be desirable to spend any available funds solely on bus priority.
- 4.12.43 Second, the figure quoted by Stagecoach in its response to the first consultation, of the money available (£134 million) does not take account of the costs of the different options over the appraisal period. In cash terms, the figures quoted in the Assessment show that the partnership would cost GMCA more than franchising over the whole period. On a discounted basis, taking account of the greater value of spending in the near term, the figures in the Assessment imply there would be a ‘saving’ of not introducing the Proposed Franchising Scheme in the order of £56 million (ignoring any forecast surplus from franchising after the end of the transition period). This may be different in a post-Covid world, but there would be long-term costs of a partnership option to be weighed against the longer-term balance of cost and income under the Proposed Franchising Scheme.
- 4.12.44 Third, efforts to develop schemes with operators did not yield a viable set of schemes by June of 2020 and further progress has been inhibited by the Covid-19 pandemic. Even if schemes had been identified, then where more significant intervention is required, there would be a need for engagement with many stakeholders, including operators and the relevant highway authorities, who would need to be involved in the development of such schemes. The types of intervention that would aid recovery Covid-19 do not differ in type from those proposed as part of Phase 2 – such as bus priority infrastructure or investment in electrification.
- 4.12.45 Fourth, because there is no detailed programme specifying which measures would be carried out and when to appraise, it is not possible to make confident predictions about the value of such schemes. There is no reason to assume, as Stagecoach appear to do, that, when their value is added to that of a partnership, it would exceed the likely value of franchising. Thus, even if the money were spent on schemes that achieved the high VfM set out for such schemes in the Greener Journeys report, the assessed NPV over the appraisal period for the Proposed Franchising Scheme is likely, under three of three of the four post-COVID-19 scenarios, to remain higher than that of the partnership over the

appraisal period. Currently there are very few benefits that can be ascribed to a partnership. Even under the Scenario 3, where the monetised benefits of franchising are low, the benefits of any additional scheme would also be very low, as they would benefit fewer passengers.

- 4.12.46 Fifth, the VfM of any 'Phase 2' measures taken in conjunction with a partnership is likely to be lower than such measures taken in conjunction with the Proposed Franchising Scheme, as there would be a narrower range of options available for spending and those that could be undertaken under either option would be likely to have poorer VfM with a partnership than with franchising, because revenue generation associated with the improved service would not accrue to GMCA to offset investment costs. This would remain the case despite the Covid-19 pandemic, as it would not alter the dynamics in terms of the comparison between the Proposed Franchising Scheme and a partnership.
- 4.12.47 Thus, although it may reduce the commercial risks associated with franchising, combining a partnership with 'Phase 2' measures that might be financed by 'savings' to GMCA over the appraisal period, if franchising were not introduced, may well provide less VfM, would not represent the best platform for implementing 'Phase 2' measures, and would not best achieve GMCA's strategic objectives.

4.13 Insight from the qualitative research on Strategic Case issues

- 4.13.1 There were two parts of Ipsos Mori's June 2020 Qualitative Research Report that are relevant to the Strategic Case. There was a discussion on the current performance of the bus network and a discussion on the options for reform. More detail can be found in a separate report on this as discussed above.
- 4.13.2 In terms of the discussion of the current performance, a number of points were noted:
- Most participants thought that buses are an important part of the public transport system in Greater Manchester, but current provision varied greatly depending on the operator and area;
 - There was very limited awareness of the current deregulated model, with many believing there was already central coordination of provision through other bodies such as GMCA or TfGM. There was an appetite for a more centralised model, as the high level of variation in standards, and the complexity of current pricing, were considered problematic for bus users and potential bus users;
 - Participants identified that the variation in service provision across Greater Manchester meant that some routes were well catered for by a number of bus operators whilst others were serviced infrequently, if at all;
 - One of the key barriers to using buses was their perceived unreliability. Most had examples of buses not arriving as scheduled, infrequent buses being over-full and not stopping and buses stuck in traffic. Many compared this with trams, where the service was perceived to be much more reliable, with better, real-time information about how long a journey would take. Online data about buses was also perceived to be unreliable; and
 - Overall, there was broad support amongst participants that the bus network was not performing as well as it could do.
- 4.13.3 These points chime with the themes coming through from the consultation itself. In the discussion on the options for reform (including partnership and the Proposed Franchising Scheme) the following points were made:
- There was general support for moving away from a commercial model and participants were quick to appreciate the improvements they might experience as a result of the proposed changes;
 - People liked the idea of an integrated transport system where modes and connecting buses work together more efficiently to connect people in a reliable way;
 - The proposed changes to a standardised pricing strategy, and simplified ticketing to be used across all buses, were welcomed by participants, who said it would make their lives easier. Alongside this, participants welcomed the potential for better routes. Businesses overwhelmingly agreed that employees would approve of the proposals and that both employees and employers would benefit from them;
 - However, there were reservations from individuals about the finances and costing of the proposal. Beyond the initial reservations, participants raised concerns about how the service would be affected, the impact on the cost of a ticket and the potential for

'monopolisation' of a few operators versus the current deregulated system, as well as risk to employees of bus companies, particularly the potential for job losses; and

- Businesses expressed concerns about operators adhering to standards that they should already be aiming for under current systems. In other words, they were already starting from a low bar and providing a sub-standard service.

4.13.4 Again, this feedback from participants also chimes with the consultation response. It provides support for the Proposed Franchising Scheme in general and the view that it would be able to improve key aspects of the service.

4.13.5 Qualitative research was also undertaken during the second consultation. Ipsos MORI's March 2021 Consultation Report set out some of the findings from this process, which showed that there were several reasons cited from a number of participants as to why the Proposed Franchising Scheme better meets the GMCA's objectives:

- Control - an overall 'regulator' will ensure there is a service on the less profitable routes and they will be able to ensure there is a certain standard of service across Greater Manchester;
- Integrated tickets and simplifying fares would encourage more people to use the bus service and provide them with travel options;

"Pre-Covid-19 I just used the tram, but if, with that tram ticket, I could use the bus, not for work, but if I could get a weekly ticket, I probably wouldn't take the car at the weekend, I'd get the bus." Female, 32, Oldham

- There was comparison made to the Oyster card in London and how that simplifies travel even in a city you don't know;
- Better value for money; and
- Improving the service in this way could limit the fall in bus patronage even in the most pessimistic of scenarios, and it may also help realise Scenario 2, the most optimistic outcome for bus patronage.
- There was also a general comment made about why the Proposed Franchising Scheme had not been considered sooner.

"It's not like it's not been done before, it's how they do it all over the world, so why has GM not done this before?" Female, 41, Bolton

4.13.6 Ipsos MORI's March 2021 Consultation Report also showed that there were several reasons cited from a number of participants as to why the Proposed Franchising Scheme better meets the GMCA's objectives:

- Implementation costs – a partnership option will require less investment;
- A question mark as to whether it will be affordable at this moment in time;
- A worry that bus travel may become more expensive;
- That a change in the current system could affect bus operators' jobs; and
- There was concern that bus operators may not want to bid for the less profitable routes or bid more generally, given their profit margins will have fallen during the pandemic.

- 4.13.7 Although perhaps not explicitly negative, there was a question mark from some as to whether TfGM were confident that the changes to the bus service were doable in the current climate. There was also a question around whether such an arrangement could favour larger operators.

4.14 Conclusion to Strategic Case issues

General Market Update

- 4.14.1 The General Market Update at section 4.2 demonstrates that the loss of patronage in the Greater Manchester bus market has continued in the latest figures available, from 189.1 million in 2018-19 to a provisional 185.4 million in 2019-20. Commercial mileage run by operators has also declined significantly by a further 5.2% between 2018 and 2019, and subsidised mileage has declined by 2.2% over the same period. This means the bus network in Greater Manchester is nearly 5% smaller than a year previously.
- 4.14.2 The sale of two of First's depots and associated business to other operators has potential increases the level of competition in the North of Greater Manchester. This has not so far led to any significant changes to how any of these parts of the network have been run (apart from the overall declines noted above). The fares arrangement that initially allowed passengers with an operator ticket to travel across all three areas has now ended. There are now passengers who would need to pay a premium for a System One ticket for a journey that they would have been able to undertake previously with a First ticket, therefore highlighting that interoperability has reduced in North Manchester as a result of this.
- 4.14.3 An update following the second consultation shows a marked reduction in mileage due to Covid-19 for 2020, and the bus network is now supported by public funding through the CBSSG. Since the Covid-19 Impact Report was published in November 2020, there have been further restrictions imposed across the UK and a national lockdown imposed on 6 January. These interventions have resulted in a decline in bus patronage since November 2020, when recovery was at c.60% of pre-Covid levels, with bus patronage recovery compared to pre-Covid-19 levels falling to c.35% in February 2021.

Responses to the First Consultation

- 4.14.4 The First Consultation Document asked a number of questions relating to the Strategic Case. These included the challenges facing the local bus market, the extent to which reforming the local bus market addresses these challenges, and GMCA's objectives for the future provision of bus services and how far the Proposed Franchising Scheme and a partnership goes in contributing to achieving these objectives. Respondents answering these and some of the other questions in the consultation commented on the Strategic Case for reform made in the Assessment and the assessment of which of the options for reform would have the best chance of meeting GMCA's objectives and which should be taken forward.
- 4.14.5 The consultee responses can be grouped into a number of recurring themes in relation to the Strategic Case. The themes include responses on the market analysis and the causes of decline within the local bus market – the Assessment set out a number of reasons such as congestion and the effect of Metrolink on demand. A number of other themes from the consultation response focus on the Proposed Franchise Scheme itself. These included the challenges associated with the franchising proposition on fares, network planning and customer service, as well as the process and capability to govern the 'Phase 2' measures, and the challenge that money spent on franchising transition costs could better be spent on 'Phase 2' measures to reduce congestion. Finally, this section of the report considers a number of challenges received on the analysis of partnership option, specifically, whether

enough consideration was given to this option in the Assessment and whether the value of a partnership has been underestimated.

- 4.14.6 Whilst there were many stakeholders and members of the public who were supportive of the analysis presented in the Strategic Case, and the conclusion that implementing the Proposed Franchising Scheme would best meet GMCA’s objectives, there were also challenges. These principally came from incumbent operators in Greater Manchester. They argued that the main cause of problems with the bus market was not how it functioned but externally from increasing congestion and from competition from the expanded Metrolink service. They concluded from this that the Proposed Franchising Scheme would not solve the main problems with the bus service and so a partnership with operators should instead be implemented, along with a public spending to reduce the effects of congestion on the bus service. The following sections set out the conclusions from the first consultation, noting if the analysis would substantively change because of the Covid-19 pandemic. The section following sets out the conclusions following the second consultation.

Causes of Decline

- 4.14.7 A number of incumbent operators who responded to the consultation challenged the account in the Assessment of the causes of decline of the bus services. They argued that the discussion of the challenges facing the bus services in the Assessment placed too much emphasis on issues with the bus services themselves – lack of co-ordination in the network, fares and ticketing issues etc., and too little weight on the other factors that influence demand such as the effects of congestion. Given the multiplicity of factors affecting bus patronage over the medium term, positively as well as negatively (the economy and population of Greater Manchester have grown over this period, which will have a positive effect on patronage), it is not possible to be definitive about the causes of decline in patronage. It is also important to recognise that while it is important to understand the causes of declines in patronage, the case for change does not rest on there being a decline, but rather there would be a strong case for reform and improvement even were patronage level or increasing.

Congestion

- 4.14.8 The Assessment acknowledges the effects of congestion, both in the analysis of the market and in the way that forecasts include in the increased costs that this causes. The Assessment also acknowledges that further measures to address congestion (and the disruption it causes to services) may be desirable as part of a ‘Phase 2’. However other factors are also important. The importance of congestion does not mean that it is not also important to address other issues with the market such as network inefficiency or overly complex fares.

Metrolink and cuts to subsidised mileage

- 4.14.9 However, TfGM is confident that it has set out effects of the key factors of congestion and Metrolink abstraction adduced by operators in the Assessment; the figures quoted in the Assessment on abstraction from bus to Metrolink are an overestimate of the likely effect of new lines and increased patronage. Operators’ discussions of the role of the expansion of Metrolink, and cuts to funding of subsidised services, do not reflect the scale of those challenges, and the basis of their calculation in this regard is flawed. Cuts in subsidised mileage are far less than those in the commercial network – 1.2 million against 5.9 million.

Operators challenge that decline is caused almost entirely by Metrolink expansion and reduction in subsidised mileage do not stand up to scrutiny.

- 4.14.10 TfGM is confident that the Assessment takes account of these factors in its consideration of the bus market and how it is likely to evolve in the future on the basis of fundamental variables. There is no evidence that TfGM has omitted significant factors affecting demand, and comments about TfGM negativity are misplaced given the track record of TfGM in encouraging bus use

Competition, network inefficiency and fares

- 4.14.11 In terms of comments on the challenges arising from how the market operates, operators challenged the competition analysis and points made on the network and complex fares and ticketing. Competition in Greater Manchester has changed since the Assessment was completed, as the sale of former First depots has meant more operators. As set out above, this has not yet led to a great deal of change, and passengers suffer from higher fares for journeys that used to be possible without a System One ticket.
- 4.14.12 Whilst operators suggested the network could not be improved, this is untrue in theory and practice. Having several competing networks does create inefficiency, and the Assessment showed that this was the case in Greater Manchester. Operators suggested that having a broad range of tickets including operator-own tickets offering travel on a limited range of buses, was preferable. Evidence from passengers, including responses to this consultation, suggests otherwise and that complexity in the range of fares and tickets is confusing.

Objectives

- 4.14.13 Responses from other consultees such as local authorities and bus users overwhelmingly support TfGM's analysis concerning factors influencing decline and support the Proposed Franchising Scheme. Finally, the objectives set out by TfGM for bus reform are generally endorsed, including by those who oppose the Proposed Franchising Scheme.

Competition and the change to a franchised market

- 4.14.14 Some respondents commented on the change from a deregulated to a franchised market, where the public authority takes revenue risk and specifies the service. There was support for a franchised model from a variety of stakeholders and also members of the public. Two reports that argue in favour of a franchised bus model were cited as part of statutory consultee responses. Abellio referenced a report published by Centre for Cities in November 2019, entitled "*Delivering change – improving urban bus transport*", which provides analysis that supports Abellio's view that a franchised scheme would deliver the greatest benefits to GMCA. Unison cited a report by Transport for Quality of Life, "*Building a World-class Bus System for Britain*", which supports their view that franchising enhances service provision through increased public control.
- 4.14.15 The CMA (and some incumbent operators) indicated in their responses a preference for 'on-road' competition in a deregulated market. Whilst the CMA acknowledge that competition in bus markets is limited, they point out the risks of changing to franchising and that it represents a change in market structure that is hard to reverse if there are no benefits to passengers. The Assessment was predicated on the idea that the change to a

franchise market should be considered as a long-term one, and one which transfers risk and responsibility for the bus network to the public sector.

- 4.14.16 TfGM's analysis in the Assessment pointed to the disadvantages of limited competition, and also the inefficiencies the current market structure can cause. It is not believed that the recent market entry through the sale of some of First's operations makes a fundamental change to the challenges facing Greater Manchester from the operation of the bus market. Passengers have been disadvantaged by now being required to pay a premium for some journeys on more than one bus that previously would have been possible with a single operator ticket. It is important to acknowledge the need to have a competitive market for franchises (discussed under the Commercial Case) and the CMA commented positively on some of the provisions to ensure a competitive franchise market.
- 4.14.17 Some operators criticised the record of London since the market there was franchised rather than deregulated. In fact, over the long term, London has been the only place in the UK to buck the trend of declining patronage. In recent years, while there have been cuts to the subsidy offered to London, performance has held up. DfT note that between 2008-09 and 2018-19 numbers fell in London by 1.4% whereas in England outside London they fell by 11.9%, contradicting operators' suggestions that the franchised market in London has performed less well than deregulated markets.

Franchising: network

- 4.14.18 There are challenges from OneBus and incumbent operators on whether it is possible to plan the network better under the Proposed Franchising Scheme, and whether TfGM and GMCA have the skills and capability to do so. TfGM have carefully considered these responses in the context of the Assessment and the Proposed Franchising Scheme. The responses do not provide any detailed evidence that GMCA would not be able to effectively plan the network, or contradict the point that planning multiple competing networks (as is currently the case) would be less efficient than one integrated public transport network. Other consultees, notably members of the public, are, however, very supportive of the principle that the network is planned and coordinated by one party.
- 4.14.19 Some operators argued that political interference would mean that network planning would not be optimised. However, many respondents to the consultation felt that a degree of democratic accountability, given the high degree of public funding for the bus service currently, would be appropriate. GMCA have a track record of running both bus and Metrolink services and properly optimising the service for the funds available. There is no evidence that the interference would weaken a franchised service.
- 4.14.20 Operators also argue that the Proposed Franchising Scheme does not change some of the determinants of the reliability of the service. The Proposed Franchising Scheme contains a performance regime to hold operators to standards in terms of their operations. Whilst operators will be incentivised to run a reliable service, the Proposed Franchising Scheme will not change highway conditions. This is why further 'Phase 2' measures are envisaged notwithstanding the market reform option chosen. As set out above, the Proposed Franchising Scheme would enable a wider range of 'Phase 2' measures and they would be VfM.

Franchising: Customer service

- 4.14.21 OneBus and incumbent operators have challenged the Proposed Franchising Scheme in terms of some of the customer service elements. Some incumbent operators (such as First and Stagecoach), along with OneBus, have argued that there is not a great deal of

difference between the Proposed Franchising Scheme and partnership proposals. GMCA remain of the view that there is greater potential to improve the customer proposition under the Proposed Franchising Scheme.

4.14.22 The Assessment (at section 9.4) argues that the Proposed Franchising Scheme is able to align a brand for Greater Manchester with the provision of information and a single point of contact for customers, which would link directly to the body accountable for the running of the service. This would be beneficial to customers and non-customers alike in their ability to understand and use bus services and goes beyond liveries and physical branding. Considering responses, TfGM believe that the Proposed Franchising Scheme would allow a far stronger overall branding proposition to be put in place, because it requires a number of elements to be brought together:

- The simplicity and ease of use of the bus service, (in particular a single coherent and unified fares system and a single coherent and unified network) and its legibility to a range of potential users;
- Confidence in the levels of customer service offered and the understanding that there is one place to go for information, complaints and suggestions, and that those responsible will be accountable for the service;
- A sense of greater democratic accountability for the service and an understanding among customers of who is responsible for the network they use; and
- A contribution to placemaking and an identity for the place covered by the service – as exemplified in London.

4.14.23 There is no evidence that franchised markets are less innovative than deregulated markets, as one operator argued. Whilst there may be some areas where change will be less significant, in other areas such as branding and the provision of consistent, single source information to improve the usability and legibility of the network, there are clear significant advantages to the Proposed Franchising Scheme. Again, this view is endorsed by GM local authorities and the majority of the members of the public.

Franchising: Fares

4.14.24 OneBus and incumbent operators have raised some challenges on the fares proposition for the Proposed Franchising Scheme in relation to both the levels of fares and also the objective of simplification of fares. Some respondents have falsely represented the RPI +1.4% assumption for future fare rises as a feature of franchising. All assumptions on fare increases are consistent across the different options assessed – TfGM are of the view that it would not be appropriate to assume lower fares rises for franchising than the options with which it is being compared; however, such fare rises would not happen unless they were necessary to fund the service. There is no evidence that this is not a sensible assumption for future fare rises or that it is out of line with what has happened in the past.

4.14.25 Fares simplification was strongly endorsed by members of the public who responded to the consultation, who largely agreed with TfGM’s analysis that fares are complex in Greater Manchester. The fact that the Proposed Franchising Scheme would lead to greater degree of simplification than alternatives is an advantage of the Proposed Franchising Scheme. It

also means that the objectives in terms of unified branding and a single point of contact have added importance.

Cross-boundary Services

- 4.14.26 Contrary to some assertions by operators, the Assessment set out sufficient material respondents to understand and respond on arrangements for cross-boundary services. It is not legally possible to ‘grandfather’ rights to operate or to say precisely what individual services might be affected when franchising is implemented and when permits are applied for. Since the Assessment was completed, some services have ceased operating and one major cross-boundary service has become a publicly supported rather than a commercial service, and as such could be supported through the Proposed Franchising Scheme alongside the neighbouring authority. Sufficient information was given in the Assessment and supporting material for respondents to understand how the permit scheme might affect series, and what measures GMCA would take to avoid passengers losing out.
- 4.14.27 A number of authorities in Greater Manchester and also neighbouring authorities raised concerns about the effects on cross-boundary services that they felt were valuable to passengers in their areas. TfGM accepts that the Proposed Franchising Scheme would impact on services, hence the need to apply for a service permit which in turn could lead to some services needing to change. It is important to note that the process set out in the Assessment would be run so as to facilitate services that benefit passengers, even where change is necessary for a statutory test to be passed. In carrying out the test, it is important to note that TfGM would, first, take into account the interests and benefits to all passengers that use the service, including those that are resident outside Greater Manchester; second, in looking at the impacts on any franchised service take account of any positive as well as negative impacts; and third, welcome the involvement of local relevant local authorities.
- 4.14.28 TfGM value cross-boundary services and the intention is that cross-boundary public transport travel of all types, including by bus, increases with the implementation of the Proposed Franchising Scheme. The potential for new fares arrangements (including ‘add-on’ tickets giving access to the whole Greater Manchester bus network for a reduced price) should encourage greater cross-boundary bus travel and mode shift from the private car. This will contribute to GMCA’s objective set out in the Assessment (Section 2.1.5) to increase the share of non-car modes to 50%.
- 4.14.29 Where a current cross-boundary service is altered such that an operator no longer wishes to run the service (for instance if the majority of the revenue were from journeys wholly within Greater Manchester rather than cross-boundary journeys), then GMCA would be able to support a similar service to serve the needs to passengers in neighbouring authorities. GMCA, with local authorities, would have the power to do so and take seriously their responsibilities to passengers outside Greater Manchester for whom cross-boundary journeys are important.

Consideration of partnership proposals

- 4.14.30 A number of the consultee responses raised a concern that the partnership option had not been given enough consideration in the Assessment. In general, operators argued that the consideration of the partnership proposals overestimated their costs and underestimated their benefits. They argued that insufficient time had been given to working through a partnership and the Assessment came as a surprise to them. There has been extensive engagement with the operators to discuss their partnership offer while the Assessment

was developed (including over 50 meetings on different aspects of this), and it is considered that operators had considerable opportunity to come forward with their best offer. TfGM have continued to engage with operators since the Assessment, and further development of their partnership has been given consideration as part of the development of the consultation response.

- 4.14.31 Operators challenged the costs ascribed to partnership in the Assessment, arguing that it could be absorbed as business as usual. However, the governance proposals require a great deal of active participation and engagement in order to work. This is appropriate – to be confident of any benefits arising, a partnership would require commitment of resources. The partnership costs were developed based upon information received from the operators, the proposed governance structure and by following a logical process.
- 4.14.32 Operators offered the challenge that TfGM did not consider partnership because of a prejudice against partnerships, citing examples of partnerships in the UK. The record of these partnerships is mixed. GMCA’s Assessment was based on the best understanding of what partnership could achieve in Greater Manchester rather than the general notion of partnership.
- 4.14.33 Some operators asserted that a partnership could achieve more than was set out in terms of achievement against each of GMCA’s objectives. Whilst it is accepted in the Assessment that partnership comes at less cost and risk than the Proposed Franchising Scheme, no evidence was presented that would show the partnership proposed by operators in Greater Manchester would achieve more than set out in the Assessment. A partnership, as is acknowledged in the Assessment, could be put in place more quickly than the Proposed Franchising Scheme. Considering the responses from those operators advocating a partnership, TfGM do not believe that the Assessment failed to properly consider its merits. They did not cite credible benefits that have been overlooked.
- 4.14.34 There have been subsequent (mutually exclusive) partnership proposals, and the potential for these to deliver greater benefit than that considered in the Assessment is considered elsewhere (see Section 10 and Section 11 of this report) and none of these proposals were found to bring significantly greater benefits or achieve GMCA’s objectives to a much greater extent than the partnership in the Assessment.
- 4.14.35 Although it is recognised that a partnership could be entered into relatively quickly, there remains doubt over what could be delivered and when. It is not just about delivering change quickly, but also about offering long-term benefits. There is little assurance that the benefits would continue to be delivered over the long term, given the initial term of the partnership would be five years. As set out at section 64.1.4 to 64.1.7 of the Assessment, TfGM were aware that the cost of the Proposed Franchising Scheme is higher, and the associated risk is also higher than the partnership option. It is also the case that the Assessment did not ignore the fact the partnership could be put in place more quickly than the Proposed Franchising Scheme, and this is accounted for in the benefits set out in the Economic Case.

Franchising and the place of further (‘Phase 2’) measures to improve the bus service

- 4.14.36 Franchising is not proposed as an alternative to ‘Phase 2’ measures but as a reform of the bus market which will enable a greater variety of ‘Phase 2’ measures to be implemented. The need for reform demonstrated in the Assessment means that it would not be appropriate, as First suggest, to invest in bus priority measures before considering the Proposed Franchising Scheme. This would be to continue with the current policy of

implementing bus priority measures without reforming the market which the Assessment shows has left significant challenges unaddressed. Investment in such measures and reform are complementary measures as the Greater Manchester Transport Strategy 2040 sets out.

- 4.14.37 In terms of the challenge from Stagecoach that combining a partnership with investment of money 'saved' from not implementing franchising would deliver better VfM, a number of points should be made.
- 4.14.38 First, the options in the Assessment were chosen to meet the full set of GMCA's objectives for improving the bus service. It is not typical, nor would it be appropriate or reasonable, to seek to 'level up' the financial cost of each option under consideration in a business case assessment study of this type. It may not be desirable to spend any available funds solely on bus priority.
- 4.14.39 Second, the figure quoted by Stagecoach of the money available (£134 million) does not take account of the costs of the different options over the appraisal period. In cash terms, the partnership would cost GMCA more than franchising over the whole period. On a discounted basis, taking account of the greater value of spending in the near term, there would be a 'saving' of not introducing the Proposed Franchising Scheme in the order of £56 million (ignoring any forecast surplus from franchising after the end of the transition period). This figure is likely to be different under following the Covid-19 pandemic, but the difference between the schemes is not represented by the £134 million figure but by their relative performance over the 30-year appraisal period and beyond which does not necessarily favour a partnership option.
- 4.14.40 Third, efforts to develop schemes with operators have not yielded a viable set of schemes. Even if schemes had been identified, then where more significant intervention is required, there would be a need for engagement with many stakeholders, including operators and the relevant highway authorities, who would need to be involved in the development of such schemes.
- 4.14.41 Fourth, because there is no detailed programme specifying which measures would be carried out and when to appraise, it is not possible to make confident predictions about the value of such schemes. There is no reason to assume, as Stagecoach appears to do, that, when their value is added to that of a partnership, it would exceed the likely value of franchising (this remains the case in the context of three of the four Covid-19 scenarios; under scenario three it will be very difficult to predict the VfM of any interventions in the bus service in quantified terms, given the small number of passengers). Thus, even if the money were spent on schemes that achieved the high VfM set out for such schemes in the Greener Journeys report, the NPV over the appraisal period for the Proposed Franchising Scheme would remain higher than that of the partnership.
- 4.14.42 Fifth, the VfM of any 'Phase 2' measures taken in conjunction with a partnership is likely to be lower than such measures taken in conjunction with the Proposed Franchising Scheme, as there would be a narrower range of options available for spending and those that could be undertaken under either option would be likely to have poorer VfM with a partnership than with franchising because revenue generation associated with the improved service would not accrue to GMCA to offset investment costs. This would remain true under the Covid-19 scenarios. The assessed NPV over the appraisal period for the Proposed Franchising Scheme is likely, under three of three of the four post-COVID-19 scenarios, to remain higher than that of the partnership over the appraisal period, especially as currently there are very few benefits that can be ascribed to a partnership. Even under Scenario 3,

where the monetised benefits of franchising are low, the benefits of any additional scheme would also be very low as they would benefit fewer passengers.

- 4.14.43 Thus, although it may reduce the commercial risks associated with franchising, combining a partnership with 'Phase 2' measures that might be financed by 'savings' to GMCA over the appraisal period if franchising were not introduced may well provide less VfM, would not represent the best platform for implementing 'Phase 2' measures and would not best achieve GMCA's strategic objectives.

4.15 Responses to the Second Consultation

- 4.15.1 There were a variety of responses to the second consultation on the Strategic Case, and the conclusion of the Covid-19 Impact Report. There was support from members of the public and from a variety of stakeholders for the conclusions of the report that the challenges of the bus market remained and should be addressed, and that the Proposed Franchising Scheme still performed better against the alternatives in achieving GMCA's objectives for the bus market.
- 4.15.2 In response to the second consultation, most of the responses critical of the Proposed Franchising Scheme focused on the effects of Covid-19 rather than issues of the competition, and the analysis of the market set out in the Assessment that were the subject of much attention during the first consultation. They challenged TfGM use of scenarios and the analysis based on that in the economic and financial cases. There were comments on the appropriateness of proceeding now given that public finances are likely to be under greater strain because of the effects of Covid-19.

Challenges for the bus market and GMCA's Objectives

- 4.15.3 In response to the second consultation, operators did not challenge the specific accounts given in the Assessment on individual challenges facing the bus market. A number of incumbent operators argued in their responses that the impact of Covid-19 meant that the bus market faced a different set of challenges, and hence that the Proposed Franchising Scheme would no longer be an appropriate solution. They argued that there had been a shift in how people travel, and that more significant challenges had emerged such as how to restore public confidence in bus travel. In addition, some point to new challenges such as those to town centres that they say were not fully evaluated in the Covid-19 Impact Report.
- 4.15.4 Other respondents felt that the previous challenges still remain, such as Manchester City Council, Bolton Council (answer to Question 2) and Salford City Council (response p.1). Manchester City Council point out: *"However, in any scenario that emerges out of our hopeful transition out of the pandemic, the Council considers that all of the pre-existing problems with the current deregulated bus services will require to be fixed."*
- 4.15.5 The effects of COVID-19 can be thought of in terms of new challenges – such as the need to persuade potential passengers to use the service again. As set out at section 13, TfGM intend to work with operators and take advantage of any Government support under any market structures available to build back the bus market as strongly as possible. The additional challenges of Covid-19 do not change the need to reform the market to address these challenges. They also make the need to meet existing challenges, such as co-ordinating the network to best effect, more urgent to help the market to recover better.
- 4.15.6 There was support for the conclusion of the Assessment with regard to challenges and objectives in the light of the challenges of Covid-19. Whilst some operators suggested the challenges facing the market were now different, and therefore the objectives should shift, these new challenges do not mean the previously identified challenges are no longer relevant, and nor do they invalidate the objectives identified by GMCA. Whilst the context is different and potentially more challenging, the objectives of improving the network, simplifying fares, and improving customer service and achieving VfM remain the right ones. A revised version of the Transport Strategy 2040 was recently adopted by GMCA in the

light of Covid-19 (January 2021) that contained the same high-level objectives (the Vision for Bus) for the bus market as in the original (published in 2017).

The options performance against the objectives

- 4.15.7 The Covid-19 Impact Report set out some conclusions on the performance of the different options against GMCA's objectives (for network, fares customer service and VfM) under the different scenarios. This section of the Covid-19 Impact Report concluded that for each of the objectives, the conclusions reached in the Assessment in terms of which intervention would best achieve objectives stand. In no cases would the impact of the Covid-19 pandemic mean that a partnership becomes more likely to achieve the objectives. The analysis showed that the Proposed Franchising Scheme remains the best way to meet GMCA's objectives.
- 4.15.8 The partnership option is now less certain (as operators have indicated they can no longer hold to commitments made in previous proposals).
- 4.15.9 In response to the second consultation, there was some endorsement for the conclusion that the Proposed Franchising Scheme would be better at achieving those objectives from respondents, and that the benefits are still important to achieve. Operators critical of the scheme did not focus on the achievement of these objectives other than (as set out above) to argue that immediate recovery should take precedence: this is addressed in the section considering whether it is appropriate to make a decision now, in the Overall Conclusion section (section 17.2).
- 4.15.10 It can be concluded that conclusion of the Assessment that the best option for reforming the bus market in Greater Manchester remains true, and it remains a better option than the Do Minimum.
- 4.15.11 It is noted that the Economic Case in the Covid-19 Impact Report shows the Proposed Franchising Scheme to be VfM under all but the least likely scenario. While the Proposed Franchising Scheme would increase the risk GMCA would take when compared with a Do Minimum course of action, it would be positive in terms of value for money in three of the scenarios considered, and still deliver benefits to Greater Manchester. In the event that patronage fell to a level similar to that set out in scenario 3, the monetised benefits of the scheme would accrue to a far smaller number of passengers and their value may not exceed the costs. However, in this eventuality it may be beneficial for GMCA to be able to support the market to maintain essential services. Whilst uncertainty affecting the market, as the Financial Case points out, could mean that (particularly in an outcome that looks like Scenario 3) unwelcome mitigations will be necessary, the funding sources identified in the Assessment are still available and thus the Proposed Franchising Scheme remains affordable. GMCA would also face financial risks following a Do Minimum course of action as they may need to intervene in the bus market to support services and deliver on broader objectives.

Cross-boundary Services

- 4.15.12 In response to the second consultation, some local authorities repeated their support for cross-boundary services and the need to mitigate risks in how GMCA administers the

permit regime, to ensure services can run as well as possible, and options can be considered for replacing services if they are withdrawn.

Consideration of partnership proposals

- 4.15.13 Operators did not submit partnership proposals as part of the second consultation, and in correspondence indicated they can no longer hold to commitments made in previous proposals. As set out above at section 4.11.21 operators did suggest that GMCA should wait until such a time as a new partnership option should emerge. However, it would not be appropriate to wait an indefinite amount of time for a new proposal, especially when there is no reason to believe it would represent a significant improvement on previous proposals that were found wanting.
- 4.15.14 There was criticism that in the Covid-19 Impact Report consideration has not been given to partnership as an option, or that a 'binary' assessment had been undertaken. This is, however, not the case – they were considered in the Assessment against objectives in the light of the different Covid-19 scenarios, and TfGM explored alternative options to the Proposed Franchising Scheme. The conclusion of the Assessment on the preferred course of action remains true in the light of the alternative options available to GMCA.

Franchising and the place of further ('Phase 2') measures to improve the bus service

- 4.15.15 Whilst not in the detail of responses to the first consultation, responses to the second consultation argued that there would be competing pressures on public spending. Concerns about local taxation were raised by some operators and also by local authorities.
- 4.15.16 Local authorities are likely to be facing additional pressures and some reduction in local tax revenues following the Covid-19 pandemic. In this context, district local authorities and GMCA will continue to make spending decisions in the same way as at present, which includes consideration of the strategic, economic and financial aspects of projects or programmes.
- 4.15.17 In the context of Covid-19, operators have not collectively proposed a specific viable partnership offer for the longer term or any other particular use of any resources that could be assessed in terms of their VfM compared with the Proposed Franchising Scheme. They have proposed that TfGM focus on 'recovery partnerships' instead of franchising. Section 13 on 'recovery partnerships' sets out that such measures are not an alternative to any of the options, and these are considered in detail at sections 10, 11, and 12. The measures that might support the bus service in a recovery period would not be different from those Phase 2 measures that would support the service at any other time. The same considerations apply to them in terms of VfM during a period of recovery as at any other time. Thus, the conclusion set out above, that the VfM of any 'Phase 2' measures, taken in conjunction with a partnership, is also likely to be lower than such measures taken in conjunction with the Proposed Franchising Scheme, would remain the case despite the effects of Covid-19 as this would not affect that comparison.

4.16 Overall conclusion on the Strategic Case for franchising

- 4.16.1 Considering the responses, including both support for the evidence and arguments presented in the Strategic Case and the Covid-19 Impact Report, as well as challenges and comments from consultees from both consultations, TfGM are confident in the evidence presented in the Assessment and the conclusions it came to. Much of the analysis concerning the challenges faced by the bus network was endorsed by respondents to the consultations – both individuals and statutory consultees – as well as the assessments of how effectively the different options for reform were likely to perform in terms of meeting GMCA’s objectives.
- 4.16.2 The greatest challenge came from incumbent operators, who in the first consultation argued that TfGM had underplayed the importance of congestion in terms of the current decline in bus services, and consequently should have given greater consideration to partnership options, accompanied by greater spending on anti-congestion measures. Partnership does not achieve GMCA’s objectives, however, as effectively as the Proposed Franchising Scheme. This does not change even considering the higher cost of the Proposed Franchising Scheme and its opportunity cost – this is included within the VfM assessment. Rather, while partnership would help to improve the efficacy of some measures to reduce the effects of congestion on bus services, more and greater value could be achieved together with the Proposed Franchising Scheme. In the second consultation such operators challenged TfGM’s objectives for the bus service and argued that GMCA should enter into a ‘recovery partnership’ and wait for further partnership options to emerge before making a decision in order to improve recovery of the bus market and make a better comparison to the Proposed Franchising Scheme. However, they did not offer an alternative longer-term partnership nor did they provide sufficiently strong arguments showing why the conclusion of the Assessment, that the Proposed Franchising Scheme would achieve GMCA’s objectives better than the alternatives, should not stand.

5. Economic Case

5.1 Introduction

- 5.1.1 The Economic Case of the Assessment sets out the findings of an economic appraisal, following an approach recommended by Government, of the impacts of the reform options compared with a 'business as usual' or Reference Case scenario. The benefits and costs to the public purse (including allowances for risk) were appraised over a 30-year period. The appraisal assessed impacts to passengers of investing in improvements to the bus system through franchising and partnership arrangements, which result in quicker journeys and time saved for passengers, due to a wider choice of services, simpler fares, an easier to understand network, and centralised information and improvements to other quality of service attributes. It also assessed impacts to operators, wider society and GMCA. The level of benefits was set out for each option, and then also compared against the capital and operating costs to the public purse of the options, to derive an understanding of how well each option performed economically.

First Consultation

- 5.1.2 In the first consultation, consultees were asked to consider the following question in relation to the Economic Case of the Assessment:

Question 17: The Economic Case concludes that the Proposed Franchising Scheme provides the best value for money compared to the partnership options because it would:

- Offer a 'high' ratio of benefit to the cost to GMCA, which is broadly comparable with the partnership options;
- Provide the most economic value (Net Present Value), and
- Create the best platform from which further economic value could be delivered.

Do you have any comments on this?

- 5.1.3 In addition, in the first consultation, consultees were asked the following questions which do not relate to any specific case but overlap multiple cases, and therefore include comments which are relevant to the Economic Case.

Question 35: Do you have any comments on the impacts of the Proposed Franchising Scheme on passengers as set out in the sub-section Impacts of the different options?

Question 36: Do you have any comments on the impacts of the partnership options on passengers as set out in the sub-section Impacts of the different options?

Question 37: Do you have any comments on the impacts of the Proposed Franchising Scheme on operators as set out in the sub-section Impacts of the different options?

Question 38: Do you have any comments on the impacts of the partnership options on operators, as set out in the sub-section Impacts of the different options?

- 5.1.4 Responses in relation to Questions 35 and 36 from the first consultation are in general included under the Strategic Case section of this report. However, many of the comments received on the impacts on passengers from the first consultation were the same points made in response to Question 17 (on the Economic Case) and, as such, they are addressed in this section, with appropriate references made within the Strategic Case section.

Responses to Questions 37 and 38 are addressed in the legal section of this report, which can be found in section 16.

- 5.1.5 From the first consultation, Ipsos MORI's *"Doing Buses Differently: Consultation on a Proposed Franchising Scheme for Greater Manchester"* report (which is referred to throughout this section as Ipsos MORI's June 2020 Consultation Report) concluded that for the Economic Case, overall, there were 2,693 participants who provided comments about the conclusion of the Economic Case of which 2147 (80%) were favourable. The most frequently-cited favourable comments were general support/agreement with the conclusion of the Economic Case (1,119). Participants from the first consultation tended to reiterate comments made elsewhere in the consultation, which focused on the outcomes the Proposed Franchising Scheme would deliver, with cheaper and better value bus fares one of the most commonly mentioned positive outcomes (266). Specific to the Economic Case, the opinion that bus services should serve the public and not be run for profit (133), and that the Proposed Franchising Scheme provides best overall VfM of the options presented (130), were other commonly cited favourable comments.
- 5.1.6 On the other hand, of the 480 participants providing unfavourable comments in the first consultation, 139 disagreed with the conclusion of the Economic Case. The main reasons for this included concern about the costs and associated affordability of the Proposed Franchising Scheme (110) and the lack of evidence to support the conclusion (97).
- 5.1.7 As noted by Ipsos MORI's June 2020 Consultation Report, most statutory consultees, who provided a response to the Economic Case, made a favourable comment in support of the conclusions of the Economic Case. Positive comments were generally received from local authorities and unions, plus a minority of bus operators. Negative or unfavourable comments were received from bus operators, bus industry groups and some customer representation groups.
- 5.1.8 Of note, in responding to the first consultation, Jacobs were employed by OneBus to review the Economic Case in detail. Their report was referred to by OneBus, Stagecoach and Rotala in their responses to the Economic Case to the first consultation. Although OneBus are not a statutory consultee, for convenience the report prepared on their behalf by Jacobs for the first consultation has been treated as such.

Second Consultation

- 5.1.9 This Section also addresses issues raised by respondents to the Covid-19 Impact consultation following the Covid-19 pandemic and the Covid-19 Impact Report which was published alongside it.
- 5.1.10 In the second consultation, consultees were asked the following specific question:
- Question 3: Do you have any comments on the consideration of the impact of Covid-19 on the value for money of the Proposed Franchising Scheme and the partnership option?*
- 5.1.11 The discussion of Covid-19 issues looks at responses to this question and other relevant material raised in answers to other questions and separate submissions and letters.
- 5.1.12 The Ipsos MORI March 2021 report notes that there were 381 participants in the second consultation who made comments about the Economic Case. These comments were equally split between participants made positive (104) or negative (93) comments.

- 5.1.13 Most of the positive comments agreed with the conclusions being reached in the report that the Assessment remained valid, noting that the Proposed Franchising Scheme offered value for money, and that the current system does not.
- 5.1.14 Those making positive comments agreed that the Economic Case is comprehensive and thorough in the detail it presents, and that the Proposed Franchising Scheme performed better when assessed against other, alternative options for bus reform. Others felt it provided better value for money for the long-term and that the case in favour of the Proposed Franchising Scheme has actually been strengthened by the impact of Covid-19.
- 5.1.15 Some responses were neither positive nor negative but constituted a suggestion. In relation to the Economic Case suggestions included: that the case should be periodically reviewed and updated (if necessary) according to developments as the UK moves out of the pandemic; that GMCA cost effectiveness and value for money should be made more clear and apparent; and that any consideration about value for money should be secondary to environmental concerns.
- 5.1.16 A small number of comments were received concerning the partnership options. These included the opinions that the Operator Proposed Partnership would provide better NPV and therefore be better value for money, whilst other comments felt the Ambitious Partnership would also provide better value for money.
- 5.1.17 The negative comments made by the public regarding the Economic Case in the second consultation were similar in number to the positive comments, but covered a greater range of points. These included concerns about the validity of conducting such analysis during a pandemic and that there was a lack of good evidence to back it up, making comments lack 'guesswork' and 'speculation'. Others pointed to the declining net economic benefits in the analysis as an indication that value for money under Covid-19 would be poorer, with related comments regarding increased economic pressure and declining patronage reducing the relative value for money of the scheme.
- 5.1.18 Some consultees raised specific concerns of a general nature that relate to such as:
- A concern from Bolton Council that the scheme may not represent best value in the immediate years ahead;
 - Bus Users UK had reservations about the financial pressure that the Proposed Franchising Scheme could place on the public;
 - TravelWatch North West pointed out that the worst-case scenario (Scenario 3) could be even worse given the stated market failure in the bus market;
 - The Northern Care Alliance Group expressed concern that the economic appraisal in the Assessment is not well suited to dealing with structural changes in travel behaviour as a result of the pandemic; and
 - The Confederation of Passenger Transport raised a concern about the possible fare increase under the Proposed Franchising Scheme and stated that any fare increase under the partnership model will be invested into improving the customer experience of travelling by bus.
- 5.1.19 As with the first consultation, negative or unfavourable comments were received from the incumbent local bus operators, bus industry groups and some customer representation groups. Of note, NERA and Oxera were employed by Stagecoach and Rotala respectively to review the Covid-19 impact analysis. Their respective reports raised issues regarding the

overall robustness of the analysis and the compliance with national guidance. Both Stagecoach and Rotala stated that a new Assessment was required to be prepared to meet the requirements of the Act as a matter of law in any event and given the standards required by the Act.

Structure of Section

- 5.1.20 This section responds to the main themes identified from TfGM’s analysis of responses to both consultations and of both of Ipsos MORI’s consultation analyses. In relation to the Economic Case, while some reference was made in the Covid-19 Impact consultation responses to the questions from the first consultation, the majority of the responses focus on the Covid-19 Impacts. This section has therefore been structured to first respond to the themes from the first consultation, and then consider the Covid-19 consultation. Cross-referencing is made where appropriate.
- 5.1.21 The remainder of this section is grouped into the following sections.
- 5.1.22 Themes first raised in the first consultation:
- Section 5.2 – Appraisal Specification Themes. This section sets out those issues raised that relate to the way the forecasting and appraisal has been undertaken;
 - Section 5.3 – Reference Case Themes. This section sets out those issues raised that relate to the Reference Case forecasts;
 - Section 5.4 – Partnership Option Themes. This section sets out those issues raised that relate to the economic performance of the partnership options;
 - Section 5.5 – Franchise Option Themes. This section sets out those issues raised that relate to the economic performance of the Proposed Franchising Scheme;
 - Section 5.6 – Risk Analysis Themes;
 - Section 5.7 – Wider Economic Impact Themes.
- 5.1.23 Additional themes raised in the second consultation:
- Section 5.8 – Gives an overview of the themes raised in the second consultation;
 - Section 5.9 – Application of Scenario Analysis to Value for Money. This section adds to the discussion on Scenarios presented at section 2 of this report by setting out the issues raised with regards to the approach to Scenario Analysis for the ‘what if?’ testing as presented in the Covid-19 Impact Report, including alignment with DfT Guidance.
 - Section 5.10 – The use of the ‘what if?’ analysis.

- 5.1.24 Section 5.11 presents the insight from the qualitative research on Economic Case issues from both the first consultation on the Assessment and the second consultation on the Covid-19 Impact Report.
- 5.1.25 Section 5.12 summarises the themes raised in both the consultations regarding the conclusions reached in the Assessment in respect of VfM.
- 5.1.26 The final section, 5.13, gives overall conclusions from both the consultations.

Consistency with Ipsos MORI's findings

- 5.1.27 There is consistency between the themes identified by TfGM and the themes identified in both of the Ipsos MORI reports. TfGM, in this report, have categorised the themes into groups that are in line with the structure of the Economic Case section of the Assessment, whilst both Ipsos MORI reports aggregated comments by the type of consultee. For a particular theme, this report draws relevant comments from all types of consultees together, including relevant comments from members of the public.
- 5.1.28 In general, the Ipsos MORI reports go into more detail on positive or favourable comments than is the case in this report, which focuses on providing responses to the substantive themes and issues raised that challenge the conclusions reached in the Assessment and Covid-19 Impact Report.

5.2 Appraisal Specification Themes

- 5.2.1 The specification of the appraisal, including the forecasting tools and techniques to be employed, the input parameters and assumptions used, and the methods by which impacts are valued, is the primary basis of the Economic Case.
- 5.2.2 In Ipsos MORI's June 2020 Consultation Report, they note that "*on the whole, commentary from local authorities accepted the methodology used to arrive at the Economic Case conclusion without challenge and in line with best practice*", indicating that the responses received from local authorities were supportive of the approach to appraisal specification.
- 5.2.3 Responses to the first consultation received from Greater Manchester bus operators were not favourable. These are summarised in this section by theme.

Fares growth assumption

- 5.2.4 A number of consultees to the first consultation felt that the assumption regarding the rate at which fares would grow was unrealistic and too high. This included responses from the following:
- Reference Case fares rises (RPI+1.4%) is flawed and wrong – Rotala;
 - RPI+1.4% fares rise is a higher rate than has been observed in the market in the past – Go North West;
 - Fares growth of RPI+1.4% is too high given average fare yield growth across Metropolitan areas since 2004-05 has been at a rate below RPI and the likelihood of political pressure to limit any such increase, but in any event, it should be applied only to single tickets – Jacobs;
 - RPI+1.4% for fares growth is high given that average fare yield growth across English Metropolitan areas since 2004-05 has been at a rate below RPI. – Stagecoach (replication of Jacobs' observation); and
 - The fares growth assumption would lead to fares growth of 64% over a ten-year period assuming RPI of 3.7%, and this is not a credible assumption – Jacobs.
- 5.2.5 All of the respondents listed above claimed that the growth rate of RPI+1.4% was too high, unrealistic, or out of line with historic evidence. None of the respondents suggested an alternative assumption, although Stagecoach and Jacobs did claim that since 2004-05 fare increases have increased at a rate below RPI. To support this claim, Jacobs made reference to the DfT Bus Statistics which they claimed showed that "*average fare yield growth*" has been at a rate below RPI. The definition of this term, and how it differs from actual ticket prices, is explored below. No further evidence was offered to support either the claim that RPI+1.4% is unrealistic, nor that historically fares have increased at a rate below RPI.
- 5.2.6 The fares growth of RPI+1.4% was derived through an iterative calibration exercise that took account of historic rises in Greater Manchester fares, though this was not the only factor under consideration and the rate of future growth has not simply been selected based on historic precedent alone. It also depends on the forecast changes in revenue and costs into the future and the implications of these on operator Earnings Before Interest and Taxes (EBIT). Further details were provided in the Economic Case Supporting Paper (or "ECSP", which was published during the consultation as one of the supporting papers to the Assessment) at section 4.5.6. Nevertheless, contrary to the view expressed by some consultees (that fares have grown at a rate of less than RPI since 2004-05), a review of DfT

data series BUS0405a shows that non-concessionary fares in UK Metropolitan areas (excluding London) have increased on average by 93% between 2005 and 2019 whilst RPI has increased by 50%. Fares have therefore increased at a rate significantly more than RPI+1.4% over this period.

5.2.7 Further evidence, specific to Greater Manchester, is also presented in the Strategic Case of the Assessment (Section 6.3, charts 7 and 8) which shows that ticket prices have increased faster than inflation over the last 15 years.

5.2.8 It appears that the consultees to the first consultation, who contend that the rate of historic fares growth has been lower than RPI, have incorrectly based their contention on a review of the operating revenue per trip data in the DfT bus statistics (table BUS0402a) rather than the local bus fares data (table BUS0405a). As the name suggests, the revenue per trip data measures the operating revenue per trip that operators receive per passenger trip made. However, a trend in operating revenue per trip is not the same as a trend in actual fares for several reasons:

- It is sensitive to the proportion of passengers in each passenger group – for example, the proportion of concessionary trips has increased since 2004-05 which means that average revenue per trip has decreased, but this does not mean that the fares charged for a particular ticket type have reduced;
- It is sensitive to the mix of tickets purchased – for example, on a per trip basis daily and weekly tickets offer a cheaper fare per trip than single tickets, so if the proportion of trips made using period tickets has increased then the average revenue per trip will reduce – but this is not the same thing as ticket prices reducing; and
- The revenue per trip index includes Bus Service Operators Grant payments (“BSOG” – payments made to operators from Government to help recover some of their fuel costs) which have not increased in line with fares.

5.2.9 These issues are important considerations in determining the overall revenue to operators and how those revenues change over time. All these factors are reflected in the Assessment. However, it is the change in actual ticket price experienced by each market segment that is important when deriving a demand response, and when calculating farebox revenue generated by that market segment, and it is that specific rate that is presented in the appraisal.

5.2.10 Jacobs also state that RPI+1.4% should “*only be applied to single tickets and not day or season tickets*”. It is not clear why they suggest that a different rate of fares growth should be applied to the different ticket types. The fares index reported in DfT table BUS0405a (as discussed above) represents an average across all ticket types, and the historic data presented in the Strategic Case of the Assessment (Section 6.3, charts 7 and 8), which demonstrates historical above RPI fare increases for Greater Manchester, is based on daily and weekly ticket prices, and not single ticket prices. There is no evidence that future fare increases should be assumed to be different for period and single tickets.

5.2.11 Finally, and possibly of most relevance to this issue, whilst there is undoubtedly uncertainty associated with the derivation of future fares growth, and it is reasonable to take an alternative view as a consultee, it is not reasonable to assert that the selected method (which is well evidenced and appropriate as explained in detail above and within the Assessment) would favour the Proposed Franchising Scheme because the method has been

applied equally to all options (including the Reference Case) and therefore is not a differentiating factor between options.

- 5.2.12 Indeed, the opposite might be argued. TfGM have explicitly acknowledged the uncertainty on this issue within the Assessment and to reflect that position, have carried out two sensitivity tests using lower rates of fares growth to explore the implications of this uncertainty. The results of these tests, reported in tables 10 and 11 of the Assessment, show that for the Proposed Franchising Scheme, the lower rate of fares growth results in a higher level of benefits and a higher NPV. This is because a lower rate of growth means a larger bus market in all cases and therefore more passengers to gain benefits. The value of those benefits per trip remain unchanged. However, for the partnership options, the lower rate of growth has the opposite effect and reduces the NPV very slightly. This is because despite the market being slightly larger due to lower fares growth, the partnership proposals include a two-year fare freeze for System One tickets, which is one of the main drivers of benefit in the partnership options. This two-year freeze represents a smaller reduction relative to the Reference Case if the rate of fares growth is lower, hence the benefits are reduced. It is therefore the case that a lower rate of fares growth would in fact increase the differential between the franchising and partnership options in favour of the franchising option. This can be considered an example buried deep within the analysis, where TfGM have carefully considered the merits of alternative approaches, and selected an approach to analysis that is robust and defensible, rather than one which yields the best for the Proposed Franchising Scheme.
- 5.2.13 Given the evidence presented above, it is concluded that the contention, made in response to the first consultation, that the rate of fare growth is inconsistent with historic rates of fares growth is not well founded, nor that the approach taken could bias the outcome of the economic analysis in the way that the consultees suggest.
- 5.2.14 As noted above, TfGM acknowledge that there was a level of uncertainty in the assumption of future fares in the Assessment. This uncertainty will only have increased with Covid-19 and so for the impact analysis, this was taken into consideration within the narratives for each of the TfGM Scenarios as set out in section 1 of the Covid-19 Impact Report, and so informed the out-turn patronage forecasts used to inform the ‘what if?’ appraisals.

Historic impact of Metrolink and inclusion of future schemes

- 5.2.15 Several issues were raised by some consultees in their responses to the first consultation, regarding the extent to which past and future year changes to the transport system had been reflected in the appraisal. For example:
- The Do Minimum option excludes unfunded public transport schemes and it may be unrealistic to assume that no further interventions are made – Stagecoach;
 - The impact on bus patronage of hypothetical future Metrolink expansion and other potential public transport improvement in line with GMCA’s Greater Manchester Transport Strategy 2040, should have been included – Jacobs; and
 - Forecasts have not been adjusted to reflect the extent to which Metrolink has taken passengers from bus, and the impact of reduced financial support for bus services – Jacobs.
- 5.2.16 Adoption of the suggested alternative approaches (i.e. incorporating the potential impact of unspecified hypothetical future schemes) to derive the future year Reference Case would require TfGM to depart from DfT’s Transport Analysis Guidance (TAG). TAG is a suite

of documents written to provide transport analysts with a common set of guidelines, to assist with analysing and appraising the impacts of transport schemes. It is generally considered good practice within the industry to follow these guidelines, and indeed this is a requirement if submitting business cases to DfT. TAG is very clear on this issue in unit M4 paragraph 3.2.4 which states that, when defining a reference case core scenario, only schemes which are committed or near certain should be included. The rationale for this recommendation is that the core scenario should “*represent the best basis for decision making given current evidence*”. This means that it is reasonable and not unrealistic for GMCA to not consider, as part of the analysis of the options, any unfunded public transport schemes which may or may not be introduced in the future.

- 5.2.17 Notwithstanding the above and aside from the guidance offered by Government, the inclusion of additional Metrolink schemes in the Reference Case would have an almost equal effect on both the reference and franchising/partnership cases and would reduce the benefits of all reform options, due to the impacts on the Reference Case market for bus, which would be smaller than has been forecast in the Assessment. Further, due to the hypothetical and undefined nature of any such additional schemes, it would be very difficult to specify them and quantify their impact, requiring the use of assumptions that could not be validated. Scheme specification is a step that is a prerequisite to any forecasting exercise intended to predict what the impact of these schemes would be on bus patronage. Finally, if it were possible and appropriate to include them, it would also be appropriate to consider what investment might possibly be made in bus infrastructure over the same period, outside the franchising or partnership options. This would act to counter the impacts of any Metrolink schemes but would further render the Reference Case more uncertain.
- 5.2.18 It is also worth noting that several sensitivity tests were carried out which, although not directly changing the assumptions regarding Metrolink expansion, had the same effect that assuming more long-term Metrolink expansion would have, i.e. a smaller bus market. Examples include the lower population and employment test and the increased uptake in cycling test. Neither of these tests had an impact on the conclusions of the Economic Case since, as noted above, they have an equal impact on all the options considered in the Assessment.
- 5.2.19 Regarding the point made by Jacobs about the inclusion of the historic impact of the Metrolink system on buses in Greater Manchester, these step change improvements to the rapid transit system of Greater Manchester are a matter of historic record, and are fully reflected in the Assessment. The impact that Metrolink has had on historic bus patronage changes is explored in the Strategic Case at section 4.3.

Other Miscellaneous Comments on the Specification of the Reference Case

- 5.2.20 Various other comments were made in the first consultation regarding the way in which the Reference Case was created. These included how:
- No quality assurance checks were carried out on the 2016-17 base year population and employment data to check that they were not outliers – Jacobs;
 - The modelling appears to “*net off*” city centre dwellers – Jacobs; and
 - The relationship between patronage and bus service mileage included in the modelling is not appropriate – Jacobs.

- 5.2.21 No substantive evidence, or references to materials in the Assessment, has been supplied in response to the first consultation to support these contentions but they do potentially impact the Economic Case and therefore require response.
- 5.2.22 As documented in the ECSP at section 4.3, the population and employment forecasts are derived from a combination of the Greater Manchester Forecasting Model (which is GMCA's bespoke demographic forecasting tool for Greater Manchester) and the National Trip End Model (DfT's standard national forecasting model, recommended in DfT's guidance). These forecasts are locally and nationally recognised, have been through thorough vetting processes and are considered robust. The data for the base year of 2016-17 was checked to ensure it was not anomalous, and it is therefore not correct to suggest, as Jacobs commented, that no quality assurance checks had been carried out on the data.
- 5.2.23 Regarding the suggestion that the model "*nets off*" city centre dwellers, it does not in fact do that. The ECSP explains that the growing number of people who live in the regional centre tend to walk and cycle more and take fewer mechanised trips (including by bus), and that this needs to be reflected in the bus market forecasts where significant population growth is forecast for the regional centre. A damping factor, which is applied to the city centre employment and population forecasts to reflect this impact, has been derived empirically as described in the ECSP and that adjustment is made equally in all options. This is a conservative assumption, since higher growth would give a larger bus market and therefore higher benefits for all options. This is explained in the ECSP at section 4.3.9.
- 5.2.24 Regarding the relationship between patronage and bus service mileage, Jacobs state that "*Patronage is assumed to fall indefinitely in a 1:1 ratio to reductions in capacity service levels*". The ECSP does not state that patronage is assumed to fall indefinitely in a 1:1 ratio to reductions in mileage. Rather, it sets out a guiding principle that supply must be broadly matched to demand and, when either supply or demand changes, the other is likely to move in a broadly proportionate way. However, the mechanism by which supply and demand within the modelling system are kept broadly speaking in alignment is considerably less simplistic. Patronage is sensitive to many factors as modelled in the DRM, not just mileage. These factors are fully documented throughout the ECSP, for example, at section 4.5.7, which states that an initial forecast was run with no mileage cuts, which showed a decline in patronage but also a steep decline in operator EBIT over time to unsustainable levels. Therefore, mileage cuts were assumed, which matched the patronage decline in that initial forecast, which in turn have a further knock-on impact on patronage (but not 1:1): see Section 4.5.7 of the ECSP for further details.

Appraisal Period

- 5.2.25 Stagecoach and Rotala raised concerns in the first consultation regarding the length of the appraisal period. Both stated that the 30-year appraisal period has the potential to favour franchising, as it has the longest operational timeframe in the Assessment compared with the partnership options. Stagecoach suggested applying a 10-year limitation to frame an operator's ambitions, and that to assume that operators would not continue to invest to keep their product compelling and relevant is unrealistic. Rotala suggested that sensitivities should have been run by modelling the Proposed Franchising Scheme over a shorter period, or by assuming that the partnership options are renewed during the appraisal period.
- 5.2.26 Jacobs recognised that the benefits of the partnership option had been appraised over a 30-year period, but suggested that its selection biases the analysis against the partnership options, and that its adoption was not necessarily conservative, as another partnership

- structure would be put in place during that period that might deliver higher benefits, as the market consolidates and new ticketing payment technology becomes available, with lower costs of renewal. It suggested assuming an improved partnership would be negotiated after 10 or 15 years.
- 5.2.27 Rotala, suggesting that a partnership renewal should be assumed, appear not to have recognised that the benefits of the partnership option are assumed to endure for the full 30-year appraisal period without any decay.
- 5.2.28 In the context of a major reform to the bus system that is intended to be long term, and the strategic vision for transport in Greater Manchester, which is anticipated to require several decades to fully implement, the 30-year appraisal period was considered to be both appropriate and consistent with TAG guidance. Applying the same appraisal period for all options has ensured a level playing field between options, and, given the doubts about the durability of the partnership option, is in fact likely to skew the results in favour of partnership, because full benefits are assumed to be realised throughout this period for all options tested, despite TfGM’s concerns that a partnership scheme may not endure for the full 30 years. Given this view, it was not deemed appropriate to carry out a further sensitivity test that reduced the appraisal period further. In fact, a sensitivity test was carried out that used a 60-year appraisal period (and still assumed no deterioration of benefits for any option), in line with most other transport appraisals.
- 5.2.29 In response to the Jacobs point that a renewal of the partnership options should have been assumed, whilst this may be feasible after 10 to 15 years, it would not be appropriate to assume any additional interventions in the appraisal for the same reasons that potential ‘Phase 2’ interventions are not included. This is because such further interventions are not defined, agreed or costed.
- 5.2.30 In the second consultation Stagecoach stated that, despite the importance attached to the selection and justification of the appraisal period in the Green Book and TAG, the question whether a 30-year appraisal period remains valid has not been reconsidered. A shorter appraisal period would be justified given current uncertainty. The Green Book makes clear that shorter periods are envisaged for “*administrative changes*” (10 years) and that the “*life of the public service*” is crucial. Uncertainty in the market affects the period of time over which the benefits of reforms may be realised and the life of the public service in question. Given current uncertainty it may be difficult to be certain about how bus services will be best provided in 15 years’ time, let alone 30. A shorter appraisal period could generate a significantly lower VfM.
- 5.2.31 Guidance³ suggests that the “*Costs and benefits should be calculated over the lifetime of an intervention*”. Sixty years is suggested for infrastructure, including “*new buildings*”, thirty years for “*refurbishment of existing buildings*”, while for new “*administrative changes a ten-year period*” is suggested. In the Assessment of the Proposed Franchising Scheme, the main investment being made by GMCA is the purchase of depots alongside the regulatory change to the market that is intended to be long term. DfT’s Transport Analysis Guidance (TAG) recommends an appraisal period of 60 years from the scheme

³ Green Book, paragraph 2.18, 5.14 and 6.11

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

opening year for schemes expecting to have no fixed end date, and as such could be expected to apply to options to reform the bus market.

- 5.2.32 Having regard to such guidance, 30 years is considered an appropriate period to assess these options. TfGM consider that forecasting the bus market over a period of 60 years would not be credible, so a shorter period was proposed.
- 5.2.33 It is noted that the application of the discount rate does include an allowance for future uncertainty, so that benefits in the future count for less in the appraisal. Applying a discount rate of 3% means that the benefits in years 16 to 30 account for less than 40% of the total benefits (all else equal), which would be lower with declining overall demand over time. Conversely, the majority of the investment costs are at the front end of the appraisal period and hence, all else equal, they carry a higher relative weight.
- 5.2.34 In responding to the second consultation, Stagecoach noted that the uncertainty due to Covid-19 would suggest a shorter appraisal period should be considered given uncertainty about how bus services should best be provided in, say, 15 years time. It is a feature of the Proposed Franchising Scheme, however, that it is flexible: it can be varied under the Act if the bus services that the GMCA considers appropriate to be provided under local service contracts change. Uncertainty is always part of the investment appraisal and that this is allowed for by the application of discounting (as described above) and via sensitivity / scenario testing rather than reducing the appraisal period, which, as described above, is set based upon the expected life of the investment.
- 5.2.35 As set out above, the choice of 30 years for the appraisal period is not considered to involve any bias against a partnership option. A shorter appraisal period may “*increase the BCR advantage of a partnership option*” only if the differential in net benefits between options in the early years was greater than any residual asset value of the capital investment in the depots. Guidance recommends that, at the end of an appraisal period, “*an asset’s residual value or liability at the end of the appraisal period should be included to reflect its opportunity cost*”. The economic appraisal in the Assessment for the Proposed Franchising Scheme does not include any residual value for the purchase of the depots, and so this is another reason why the appraisal period of 30 years is appropriately conservative.
- 5.2.36 TfGM considers, therefore, that even with the uncertainty introduced by Covid-19, the reasoning behind the choice of 30 years for the appraisal period are still valid.

Elasticity model and/or elasticities used not appropriate

- 5.2.37 Several issues were raised in the first consultation regarding the use of an elasticity-based model and the choice of elasticities used. These included how:
- An elasticity model approach may not be appropriate given the scale of proposed changes to the bus network, as elasticity-based modelling is normally used for smaller-scale interventions such as revisions to existing timetables, and, if it is to be used, a modelling approach should be employed to test its robustness and the specified elasticities for the larger impacts – Jacobs;
 - The fares elasticity for the leisure market at –2.08 is substantially higher than the relevant range in Wardman (2014) – Go North West;
 - The GMPTM (Greater Manchester Public Transport Model) is not appropriate for modelling new bus routes or large “*step changes*” in supply – Jacobs; and

- The network benefits are overstated because the disbenefit of redeployment is not accounted for – Go North West.

5.2.38 The use of elasticity models to appraise transport interventions is a standard approach recognised across the transport industry. The changes to passenger generalised costs under both franchising and partnership options are within the normal limits for which these types of models are considered appropriate. Elasticities are derived from empirical data, and it is more common to collect data for small incremental changes rather than large transformational changes. For this reason, the Passenger Demand Forecasting Handbook (PDFH, the rail industry guidance document for modelling rail schemes) and other guidance such as DfT TAG recommend caution when using models that are calibrated and validated with data that reflects small incremental change for interventions that represent transformation change. In this case, while reform is expected to act as the platform upon which the future year grand Vision for Bus in Greater Manchester is delivered, the comparatively modest scale of change to passengers during the first phase of reform (as presented in the monetised components of the Assessment) is entirely consistent with the tools that were used, and the empirical basis of those tools. Therefore, whilst Jacobs assert that the scale of proposed changes to the bus network is large and that elasticity approaches are normally used for smaller-scale interventions, this contention is not considered to be reasonable. To further support the TfGM position, Jacobs themselves write at section 3.4.2 of their report, that table 8 of the Assessment shows that the Proposed Franchising Scheme delivers on average a 1.3-minute generalised time saving per trip, and that that change represents a fairly modest change and well within the bounds appropriate for applying elasticities.

5.2.39 Go North West challenged the specific elasticity used for fares for leisure trips, stating that a value of -2.08 is too high. This argument reflects a misunderstanding of how the elasticities are defined. The fare elasticity is the parameter that determines how sensitive patronage is to changes in fares. The -2.08 figure needs to be read in conjunction with the cross-price elasticity for the competing ticket. This is documented and explained in the ECSP at section 4.5.4. The combination of own and cross-price elasticities leads to an overall fare elasticity equivalent to a value of -0.85 for leisure. This cross-price elasticity functionality is not used for commute trips, hence a single elasticity of -0.65 is used for that market segment. As stated in Appendix 1 of the ECSP, the elasticity values were based on a review of evidence and subsequent recommendation by Professor Mark Wardman. They reflect his career experience undertaking meta-analysis of such values over many decades, a field of academic research in which he has pre-eminence. TfGM therefore has confidence in the applicability and appropriateness of the values used.

5.2.40 Jacobs also suggest that the use of the Greater Manchester Public Transport Model (GMPTM) may not be appropriate for modelling changes to the bus network and in particular the addition of new routes, based on an understanding that GMPTM is an elasticity-based model. Specifically, they state at section 4.3.4 of their response:

“Our understanding is that the GMPTM is an elasticity-based model. The proposed services changes are significant. Where large ‘step-changes’ in service provision are proposed, applying the rule-of-a-half may not be suitable. An example of this is for new railway stations. The Government’s Passenger Demand Forecasting Handbook (PDFH)⁹ clearly states that an elasticity-based modelling approach should not be used for new railway stations as it is not appropriate to use elasticities to model the impact of new services. There are clear parallels between the opening of new train stations

and the creation of new bus routes. We would therefore recommend reconsidering the use of this approach.”

- 5.2.41 Firstly, it is not clear why Jacobs refer to the rule-of-a-half theory in relation to the application of elasticities. The rule-of-a-half is the method by which user benefits are calculated in the cost-benefit analysis, with new users gaining half of any benefit that accrues to existing users, hence the term. This is not relevant to a discussion on whether using elasticities to forecast a demand response to changes in service provision is an appropriate technique. The rule-of-a-half method should be used in appraisals regardless of how the demand has been forecast, whether that is using an elasticity model or not.
- 5.2.42 It seems this point is specific to GMPTM and modelling the proposed network changes, as opposed to the more general concern around the use of elasticities noted by Jacobs and responded to above. As noted in the ECSP at section 2.5, GMPTM is a network assignment model, designed specifically to model changes to the public transport network, for example, changes to timetables and routes. It also has an elasticity-based forecasting function to reflect the impacts of changing the generalised costs of travel for public transport users. The impacts of the proposed network interventions have been modelled in GMPTM as noted in ECSP at section 5.2.
- 5.2.43 The reason PDFH states that elasticity techniques are not appropriate for modelling demand to new stations is because elasticity models rely on pivoting from an existing representation of demand, and if a station is added to a new location there is no existing demand represented in that geographical area from which the model can pivot. GMPTM, however, has a representation of all public transport demand across Greater Manchester and therefore adding a new rail station, for example, allows it to redistribute demand onto that rail service which was perhaps formerly using the bus. However, aside from this, the scale of network changes proposed under ‘Phase 1’ of the Proposed Franchising Scheme should not be considered on a par with a new rail station. The Network Supporting Paper in section 7 outlines the types of interventions proposed and these are not completely new routes – they are rationalisation of existing services, more direct versions of existing services, additional connectivity to other modes, etc. Where a new route is proposed it is very similar to an existing service and does not serve a new geographical area.
- 5.2.44 With regard to the Go North West point on disbenefits not being accounted for where the proposed network changes result in an increase in journey time for some passengers, this is indeed reflected in the Assessment. As set out at section 5.2 of the ECSP, the generalised cost change of the network revisions is used to derive ridership and benefit forecasts for the interventions. This includes all generalised cost impacts and not the subset of impacts that reflect improvements. If the appraisal had been done in the way that the operators contend, it would have been biased and not fit for purpose.

Double counting of interoperability benefits

- 5.2.45 Several issues relating to interoperability were raised in the first consultation. These included how:
- Interoperability will benefit users by reducing journey times and ticket prices but the effect of these on demand is calculated separately. There is insufficient evidence that interoperability acts a demand driver above and beyond journey time and fare improvements. – Jacobs;
 - Although the issue of interoperability is important to users as its introduction may provide public transport users with more convenient options to get to their destination,

no evidence is presented as to the number of people who currently suffer due to lack of tickets which are accepted by different operators. It is not clear how issues around double counting between the demand drivers is dealt with. – Jacobs;

- There is a lack of evidence presented to describe the volume of passengers likely to benefit from interoperability – Jacobs;
- It is not clear how interoperability has been included in the analysis, how it is separate from changes to service frequency, fares or improved accessibility, and in what form the benefits of interoperability materialise – OneBus; and
- The approach to forecasting interoperability may double count benefits – Stagecoach.

5.2.46 The Proposed Franchising Scheme includes the following interventions:

- Unification of period fares at the level of the current major operator own fares, i.e. no premium for System One fares;
- With the exception of discount corridor tickets (which would remain valid on the routes they are currently valid), all standard period tickets would be valid on all operators' buses across Greater Manchester;
- A set of network improvements with changes to some service frequencies and routes; and
- A set of service quality improvements including accelerated roll out of Wi-Fi on all buses, improved driver standards, increased presence of ticket inspectors and a unified brand for buses in Greater Manchester.

5.2.47 The concerns raised in the first consultation by Jacobs, OneBus and Stagecoach noted above appear to relate to items 1 to 3 in this list and specifically how these are related and whether they overlap and double count some impacts. The impacts due to each intervention and how these are modelled is documented in the ECSP at sections 5.2 to 5.4 which fully describe the fares, network and interoperability impacts on passengers. These sections are summarised below with an emphasis on describing how each impact is separate and unique.

5.2.48 Fares benefits accrue almost exclusively to trips using System One tickets, since these passengers will gain a fare reduction in line with the reduction in fare from a current System One ticket to the fare level of an operator own ticket as noted under intervention 1 above. The scale of this reduction is reported in ECSP table 3. These passengers gain no interoperability benefit since they already had access to all buses via their System One ticket.

5.2.49 Interoperability benefits (as labelled in the Assessment) accrue to trips made using operator own standard corridor period tickets. These passengers do not gain any fare reduction but instead gain the flexibility to use all operators' buses rather than buses run by a single operator, as noted in intervention 2 above. Whilst in practice this may result in a reduction in wait time (because the passenger would be able to board any bus), or a small reduction in total fare paid (e.g. if an additional single ticket is no longer required for an occasional trip with a second operator that doesn't currently warrant a System One ticket), the value of this benefit to passengers was assessed via a survey, as documented in ECSP section 5.4, which sought to uncover the value of this benefit to operator own period ticket holders in the form of a Willingness to Pay valuation. As would be expected, some

passengers placed no value on interoperability, since all the buses they are interested in are currently run by a single operator, whilst others did place some value where interoperability might improve their journeys (albeit not enough to warrant purchasing a System One ticket). The study derived average valuations across all operators' own period ticket holders appropriate for use in the model. The method by which this valuation is applied in the model is documented in ECSP section 5.4. It is important to note that this benefit only applies to operator own period ticket holders, and hence there is no double counting with the fares reductions discussed above that apply to current System One ticket holders.

- 5.2.50 Finally, a set of network changes (intervention 3 as listed above) were also proposed which consisted of changes to certain service routes and frequencies. These are independent of any change in journey time due to ticket validity (e.g. a reduction in wait time) as discussed in the preceding two sections, and the impacts on passenger journey times of these specific service changes were modelled using GMPTM, as discussed further at ECSP section 5.2. Any changes in journey times resulting from the proposed network changes are equally applicable to all passengers.
- 5.2.51 Given the distinct nature of the different interventions modelled, as described above, it is clear that there is no double counting of interoperability benefits.

Use of Willingness to Pay (WTP) values

- 5.2.52 The Assessment makes use of WTP values to determine the impacts of some interventions on passenger demand, and to calculate user benefits. In relation to these a number of comments were made in the first consultation:
- Service quality improvements are assumed to have a significant impact on levels of demand, but this is only backed up by limited evidence from other studies. There is, therefore, a risk that soft factor values have been over-estimated for the franchising option – Stagecoach; Jacobs;
 - Predictions based solely on Stated Preference surveys should be treated with caution – Go North West;
 - The details of how the value for improved driver standards has been derived and the rationale for applying 50% of the benefit for the entire period are not clear – OneBus;
 - Customer Service and Contract Management Benefits – would be helpful to understand the scale of these benefits and evidence of effectiveness from other similar operations in the UK – OneBus.
- 5.2.53 The method by which WTP values have been used in the modelling is documented in the ECSP at section 5.4 (interoperability) and 5.5 (service quality). The methods applied are industry standard and the values (as set out in Appendix 1 of the ECSP) are consistent in terms of scale with those published elsewhere for similar interventions (for example, in the DfT “*Soft Factors in the Bus Industry*” report from 2009 and within the TfL Business Case Development Manual). The appraisal of these impacts has been undertaken in a way that reflects a detailed understanding of the mechanism by which the benefit will be realised, and the resource and management plans required to deliver change.
- 5.2.54 With regards to the use of a 50% scaling factor for the WTP value applied to driver related benefits, this was applied based on professional judgment and considered to be commensurate with the cost of the programme envisaged to improve matters in this area.

It is also the case that identical costs and benefits were assigned to both partnership and the franchise options. Therefore, whilst the professional judgment applied could reasonably be questioned, it is the case that any alteration to this part of the case would affect all options in a broadly equivalent way (i.e. – it is not a differentiating issue between options). Finally, it is worth noting that, as part of their review at section 4.6.4 of their report, Jacobs stated that they considered the 50% figure to be a conservative assumption:

“A conservative approach has been taken in monetising these [service quality] benefits (e.g. only 50% of benefits accruing from improved driver standards and have been included in the assessment, and benefits from Wi-Fi provision are assumed to taper away from 20% of passengers benefitting during the implementation period down to 0% of passengers benefitting after 10 years of franchising.”

- 5.2.55 As stated in the ECSP at section 5.5.7, the benefits of customer service and contract management staff are commensurate with the number of staff employed as set out within the Management Case for reform. Customer service staff and contract management staff alike work at the front line of service delivery. They help to ensure that intelligence and insight regarding network performance and customer feedback is assembled to support the optimisation of resource allocation decisions, whilst simultaneously working as (or, in the case of contract management staff, with) frontline staff to promote the delivery of a service that reflects core values to passengers. The role of both groups of staff has been a pivotal part of the successful TfL approach to cooperative working with operators, to improve the customer experience within available resources. Whilst specific evidence of economic value has not been published that directly attributes economic value to these roles, it is the case that a value at least equivalent to the costs of employment is implied through the continued existence of these roles within the TfL organisation.
- 5.2.56 For these reasons, the derivation of benefits attributable to these interventions is considered appropriate.

Accounting for Environmental and Social Impacts

- 5.2.57 Several comments were received in the first consultation from members of the public, who raised the point that the appraisal should place more weight on environmental and social impacts as well as economics.
- 5.2.58 Section 8.4 of Ipsos MORI’s June 2020 Consultation Report states that of the 366 suggestions made by members of the public, 79 suggested that *“Consideration should be given to more than just economic value or the cheapest bid”* and 31 suggested that *“Further consideration should be given to the environmental value”*. It also reports that of 158 comments in relation to the conclusion of the Economic Case, the main comment (56 responses) *“concerned the priority given to social value within the Proposed Franchising Scheme, and the need to focus on the contribution of the bus network to community cohesion”*.
- 5.2.59 With regards to the priority given to the appraisal of societal impacts beyond those that impact the financial bottom line of public and private sector business, the appraisal has been undertaken in line with DfT guidance. It seeks to understand the full societal impacts of our actions on the quality of life of citizens and their environment, as well as their economic wellbeing, using a ‘welfare economics’ approach to the quantification of economic value. Environmental benefits are calculated using the method set out in DfT’s Transport Analysis Guidance (TAG) unit A5.4, Marginal External Costs. In summary, this method involves using the difference in bus trips between the Reference Case and scheme

options, to calculate a change in car kilometres relative to the Reference Case for each option. This change in kilometres is used to calculate economic benefits under the following headings:

- Decongestion;
- Accident reduction;
- Carbon emission reduction;
- Air pollution and noise reduction; and
- Infrastructure (a lower expenditure on infrastructure required due to fewer car kilometres).

5.2.60 The value each of these aspects contributes to the total benefits is documented in Table 6 of the ECSP. Whilst one may argue that the DfT guidance should place more weighting on these aspects of the case, TfGM has followed Government guidance as would be expected.

5.2.61 The term social benefits can have a wide-reaching definition, but many of the economic benefits included in the Assessment accrue directly to the public in ways that it is expected will improve their quality of life, and which could be categorised as social benefits. These include:

- Fare benefits to passengers due to lower fares (included in the appraisal as “*user fare benefits*”);
- Journey time benefits to passengers where services are improved such that their Generalised Journey Time (GJT) reduces (included in the appraisal as “*user time benefits*”);
- Improved air quality and reduced congestion (as discussed above);
- Improved safety, for example, through accident reduction (as discussed above) or through improvements to security on public transport, for example, through additional ticket inspectors as included in the Assessment (included in the appraisal as user time benefits); and
- Improved journey quality such as on-board Wi-Fi or improved driver performance as included in the Assessment (included in the appraisal as user time benefits).

5.2.62 It would appear from the comments in Ipsos MORI June 2020 Consultation Report that in responding to the first consultation, members of the public interpreted the economic benefits to be representative only of actual monetary impacts due to the different options. As noted above, it is actually the case that many of the elements that make up the total economic benefit are in fact ‘social’ benefits that accrue directly to passengers in the form of journey time savings, fare reductions or service quality improvements, or to wider society in the form of reduced congestion and improved air quality. With regards to the emphasis placed on the different elements, particularly the environmental aspect, the methodology to apply in order to carry out the cost-benefit analysis is documented in DfT

guidance with appropriate valuations provided, and adherence to this guidance was necessary in order to carry out a fair and robust appraisal.

Other Issues Relating to the Specification and Approach to Forecasting and Appraisal

5.2.63 Other issues raised by consultees in responding to the first consultation included that:

- GMCA has inappropriately modelled its analysis on TfL’s approach, as Manchester is not London: trip density and complexity is substantially greater in London (where the benefits of integration are likely to be greater) and it is also “*not a particularly drivable city*” (which makes the value of better integrated public transport much greater) – Go North West;
- Uncertainty over whether ‘Phase 2’ benefits are included in Economic Case – Jacobs;
- Request for information as to why fare evasion, operational performance of buses at rush hours, frequency and reliability and bus capacity across the service route have not been included in the modelling – Jacobs;
- Question regarding whether reliability is included within the GJT formulation – Jacobs;
- Assuming that bus journey times increase in line with car journey times has the potential to underestimate the level of future bus demand, given proposals in the Greater Manchester Transport Strategy 2040 to introduce bus priority measures – Jacobs; and
- The baseline model for cost and its calculation require modification as they do not properly reflect recent increased employment costs (pensions, apprentice levy, minimum wage, and recent pay increases) – Rotala.

5.2.64 The proposed interventions are focused on the Greater Manchester market, and the analysis is entirely driven by a detailed local assessment that seeks to understand the best market reform option for Greater Manchester. In many key respects, the specification of the Proposed Franchising Scheme is very different from the London model, for example, the approach to defining franchise contracts. Whilst comparisons have been made to the London market and several references occur throughout the Economic Case, no evidence from London has been used directly within the modelling, other than the application of the brand WTP value, which is addressed at section 5.2.52. It is therefore not correct to say that GMCA has modelled its analysis on TfL’s approach.

5.2.65 Section 15.4 of the Assessment explains that ‘Phase 2’ benefits are not included in the core appraisal presented in the Economic Case. However, the extent to which the market structure enables further ‘Phase 2’ investments into the bus system is material to the decision to reform (or not reform) the bus market. For this reason, the ‘Phase 2’ discussion has been included in the Assessment.

5.2.66 With regards to the additional explanatory factors that Jacobs felt should be included in the analysis:

- Passengers recorded in the CPS survey as not paying a fare when boarding the bus due to a miscellaneous reason are included in a separate demand segment in the model labelled “*Other Free*”, which has no fare attached. These trips are therefore included in the total patronage but contribute no revenue, as would be expected;

- Operational performance of buses at rush hours – no changes are assumed to reliability or operational performance at any time of day, except for the suite of network changes proposed under franchising;
- Reliability – whilst the model could appraise substantive changes in reliability across the network by altering generalised cost inputs, no specific substantial reliability interventions are proposed within any of the options, and therefore no substantial reliability element is included within the generalised cost formulation in the models used in the Assessment. There is, however, a modest reliability intervention described within the Commercial and Management Cases of the Assessment which relates to the introduction of an enhanced performance and monitoring regime. Whilst this intervention is not expected to make a substantial difference on its own to network on time performance or excess wait times for passengers, a modest economic benefit has been included using an alternative methodology as explained in detail within the Assessment;
- Frequency – no changes to specific service frequencies are assumed other than as part of the suite of network changes proposed under franchising. The annual network-wide mileage reductions assumed in all cases would be likely to include some frequency reductions in reality, but this input is specified at a global level and is therefore not service specific; and
- Bus capacity across the service route – the modelling does not consider any changes to capacity across any particular service routes as this is a level of detail beyond the assessment of whether the various reform options offer good VfM.

5.2.67 Regarding the comment on bus journey times increasing in line with car journey times, as noted in ECSP at section 4.4.10, the forecast change in bus journey times due to congestion is assumed to be different to car journey times. However, this is not due to additional bus priority in the future, but rather due to the inherent difference in how congestion affects each mode. Regarding future bus priority, no specific improvements have been assumed, since, as noted in relation to the incorporation of future Metrolink schemes, such schemes are currently neither defined nor funded and therefore, as explained at section 5.2.16 of this report, should not be included in the core Reference Case. If any such schemes were included, this would have a positive impact on bus patronage in all options and would therefore improve the level of benefits for all options.

5.2.68 Finally, regarding the Rotala concern on the cost model raised in responding to the first consultation, this is dealt with in the Financial Case at section 7.2.33.

Release of Models for first consultation

5.2.69 Some bus operators (specifically, OneBus and some individual operators in their individual consultation responses) suggested, in responding to the first consultation, that the models that underpin the economic and financial appraisal should have been released. TfGM consider that consultees had sufficient information at the start of the consultation exercise to allow them to take part in the consultation in an informed and intelligent manner.

5.2.70 Specifically, GMCA published all the documents that it was required to do under section 123E(2) of the Act and TfGM is satisfied that the First Consultation Document met the

requirements of section 123F, and the Consultation Document also identified where anyone who had questions could e-mail for further information.

- 5.2.71 OneBus requested two models during the consultation period that were not provided. These were the Greater Manchester Public Transport Model (*GMPTM*) and the Demand Revenue Model (*DRM*). A response from TfGM stated that the two models could not be provided in executable form, because the request fell outside of the scope of the Freedom of Information Act 2000 (FOIA), and that the information used to inform the models was exempt from disclosure under the FOIA, due to reasons including the commercial confidentiality and sensitivity of information the models contained. OneBus requested an internal review of that decision. This was responded to by TfGM. It stated that both the models and much of the underlying data used to inform the models could not be disclosed. The models contain information obtained by TfGM from operators, in accordance with the provisions of section 143A of the Act, and provided to TfGM under the terms of confidentiality undertakings given to operators, as well as other commercially sensitive information. However, further information was provided in paper form (because it was not deemed to be commercially confidential or sensitive) to OneBus which included an overview of the inputs for both of the models and some of the non-commercially sensitive and/or confidential data used to inform the DRM.
- 5.2.72 Stagecoach’s legal submission, submitted at the end of the first consultation period, asserts that GMCA did not publish all of the required documents with its consultation, specifically the models referred to in the audit report. Stagecoach go on to state that they believe the lack of disclosure of those models was *“procedurally unfair in public law terms”* and *“consultees have been hamstrung as a result of not having access to those models, and Stagecoach have been unable to respond with more detailed comments on the Economic and Financial Cases”*.
- 5.2.73 A similar concern was also raised by Go North West at the end of the first consultation period, who stated that there would have been benefit from *“the economic model”* being shared with consultees.
- 5.2.74 The two models sought by OneBus were not documents required by the Act to be published. Provision of commercially sensitive data contained within the models would potentially have prejudiced the commercial position of operators, GMCA and TfGM. Neither Stagecoach nor any other operator itself made any requests for further information to TfGM, nor any requests for access to any models. There were many avenues open to operators to request further information, and this was made clear to them during an operator briefing that was organised by TfGM at the start of the first consultation. If Stagecoach or any other operator believed that there was any specific information missing from the consultation documentation that they required to be able to inform their response, they could and should have requested the same during this first consultation period.
- 5.2.75 In its response to the first consultation Stagecoach failed to identify how disclosure of those specific models would have helped to inform their own consultation response and, in particular, their review of the Economic and Financial Cases.
- 5.2.76 TfGM is also satisfied that it was not required to disclose models sought by OneBus that it requested in order for it to provide a proper and informed respond to the consultation. The ECSP contains considerable detailed information on how the modelling framework was constructed, as well as listing and providing details of how each input was prepared. Where practical, a copy of the relevant values used is also included. The paper explains how each

variable has an impact on bus patronage, and how the relationships in the modelling suite function. The responses provided throughout this section provide references to the relevant section of either the Assessment or the ECSP; where further detailed information is provided that allowed consultees to have sufficient knowledge to meaningfully respond to the consultation.

5.2.77 Other than the request for the two models, for which no specific reason for requesting disclosure of the models was provided, no further requests for additional information or specific queries were received by TfGM in relation to the Economic Case until the final day of the first consultation period, when OneBus submitted their response along with the accompanying report from Jacobs. Jacobs' report included many specific questions related to the Economic Case. Having reviewed that report and responded to the points raised by Jacobs to the first consultation in this Consultation Report, it is evident that access to the models was not necessary in order to respond to these questions. Had a response been considered critical to finalising their response to the first consultation, OneBus could have submitted their response, along with the Jacobs report, much earlier in the consultation process, as it is evident from the document history within the report that Jacobs had undertaken their first review of the consultation materials by 27 November 2019. Notwithstanding this, in almost all cases the answers to the questions posed are included within the existing documentation as published.

Release of Models for second consultation – Stagecoach

5.2.78 On 21st December 2020 GMCA received a written request from Stagecoach for disclosure of additional information *“in order to respond adequately to the Second Consultation”*. In relation to the Economic Case, the information requested falls under the heading in the request of i) fully executable copies of the financial models and ii) GMCA's modelling and scenario planning.

5.2.79 The request for the information was, according to Stagecoach, to allow them specifically to:

- *“test the inputs which have been used, evaluate the assumptions which have been made, and assess whether the methodology is appropriate”, especially “as no external audit or assurance has been conducted over these models (at least in the form used to support the analysis in the Covid Impact Report)”;*
- *“adequately assess the approach taken by GMCA when evaluating the different options and proposing franchising as the best way forward” and to potentially suggest “an alternative option”;* and
- *“offer intelligent comment on these matters and may be able to improve GMCA's analysis”.*

5.2.80 The models requested related to the Economic Case sought were the Demand and Revenue Model, the Greater Manchester Public Transport Model, the Cost-Benefit Analysis Models, and the Wider Economic Benefits Analysis Models.

5.2.81 TfGM responded to this request on 31st December 2020.

5.2.82 In relation to the first point GMCA restated that:

- The inputs, model structure and logic for each of these models had not been updated since the Assessment nor had there been any systematic refresh of the model inputs.

- These models were all the subject of review by the auditor in conducting its audit in accordance with section 123D of the Transport Act 2000.
- The models have not been re-audited for the Covid-19 Impact Report because they had not changed.

5.2.83 It was considered that that Stagecoach had not required disclosure of all the models to enable it to respond to the first consultation on the Assessment, and did not need access to them to respond to the analysis in the Covid-19 Impact Report. Nonetheless, to assist Stagecoach, TfGM provided, insofar as it was possible to do so, versions of the models given redactions for commercially sensitive or confidential information, including information provided under section 143A of the Transport Act 2000. TfGM provided the following information;

- Spreadsheet versions of the Demand and Revenue Model forecast for the Reference Case, the Proposed Franchising Scheme and the partnership options, with non-Stagecoach patronage and revenue data redacted; and
- The corresponding Cost-Benefit Analysis and the Wider Economic Benefits Analysis Models related to these DRM forecasts.

5.2.84 TfGM hosted a technical session with Stagecoach staff to clarify how the models act in a framework, and how this framework had been used to support the Assessment and the subsequent Covid-19 Impact Report. Following the technical session, TfGM responded to ten questions from Stagecoach regarding the applications of the models, and provided the spreadsheet analysis underlying the ‘what if?’ tests with a supporting technical note.

Release of Models for Covid-19 Impact consultation – Rotala

5.2.85 As further set out at section 16.4.17, on 6 January 2021 TfGM received a written request from Rotala for similar access to the “*Financial Models*” as provided to Stagecoach.

5.2.86 As with Stagecoach, it was considered that that Rotala had not required disclosure of all the models to enable it to respond to the first consultation on the Assessment, and did not need access to them to respond to the analysis in the Covid-19 Impact Report. Nevertheless, GMCA responded to this request on 14 January 2021, providing the same model information as provided to Stagecoach (subject to appropriate redactions), and made a similar offer for a technical session to respond to any questions. Rotala did not take up the offer for a technical session and made no additional requests for information.

5.2.87 It was considered that that Rotala had not required disclosure of all the models to enable it to respond to the first consultation on the Assessment, and did not need access to them to respond to the analysis in the Covid-19 Impact Report.

Use of Models for responses to Covid-19 Impact consultation

5.2.88 Having reviewed the responses from both Stagecoach and Rotala to the second consultation, TfGM confirm our view that this additional release of model information was not directly used by either party in their responses, and hence TfGM confirm our view that they did not need access to them to respond to the analysis in the Covid-19 Impact Report.

5.3 Reference Case Results Themes

- 5.3.1 The Economic Case describes the economic performance of each option against the Reference Case or the 'business as usual' situation. From the first consultation, there are two broad themes raised by consultees with regards the Reference Case forecasts.

Congestion

- 5.3.2 The scale of impact of increasing congestion in the demand forecasts has been challenged in the first consultation by Stagecoach in response to the Economic Case. The following points were made:
- The congestion effect of 0.2% patronage reduction between 2016-17 and 2040 feels completely inappropriate when journey speeds are slowing by 1% a year; and
 - Our 2018 study into drivers of demand in Greater Manchester, undertaken by KPMG, showed that alongside car ownership and the service offered by Metrolink, bus journey times were one of the greatest influencing factors impacting bus demand in Greater Manchester. If this element was resolved, the requirement for additional Peak Vehicle Requirement (PVR) would reduce, removing one of the major reasons for the above RPI fares and you would therefore retain patronage. In our opinion these basic principles appear to be missing from the Assessment.
- 5.3.3 More generally, the impacts of congestion were raised in response to the Strategic Case (see Section 4.3 of this report). The response below focuses on the impact of congestion in the demand forecasts, as opposed to any historic impact.
- 5.3.4 The figure of 0.2% reflects the direct impact on patronage and is taken from Chart 14 of the Assessment. This chart shows the relative impact of each 'explanatory variable' on the size of the future year bus market. Congestion is one of the explanatory variables used in the market forecasting model. It is important to note that the market impact figures attributable to each variable in this chart represents only the direct impacts. There may, however, be interactions and further indirect impacts, as is the case with congestion. Specifically, the direct impact of congestion creates slower bus journey times for passengers, reducing demand for bus, but is simultaneously offset by a slower journey time for car-based modes, substantially limiting the direct loss of patronage impact of congestion.
- 5.3.5 TfGM acknowledge that there is also a much more significant indirect impact of congestion caused by the effects that increased journey times have on operator costs and subsequent actions to maintain commercial viability. This is accounted for in the modelling system whereby a 1% reduction in speed due to congestion is assumed to result in a 1% increase in required driver duty hours and PVR. This increase in hours and PVR is passed to the financial model and results in higher operating costs. As a result of this additional cost to the industry, operators are then required to make either fare increases and/or mileage reductions in order to remain commercially viable and maintain EBIT margins. The results of these indirect impacts of congestion on the market demand are significant.
- 5.3.6 As a result, we estimate that approximately one-third of the patronage loss forecast between now and 2040 is attributable to the sum of both direct and indirect congestion

impacts. These effects are fully included in the bus reform Reference Case market estimates.

Forecasts for the English National Concessionary Travel Scheme (ENCTS) Revenue

- 5.3.7 Several issues were raised in the first consultation by Jacobs and Stagecoach regarding the appraisal treatment of the ENCTS scheme. They suggest that the modelling of ENCTS revenue, assuming that journeys made under it will rise over the appraisal period, is inconsistent with recent evidence that shows falling trips made under ENCTS; the likelihood that bus use by pensioners will fall as car use becomes more affordable for this group as their incomes rise; and changes in eligibility criteria in the near future will lead to a further reduction in use.
- 5.3.8 As with fare paying patronage, ENCTS patronage is driven by numerous factors, all of which are documented in section 4 of the ECSP. The main difference is that ENCTS patronage is not sensitive to changes in fares. ENCTS trips are not forecast to increase continuously over the whole appraisal period as Jacobs and Stagecoach appear to believe. Trip volumes do fall in the early years of the appraisal period, due to the rising age of entitlement. This is consistent with the observations in recent years as noted by Jacobs and Stagecoach. Over the longer term, however, the demographic forecasts suggest an increasing concessionary population leads to an increasing number of concessionary trips. This increase is offset by the impact of other factors, such as reducing car operating costs and increasing incomes. The forecasts calculated by TfGM are reflective of the cumulative impact of all these factors.
- 5.3.9 A discussion of the calculation of reimbursement associated with ENCTS trips is included within the Financial Case at section 7.2.12.

5.4 Partnership Options Themes

5.4.1 This section summarises comments made by consultees in response to the first consultation in relation to the specification and results of the partnership options.

Partnership offers a higher benefit-cost ratio (BCR)

5.4.2 Several consultees to the first consultation noted that the BCR of the partnership options was higher, and felt that result indicated that the partnership options represented better VfM or a less risky option than the Proposed Franchising Scheme. As noted in Ipsos MORI's June 2020 Consultation Report, this concern was also raised by a small proportion of the public consultation responses (42 out of 2626).

5.4.3 The BCR for the Proposed Franchising Scheme itself demonstrates that the costs would represent VfM if measured in those terms – a BCR of 3.1 falls firmly in the “high” VfM category in the Government’s VfM framework. The measure for VfM used in the Assessment also looks at the social value of any public investment measured by its NPV (as explained at section 7.5.4 of the Assessment). On that measure the Proposed Franchising Scheme is the better option. Further, it should be noted that the basis of the recommendation at section 21.2.4 of the Assessment is that *“the greater overall benefit from the franchising option in terms of the outcomes set out in the strategic case, means that it is the preferred option”*.

5.4.4 This recommendation is made with reference not merely to BCR but also to NPV and other considerations that are set out in the Economic Case, such as the likely durability of economic benefits over time and the likely suitability of each option to act as a suitable platform for the further development of the bus system to support the sustainable economic growth of Greater Manchester in the future. The Economic Case is also only one dimension of the Assessment, and the overall recommendation has been made following consideration of all dimensions set out in the Assessment, including the recognition that franchising involves more risks to GMCA than a partnership.

5.4.5 Comments were again raised in the second consultation that the partnership options offered better value for money, especially in the context of Covid-19. These comments are addressed at section 5.10 of this report.

Soft factor benefits could be achieved through partnership

5.4.6 Several comments were received in the first consultation that suggested the benefits assigned to the Proposed Franchising Scheme could equally be generated through a partnership option. For example, some consultees said that:

- No benefit has been afforded to the operator proposal of a single sub-brand unlike the significant benefit afforded to the suggested franchise brand – OneBus;
- The brand value ascribed to franchising can also be achieved through partnership by requiring all private operators to rebrand under a common ‘TfGM’ brand perhaps with an ‘operated by X’ addition – Go North West;
- The same brand benefits should be assigned to partnership given the commitment to a unified brand in the OneBus partnership proposal – Rotala;
- Apart from Wi-Fi and better driver training, all other ‘soft’ initiatives are unreasonably not included in the partnership options as they could be introduced either through

negotiation or unilaterally by operators and soft initiatives can be implemented through the Ambitious Partnership option – Jacobs; and

- Soft initiatives can be implemented in the TfGM proposed Ambitious Partnership option, which would increase benefits and VfM – Stagecoach.

5.4.7 The value accredited to brand is derived from unifying the bus system under a single entity with associated benefits of a single and unified fares system, a single customer service portal, a level of transparency and accountability in decision making and other key features that affect the customer experience. In short, the key word in the description of this intervention is the unification of these matters that the brand represents and this is not something that can be delivered through partnership.

5.4.8 Further, creating a unified livery without creating a unified system may create more confusion than retaining the status quo, where different liveries today are a clear signal to users that a differentiated and fragmented customer offer between different operators is to be expected across the full range of the customer experience.

5.4.9 Where the other aspects of the service quality improvements were proposed by operators during discussions with TfGM, they were included in the partnership schemes modelled. These included the benefits from Wi-Fi and improved driver performance.

Other issues raised regarding partnership

5.4.10 Other issues raised in relation to the partnership option in the first consultation were that:

- Much of the Assessment, especially when considering the benefits offered in partnership, seems to reflect a view that private operators will simply deliver the legal minimum – Stagecoach;
- The partnership option does not reflect the latest Partnership Plus specification – Go North West;
- TfGM has not modelled any benefits from the consolidation of single tickets and fare bands, or the adoption of smart integrated ticketing in the form of a ‘fair price promise’ as proposed by the operators – OneBus; and
- The partnership option will not resolve existing concerns regarding the transparency regarding the VfM of bus sector subsidy – Manchester City Council.

5.4.11 The historic data that underpins the Reference Case reflects the way in which the industry has collectively dealt with legal minimum standards over time, and similarly reflects the rate at which product innovation has occurred. These factors are therefore implicitly reflected within the future-year forecast for the bus market. There is nothing to suggest that the industry will behave significantly differently in the future, and there is no suggestion of such within the Assessment. Regarding operator behaviour as part of a partnership, the Assessment assumes that the partnership would deliver the benefits proposed under the two partnership options, and that these benefits would be delivered for a full 30-year period. This is considerably beyond the legal minimum. If the Assessment had assumed that operators would only deliver the legal minimum, it would have assumed that partnership benefits reduce to zero after the minimum term of the partnership, which

would have significantly reduced the total partnership benefits. As discussed at section 5.2 of this report in relation to the length of the appraisal period, this is not the case.

- 5.4.12 The Partnership Plus proposal was only submitted during the first consultation period. In reply to Go North West's comment, it was, therefore, not possible for TfGM to reflect it in the Assessment as the Assessment was completed before that proposal had been put forward. The partnership proposals presented in the Assessment were the outcome of an extensive engagement exercise between TfGM and incumbent operators during which time operators put forward their proposals.
- 5.4.13 Nevertheless, TfGM have reviewed the content of the Partnership Plus proposal and have determined that, whilst there is insufficient detail to appraise the proposals in many key areas, full implementation of the proposal would be unlikely to alter the relative economic performance of the two reform options presented in the Assessment. This analysis is documented in full in Partnership Plus at section 10.
- 5.4.14 Regarding the modelling of benefits arising from the consolidation of single tickets and fare bands, and the adoption of smart ticketing – the logic for not including any benefits from these interventions in either the franchising or partnership options is set out at sections 2.1.7 and 2.1.8 of the Partnership Options Supporting Paper, which was published as part of the first consultation. In summary, these sections set out the fact that there is a lack of clarity about the specification of the interventions proposed under either reform option. As such, it is not practically possible to appraise the intervention. If it were possible, and based upon the Assessment undertaken, it is highly likely that the partnership option would deliver less benefit than the franchise option, because of inherent constraints relating to competition law that would not exist in the franchise option. It is considered, therefore, that the approach adopted (to attribute no benefits to any option) favours the partnership options in terms of its impact on the relative economic performance of partnership and franchising.
- 5.4.15 The comment from Manchester City Council is a supportive one, suggesting that the lack of transparency of VfM for public investment in the bus industry would be maintained under a partnership and would only be addressed via franchising. This point is noted.

5.5 Proposed Franchise Scheme Themes

- 5.5.1 This section summarises comments made in response to the first consultation in relation to the specification and results of the Proposed Franchising Scheme.
- 5.5.2 The majority of comments from statutory consultees in this first consultation were from bus operators and were negative or critical of the proposals. Cheshire East Council and TravelWatch NorthWest raised concerns, respectively relating to the impacts of the Proposed Franchising Scheme on the performance of the bus industry in the Cheshire East Council area and on the ability of TfGM to achieve congestion ‘benefits’ under the franchise option without major infrastructure investment.
- 5.5.3 Manchester City Council, Rochdale Borough Council and Wigan Council all provided supportive comments in relation to the economic assessment of the Proposed Franchising Scheme and both Unite and Unison were favourable, although Unite wanted to be reassured that worker conditions would not be impacted.
- 5.5.4 In addition, Ipsos MORI report that, of the 2,626 public responses to the first consultation, 102 questioned the VfM of the Proposed Franchising Scheme, 36 suggested it was a misuse of public funds and 43 did not consider it appropriate to increase council tax to pay for it.
- 5.5.5 Ipsos MORI also report that 92 members of the public suggested in the first consultation that there was a lack of evidence to substantiate the conclusion of the Economic Case, implying that they did not believe the scale of benefits reported.

General comments on the assessment of the Proposed Franchising Scheme

- 5.5.6 Stagecoach made a comment that service quality benefits come with no context as to how they are derived. This context was included in the ECSP at section 5.5, which provides an explanation of both the source of the values used, and how they were incorporated into the model.
- 5.5.7 Go North West point out that soft factor benefits are described in other research as less important than ‘hard’ factors (such as frequency and reliability), unless those hard factors have reached acceptable thresholds and it is not clear whether such thresholds would be met under any of the ‘do something options’ - and how those options vary.
- 5.5.8 There were several concerns about transition issues. This included comments that:
- The implementation timeline is unrealistic or overly ambitious – Stagecoach; Jacobs; and
 - The benefits will take longer to realise during the transition period than assumed in the modelling – Jacobs
- 5.5.9 The explanation of, and justification for, the proposed timeline for implementation is included within the Commercial and Management Cases of the Assessment, as is the description of the mechanisms of delivery. The Economic Case is consistent with the other cases in the Assessment. Several other consultees made similar comments regarding the timescales for implementation of the Proposed Franchising Scheme, in response to the Commercial and Management Case sections of the Assessment. A detailed response to these comments is provided in the Commercial Case at section 6.7.
- 5.5.10 Jacobs raised a number of concerns regarding the modelling of the transition period and how benefits ramp up during this period in the Assessment. They claim that: “*For the*

franchising option the demand drivers are assumed to be effective within three years (all of the impact on the demand is assumed to occurred within three years)”. This statement is not correct. The demand impacts are realised for each tranche in line with the implementation plan, i.e. only realised once franchising is introduced. In addition to this, demand responses are phased for each tranche in line with (a) passenger responses to change in fare and GJT being lagged; and (b) network interventions being implemented over a 5-year period. The modelling of the transition period and ramp-up of benefits is documented in more detail in the ECSP at Appendix 2.

- 5.5.11 There were also concerns about implementation more generally. It was suggested by Jacobs and Stagecoach in the first consultation that, under a franchised market, TfGM are likely to be under political pressure to limit the increase in fares in real terms. This contention is considered in the Strategic Case section of this report at section 4.7. The Proposed Franchising Scheme includes fares reduction benefits to passengers and that is a desirable outcome for passengers. To the extent that political decisions may be taken to build on that initial improvement, that will be a matter for elected leaders to decide, weighing societal benefits from such interventions against costs and available funding. It is often found that such interventions create significant societal value.
- 5.5.12 It was suggested by Go North West that, under franchising, network planning will not be undertaken efficiently; the network will “ossify” and that no losses for this have been included in the Assessment. The issue of how network planning will be undertaken under franchising, and how this can lead to benefits for passengers, is addressed in the network section of the Strategic Case (at section 4.5).
- 5.5.13 The approach to network planning that has been used to assess network changes, and that will be used to plan the network on an ongoing basis, is the model of network planning used by TfL London Buses. Far from allowing a network to “ossify”, TfL systematically and continuously draw in data and insight to a planning process that makes several hundred network changes within any given year, the aim of which is to continuously fine-tune the supply of bus services to the demand for bus services, taking advantage of new opportunities (such as new land use developments) while reallocating resource to optimise the efficiency of the network.
- 5.5.14 It has been suggested that the impacts on operator margins will be worse than expected – for example, Stagecoach suggest margins much lower than the 7.5% assumed in the Assessment. Jacobs also state that the rates of return for operators may be lower under the Proposed Franchising Scheme, compared with the current status quo, meaning that fares may need to increase by more than RPI+1.4% in order to attract franchisees into the market. This comment seems to suggest that Jacobs assume that operators would retain some level of revenue risk under franchising. The rates of return for operators would be determined by the franchise payments and this return is assumed to be 7.5% in the Assessment. Fares would be set by GMCA and revenue retained by GMCA, meaning that changes in fares would have no direct impact on operator revenue. A discussion on the appropriateness of the 7.5% margin assumption is included in the Financial Case section of this report at section 7.2.
- 5.5.15 It has been suggested that the costs assumed are too low due to Euro VI maintenance, that there would be insufficient revenue protection staff, and insufficient funds to manage and control the network and for on-bus equipment. TfGM believe appropriate costs are documented in the Assessment and further information is provided in the Management Case section of this report (see Section 8.3), where similar issues were raised in response to the Management Case.

Brand value is not appropriate

- 5.5.16 The following comments were made in response to the first consultation in relation to the brand value used for franchising:
- The brand value of 4.1p per trip benefit to users comes from a study in 1996 of hail and ride services only; what work has been undertaken to verify that users in Manchester would value a branded service at 4.1p per trip; and could any such value be a proxy for user appreciation of better service quality captured elsewhere and involve double counting – Jacobs;
 - Relying on a study 23 years old based on stated preference surveys in London when there may have been many unbranded small operators not necessarily operating a fixed timetable or predictable route is questionable; even if there is a common brand benefit over and above other brand benefits, it is not clear that this would persist on a permanent basis whereas other, potentially more important soft factors, are scaled back after year seven; and any benefits will be initially overstated given unbranded buses crossing Sub-Area boundaries. NPV for franchising reduces to £121.4 million (versus £80.6 million – £103.1 million for the partnership) if brand is removed. This would remove almost entirely all the benefit of the Proposed Franchising Scheme in NPV terms and would substantially lower the BCR for franchising to 2.10 – Go North West;
 - The evidence presented in support of brand value does not withstand scrutiny – Rotala; Stagecoach; and
 - A brand is about improving the complete customer experience and it is difficult to see how the financial benefit attributed to it will be delivered without enhancements to the end-to-end customer experience but, under franchising, much will remain as now in terms of onboard experience, the network will not be radically altered and fares will increase above inflation – Stagecoach.
- 5.5.17 It is recognised that there has been little unification or simplification of bus systems in the UK since the Transport Act 1985 deregulated bus services outside of London. As a result, very limited empirical evidence is available to transport economists to assess the value to passengers of moving from a fragmented delivery model (such as exists in Greater Manchester) towards a more unified system that is simpler for passengers and potential passengers to experience. The associated franchise option benefits of increased democratic accountability and place making are also difficult to put a precise value on for the same reasons.
- 5.5.18 Nonetheless, there is much evidence in the literature to confirm that these aspects of service delivery are of great importance to passengers, for example, in the DfT 2009 report *“The Role of Soft Measures in Influencing Patronage Growth and Modal Split in the Bus Market in England”*. Table 5.11 in that report is one example of research that clearly show passengers expressing the view that simplified fares and networks are bus system attributes that they value.
- 5.5.19 When compared with some values available in the literature, such as Table 6.15 from the same DfT report on soft factors where average WTP values of between 12p and 46p per trip are reported for fares simplification interventions, the value accredited to brand in the

Assessment is low and is therefore considered to be conservative and reasonable in light of available research and evidence.

- 5.5.20 Go North West have queried whether any branding benefit should be maintained over time or diminish like other soft factor benefits. The benefits of any scheme are measured by the difference between a reference case and a with-scheme case (in this case the Proposed Franchising Scheme). Wi-Fi benefits are assumed to decline to zero by year 11, since by that time it is assumed that even under the Reference Case scenario, all buses would be equipped with free Wi-Fi, hence there would no longer be any benefit relative to the Reference Case. However, there is no assumption in the Reference Case that a unified brand of the nature described would materialise at any point over the appraisal period, hence the benefit relative to the Reference Case is maintained throughout that period.
- 5.5.21 Go North West also challenge whether benefits are overstated in the earlier years of the modelled period, since there would still be some unbranded buses running between franchised and non-franchised areas. As noted in the ECSP at Appendix 2, benefits in the initial years of the appraisal period are factored by the proportion of trips that are made within a franchised area, to ensure that benefits are not overstated during the transition period. Further to this, and as noted elsewhere in this section, the branding benefit represents more than just the livery of the buses.
- 5.5.22 The contention set out within the Assessment that this component of franchising is valued by passengers is supported by Ipsos MORI's June 2020 Qualitative Research Report, which states that:
- “There was an appetite for a more centralised model, as the high level of variation in standards, and the complexity of current pricing, were considered problematic for bus users and potential bus users”* (section 3 summary of key points)
- “The proposed changes to a standardised pricing strategy, and simplified ticketing to be used across all buses were welcomed by participants, who said it would make their lives easier”* (section 4 summary of key points).
- “One of the most convincing elements of was the convenience that will be passed on to the passenger in terms of consistent pricing and integrated ticketing”* (section 6 summary of key points).
- 5.5.23 TfGM agree with Stagecoach that a brand is about improving the complete customer experience, with passenger benefit attributable to the delivery of enhancements to the end-to-end customer experience. As set out in the Assessment, under the reform options, the on-board experience will improve, and fares will be most affordable under the franchise option. The value of unifying the system under a single brand entity that is politically and democratically accountable is entirely consistent with this change to the end-to-end customer experience.
- 5.5.24 The risk of not realising this particular ‘system unification’ benefit is solely associated with the franchise option, but is considered to be a significantly smaller risk than the risk of not achieving the full and uninterrupted benefits of partnership over 30 years. In the event that an alternative benefit realisation schedule was applied to the partnership option, with gradual erosion and breakdown of the partnership over a period of 10 years, perhaps more quickly as has been seen in some recent UK examples of bus partnerships, the NPV would reduce to approximately one-quarter to one-third of that claimed. It is not appropriate to

compare the ‘full benefits’ partnership NPV with the ‘partial benefits’ franchising NPV for the reason set out above.

Lack of confidence in benefits relating to congestion and time savings

5.5.25 Concerns were raised in the first consultation relating to benefits from decongestion and time savings in the Assessment. Some consultees commented on:

- Lack of confidence in decongestion benefits (£61 million for franchising versus £16 million to £19 million for partnerships), since franchising will deliver essentially the same network and there are no measures to tackle congestion – First;
- The claims in the Economic Case that franchising will have a significant impact on reducing congestion feel far too optimistic and disproportionately beneficial to the case for franchising – Stagecoach;
- The value of congestion benefits is questionable in a declining market – Arriva; and
- Lack of confidence in £299 million user benefits for time savings and their assessment relative to £68 million–£85 million for partnership – First; Stagecoach.

5.5.26 Decongestion benefits make up a relatively small proportion of the total benefits (£61 million out of £345 million). This is based on the difference in bus trips between the Reference Case and franchising and partnership options, and an assumed abstraction rate from car, resulting in fewer car km and therefore reduced congestion. This is a standard approach to calculating decongestion benefits as documented in DfT’s TAG unit A5.4. The fact that patronage is still declining means that the absolute differential between reference and scheme is decreasing over time, but there is still a differential. Regarding the point made by First that there are no measures to tackle congestion, the decongestion benefits arise due to a reduction in car trip kilometres arising from the increase in bus trips relative to the Reference Case. This can arise without any schemes specifically designed to tackle congestion.

5.5.27 The £299 million time-saving user benefits are due to a combination of the network changes, which have an impact on average Generalised Journey Time (GJT), and interoperability and quality improvements, which are modelled as a willingness to pay value, which are converted to units of time for appraisal purposes and which also change the GJT for passengers. This is documented fully in the ECSP at section 5. As noted above, the benefits are calculated based on the difference between the Reference Case and scheme forecasts. Whilst Stagecoach and First make generic statements about a lack of confidence in the results, they do not give any more specific reasons or justification for their position and it is therefore difficult to respond in any more detail here. A similar issue was raised in response to the second consultation, and this issue addressed at section 5.10 below.

Concerns relating to fare benefits

5.5.28 In relation to user fare benefits, some consultees to the first consultation said that:

- It is difficult to see how £56 million of benefits will arise from a reduction in fares when passenger trips continue to decline – Stagecoach;
- The intervention to reduce the multi-operator ticket prices to the levels of the lowest of the largest incumbent operators (aligning it with Stagecoach fares), with a significant revenue upside of £56 million, feels optimistic – Stagecoach;

- In the franchise option fares have been set at a similar level to those in the partnership options, except where people have to interchange between operators. If fares are broadly similar and interoperability is covered separately it is not clear why there should be an extra 50 million trips over 30 years with franchising (relative to partnership) above the 81 million trips from interoperability improvements – Jacobs; and
 - The increase in modelled demand results from setting fares to the lowest of four operator categories but the difference in operating costs between them might prevent such fare reductions and therefore the increase in demand might be overestimated. Also, there will be different ambient fare levels and cultures for three years during the transition period which has the potential to discourage users from taking the bus, which would lead to lower levels of demand than has been modelled in the franchising option – Jacobs.
- 5.5.29 Regarding the £56 million “*revenue upside*” noted by Stagecoach due to fare reductions, there is no revenue upside to the intervention to unify period fares at the operator own level. The £56 million is a user benefit to passengers, because some passengers pay lower fares than in the Reference Case (see Chart 22 of the Assessment). There is, as would be expected, a farebox revenue downside to this intervention.
- 5.5.30 Regarding the calculation of benefits in a declining market, as noted above, the benefits in any appraisal (as advised in DfT guidance) are calculated based on the difference between a reference case and the option being appraised. The fact that patronage is declining does not remove the difference between the options, and this would still be the case in the Scenarios presented in the Covid-19 Impact Report.
- 5.5.31 Whilst TfGM would agree that 50 million trips is a large number, this needs to be put into context. Over 30 years this equates to 1.7 million trips per annum, in the region of 1% of the annual trips (noting that the numbers change year to year). In terms of the scale of this figure relative to the partnership scheme, for System One ticket holders under franchising there is a reduction to standard operator own price levels. For a weekly ticket this equates to a 16% reduction (£19 reduced to £16 using 2019 fares). For the Ambitious Partnership option (two-year fare freeze on System One) this equates to approximately an 8%–9% reduction (two years of RPI+1.4%). Hence the fare reduction relative to the Reference Case under the Ambitious Partnership option is approximately half of the fare reduction under the Proposed Franchising Scheme, and therefore the demand impact is approximately half. It is also worth noting that this benefit applies to all trips made using a System One ticket, regardless of whether an interchange was made, as Jacobs suggest. Some passengers may have a System One ticket because they use different operators for different journeys on different days, or because they value flexibility, not just because they have to make an interchange.
- 5.5.32 The 81 million additional trips due to interoperability improvements under franchising arise due to the improvement offered to operator own ticket holders, who gain the benefit of being able to use all buses at no additional cost. This benefit therefore applies to a different set of users and results in a separate demand uplift.
- 5.5.33 Regarding the final Jacobs point on differing operating costs, the DRM applies the change in fare in the model, recalculates revenue and passes this to the financial model as part of the modelling framework. The financial model then uses this (combined with other revenue streams and costs) to forecast TfGM's financial position, as reported in the Financial Case. Therefore, the impact of lowering the fares has been tested in the models

and the financial effect accounted for. Since all revenue risk is taken by GMCA, the differential in operating costs in different sections of the market becomes uncoupled from the setting of fares. Indeed, this is one of the advantages of a franchised market.

- 5.5.34 TfGM would agree that having a range of different fares on offer from different providers during transition is undesirable. Removing this barrier to use is one of GMCA’s key strategic objectives laid out in the Strategic Case, and is one of the reasons it is recommending the Proposed Franchising Scheme. However, the range of tickets available during transition to franchising would be no greater than is the case currently, or would be the case under a partnership for the whole appraisal period; therefore, the suggestion from Jacobs that the range of tickets during transition would lead to lower patronage than has been modelled is unlikely. In addition, benefits are only realised for trips once the area in which the trip is made has been franchised, so where a range of tickets is still available, i.e. on trips where the start and/or the end of the journey are in a non-franchised area, no benefits are assumed and no demand uplift is assumed.

Patronage continues to decline under franchising

- 5.5.35 Several points were made in the first consultation regarding the decline in patronage under franchising. This included:
- Bus patronage will continue to fall under Franchising – First;
 - Franchising should reverse the decline in patronage, otherwise why intervene? – Stagecoach; and
 - The real benefits of franchising are all linked with ‘Phase 2’ which are not funded and not committed – Stagecoach.
- 5.5.36 Ipsos MORI June 2020 Consultation Report notes that the issue of patronage continuing to decline under franchising was also raised by a small number of members of the public (14), and this issue is further highlighted in Ipsos MORI’s June 2020 Qualitative Research Report, which stated in the Summary of Key Insights that *“The forecast for patronage was met with a mixed response. Some groups responded to the figures with great surprise, while for others the drop in patronage was in line with their expectations”*.
- 5.5.37 The economic modelling behind the Assessment is deliberately restricted to the immediate interventions that the Proposed Franchising Scheme would deliver, which are defined and costed. These interventions deliver a one-off step change to passengers in the cost and quality of service offered. That change is maintained relative to the status quo, but the Assessment does not currently assume any ongoing investment to deliver further improvements, hence the patronage forecast returns to a trajectory similar to the Reference Case.
- 5.5.38 However, TfGM believe that the types of interventions from ongoing investment proposed for ‘Phase 2’ could well stabilise the market and, in combination with other public policy measures, help to substantially improve the market position of bus by investing in its quality. As documented in the description of the importance of ‘Phase 2’ interventions at section 15.4 of the Assessment and considered in the response to the Strategic Case (see

Section 4.12 of this report), TfGM believe that the best platform from which to deliver the further investments is the Proposed Franchising Scheme.

Franchising scheme does not offer immediate benefit to passengers

- 5.5.39 Many consultees in the first consultation raised the concern that the Proposed Franchising Scheme may not deliver any tangible benefits to passengers, particularly in the short term.
- 5.5.40 This was raised predominantly as part of the qualitative research and is reported in Ipsos MORI's June 2020 Qualitative Research Report at section 6. This report states that: *"Participants were sceptical about whether the price of tickets would decrease, and that cost savings would not necessarily be passed on to them"*. A similar point is made regarding the length of time that proposals would take to materialise – *"The length of time the proposals would take to implement was an issue for some. Although they acknowledged it is a long-term vision, they wanted to be able to see a difference quicker. They particularly wanted to see short-term benefits that would make a tangible difference to them"*. Questions were also raised around whether concessionary fares would be impacted.
- 5.5.41 The Assessment assumes that benefits are realised in line with the franchising implementation programme, and the method by which this is modelled is documented in the ECSP at Appendix 2. Whilst some aspects of the interventions would be rolled out over a number of years, for example, improvements to the network, some impacts would be experienced immediately by passengers once the area they begin and end their journey is franchised, including:
- A unification of period fares – meaning that a former System One ticket holder will experience a reduction to the price of operator own fares – referred to as fares benefits in the Assessment;
 - A change in ticket validity – meaning that a holder of a former operator own ticket would be able to use any bus at no extra cost – referred to as interoperability benefits in the Assessment;
 - An improvement to service quality including improved driver standards and additional ticket inspectors – referred to as service quality benefits in the Assessment; and
 - A more coordinated, easy-to-use network with single point of contact and single brand – referred to as branding benefit in the Assessment.
- 5.5.42 Regarding concessionary fares, no changes were proposed to the current concessionary fare arrangements as part of the Proposed Franchising Scheme as defined in the Assessment.
- 5.5.43 On a similar theme, in response to the first consultation question regarding impacts on passengers, several consultees raised concerns regarding the small number of passengers that would be faced with an increase in fare from the Proposed Franchising Scheme. The Chartered Institute of Logistics and Transport noted that: *"73% of bus users are likely to experience no change in fares in Phase 1, whilst still being subject to inflation-related increases. It is unclear how the objective of more 'affordability' is to be met"*. Similarly, 16 members of the public raised concerns over potential increases in fares. An example is given in section 12 of Ipsos MORI's June 2020 Consultation Report – *"Who are the small*

fraction who would experience an increase in fare? Are they likely to be low income groups?''.

- 5.5.44 As noted in table 13 of The Assessment (at section 16.1), it is true that some small fare increases would arise for a small number of passengers due to the harmonisation of standard Greater Manchester-wide operator own period tickets at the level of the major operators. This issue is addressed in the Strategic Case at section 4.7. In summary, the fare increase would be relatively small (for example, using today's prices a Rosso 'GM Weekly Saver' would increase from £15 to £16) and, as noted in Table 13, there are no increases of more than 10 pence per trip. However, it should also be noted that this would give the holder access to the whole of Greater Manchester rather than just the network of a single operator, which may mean that the passenger might no longer need to buy a separate single ticket for a one-off journey with another operator, or may be able to make additional journeys that previously did not warrant the additional cost of a System One ticket. These benefits are reflected as part of the interoperability benefit. In addition, there are also network and service quality improvements under the Proposed Franchising Scheme, which may compensate for the small fare increase and result in an overall reduction in the total generalised cost of travel, despite the fare increase.
- 5.5.45 To answer the specific question in the example provided in Ipsos MORI's June 2020 Consultation Report regarding the small group of passengers gaining an increase in fare, this would not affect passengers on low incomes or any other specific groups disproportionately. These small disbenefits are included in the appraisal, and are far outweighed by the benefits from fare reductions, due to the more significant fare drop for former System One ticket holders.
- 5.5.46 Regarding the CILT point that 73% of users experiencing no change in fares – this represents holders of major operator own period tickets and all single ticket holders. Whilst users of major operator own period tickets in the Reference Case would not experience a reduction in fare for their ticket with the move to Franchising, the 'value' of the ticket would increase as for this option the ticket would be valid on all services, since the premium associated with a multi-operator tickets in the deregulated market would be removed.
- 5.5.47 Following the consideration of the impact of Covid-19 on the Assessment, the proposals discussed have not been revised and so the explanation set out above still holds.

Franchising cost is too high and could be spent on infrastructure

- 5.5.48 The following points were made in the first consultation:
- The Proposed Franchising Scheme will absorb public money for no ascertainable improvement in journey time or quality – Stagecoach;
 - It is noted that congestion will continue unless adequate investment in infrastructure is made, and therefore the £299.1 million ascribed to travel time savings is considered high/not credible – TravelWatch NorthWest;
 - What are the opportunity costs of Franchising? – First;
 - Investing the money into infrastructure schemes via a partnership would be a more optimal investment – Stagecoach;
 - The implementation of the Proposed Franchising Scheme will not include any infrastructure or other strategic measures to facilitate more efficient bus operation by addressing congestion problems – First; and

- Franchising is not an optimal use of public funds – Stagecoach.
- 5.5.49 Operators have made challenges to TfGM’s analysis of the causes of decline, and in doing so focused on the issue of congestion as the key challenge facing the bus service. As set out in the Strategic Case of the Assessment, it is wrong to say that congestion is the only issue facing the market. This is to ignore the issues that arise from the market itself such as the efficiency of the network and complexity and level of fares, to name but two. Operators have also put forward a set of arguments that then argue that instead of pursuing franchising, GMCA should spend the money that would be spent on the transition cost of franchising (the ‘opportunity cost’) over the first five years (£134 million) on bus priority measures to reduce congestion in conjunction with pursuing a partnership. To address these issues, it is important to consider some of the consultation points raised by operators to the Strategic Case.
- 5.5.50 Some operators contend that it would be better to address congestion before addressing bus reform. For instance, First, in their answer to Question 16, state that *“surely the correct approach, as adopted in many areas of the UK already, is to address these issues first, thereby providing an environment where bus operators are able to maximise their operational efficiency and provide a higher standard of service that passengers need”*.
- 5.5.51 Some operators also suggested that measures that would be part of ‘Phase 2’ should be considered alongside a partnership. They commented that the benefits of a partnership, together with the benefits that could be secured with ‘Phase 2’ measures (by using the money saved in the costs of implementing franchising), is a better option than the Proposed Franchising Scheme (with its attendant transition costs). This is linked to their arguments on the primacy of congestion as a cause of the current decline in bus patronage, which is discussed at section 4.3 of this report.
- 5.5.52 Stagecoach’s overarching view is that the Proposed Franchising Scheme will absorb £134 million of public money, with no ascertainable improvement in journey times and service quality or provision, and that it seems evident that investing that amount into infrastructure projects, alongside a partnership with bus operators, would be a more optimal investment for taxpayers. These arguments are considered below when considering the choice between franchising and a partnership.
- 5.5.53 These issues are addressed in the Strategic Case Response Themes section of this report.

Other matters from the first consultation

- 5.5.54 Other matters raised by consultees to the first consultation include:
- What if the Proposed Franchising Scheme fails? – Bus Users UK (similar comments were also made by the CMA in response to the Commercial Case);
 - There are concerns that there will be a negative impact on the bus industry beyond the Greater Manchester border – Cheshire East Council;
 - Metrolink appears to benefit from removal of parallel services – Stagecoach;
 - The claim at section 15.4.9 of the Assessment that only TfL Buses have achieved a major improvement in the provision of local bus services in recent history across a large city region, seems to ignore passenger growth and trips/population levels achieved in areas of the country (such as Merseyside), where support for bus has been forthcoming from the local authority, without franchising – Stagecoach; and

- Chart 19 (of the Assessment) suggests you need an additional £10 million in subsidy to generate 3 million to 3.5 million trips. We would be interested in understanding how this is considered to be VfM – Stagecoach.
- 5.5.55 The economic assessment includes a cost associated with risk, which is documented in the Risk and Optimism Bias Supporting Paper published prior to the consultation. It is expected that risks of failure have been adequately addressed within this risk analysis component of the Assessment. Specific queries and comments from consultees relating to risk are address in the risk analysis section. The points raised by the CMA are addressed in the Commercial Case section of this report.
- 5.5.56 A detailed response on the subject of cross-boundary risks and mitigations is provided in the Strategic Case section of this report at section 4.8.
- 5.5.57 Regarding Metrolink, the option specifications for both the partnership and franchising options do not include network changes to remove parallel bus services from Metrolink corridors. The line labelled “*Metrolink Revenue Change*” in Table 9 of the Assessment contributes to the total cost of each option and as such is a positive number, i.e. it represents a loss of revenue to Metrolink as a result of each option (due to abstraction of Metrolink trips to bus relative to the Reference Case), which is a cost to GMCA.
- 5.5.58 TfGM recognise that there has been growth in passenger demand in areas outside of London in the recent history, and that achieving demand growth (or reducing decline) is a complex function of many interacting factors. However, no town or city or city region has achieved the same sustained level of success as has been seen in London over the last 20 years, nor is it clear from the evidence in those places where growth has occurred (such as Brighton, Bristol and Reading) nor what the causes for that growth are. Of note, DfT data for Merseyside does not support the assertion that bus travel in the Liverpool area is growing – in fact it shows an almost identical rate of decline since 2010 as that experienced in Manchester. The basis of a contention to the contrary is not fully understood but may be the result of looking at data reflective of a subset of the overall market.
- 5.5.59 With regards to the use of public funds to improve the quality of the bus system in a ‘Phase 2’ additional funding scenario, the VfM proposition would be based on an approach to governance and decision making used by TfL as described in the ECSP. This approach assumes only interventions that exceed a VfM threshold are progressed. This pass mark is typically set at a level of £2 of benefits to £1 of costs to ensure good use of available funds. It is upon that basis that Chart 19 was derived.

Favourable/positive comments first consultation

- 5.5.60 Other favourable comments made by consultees in responding to the first consultation with respect to the Economic Case for the Proposed Franchise Scheme included:
- The Proposed Franchising Scheme will resolve concerns regarding the VfM in the use of substantial public sector funds/subsidy and will provide a better platform for further investment – Manchester City Council;
 - More needs to be made of the Proposed Franchising Scheme providing a platform on which to progress ‘Phase 2’ proposals that will tackle the rate of decline in bus usage which the partnership options do not – Rochdale Borough Council;

- Public control should improve the way public money currently spent on the industry is used, with more money available for socially necessary routes at the expense of private sector profits – Unison;
- The forecasts for the Proposed Franchising Scheme are considered conservative to avoid overstating the benefits of this option – Wigan Council; and
- A conservative approach has been taken in monetising soft factor benefits – Jacobs.

5.5.61 As noted at the beginning of this section, Ipsos MORI's June 2020 Consultation Report notes that the majority of the public (2091 out of 2626) also provided favourable comments.

5.5.62 These comments from the first consultation are noted by TfGM.

Positive comments from the second consultation

5.5.63 Positive comments made by consultees in responding to the second consultation with respect to the Economic Case for the Proposed Franchise Scheme included:

- Several local governments took the view that the impacts of Covid-19 are likely to be similar for all options and supported the conclusion that the Proposed Franchising Scheme remains the best value (Bury Council, Salford City Council, Oldham Council, Tameside MBC);
- Stockport council didn't think that the pandemic should pause a decision on the Proposed Franchising Scheme whilst the Association of British Commuters thought there should be no more cause for delay and that the Proposed Franchising Scheme is far more robust;
- Wigan council noted that the forecasting is purposefully conservative to avoid overstating benefits;
- Abellio considered that GMCA are the appropriate body to make decisions about the bus network and agreed with the conclusion that the Proposed Franchising Scheme value for money was resilient enough to cope with the uncertainty created by Covid-19;
- Oxford Road Corridor felt that the scenario testing had been conducted in good faith;
- The Christie NHS Foundation Trust and Bruntwood supported the intention of the Proposed Franchising Scheme to produce an integrated ticketing system, provide consistency between operators and offer better value for money; and
- The Chartered Institute of Logistics and Transport (NW Region) noted that the pandemic has strengthened the case for the Proposed Franchising Scheme because commercial operation of services is no longer possible.

5.5.64 These comments from the second consultation are noted by TfGM.

5.6 Risk Analysis Themes

- 5.6.1 Risks are relevant to each of the five cases in the Assessment, and therefore specific references are made throughout this report to individual risks where appropriate (e.g. risk around the acquisition of depots and during transition). This section addresses the methodological comments raised relevant to the Economic Case – the majority of which are contained within the Jacobs paper referred to by several bus operators and OneBus. In addition to referring to the Jacobs report, operators also made some specific statements in response to Question 17 of the consultation about their views on the relative risk of options considered in the Assessment, the schedule of sensitivity tests undertaken, and other various comments on risk which are also considered below.

Jacobs Report on Risk Assessment

Methodological Approach

- 5.6.2 The Risk Assessment section of the Jacobs report (Section 3.11) states that TfGM has conducted a risk assessment “*that appears consistent with HMT Green Book guidance on identifying and quantifying risk*”, and in respect of the Quantified Risk Assessment (QRA) accepts that: “*the methodology for this as set out in the ‘Risk and Optimism Bias Supporting Paper’ appears consistent with the HMT Green Book and DfT Web TAG guidance on Quantified Risk Assessment*”.

- 5.6.3 In terms of the quantification of revenue risk in particular it notes that TfGM has used a scenario-based approach to model endogenous revenue risks and concludes that “*The methodology for the risk assessment seems reasonable in terms of assessing and modelling these by scale of impact and length of duration, combined with probabilities of scenarios occurring*”.

System One Risk

- 5.6.4 The Jacobs report notes that a “*System One risk has also been modelled using the Monte Carlo approach using ticketing data from the DfT’s National Travel Survey (NTS) regarding the proportions of different ticketing types sold in Manchester*” and goes on to conclude that “*This seems a reasonable approach but there is no information presented on the specific Monte Carlo modelling scenarios undertaken, only the parameters of the triangular distribution used*”.

- 5.6.5 The Jacobs report endorses the approach taken to modelling the risk. In respect of their request for information on the specific Monte Carlo scenarios modelled, these were set out at section 2.1.25 of the Risk and Optimism Bias Supporting Paper.

Optimism Bias

- 5.6.6 The Jacobs report considers the approach taken to the assessment of Optimism Bias in the Assessment. The report notes that “*The methodology broadly appears sound and is consistent with the HMT Green Book supplementary guidance on optimism bias, with the key rationale for the specific values explained with reference to the values provided in the*

Green Book". This provides endorsement for the approach taken by TfGM in respect of optimism bias.

Clarification questions on methods and approach

5.6.7 Whilst no requests for information in relation to the non-quantified risk analysis were made during the consultation period, a variety of issues were raised by Jacobs in its report seeking clarification of approach as follows:

- *"There is not a clear methodology on how the criteria were established for the impact and probability of each risk in the Non-Quantifiable Risks section" and that "The tables presented in Appendix B would benefit from setting out how the very low to very high impact and probability scores have been derived, for example if there were set criteria established for these scores";*
- *"Is it a fair reflection to suggest that the Transition Risk in F071a would be scored low, if the underlying cost of running the network were to increase?";*
- *"Would risk F018 be minimised if engagement with operators focused on an initial implementation period (and transition) through a negotiated contract arrangement, thus giving existing operators confidence in their existing business models and giving the authority some confidence in continued collaborative working?";*
- *"Is there a link between F029 and F069 which hasn't been included? Advances in technology have in the past been linked to vehicle and fleet specifications, and it appears slightly at odds that F029 is scored low, particularly if contract requirements place the need for improved technology in contract specifications and it can't be delivered in time – because of manufacturer timescales – by successful operators";*
- *"Reiterating the point above where there appears to be 'technology' links between Risk F069 (critical) and F82 (medium)."; and*
- *"Should the same (or a version of the same) risks have flowed through the Assessment for each 'model'? There is, for example, no account for the impact of franchising on small operators, but a reputational risk is included in the partnership model".*

5.6.8 Regarding the risk register contained within Appendix B of the Assessment, Section 46.7 of the Assessment explains that the main method for identification of risks during the preparation of the Assessment was through workshops held with stakeholders, to capture input and themes from all areas of the organisation. For each risk, its impact and corresponding mitigations were identified, with these being monitored and updated over time to manage and reduce the likelihood and/or impact of each risk. All risks were assigned a risk owner, who updated the risks and led on developing the detailed mitigations and quantification of impact value. The risk register was then reviewed on a periodic basis during the production of the Assessment to enable development, review and challenge. TfGM's Risk Management Policy and Strategy was followed to determine how to score the qualitative risks. (TfGM Risk Management Policy and Strategy is set out in the Assessment at section 46.7 and at 46.7.7 onwards).

5.6.9 In relation to risk F071a, this captures the risk that: *"incumbent operators require a price higher than anticipated for their fleet to enter the Residual value mechanism"*. The risk is scored as 'low' on the basis that residual value mechanism is designed on solid commercial principles, including paying cognisance to operators' existing depreciation policies (as set out in the Commercial Case), and as an alternative, new vehicles would be procured to

source vehicles for the RV mechanism. This has no relationship to the underlying cost of running the network as this concerns capital costs rather than running costs.

- 5.6.10 In terms of the query on risk F018, TfGM agree that transition to the Proposed Franchising Scheme is required and have proposed a phased approach to transition, to manage the risk of any disruption to bus services during this period. However, the award of contracts is constrained by applicable legal frameworks. Franchise contracts would have to be awarded under the Utilities Contracts Regulations 2016, under which TfGM is obliged to procure the relevant services competitively such that a direct award to existing operators without competition is not possible. The procurement of these contracts is also subject to compliance with EU Regulation 1370/2007 and (in a post-Brexit scenario) The Regulation (EC) No 1370/2007 (Public Service Obligations in Transport) (Amendment) (EU Exit) Regulations 2019. The ability to award service contracts directly on a medium-term basis, as proposed by the query, to manage transition, is not something that is envisaged by the above legislation, save on an emergency / specific basis. The Act did not facilitate, nor does it appear to envisage, such a model.
- 5.6.11 Risk F029 captures the risk that the fleet specified within franchise contracts is not deliverable by the market. TfGM considers that this is not linked to Risk F069, which captures the risk of there being an *“Inability to respond to changes in technology”*, because TfGM would not specify vehicles that it did not consider feasible to deliver – it would consult with operators and manufacturers ahead of specifying the contracts. In addition, the procurement process would be designed to enable bidders to raise queries if they consider aspects of the specification are unlikely to be deliverable.
- 5.6.12 As indicated, Risk F069 captures the risk of there being an *“Inability to respond to changes in technology”*. Risk F082 captures the risk that the specification of systems (e.g. Automatic Vehicle Location (AVL), Electronic Ticketing Machines (ETM) and Real Time Passenger Information (RTPI)) does not meet requirements for managing and monitoring franchise services. Such systems are well established in the market and would be future proofed. TfGM therefore considers that these risks are not linked.
- 5.6.13 In terms of the query about how risks are dealt with for each of the options in the Assessment, Section 2.2.2 of the Risk and Optimism Bias Supporting Paper explains that there was a separate risk register created for each of the options for reform, as well as the Do Minimum. The risks faced under each of the options are different and thus have different risks associated with them. It would not be appropriate to assume they were the same under each of the options. In terms of the specific raised query about small operators and any potential reputational impact of the effects on them not being appropriately considered, Risk F016 in Appendix A of the Assessment does recognise that there could be reputational and political risk if small operators are not bidding on a level playing field; however, the impact on smaller operators is considered more generally in the Commercial Case of the Assessment.
- 5.6.14 Based on posing these questions Jacobs asserts that *“some risks are interlinked with one another”* and that *“it seems that there are some risks that would flow through each of the scenarios but are not captured in each”*. Jacobs also suggest that an approach that groups risks by broad category, rather than by scenario, may ensure each risk is captured.
- 5.6.15 However, points made by Jacobs do not demonstrate links that TfGM has not accounted for, and do not in any way justify the point that there are risks common to each of the Scenarios not captured in the risk assessment undertaken. TfGM have categorised risks in the risk register to help ensure that all are captured and to help the process of developing

the risk register. Ultimately, as set out above, the risks are different for each option and it is entirely appropriate to group them in this way. This enables them to feed into VfM analysis in a transparent way.

Other matters raised by Jacobs and their conclusion

- 5.6.16 The Jacobs report suggests that it would be helpful if they could obtain detailed outputs for the Monte Carlo analysis and understand the Scenarios used for the revenue risks modelling. These are provided in Tables 49 and 53 of the Financial Case for the franchising and partnership options (respectively) and the results for the Economic Case are provided in Table 21. These tables also provide a breakdown of the provision amounts relating to cost risks, the output from the revenue risk modelling and the value of the System One risk, i.e. each of the risk categories outlined in the Risk and Optimism Bias Supporting Paper.
- 5.6.17 Jacobs general conclusion in relation to the risk assessment is that *“in general terms TfGM has underestimated the risks related to the scheme”*. It is not clear what *“in general terms”* means, and this conclusion is not supported by the analysis presented by Jacobs. In a number of areas, they support the methodology employed, and the Assessment includes careful consideration of a full range of potential risks as well as an appropriate approach to quantification.

Statutory Consultees

- 5.6.18 Comments were received suggesting that TfGM has underestimated risk associated with the Proposed Franchising Scheme (Go North West, Rotala and Stagecoach).
- 5.6.19 The responses from these consultees include various statements around franchising being riskier than partnership. As explained in the Assessment, risk registers were developed for each of the options considered (the Proposed Franchising Scheme, both partnership options and the Do Minimum). Appendix A in the Assessment contains these risk registers, where it can be seen that the franchising risk register contains more risks than the partnership risk register. In Tables 49 and 53 of the Financial Case and Table 21 of the Economic Case in the Assessment, it can also be seen that the quantified risk value is higher for franchising than the partnership option, demonstrating that TfGM recognises the differing risk profile for GMCA between partnership and franchising. Overall, TfGM believe that risk has been treated appropriately as presented in the Assessment.
- 5.6.20 Some of the responses from operators also reiterated points made by Jacobs that have been described above.
- 5.6.21 Go North West comment specifically that the Risk and Optimism Bias Supporting Paper is limited in scope; that it only covers two points (revenue risk that would be faced by GMCA in the event of adverse macroeconomic shocks and optimism on costs that GMCA would incur); and that does not carry out sensitivity analysis on the key inputs that generate the benefits case. Go North West contend, therefore, that it cannot be used to demonstrate, therefore, that the benefit-cost case is sufficiently robust to appropriate sensitivity analysis. The Risk and Optimism Bias Supporting Paper is not limited as suggested but supports the analysis of all the items to which optimism bias has been applied and also how all of the risks, not just the specific revenue risks, have been assessed. Sensitivity

analysis is described in the Economic Case and points on the robustness of the benefits case and other aspects are discussed below.

- 5.6.22 TfGM’s approach to revenue risk and why this is reasonable is explained in response to Stagecoach’s query under theme 1 of the Financial Case section of this report. TfGM note the positive feedback received in respect of the approach to Optimism Bias (also provided in the Jacobs report).
- 5.6.23 A query was also raised by Stagecoach in respect of the risk mitigation plans in place as follows: *“There is not a risk mitigation plan, which could therefore lead to higher-than-expected costs”*. However, Sections 46.7 and Section 48.4 of the Management Case of the Assessment summarise how ongoing and transition risks would be managed under franchising respectively and these sections contain a table summarising the risks and sets out the mitigations.
- 5.6.24 Stagecoach also sought clarification and justification for the conclusion that appraisal inputs regarding optimism bias rates have minimal impacts on the economic performance of the franchising option. It is not clear what conclusion is being referred to; the inputs have an effect to the extent that optimism bias appears as a cost in the analysis. The sensitivities applied to these rates have a minimal impact on the economic performance of the scheme, because they do not increase or decrease the costs to the extent that this would make a great difference. This is clear from the analysis set out at section 15.5 of the Economic Case of the Assessment.
- 5.6.25 A variety of issues were raised which suggest TfGM is carrying risk due to the underestimation of costs. For example, some consultees said that:
- Baseline employment costs are too low – Rotala;
 - The baseline model for cost and its calculation require modification as they do not properly reflect recent increased employment costs (pensions, apprentice levy, minimum wage, and recent pay increases) – Rotala;
 - Whilst increased annual costs for achieving a fully Euro VI fleet have been taken into account, additional costs of AdBlue and exhaust maintenance do not appear to have been considered – Rotala;
 - When considering wage bills to calculate driver costs, TfGM has not taken into account incremental driver wages that increase with length of service – Rotala;
 - TfGM has not included a sufficient number of Revenue Protection Officers when compared with the number of such officers employed in Greater London – Rotala;
 - TfGM has not allocated sufficient funds for managing the franchise contracts efficiently especially in circumstances where TfGM predicts that the franchising will give rise to 1.4 million more passengers per year by 2040. This will also require bus operators to invest in additional service control staff – Rotala;
 - TfGM estimates costs for *“on-bus equipment and branding – Wi-Fi, driver radio, telematics, CCTV”* at approximately £3,850 per bus. However, an assessment for bus franchising in Wales suggests that the figure should be closer to £15,000 per bus – Rotala;

- Contracts will cost more than forecast due to involvement of public authorities during the award process, leading to political pressure for higher operated kms – Stagecoach / Jacobs;
- Bus replacement rates will slow in the lead up to reform, adding cost in the early years of reform – Stagecoach / Jacobs;
- Bus replacement costs may be underestimated due to enhanced specification of franchise and due to anecdotal industry evidence that costs of fleet are increasing above the assumed RPI level contained in the Assessment – Stagecoach / Jacobs; and
- Cost of acquiring depots may be underestimated – Stagecoach / Jacobs.

5.6.26 The full basis of our approach to costings and our response to the issues raised can be found in the Financial Case and Commercial Case sections of this report at sections 7.2 and 6.8. In general, TfGM would agree that there is uncertainty surrounding many of the costs of implementing the Proposed Franchising Scheme. These uncertainties are addressed via the inclusion of quantified risk in the scheme costs and sensitivity testing.

Responses to the second consultation

5.6.27 In response to the second consultation, two operators made comments about the work done on updating the quantified risk assessment for the Covid-19 Impact Report.

5.6.28 Stagecoach commented that *“Not factoring risk appropriately now could lead to a need to review and consequent upheaval later: We are surprised that in re-visiting the Quantified Risk Analysis assumptions produced as part of the Original Assessment, the quantum was re-assessed but no new risks were introduced, as various new risks have arisen since the Original Assessment was first conducted, some of which we have highlighted in section B on the impact of the pandemic.”*

5.6.29 In response, TfGM note that, as explained at section 5.2.14 and 5.2.15 of the Covid-19 Impact Report, there was a review of risks identified during the Assessment, which were then discussed in a workshop with the risk owners to determine if any new risks should be introduced to the quantified risk assessment (QRA) in light of Covid-19 or if any existing risks should be modified, either as a result in anticipated changes to probability or impact. The review identified that Covid-19 was an additional factor in the causes of existing risks within the QRA, rather than introducing new risks. This was partly due to the fact that the risk register contains a comprehensive range of risks covering all aspects of implementation and operations. Therefore, changes to probability and impacts of a number of risks were considered across the four scenarios. The ‘what if?’ analysis performed in the Economic Case of the Covid-19 Impact Report considered the effect of larger exogenous risks such as patronage decline, which were outside the scope of the QRA, as explained in the Risk and Optimism Bias Supporting Paper published alongside the Assessment.

5.6.30 Go North West commented that *“Section 6.2.64 notes that “The risk around operators withdrawing services is a much more significant risk if it were to materialise. Whilst the Government continues to support bus operations, operators are not allowed to withdraw services without notice. However, if the support is withdrawn prior to recovery, then the risk of services being deregistered increases significantly.” Again, this risk falls to GMCA,*

but it is not evident whether there is a robust quantification of this risk presented because details of the revised quantified risk assessment ('QRA') have not been provided."

- 5.6.31 The Scenarios developed take into account the potential decreases in the size of the market throughout the transition period, and therefore the risk of operators deregistering services during this period is captured within the Scenarios. Furthermore, as set out at section 6.9.103 the commercial packaging strategy is one that flexes to the size of the network and provides a mechanism to set the number of franchise packages in a manner that adapts to future changes to the sizes of network. TfGM have also considered how 'recovery partnerships' could potentially be used during the transition period to prevent significant service withdrawals during this period at section 13 of this Consultation Report.
- 5.6.32 Go North West go on to discuss the analysis of risk in the Covid-19 Impact Report, commenting that *"Section 6.2.57 suggests that there are two types of risk for the ongoing operation of the Proposed Franchising Scheme – namely, exogenous risks, such as adverse changes in population growth, and 'influence-able' or endogenous-type risks that GMCA could reasonably control and mitigate (such as poorly executed network design)."*
- 5.6.33 In terms of the former, section 6.2.58 acknowledges that *"An exogenous risk has already occurred in the form of the Covid-19 pandemic – in other words, this risk has already been realised and so can be discounted. This fails to recognise the potential for medium to long term structural changes to the market, as well as changes in demand, by time of day, type of user and frequency of use, that are likely to occur as part of any 'new normal'".*
- 5.6.34 TfGM reiterate that the larger exogenous risks outside the direct control of TfGM / GMCA have been considered as part of the work done to create the Scenarios, which take into account medium to long-term structural changes to the market and associated demand, including type and frequency of users. This was not included in the QRA as these risks are not specifically quantifiable and therefore it would not have been appropriate to include them in the QRA.
- 5.6.35 Go North West conclude their analysis of the risk work done in the Covid-19 Impact Report by commenting that *"Considering that it is in the treatment and understanding of risk and uncertainty, where GNW has the most significant concerns over the Proposed Franchising Scheme, it seems a major flaw for such little attention to have been paid in the report to the understanding around, implications of, and the quantification for, risk. Insufficient consideration of risk and uncertainty relating to the Proposed Scheme leaves significant risks for:*
- Bus passengers who would experience disruption to their services;
 - Operators who would have to terminate services with minimal notice, which could quickly result in a significantly smaller network and periods of operation as a mitigation measure to offset reductions in revenue;
 - Employees with uncertainty over employment tenure and terms and conditions; and
 - Residents of Greater Manchester who could face increased fares if the identified risks to the public finances materialise.

To minimise transition risks and accelerate timescales for starting the development of franchise network for Greater Manchester, GMCA should consider an alternative proposal from GNW as outlined in more detail in the response to Q12.”

5.6.36 TfGM disagree with the assertion that “*such little attention*” has been paid to understanding the implications and quantification of risk in the Covid-19 Impact Report. As outlined above, there was an exercise undertaken to assess the impact of Covid-19 on the risks within the QRA from the Assessment, as well as consideration of whether any new risks should be introduced to the QRA. This involved extensive discussions with the relevant risk owners, a risk workshop, as well as a review by GT as part of their assurance work. Furthermore, the four significant risks outline by Go North West above, whilst not being considered in the QRA due to the fact they cannot be directly quantified, have been considered throughout the rest of the Covid-19 Impact Report, through the use of Scenario planning and then within the Economic, Financial and Management Cases.

Sensitivity testing

5.6.37 A number of comments were raised in the first consultation regarding the schedule of sensitivity tests presented in the Assessment. Some consultees said that:

- The sensitivity tests have not used assumptions that sufficiently reflect the range of potential outcomes and have excluded some sensitivity tests that are typically carried out – Jacobs;
- The sensitivity tests vary input assumptions by a smaller proportion than would be expected in an economic case such as this – Stagecoach;
- In some cases, the results were counter-intuitive (e.g. reduced population growth improved the case for reform) – Stagecoach / Jacobs; and
- The Economic Case does not appear to demonstrate adequate sensitivity testing on key inputs that generate the benefits case – Go North West.

5.6.38 The sections below respond to these issues regarding the sensitivity tests in the Assessment from the first consultation. Analysis of the responses to the consideration of risk and uncertainty on the Economic Case in response to the second consultation and the Covid-19 Impact Report are presented at section 5.10.

5.6.39 The range and scope of sensitivity tests reported in the Assessment were been designed to reflect the likely range of the risk under consideration. That does require use of pre-existing data were available or alternatively a level of professional judgment to determine an appropriate range estimate. Jacobs accepted that “*the range of sensitivity tests included seems reasonable*”. In all cases, the values are intended to be representative of the risk we are carrying and are not arbitrarily selected. For example, population and employment sensitivity tests make use of already established higher and lower growth scenarios, fuel cost tests reflect the higher and lower fuel cost forecasts published by the Department for Business, Energy and Industrial Strategy, and interoperability tests use upper and lower bound values from the research study based on 95% confidence intervals.

5.6.40 Jacobs have not listed in their response to the first consultation what sensitivity tests they would have expected to see other than an example of a change in capital expenditure. The risk associated with this is captured via the quantified risk assessment mechanism. Regarding Go North West’s point that adequate sensitivity testing on inputs that generate the benefits case has not been demonstrated, tables 10 and 11 in the Assessment

document the list of sensitivity tests which includes a section of tests labelled “*Scheme Impacts*”. Tests 19, 20 and 21 directly change the value of the interventions that drive benefits. Tests 6 to 11 vary how responsive patronage is to those input changes, and therefore vary how many additional passengers are generated. Other tests, focused on inputs that affect both the Reference Case and scheme forecasts (e.g. exogenous inputs like population and employment), result in changes to the size of the bus market and the number of existing passengers gaining benefits – another key input in the derivation of benefits.

- 5.6.41 TfGM therefore considers that adequate sensitivity testing of key inputs was carried out in the Assessment. The onset of the Covid-19 pandemic caused GMCA to request further assessment of its potential impacts on the Assessment, and hence the Covid-19 Impact Report was produced and consulted upon.
- 5.6.42 Regarding counter-intuitive results, sensitivity tests 1 (lower population growth), 3 (lower fuel cost increases) and 5 (active travel investment) all reduce the size of the bus market, but the interventions remain the same. We would therefore expect a reduction in NPV, which is what we get. However, this reduction is made up of an increase in Present Value of Benefits (PVB) and increase in Present Value of Costs (PVC). Whilst at first glance this seems odd, the reason for the result is due to the following logic chain:
- Lower population growth, lower fuel costs and more investment in active travel all result in lower patronage and lower revenue in the Reference Case. The subsequent loss of revenue to private operators under the Proposed Franchising Scheme is therefore less than would occur if Reference Case patronage was higher (as per the central forecast);
 - But the value of franchise payments received by operators (which is linked to operating costs) is the same as has been assumed within the central forecasts for this option, due to a sensitivity test assumption not to vary any other variable, hence the overall disbenefit to operators is lower than is the case in the central forecasts for this option;
 - Therefore, the PVB goes up, because the impact on private operators is included within the PVB;
 - Meanwhile the TfGM revenue gain (from ticket sales) is smaller than for the central forecasts for the franchise option, due to the smaller market size, whilst the expenditure on franchise payments is assumed to be the same (because operating cost is not altered). So there is less revenue to offset the scheme costs; and
 - Hence PVC also goes up.
- 5.6.43 Of course, the user benefits are reduced (in line with the smaller market) but this is outweighed by the change in revenue. It is considered that the results of the sensitivity tests are correct given the specification of the test, for the reasons set out above.
- 5.6.44 TfGM’s view is that the uncertainties around benefits in the Assessment were assessed sufficiently via the suite of sensitivity tests presented, and that, taking them into account, the Proposed Franchising Scheme remained good VfM in all cases.

5.7 Wider Economic Impacts Themes

- 5.7.1 Comments were received from statutory consultees in response to the first consultation on the approach to the basis of the Wider Economic Impacts (WEI). Most of the issues were raised in the Jacobs report for OneBus, with similar issues raised independently by Stagecoach and Go North West, and related to the application of WEI tools to the analysis of bus reform options and the overall scale of benefits reported.
- 5.7.2 Jacobs suggested that the values for WEIs in the Assessment were larger than might be expected for this type of scheme. They cited an SDG Report from 2011, "*WEI's of Transport Investments in New Zealand*", which surveyed assessments finding that WEIs increased the value of appraisal by 25% on average rather than the 58% suggested for the Proposed Franchising Scheme. They suggested that WEIs are more typically associated with major infrastructure projects, so the level claimed for bus provision optimisation is unexpected, and evidence is provided to justify the claim that they will be achieved is minimal.
- 5.7.3 Go North West stated that the most important source of benefits is labour supply improvements that result from bringing more individuals into the labour force, by reducing time and/or cost of getting to a place to work, as a result of changes in the bus network. They suggested that it was unclear how significant benefits could realistically arise from redeploying only 30 buses (equating to over £10 million of benefit per bus). If they can, then (so they suggested) the revised VPA should also do so.
- 5.7.4 Both Jacobs and Stagecoach challenge the assessment of agglomeration benefits. They contend that agglomeration benefits measure the net business productivity increase as a result of improvements in effective density, but they point out that the majority of business trips are typically not made by bus, on average 3.1% of such trips, and there is already a free city centre bus service, and suggest that the local impact on business to business interactions seems especially large and the level of congestion relief would be unlikely to support such a large valuation for other highway trips. They suggest that agglomeration impacts are concerned with linking businesses and not, as suggested in the Assessment and Supporting Paper, with "*linking people with opportunity*". Such effects are covered in labour supply and better job matching prospects. Go North West also considered that the agglomeration benefits were questionable, since they also arise from network changes and the scope for network adjustment seems small.
- 5.7.5 Stagecoach were also concerned about how the local (as opposed to national) WEIs had been calculated, as no evidence on the assumptions used had been provided and that the methodology used to calculate these local values was not transparent.
- 5.7.6 General questions were also raised by Stagecoach and Jacobs/OneBus about the extent to which the analysis has been peer reviewed.
- 5.7.7 In response, it should be noted that the science of calculating WEIs is young, and that the basic approaches to the derivation of WEIs and their importance within the evidence suite for transport projects has evolved significantly in the 15 years since they were first applied to a transport scheme appraisal in the UK, namely within the Crossrail 1 project appraisal in London circa. 2005. At that time, the use of WEI analysis was only considered applicable to very large infrastructure projects, such as Crossrail, where the approximate uplift of 30% to the standard welfare economic valuation became something of a benchmark. This thinking was still prevalent in 2011, the date of the study to which Jacobs referred. In the intervening years however, the "*toolkit*" applicable to the calculation of WEIs has grown

significantly, increasing the values derived from such analysis as a proportion of the welfare economic valuations.

- 5.7.8 It is increasingly recognised that any transport intervention that changes generalised costs of travel (and not just large infrastructure projects) can generate WEIs. The applicability and basis of the approach adopted (and its consistency with national guidance) is set out at section 19.2 of the Assessment and in section 7 of the ECSP. It is noted that in relation to the scale of benefits, there is no available comparator, but that the WEIs are not included in the ‘core’ economic appraisal, and that a broadly similar scale of WEIs (when expressed as a ratio of PVB) is calculated for the partnership options. It is therefore reasonable to conclude that the issues raised could not affect the relative performance of the options.
- 5.7.9 Regarding the Go North West point that the WEIs are very large for the redeployment on 30 buses, firstly it is important to remember that the figure of £304 million is over the full appraisal period, not for a single year. Further, and more importantly, the benefits are calculated based on the change in generalised cost between the Reference Case and the franchising or partnership, and that this change arises not just from network changes but from the other interventions that affect generalised cost, namely interoperability, service quality improvements and fare reductions.
- 5.7.10 The DfT definition of agglomeration impact, in DfT TAG Unit A2.1 Glossary of terms is:
- “Agglomeration – this represents one of the mechanisms by which transport schemes can boost social welfare by raising the productivity of businesses due to better links to other businesses and sources of labour.”*
- 5.7.11 This formal DfT definition of agglomeration goes well beyond the productivity impacts of a scheme as a result of improvements for business travellers, as implied by Jacobs and Stagecoach. It also requires us to consider the full impact of effectively bringing people and jobs closer together through the reduction of generalised journey times (not just in vehicle journey times as implied by the consultation response). For this reason, it is expected that the additional PVR proposed within the Partnership Plus scheme, whilst very welcome, would not alter the overall conclusions of this analysis; namely that the Proposed Franchise Scheme option creates greater reductions on passengers generalised costs of travel and therefore has a significantly more positive value when measured in both traditional welfare economic terms and also using WEI (macro-economic) analysis.
- 5.7.12 More generally, the approach to creating the WEI analysis and the analysis itself has been the subject of peer review by Dr James Laird⁴, whom TfGM is confident is a pre-eminent academic and practitioner in this field. It is therefore considered that TfGM’s approach to WEI analysis was undertaken in a way that is robust and consistent with current standard practice, including the approach to deriving national versus local impacts.

⁴ Dr Laird was a joint author of the important DfT commissioned report, Transport investment and economic performance: Implications for project appraisal (2014)
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/386126/TIEP_Report.pdf

5.8 Covid-19 Impact Report Consultation Themes

5.8.1 In the Covid-19 Impact consultation, consultees were asked the following question in relation to the Economic Case:

Question 3: Do you have any comments on the consideration of the impact of Covid-19 on the value for money of the Proposed Franchising Scheme and the partnership option?

5.8.2 The responses to this question have been structured around the following themes:

- Application of Scenario Analysis to Value for Money;
- The use of the 'what if?' analysis;
- Insight from the qualitative research on the Covid-19 impact on VfM; and
- Overall Conclusions on Value for Money from the consultations.

5.8.3 The following sections discusses each of these themes in turn and then ends with conclusions.

5.9 Application of Scenario Analysis to Value for Money

- 5.9.1 A number of the consultees make comments regarding the appropriateness and application of the Scenario Analysis used across the Covid-19 Impact Report. Section 2 above presents TfGM's response to many of these comments.
- 5.9.2 Rotala (Oxera) state *“that implementing a major change (franchising) in the context of a market where there is no baseline, and forecasting models cannot be calibrated to reflect potentially significant changes in key determinants, such as drivers of bus demand in the DRM, undermines the entire set of numbers being relied upon by GMCA”*.
- 5.9.3 As the impact of medium to long-term impact Covid-19 is uncertain, TfGM consider that the Assessment, as tested for robustness via the Scenario Analysis, represents the best available evidence to inform decision-making on the market reform options at this time.
- 5.9.4 Covid-19 has not invalidated all the information used to develop the Assessment, but it has called into question the trajectory of future levels of demand for bus travel. The uncertainty and potential for structural change quoted by Rotala (Oxera) above are the very reasons why TfGM decided to adopt a Scenario Analysis approach - rather than develop a whole new Assessment based on a weaker evidence base. Oxera partly recognised this by stating that, given the large number of potential changes that could be observed in a post-Covid-19 recovery, a single revised model is unlikely to be helpful and considering a range of different scenarios is broadly appropriate. By developing a wide range of plausible futures/scenarios for the trajectory of bus travel, TfGM have been able to assess the validity of the conclusions from the original Assessment. It is the validity of these conclusions, in particular, their robustness to a wide range of potential bus travel projections, that is of primary importance, not the projections per se.
- 5.9.5 An advantage of the application of Scenarios and the ‘what if?’ testing over the simpler, one variable at a time, sensitivity testing, is that this approach facilitates exploring the resilience of options in face of uncertainty, and section 4.2.84 of the Covid-19 Impact Report sets out the commercial levers through which GMCA can mitigate the risk of uncertainty.
- 5.9.6 Go North West state that schemes being promoted through the DfT have been the subject of sensitivity tests, including one using updated economic parameters that align with the forthcoming change to the TAG Data Book, which reduced the overall BCR of schemes by 20%–25%. There is no evidence that such a sensitivity test has been applied, undermining the conclusions on VfM, and that suggests the approach used is not in line with that expected of a scheme of this type and value.
- 5.9.7 Sensitivity tests of the kind suggested by Go North West have been previously been undertaken and were reported in the Assessment. The specific test of using the revised economic parameters that align with the forthcoming change to the TAG Data Book (v1.14) was tested and found to reduce the aggregated bus market demand by 2.9% across the appraisal period, with demand actually being higher than the Reference Case from the Assessment in the years to 2027 (due to a lower level of income growth in the sensitivity test leading to higher bus demand), and then declining at a faster rate due to lower population growth and lower growth in car costs, so that the sensitivity test had demand 10% lower by 2050. As this level of demand reduction was well within the bounds of the reductions being considered through the Scenario Analysis, the full sensitivity test on the appraisal was not undertaken. Further to this, such sensitivity tests are focused on testing a fixed scheme against a range of potential futures. This is equivalent to the step 1 analysis

in the ‘what if?’ analysis presented in the Economic Case. However, such tests do not test the resilience of the scheme when certain elements of the scheme are removed, as undertaken in the Step 3 analysis in the Economic Case.

- 5.9.8 Stagecoach considered that, in the unusual situation where guidance does not exist, it would have expected GMCA to have obtained detailed specialist advice about how TAG should be applied, and an assessment of the extent to which appraisals are likely to comply with emerging draft guidance to be provided. They consider GT’s view on the work carried out was very limited. Stagecoach also suggested that a demand scenario “*with a relatively low trajectory*” would be appropriate, as it is currently impossible to forecast future demand with any certainty, and that this could generate a significantly lower Vfm.
- 5.9.9 The approach to develop the Scenario Analysis and ‘what if?’ testing was developed by TfGM and their modelling and appraisal advisors SYSTRA. TfGM contend this Scenario Analysis approach fully recognises the difficulties in producing modelled forecasts, and that the Scenario 3 demand projection represents one “*with a relatively low trajectory*” as part of that. In fact, with a decline in patronage to 25% of pre-Covid levels by 2026/27, and to 20% by 2049/50, TfGM contend that Scenario 3 could be considered a floor below which it would be implausible to consider bus patronage falling while still representing a credible GM wide network. Even Scenarios 1 and 4 include declines in patronage to 56% and 64% of pre-Covid levels by 2049/50, which we note are below equivalent predictions from TfL and TfN, as discussed further in the section 3 on Scenarios. Steps 1 and 2 of the ‘what if?’ analysis then test the potential impact of this demand scenario on the economic appraisal, with Step 3 adding a significant downside test where benefits realisation is also negatively impacted over and above the aggregate demand effect. GT concluded that the approach in the Covid-19 Impact Report to considering the value for money of the Proposed Franchising Scheme in the light of the potential impact of Covid-19 was appropriate. (Criticisms of its approach are dealt with at section 9.3.)

5.10 The use of the ‘what if?’ analysis

5.10.1 The themes are:

- The Assessment does not represent a credible starting point for the analysis;
- ‘What if?’ analysis is not consistent with guidance;
- The basis for the ‘what if?’ analysis and the general approach to its treatment of benefits; and
- Comments on the Conclusions drawn from the ‘what if?’ analysis in the Covid-19 Impact Report.
- Other impacts included in the Assessment.

The Assessment does not represent a credible starting point for the analysis

5.10.2 Stagecoach has stated that *“the Original Assessment cannot be an adequate basis on which to make a decision to introduce the Proposed Franchising Scheme”*, saying, for example, that *“plainly data from 2016/17 could not contain sufficient detail nor be of sufficient quality for the assessment of the Proposed Franchising Scheme in the light of the impact of Covid-19 on the bus market and wider-economy of Greater Manchester”* which will continue and do so in ways that are not currently predictable. Rotala (supported by Oxera) note that the approach to adjusting benefits in the What If? analysis assumes both the benefits per trip and sub-market shares remain unchanged from the original assessment. That approach is seriously flawed as neither assumption is valid: there will be a difference in both under each of the scenarios which could adversely affect the magnitude of the benefits considered.

5.10.3 The Assessment took into account data later than 2016/17. Prior to preparing the Assessment, TfGM requested information from operators in 2017 and into 2018. The most recent full financial year for which this data was available was 2016/17, and this was consistent with the most recently available financial statements used to inform the Financial Model. For this reason, the most up to date year for which complete data was available was 2016/17 and hence this was selected as the model base year. As set out in the Operator Information Supporting Paper⁵ published alongside the Assessment, the operator data were used alongside the 2016/17 data from the Continuous Passenger Sampling (CPS) surveys, within the Demand and Revenue Model to improve the accuracy of the base year demand and revenue in the DRM:

“the combination of information received from Packages 1, 9 and 11 with CPS data has improved the accuracy of the forecasting process by strengthening the representation of base year demand and revenue in the model.”

5.10.4 Where data was available for more recent years, the DRM used observed data to inform the inputs to the model for the years up to 2018/19 (the last full year at the time the Assessment was undertaken) to ensure that the most up to date information was used. For example, observed fare changes for this period were used rather than the standard long-term assumption of RPI+1.4% and the observed reduction in mileage of 4.1% between 16/17 and 17/18 was applied as an aggregate factor. The aggregate forecast in the

⁵ <https://greatermanchester-ca.gov.uk/media/2399/12-operator-information-supporting-paper-web.pdf>

Assessment for 19/20 (pre-Covid-19) has been checked with the latest data on pre-Covid-19 patronage. The forecast from the Assessment was for a decline of 7.7% from the baseline position, against an observed figure⁶ of a decline of 8.0% and hence the modelled 19/20 position is considered a reasonable point from which to start the Covid-19 impact analysis.

- 5.10.5 It is also noted that in the summer of 2020, prior to undertaking the Covid-19 impact analysis, TfGM asked operators for permission to use the bus market information it held in relation to the CBSSG process for the purposes of developing the franchising scheme. As set out in the Covid-19 Impact Report, those data were not sufficient to re-build the base demand data in the models.
- 5.10.6 Compared to the Assessment, Covid-19 will change the overall level of demand at the start of the franchising period. TfGM have, therefore, used the Scenarios to develop projections of plausible alternative starting points for the appraisals. As this period from April-20 to September-21 is prior to the scheme opening dates, the patronage projections during the first years of Covid-19 have no impact on the benefits.
- 5.10.7 The problems with the bus network that the bus market reforms are designed to address are not expected to disappear due to Covid-19. The economic benefits within the Assessment accrue from the interventions that each of the market reform options will look to put into place to address these problems. The majority of these interventions are planned to be implemented independently of the overall patronage levels at any one time. For example, interventions such as integrated ticketing, branding, and service quality will all be part of the franchising offer. Indeed some of these benefits may in fact offer greater value for money in a smaller, more fragmented market, such as interoperability benefits. Hence the measures proposed are expected to be the same and the Assessment remains a good starting point for considering the likely future benefits in the Covid-19 Scenarios.
- 5.10.8 Table 5 below documents the analysis of the likely impact of Covid-19 on the benefits within the Assessment. These benefits are applied within the economic appraisal as changes to either the fare per trip or the generalised journey time per trip. These changes per trip can also be referred to as the unit benefits per trip for each intervention. The aggregate benefit in the appraisal for existing users, is, therefore, a function of the number of passengers receiving the benefit multiplied by the unit value assumed per trip. As set out in the Covid-19 Impact Report, Step 3 of the 'What If?' tests looks at potential downside impacts of changes to those benefits most likely to be affected by Covid-19, namely, the inter-operability unit values and the network design benefits. Applying a factoring approach to the Assessment, therefore, is a credible approach to demonstrating what the potential impacts of Covid-19 may be on the quantified economic benefit part of the value for money assessment.

⁶ These figures are for financial years. The CPS survey was suspended in mid-Mar-21, and, as a consequence, there is not an expanded survey figure for the quarter Jan-20 to Mar-20 inclusive. This figure has, therefore, been derived by taking the CPS derived patronage figure for the 9 months to Dec-19, and factoring to a full year to Mar-20 by applying the average quarterly change in the three quarters to Dec-19 to the Jan-19 to Mar-19 quarter total.

Table 5: Assessment of how the benefits in the Assessment may be affected by Covid-19

Benefit Type	How benefit is applied	Who gets it	Proportion of total benefits in Proposed Franchising Scheme appraisal	Likelihood of being affected by Covid-19
Network changes	Adjustment to generalised journey time (geography specific)	All users (change varies by geography and time of day)	14%	High Depends upon make-up of network
Fares	Change in modelled fare for certain trips	Mainly former System One ticket holders (due to unification of period fares) Not concessions	16%	Low S2 could lead to some fares reduction, but assumption remains that a premium would be charged to multi-operator trips in the reference case
Inter-operability	Unit benefit per trip (willingness to pay value) deducted from generalised journey time	Passengers with operators' own standard period tickets varies between corridor and network wide	15%	Moderate Depends upon the level of market concentration or fragmentation. Unit benefit could be higher in a more fragmented market.
Service Quality incl. driver standards and brand	Unit benefit per trip (willingness to pay value) deducted from generalised journey time	All users	54%	Low Issues affecting driver standards, ticket inspectors, WiFi, brand assumed to remain in the reference case for all scenarios

5.10.9 It is also noted that Covid-19 has delayed the start of the Proposed Franchising Scheme by one year, but, as the majority of the costs have also been delayed by a similar amount, this, in itself, will have a negligible impact on the appraisal and so was not considered in the Covid-19 Impact Report.

5.10.10 As the local objectives for bus remain the same, and as the problems in achieving them will remain irrespective of how Covid-19 impacts the market, and for the reasons set out above, the Assessment is still considered to provide a good basis from which to consider the impact on the potential economic benefits identified in it by applying the What If tests.

‘What if?’ analysis is not consistent with guidance

5.10.11 Stagecoach argued that the approach in the Covid 19- Impact Report “*could be said to be inconsistent*” with one paragraph in a section on Scenario Analysis in HMT’s Guide to Developing the Project Business Case.

5.10.12 Go North West states that the factoring approach is not recognisable from TAG, and no detailed explanation is provided that would allow judgment on the validity of the approach, nor whether it would meet DfT guidance or good practice.

a. Background

5.10.13 As indicated by the name, the What If? tests are designed to answer “*what if*” questions, and so go beyond normal sensitivity tests, and so add to the information being provided to decision-makers and hence improve the transparency regarding the level of robustness in the analysis underlying the value for money recommendations being made. They are a well-known technique of sensitivity analysis.

5.10.14 The Green Book provides that:

“5.59 Sensitivity analysis explores the sensitivity of the expected outcomes of an intervention to potential variations in key input variables. It can demonstrate, for example, the changes in key assumptions required to change the preferred option on an NPSV or BCR basis or to turn the NPSV of an option positive.

...

5.62 Scenario analysis is a form of ‘what if’ analysis that is useful where there are significant future uncertainties. Scenarios may be chosen to explore significant technical, economic and political uncertainties which will affect the success of an intervention. Scenario analysis must always be proportionate to the costs and risks involved.

5.63 Low cost, low risk proposals may look at simple ‘what if’ questions. Major policies and more expensive, higher risk options may require modelling exercises which test the impact of different states of the world on expected costs and benefits.”

5.10.15 Covid-19 creates significant uncertainties that may possibly affect the success of franchising and the Scenarios have been developed to test the impact of different states of the world on expected costs and benefits using What If questions. Although compared with the full range of investment decisions to which the Green Book may apply, franchising may not be high risk⁷. But in any event, incorporating the complex narrative of each scenario into the Assessment forecasting model (the DRM) was not feasible as it would require imprecise manipulation of the inputs and of the model relationships. It was also considered that any results from such a process would give a false sense of analytical assurance to the decision-makers, with the bus patronage projections being treated with

⁷ Compared against the full range of investment decisions that the HMT guidance applies, the franchising decision is considered of moderate risk as the amount of capital investment is moderate compared to other transport capital programme decisions GMCA has made in recent years; the affordability revenue risk is not a one off decision, as the actual funding required will be determined as part of the annual GMCA budget process; and as part of this annual budget process, GMCA has an existing and ongoing revenue liability for the GM bus network in terms of local concessions and the tendered network.

as much confidence as the forecasts in the Assessment. Modelling would not be feasible or necessarily desirable.

5.10.16 Bus patronage projections were developed for the Scenarios along with projections for other modes instead via a professional judgement process from a considered strategic narrative approach that for each scenario:

- Split the narrative into two main time periods: the first 18 months and then to 2026;
- Qualitatively determine what these could mean for the bus market; and
- Use professional judgement to convert these to projections of bus travel demand in terms of person trip km.

5.10.17 For the value for money Covid-19 Impact Analysis bus projections were needed for the full 30-year period. To ensure a prudent and transparent approach, it was assumed that after 2026, the impact of Covid-19 on annual changes in patronage would have largely played through and that the previous underlying drivers of demand would take over. Hence the demand was assumed to return to the projection in the original assessment. This varies by year and between market segments but on average equates to a -1.2% year on year change pivoting off the 'post-Covid-19' position in 2026. It is important to note that it is only the underlying trend from the Assessment forecast that is used, not the absolute numbers, which would be higher. This means that the aggregate impact of Covid-19 for each Scenario relative to the Assessment forecast by 2026 are then maintained throughout the remainder of the appraisal period.

b. HMT's Guide to Developing the Project Business Case

5.10.18 HMT's Guide to Developing the Project Business Case contains a section on Scenario Analysis that is very similar to that in the Green Book, but which contains an additional paragraph to which Stagecoach refers and with which it suggests that the approach in the Covid-19 Impact Report "*could be said to be inconsistent*".

5.10.19 This paragraph stated that: "*Careful consideration should be given before running the scenario analysis to the choice of circumstances, as sensitivity analysis does not simply involve changing costs, benefits and risks by an arbitrary 10 or 20%; but rather by the values that represent the most likely increases (or decreases) in cost etc. for documented reasons.*"

5.10.20 The changes applied in the What If? Tests to benefits and costs were not arbitrarily selected. They were determined by professional judgement – a technique included in the range of methods included in the GAD Uncertainty Toolkit – in order to providing a sufficiently wide range of downside outcomes and potential consequential changes to enable the validity and robustness of conclusions in the Assessment to be tested.

c. TAG

5.10.21 "*What If?*" tests are not part of TAG at the moment, though they are referenced. Currently the TAG unit M4 on Forecasting and Uncertainty provides advice on a variety of different assumptions and approaches to forecasting and to the development of sensitivity tests and a form of scenarios. The TAG unit M4 defines a Core Scenario and offers guidance in developing Alternative Scenarios, as well as the high and low growth forecasts. Currently

5.10.22 The High and Low growth 'scenarios' set out in TAG M4, are sensitivity tests around the central core scenario. They apply a generic formula to the projection of travel demand change over time to cover national level uncertainty. The prescribed sensitivity tests result

in patronage varying from the core 'scenario' by an increasing amount each year, so that by end of the 30 years appraisal period, the difference is +/- 13%. This level of variation in patronage was not considered sufficient to explore the impacts of Covid-19, and offers considerably less variation in patronage than assumed in the four TfGM Scenarios. Also, unlike the TfGM scenarios, they do not attempt to represent changes in social attitudes, government policy or restrictions on travel in response to a global pandemic.

- 5.10.23 Similar sensitivity tests were undertaken and reported in the Assessment (table 10) by varying different inputs to the DRM to produce different underlying forecasts of bus patronage against which the scheme options could be tested. These tests all made use of appropriate alternative inputs from a source where available. Sensitivity tests 1-5 were focussed on external influences equivalent to the TAG high and low growth scenarios. These tests showed the NPV for the Proposed Franchising Option varying by up to 6% and -9%, which was not enough to change the VfM classification from High.
- 5.10.24 The Alternative Scenarios described in TAG unit M4 are designed to pivot round the Core Scenario based upon the impacts of significant sources of local uncertainty, which is usually taken to mean variations in future, local, land use developments. As the impact of Covid-19 on the case for bus market reform is not driven by any local uncertainty, but rather by uncertainty relating to the countywide provision of bus services, the use of an Alternative Scenario based on local variations was not considered appropriate for exploring the impact of Covid-19 on the GM wide assessment of the bus market reform options and hence was not undertaken.
- 5.10.25 The guidance also does not specifically require any changes to be made to the scheme interventions, as has been carried out in Step 3 of the 'What If?' Analysis⁸.
- 5.10.26 Neither of the two approaches set out in the current version of TAG M4 are considered sufficient to explore the impacts of Covid-19. TfGM has developed a more diverse set of scenarios, which adopting a wider definition of scenarios as combination of different variables changing with an overarching narrative, rather than the existing (and expected) TAG scenarios which are closer to sensitivity tests.
- 5.10.27 While a modelling approach to such tests would provide a higher level of consistency and might be easier to audit, the uncertainty over model inputs and uncertainty regarding the stability of the relationships underlying the models used in the Assessment, mean that such testing would lead to applying the model outside the bounds within which it was calibrated and would be likely to give decision-makers a false appreciation of the robustness of the analysis.
- 5.10.28 The scale of change implemented in the 'What If?' testing, using the four TfGM scenarios, is significantly more varied, and, in particular, considerably more challenging, than either the requirements in TAG M4 or the previous set of sensitivity tests undertaken for the Assessment.

⁸ Sensitivity tests were in fact undertaken around the central case for the Assessment, which involved varying the extent to which the scheme interventions could be delivered. For example, two tests were carried out which made use of higher and lower estimations of willingness to pay values for interoperability benefits based on the upper and lower bounds estimated in the survey. These tests also did not lead to a change in NPV sufficient to change the VfM classification from High.

d. Conclusion

- 5.10.29 TfGM's approach fits within the general guidance on sensitivity tests and scenarios, but is adapted in a manner considered appropriate to the circumstances given the high degree of uncertainty over future travel demand as a result of Covid-19.
- 5.10.30 TfGM's approach does not use TAG unit M4, as this approach to sensitivity testing and scenarios is not considered appropriate for developing scenarios that reflect the interaction of variation in a number of drivers of uncertainty in demand simultaneously. It is also not feasible and would, in any event, run the risk of giving decision-makers a false appreciation of the robustness of the analysis.
- 5.10.31 Stagecoach considered that, in the unusual situation where guidance does not exist, it would have expected the GMCA to have obtained detailed specialist advice about how TAG should be applied and an assessment of the extent to which appraisals are likely to comply with emerging draft guidance to be provided. They consider Grant Thornton's view on the work carried out was very limited.
- 5.10.32 The views expressed by Stagecoach regarding whether TfGM should have waited for the publication of DfT's Uncertainty Toolkit are dealt with in Scenarios at section 3.6.

The basis for the 'what if?' analysis and the general approach to its treatment of benefits

- 5.10.33 The first step in the 'what if?' analysis considered the impact on the economic benefits of the reform options included in the Assessment if the bus trip predictions for the four scenarios were to be used rather than the Reference Case from the Assessment. As set out above, each of the Scenarios provided a top-down factoring over the period to financial year 2026/27. From 2026/27 to the end of the appraisal period, the trend in bus travel demand in each scenario was assumed to follow the trend in the Assessment (i.e. a 1.2% pa decline).
- 5.10.34 The main criticisms made concerned (i) the use of the economic benefits considered in the Assessment as the starting point in the analysis; (ii) the use of top-down factoring in the period to 2026; and (iii) the assumptions involved; namely, that the interventions provide the same level of benefit per trip as previously forecast and the relative market share of each sub-market segment (such as commuting, concessions and leisure travel) remains unchanged.
- 5.10.35 Rotala (supported by Oxera) contend that it is inevitable that there will be large errors in the BCR and NPV figures presented in each scenario, and no confidence can be placed in the results, given that they result from simple adjustments to an old modelling suite based on outdated 2016/17 data and rely on elasticity-based modelling in which GMCA has no confidence in the current circumstances. Stagecoach stated that data from 2016/17 could plainly not contain sufficient detail to be of sufficient quality for the Assessment of the Proposed Franchising Scheme in the light of the impact of Covid-19 on the bus market and on the wider economy of Greater Manchester, and the analysis in the Covid-19 Impact Report has not been carried out with the rigour expected in an Outline Business Case.
- 5.10.36 Go North West also state that, without examining the build-up of benefits over time, the benefits of franchising will be overestimated as the impact of Covid-19 has been shown to push the timing of patronage recovery back towards 2020 at the earliest. The benefits of the partnership option are more immediate (given evidence of them elsewhere) and with

a fixed cost and, so are less susceptible to uncertainty, a matter that is not recognised anywhere in the Covid-19 Impact Report.

5.10.37 Rotala (supported by Oxera) note that the benefits in time savings (about 60-70% of the total benefit) will be affected as the values for commuting and leisure travellers are more than twice, and the value for business trips around four times, the value of leisure trips. The spatial distribution of travel could vary affecting the baseline level of congestion for any given number of trips/Kms and the impacts of policy options on decongestion effects (which account for 15% of scheme benefits in the Assessment). User charges make up 20-25% of benefits⁹ in the Assessment but will differ with changes in market structure and costs effects across the scenarios: assuming they bear a constant relationship with patronage is unlikely to be correct.

5.10.38 Stagecoach state that benefits have been analysed using an unrealistic scaling approach, when there is little or no reason to believe that this will be correct. It is unsupported by clear rationale, analysis or evidence. The demand for public transport and the benefits from different ways of providing it could change profoundly. There is little reason to believe that benefits can be simply scaled in this way – at all or in the same way for the Proposed Franchising Scheme as for the partnership option. In the Assessment the benefits were estimated with detailed consideration of spatial and temporal demand factors. For example, service provision was assessed in different corridors and at different times of the day with user and non-user benefits being generated in accordance with how the proposed network changes improved or rationalised service provision in those corridors or at those times. Thus, for example, if all the generalised journey cost-benefits were concentrated in the evening period, but demand in that period was eliminated in a given scenario, roughly 20% of the total demand might disappear, but so would 100% of the previously estimated benefits.

a. *General response on ‘what if?’ tests*

5.10.39 The justification for using the economic benefits considered in the Assessment as the starting point in the analysis has been considered above. While Covid-19 has increased the levels of uncertainty about future bus market trends, the underlying problems identified in the Strategic Case that arise from a lack of integration and inefficient network planning between operators will remain.

5.10.40 The ‘what if?’ testing was purposefully simple to aid transparency in understanding by decision-makers. The GAD guidance points to the desirability of such transparency. There is no “*correct*” reduction to apply in each scenario. The reductions simply demonstrate to decision-makers the likely range of outcomes.

5.10.41 TfGM accept that the future demand patterns are likely to be differentially affected by Covid-19. Whilst speculation can be made, there is no reliable evidence, however, how this will change. Any adjustment would be equally lacking in rigour as assuming the same patterns as previously forecast. Given that arguments can be made for some of the interventions to actually deliver a larger benefit per trip in a smaller market (e.g. interoperability as discussed below), the ‘what if?’ tests were purposefully set up to be conservative.

5.10.42 The majority of the benefits in the Assessment (fares, interoperability and service quality) apply across all geographies and time periods. Network benefits vary by geography and

⁹ Note that ECSP table 6 gives user charge benefits as 15% of all user benefits

time of day, but these make up only a small proportion of the total benefits, and, in any case, are spread across the Greater Manchester and do not all occur in any single area or any single time period. Hence, the specific example provided by NERA is not relevant in this case.

- 5.10.43 Interoperability benefits accrue only to operator own period ticket holders whilst fare reductions accrue mainly to System One period ticket holders. Concessions do not benefit from either of these. Hence, it is possible that a different market segmentation between ticket types and user segments could result in a different average benefit per trip. However, there are examples where this could lead to a larger benefit per trip as well as a smaller benefit. For example, a lower proportion of concessions than previously forecast, which seems likely particularly in the shorter term, would result in a higher benefit per trip since concessions do not benefit from fares or interoperability improvements.
- 5.10.44 Oxera contend that as the majority of the benefits accrue in terms of user time, future variations in the composition of bus demand by journey purposes will have a significant impact on overall benefits, due to the value of time varying between these purposes. The benefits classified as ‘user time benefits’ in Table 9 of the Assessment, are made up of network improvements, interoperability and service quality improvements. Interoperability and service quality improvements, which make up the majority of these benefits, are input into the model system in units of pence per trip, with the same value being used for all journey purposes such as commute, leisure and employer’s business. Therefore, these benefits are already in money terms and so are not affected by the value of time, and hence are not affected by future variations in trip purposes.
- 5.10.45 Any reduction in decongestion benefits due to lower underlying congestion would be far outweighed by the increase in benefits from a larger market, since the well documented detrimental effects of congestion on patronage (due to both passenger journey times and the need to increase fares and cut mileage to cover costs) would be reduced, if not eliminated. Oxera suggesting that congestion would be lower contradicts a statement they make later in their report (section 3.2.1) that PVR may need to increase due to higher levels of congestion. Therefore, assuming that peak congestion (and the associated impacts on operating costs and ultimately patronage) remains as per the Assessment is a conservative assumption.
- 5.10.46 TfGM conclude, therefore, that the criticisms of Steps 1 and 2 have been made without fully appreciating that these are preliminary steps that need to be understood alongside Step 3, and when done so, the assumptions can be considered reasonably chosen.

b. *Consistency with Financial Case*

- 5.10.47 Go North West state that there has been no rebasing of the central estimate found in the Assessment, and points to section 3.2.7 of the Covid-19 Impact Report, which states that a new central case estimate will only be possible once the Covid-19 impacts stabilise. They go on to say that this means the results in the supplementary Assessment (Covid-19 Impact Report) must be treated with a high degree of caution.
- 5.10.48 They also include an example of a specific concern regarding how figures between the financial case and Economic Case can be reconciled. This is replicated below:
- For Scenario 1, step 1, shown in Table 3 in the report, gives a rebased NPV of £148 million and a BCR of 2.1, suggesting total benefits in the range of £280 million and costs in the range of £135 million.

- This is equivalent to a relative cost increase of £25 million and a benefit reduction of £65 million compared to the Economic Case presented in the original assessment.
- Table 10 in the report suggests a loss in farebox revenue of £96 million (in nominal terms) over a four-year period, and it is expected that a similar level of loss of farebox revenue compared to the original assessment would continue.
- Noting the difference in inflation and discounting, it is not clear how the significant change in farebox revenue and corresponding patronage over the 30-year assessment period has been taken into account in the factoring approach.

5.10.49 This comment compares figures in the Covid-19 Impact Report from Table 3 in the economic case (the economic appraisal results from Step 1 of the What If? Tests) with figures from Table 10 in the financial case (potential revenue impacts to TfGM under each scenario). As Go North West state, these figures are in different price bases and one is discounted and so will not be directly comparable – one is a cash figure over 4 years, while the other is a net discounted cash flow over 30 years. However, if they were measuring the same thing then it should be possible to translate one into the other; but they are not measuring the same thing. Table 3 represents a difference between the ‘S1 with the Scheme’ and the ‘S1 without the Scheme’, while Table 10 presents the difference between ‘S1 with the Scheme’ and the ‘Assessment with the Scheme’. The latter is a much bigger differential and so the financial quantities are of a difference order.

5.10.50 In response to the final bullet point, the change in farebox revenue and patronage over the appraisal period relative to the original Assessment forecast is accounted for in Step 1 of the ‘What If?’ analysis by scaling patronage and revenue in line with these differences, as described at sections 3.4.7 to 3.4.9 of the Covid-19 Impact Report.

c. Specific comments on Step 2

5.10.51 Rotala (supported by Oxera) consider the analysis of costs in Step 2 to be very crude. No justification is provided for scaling them in the ratio of 1:2, although the impact on NPV and BCR is significant. Further, no additional adjustments have been made to account for changes in other (non-implementation) costs. These could include increased cleaning costs, or an increased peak vehicle requirement either to address increased congestion, or as a result of continued restrictions on the number of passengers per bus. Differences in capacity utilisation while social distancing remains in place is not allowed for.

5.10.52 Para 3.4.11 in the Covid-19 Impact Report sets out the reasoning for the choice of the 1:2 ratio, citing a high-level review of the implementation costs, which comprise: monitoring costs which are largely variable given that they are driven by the size of the market being monitored; and depot costs, which are more driven by one-off costs. However, it is noted that the depot costs are spread across approximately six sites across Greater Manchester, which does offer opportunities to scale in the changes in the market size when these are non-marginal and enduring, as is the case for the Scenarios. As reported in the Covid-19 Impact Report, the scaling of changes in cost to changes in demand was at least 1:2 for the three scenarios where bus travel declines.

5.10.53 The increased costs due to Covid-19 restrictions noted by Rotala were not included in the ‘what if?’ analysis as all four Scenarios assumed that social distancing would have been relaxed prior to the start of franchising operations and hence the appraisal period.

5.10.54 Stagecoach state that one of the situations under which it is possible that franchising would generate a significantly lower VfM is circumstances in which it will be difficult to adjust

costs in line with demand, given the need to retain timetabling for customers, the difficulty in simply stopping services if and when they are empty and the contracted nature of franchised services. This difficulty has been identified by TfL where a 4% reduction in bus kilometres has contributed to a modest forecast saving of £5.6 million pa. It has stated that significant service level reductions take time to implement and be costly to reverse.

5.10.55 Any additional costs from short term Covid-19 measures such as additional cleaning or reduced bus capacity would likely to be gone by the time franchised operations begin. Nevertheless, even if they weren't, such costs are not scheme costs; they would be part of a reference case as well and therefore would have no impact on the economic case. The 'What If?' analysis is factoring the differences (costs and benefits) between the reference case and the two options. These examples are just some of the many factors that might lead to a different reference case position.

5.10.56 TfGM recognise the difficulties in realising the costs savings in a changing market raised by Stagecoach. The modelling in the Assessment assumed a decline in operating mileage which was related to the decline in patronage. This was necessary in order to ensure plausible Reference Case margins for bus operators in the financial model. The annual change in mileage was related to the decline in patronage in the previous year, introducing a lag to reflect the time taken for any adjustments to be made. Although the scale of decline and the relationship to the patronage decline varies by year, over the full appraisal period the decline in mileage and patronage were approximately the same, in order to stabilise bus operator margins. Crucially, the same network size and therefore operating costs were assumed in the Reference Case and all options, meaning that operating costs did not contribute to either the scheme costs or benefits. In step 1 of the What If? testing, the operating costs (and therefore the franchise payments) from the Assessment forecast are scaled in line with patronage for each scenario, effectively retaining the outcome from the Assessment that, whilst there may be a lag, and short term fluctuation, over the long term, operating mileage will follow the same trend as patronage. Therefore, as the What If? Tests are designed to be indicative analyses rather than full economic appraisals, it is considered reasonable to assume that an equilibrium would be reached in these second order impacts over the 30 year period of the appraisal in order to maintain commercial viability.

d. *Specific comments on Step 3*

5.10.57 Step 3 considered potential downside changes to individual benefits related to bus market size. Oxera acknowledge that there could be situations where a smaller market could lead to further inefficiencies and interoperability issues (and therefore higher unit benefits) but considered that only testing the downside variants was appropriate as *"the aim of the testing has been to consider what level of benefit reduction would be required to show that the proposed franchising scheme was not value for money"*.

5.10.58 Rotala (supported by Oxera) consider that the reductions applied are very *"round"*; that there is limited justification or evidence to support them; and that, given the large effects of the adjustments in Step 3, more analysis and justification than is provided is required to provide confidence in their appropriateness.

5.10.59 The design of the What If? tests was purposefully simplified to ensure that, given the uncertainty due to Covid-19, focus was maintained on the key sources of uncertainty in a way that the decision-makers were be able to follow and to make their own judgement about its robustness. As explained at section 5.10.39 onwards above, the two key sources of uncertainty are considered to be i) the overall level of bus market demand, which is

covered in Steps 1 and 2, and then ii) the ability of the Proposed Franchising Scheme to realise benefits. As sections 3.4.18-23 in the Covid-19 Impact Report set out, the approach is transparent as to what has, and, importantly, what has not, been undertaken analytically.

- 5.10.60 As indicated by the name, these tests are designed to answer ‘what if?’ questions. They demonstrate how well the options perform, in terms of economic indicators, if certain elements of the scheme interventions are either not deliverable, or only partially deliverable. There is no correct reduction to apply in each scenario, they simply demonstrate to decision-makers the likely range of outcomes. Given that arguments can be made for some of the interventions to actually deliver a larger benefit per trip in a smaller market (e.g. interoperability), these reductions are considered conservative.
- 5.10.61 Go North West state that similar tests should have been applied to the partnership option. Similar downside tests could have been undertaken on the illustrative partnership option, particularly given the uncertainty over what partnership options TfGM should actually be basing the analysis upon. However, as such downside tests would have only led to poorer economic performance for the illustrative partnership option, such tests were not considered necessary. This is a further example of how the analysis undertaken was very conservative.

Comments on the Conclusions drawn from the ‘what if?’ analysis in the Covid-19 Impact Report

- 5.10.62 The conclusions drawn from the ‘what if?’ analysis at section 3.4.36 of the Covid-19 Impact Report were that:
- *“Covid-19 has added uncertainty around the central Economic Case presented in the Assessment but the ‘what if?’ testing shows a level of robustness in the economic appraisal with the rebased appraisals showing that, in all but the outlier Scenario 3, the rebased appraisals for the Proposed Franchising Scheme are likely to offer at least medium value for money, and continue to out-perform the partnership options in terms of net economic benefit.”*
 - *“The ‘What If?’ downside tests show that if the bus market consolidates, rather than fragments, in response to the declines in bus market size projected in three of the four Scenarios, then the loss of the key benefits of franchising in terms of addressing network inefficiencies and interoperability would see the Proposed Franchising Scheme offers less value for money. In this downside situation, the Proposed Franchising Scheme (if un-adapted to changing bus market conditions) and partnership options (if deliverable) would offer similar value for money.”*
 - *“As per standard bus network planning processes, to ensure better value for money in the circumstances discussed above, TfGM would need to adapt to changing contexts by revising the commercial levers within the franchise contracts. These changes to contract specifications would use market intelligence and principles along the lines set out in the Commercial and Management Case chapters to achieve better value for money.”*
- 5.10.63 A number of consultees responded to the Covid-19 Impact analysis by recognising the uncertainty generated by the pandemic but stating they support the conclusion that the VfM set out in the Assessment was still sound:
- It appears not to change the fundamentals of VfM when considered in the round. The VfM could be said to be unchanged due to Covid, and to be broadly applicable across all options for buses – Warrington’s Own Buses.

- Covid-19 will have an impact on all options and will create a level of market uncertainty going forward. It is important for GMCA /TfGM to monitor closely what these impacts will be in VfM terms – Lancashire County Council.
- Considering the impacts of Covid-19 on any future scenario is complex and, by definition uncertain, but the Council is satisfied with the conclusion set out at section 2.51 that even when subject to downside tests, in all reasonable scenarios, the Proposed Franchise Scheme remains preferable to any other option. The Council places strong weight on the point that it is unclear how reliable any commitment from bus operators to a proposed partnership model could be, in light of the challenges caused by Covid-19 – Manchester City Council.
- Of the three options considered it is noted that the Proposed Franchising Scheme offers significantly the most economic value, but the two partnership options have better cost-benefit ratios as they have significantly lower costs. Furthermore, the forecast for the Proposed Franchising Scheme is purposefully conservative to avoid overstating the benefits as part of this consultation – Wigan MBC
- The impact of Covid-19 on the VfM of the Proposed Franchising Scheme and partnership option appears to have been fully considered and Oldham Council agrees with the conclusion that the Proposed Franchising Scheme continues to represent VfM – Oldham MBC
- The report appears to have fully taken into consideration the potential impact of Covid-19 on the VfM of the Proposed Franchising Scheme and partnership options – Tameside MBC
- We feel Covid-19 impacts would be reasonably ‘option agnostic’ inasmuch as low patronage and behavioural change impact them all in some way but accept that the economic analysis is lower for the Proposed Franchising Scheme than previously. The injection of funding for bus operators as part of the Government’s Covid-19 support package should not influence the original VfM assessment – Bury MBC.

5.10.64 These comments are noted.

5.10.65 Some consultees noted the impact of uncertainty on VfM but that it could be addressed in the way that bus reform was implemented:

- The Scenario analysis highlights the importance that the franchise specifications must include suitable uncertainty management strategies to address any resilience issues which may arise in respect to VfM – Stockport MBC.

5.10.66 These comments are noted.

5.10.67 A number of consultees noted that Covid-19 introduces uncertainty into the bus market, which increases the challenges that bus reform programme was seeking to address:

- It appears not to change the fundamentals of VfM when considered in the round. Whilst there is a great deal of uncertainty, that uncertainty persists in all the options – Warrington’s Own Buses.
- Covid has an impact for a year or more but what is needed are decent bus services for future decades regardless of covid – Manchester Union.

- Though we could be looking at a worst-case scenario (3) we accept that it could be even worse as you state that problems of market failure in the bus market would be more acute than those previously assumed – TravelWatch NW.

5.10.68 These comments are noted.

5.10.69 In considering of the impact of Covid-19 on the VfM of the Proposed Franchising Scheme and the partnership option, some of the statutory consultees in the Covid-19 impact consultation were not convinced of the robustness of the partnership offer:

- The Council places strong weight on the point that it is unclear how reliable any commitment from bus operators to a proposed partnership model could be, in light of the challenges caused by Covid-19 – Manchester City Council

5.10.70 The credibility of the partnership proposals was also called into question by a member of the public who noted that the *“serious existential threat to bus companies due to Covid-19”* meant that *“there is a much greater chance of discontinuity to services given the lesser capacity of GMCA to direct funding to replace or support contractors than under the franchising scheme”*.

5.10.71 One operator offered support for the conclusions in the Covid-19 Impact Report. Abellio, an operator who does not currently operate bus services in Greater Manchester but which does operate rail franchises and franchised bus services in London, state that the VfM of the Proposed Franchising Scheme will have improved in relation to the new post-Covid *“Do Minimum”* whereas the partnership option is a ‘busted flush’, meaning a promising proposition that turns out to be unsuccessful or impossible to deliver. But it agrees that the VfM of the Proposed Franchising Scheme is likely to be robust in relation to the uncertainty created by Covid-19 in all reasonably likely scenarios.

5.10.72 This view aligns with the position taken in the Covid-19 Impact Report and is noted.

5.10.73 However, other bus operator consultees raised a number of issues regarding the treatment of the partnership option in the ‘what if?’ tests and felt that the analysis did not support the conclusion that the Proposed Franchising Scheme was the best performing option. Rather, the operators stated that the analysis suggests that the partnership option performs best.

- Go North West state that the partnership option shows a higher BCR than the Proposed Franchising Scheme in all scenarios (a result that is not recognised) because the costs are lower. In addition, the viability of the Proposed Franchising Scheme is highly dependent on the baseline assumptions and the level of patronage achieved over which there is a high degree of uncertainty in the short to medium term. The robustness of the VfM assessment is accordingly questionable.
- Rotala (supported by Oxera) consider that:
 - the comparison of the BCRs and NPVs of franchising with a partnership option that has not been market-tested is simply not meaningful enough to support such a major decision.
 - giving more weight to the NPV of an option than its BCR is contrary to DfT guidance and does not account for the risks associated with those benefits.
 - it is not the case that the Proposed Franchising Scheme performs at least as well as an illustrative partnership in VfM terms as in three of the four Scenarios,

the BCR for the illustrative partnership is higher than that for franchising. Based on the figures presented by GMCA, it is not the case that the BCR from franchising is always higher than under the partnership option. In fact, following the adjustments made in the Economic Case, under some of the Scenarios, franchising results in 'low' or 'poor' VfM and even negative NPV figures. This is in contrast to the reported BCR and NPV figures for the illustrative partnership proposal, which after the adjustments, continue to yield positive NPV and a high VfM.

- Stagecoach (supported by NERA) state that:
 - when considering the additional downside sensitivity, including loss of branding benefits (i.e. steps 1, 2, 3A and 3B), these results are not compared with the illustrative partnership option. As illustrated by the findings in the tables produced, it is clear that if such a comparison is made, it is apparent that the illustrative partnership option yields larger BCR and NPV values for Scenarios 1, 3 and 4. That is, in all but the most optimistic scenario, even on GMCA's logic and its own flawed numbers, the illustrative partnership option should have been accepted as the better VfM option.
 - TfGM's analysis suggests that franchising has a lower BCR than the partnership option and that it only appears preferable through a higher NPV as it unlocks greater benefits in the relatively distant future through considerably higher investments in the near term. As Covid-19 has affected the potential benefits by potentially changing the long-term demand for transport, the BCR advantage of the partnership option would increase, and the NPV advantage of the Proposed Franchising Scheme would disappear if the analysis was properly carried out and risk taken into account
 - Moreover, no effort has been made to evaluate likely partnerships available on the same basis as the Proposed Franchising Scheme: instead of considering the performance of a partnership in the different scenarios (as it did for franchising), it simply discounted it on a binary basis.

5.10.74 TfGM maintain that the economic appraisal in the Assessment and the 'what if?' analysis demonstrated that the Proposed Franchising Scheme still represents the most VfM and a better option than a partnership. This view is based upon a consideration of the key elements of VfM analysis as set out in guidance: assessment against scheme objectives and quantified assessment of costs and benefits.

5.10.75 The Strategic Case in the Assessment demonstrated that the partnership options did not meet the reform objectives and hence cannot be considered as offering VfM. The November 2020 update of the Green Book¹⁰ advises that options that do not meet the objectives set for the scheme should not be taken forward for further analysis. The partnership option has been considered in the other four cases of the Assessment, as this

¹⁰ Green Book Review 2020: Findings and response (HMT, Nov-20) Para 2.6, 4th bullet: "All options must be assessed against these objectives and only those that deliver them should be shortlisted. Options that do not deliver them cannot be considered VfM, regardless of the BCR."

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/937700/Green_Book_Review_final_report_241120v2.pdf

was required by the Act, but this requirement may now be questioned in light of the updated guidance in the Green Book.

5.10.76 Far from a BCR being the only relevant metric for considering VfM and NPV being irrelevant, the NPV of the relevant options is the metric that is recommended as the output for the Economic Case in the statutory guidance¹¹:

- *“The authority or authorities should then look to present the net present value of each option, derived from the present value of the costs and benefits of each option.”* (para 1.56)

5.10.77 While the DfT Value for Money Framework¹² does state that the BCR is the ‘most useful’ metric, it also recommends the use of NPV, alongside BCRs:

- *“Where a standard economic appraisal has been undertaken, so that the majority of expected impacts are monetised, this category is primarily informed by two metrics: the Benefit Cost Ratio (BCR) and Net Present Public Value (NPPV).”* (para 4.4)

5.10.78 The responses from the consultees suggesting that the ‘what if?’ tests demonstrate that the partnership option is the best performing option represents a misunderstanding of the analysis. The analysis does not represent a revised central appraisal for the options as this was considered highly uncertain due to Covid-19. Rather, the ‘what if?’ assessment was devised to provide decision-makers with additional information about this uncertainty to allow them to make as informed decisions as possible. In doing so:

- The tests complement the sensitivity tests that have been undertaken within the Assessment.
- The tests explore what changes from the assumptions in the Assessment appraisal could lead to low VfM outcomes.
- Step 1 and 2 consider a high-level approach to allowing for changes in underlying demand for bus travel.
- Step 3 considers potential downsides on the unit benefits of the Proposed Franchising Scheme. A similar downside could have been presented for the partnership option, particularly as it would have been reasonable to question the realisation of these benefits (as no revised partnership proposal has been made by operators).
- As per standard scenario analysis, it is not required to show that any option is ‘the best’ under all scenarios. Rather the analysis provides information on the relative resilience of options and allows for the development of dynamic mitigation plans to ensure that any subsequent implementation of the options can have a greater likelihood of realising benefits and hence achieving the objectives set for the scheme.

5.10.79 With the above points in mind, it is clear that when NERA comment that the *“it is apparent that illustrative partnership option yields larger BCR and NPV values for scenarios 1, 3 and 4”*, they are comparing the illustrative partnership with no downsides against a potential downside for franchising. It is not credible, therefore, to then go on to say that *“in all but*

¹¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/918664/bus-services-act-2017-franchising-scheme-guidance.pdf

¹² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/918479/value-for-money-framework.pdf

the most optimistic scenario ... the illustrative partnership option should have been accepted as the better value for money option" as the comparison is not comparing like with like, and a different inference could be made if a downside partnership option had been tested.

5.10.80 The 'what if?' test at Step 2 shows that on a like-for-like basis, the NPV of the Proposed Franchising Scheme is over £100m higher than the illustrative partnership option in Scenario 1, Scenario 2 and Scenario 4. Whilst the BCRs for the illustrative partnership are higher than for the Proposed Franchising Scheme in these scenarios, the BCRs for both options are all in the high category, i.e. between 2 and 4. It is also noted that the reduction in costs for the illustrative partnership option in Step 2 was only undertaken for the purposes of consistency as, set out in the section 5.6.9 of the financial case and 6.3.2 et seq of the Management Case of the Covid-19 Report, it is considered by TfGM that any reductions in the cost of managing and implementing a partnership would be modest.

5.10.81 So, in terms of the 'what if?' tests alone, TfGM does not accept that the analysis shows that 'the illustrative partnership option should have been accepted as the better value for money option'. TfGM would further respond that

- this conclusion ignores the poor performance of the partnership options against the scheme objectives, which is a key part of determining whether any option can be considered value for money.
- the economic appraisal of the partnership options is considered optimistic as the voluntary partnership is, by definition, 'voluntary' and the appraisal assumes that the voluntary involvement of all operators is maintained and the benefits are realised for the full 30 years of the appraisal period. In reality, GMCA would have limited redress if an operator made the decision to withdraw from the partnership, and, therefore, there is a level of uncertainty regarding whether these benefits would actually be realised; and
- As mentioned above, the November 2020 update of the Green Book¹³ advises that options that don't meet the objectives set for the scheme should not be taken forward for further analysis. The Strategic Case in the Assessment concludes that the two partnership options considered do not meet the objectives for bus set out in the Local Transport Plan, and so partnership cannot be the preferred option.

5.10.82 What the analysis does highlight is that the VfM performance is not guaranteed for any option and underlines again the importance of the development of dynamic mitigation plans to ensure that the implementation of measures focus on the realisation of benefits and hence achieving the objectives set for the scheme.

Other Impacts included in the Assessment

5.10.83 Go North West state that, as the four scenarios envisage very different future states and as Greater Manchester comprises a number of different socio-economic areas which will be affected in different ways and recover at different times, not re-estimating the

¹³ Green Book Review 2020: Findings and response (HMT, Nov-20) Para 2.6, 4th bullet: "All options must be assessed against these objectives and only those that deliver them should be shortlisted. Options that do not deliver them cannot be considered VfM, regardless of the BCR."

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/937700/Green_Book_Review_final_report_241120v2.pdf

economic impacts for different stakeholder groups rounds counter both to TAG and GMCA policies. Stagecoach and NERA also make the point that the scale of the benefits and impacts on different groups in each scenario could/would be different in the post-pandemic normal.

- 5.10.84 The Assessment presented quantified economic impacts for different stakeholder groups, such as bus users, bus operators, GMCA and HMT, and the wider public in Greater Manchester. The Covid-19 Impact Report presents a qualitative review of the current and potential future impacts of Covid-19 on stakeholders, including bus operators, in the Introduction and in the Strategic Case. Based upon these analyses, TfGM conclude that the conclusions drawn on the distributional impacts of the Proposed Franchising Scheme in respect of value for money still hold in the context of Covid-19, and so the full quantification of the distributional outputs are not necessary.
- 5.10.85 Rotala (supported by Oxera) also claim that agglomeration impacts in both the baseline and policy scenarios could be rather different in a post-Covid-19 world where homeworking and commuting are likely to be affected significantly. They raise a concern that any change in agglomeration benefits is not quantified in the Covid-19 Impact Report, and that this is an example of how the high-level approach taken is unlikely to accurately capture the full impact.
- 5.10.86 While Rotala note that the *“economic benefit parameters (such as agglomeration) will have changed for good”*, revised estimates of the benefits were not computed, nor were they included in the benefit figures presented in any of the What If? analysis. This is consistent with the approach taken in the Assessment whereby Wider Economic Benefits were not included in the core assessment of benefits used to determine value for money.
- 5.10.87 Stagecoach criticised potential financial mitigations identified that may need to be invoked in the event of an additional downturn and difficulties in implementing the scheme, and, in particular, they pointed to insufficient analysis on the wider effects that these measures may have. As these difficulties have yet to materialise and hence the appropriate combination of mitigations cannot yet be fully identified or implemented, detailed analysis of any wider effects of such mitigations cannot be completed at this time. Any future decision by GMCA to apply mitigations will be considered in accordance with GMCA’s public sector equality duty and will be driven by the strategic objectives of GMCA, as set out in the GMS, and consideration of these ‘wider impacts’ will, in fact, be central to any decision-making, alongside considerations of value for money and affordability. The importance of bus in delivering these ‘wider’ policy objectives has been demonstrated during the Covid-19 crisis by the support that GMCA has continued to provide in terms of tendered network contracts and continued payments to bus operators for local concessions at pre Covid-19 rates.

5.11 Insight from the qualitative research on Economic Case issues

Deliberative Events from the First Consultation

- 5.11.1 As part of the first consultation, Ipsos MORI undertook a number of qualitative research exercises known as deliberative events to investigate how the Assessment was perceived by members of the public.
- 5.11.2 The following points with respect to the Economic Case from the first consultation on the Assessment are noted by TfGM from Ipsos MORI's June 2020 Qualitative Research Report:
- There was some confusion about the basis of the economic analysis. This may have been the result of the necessarily abbreviated summary presented and the time available to explain the detailed basis of the Economic Case set out within the extensive suite of material published to explain the case;
 - As is inevitable and reasonable, some participants were sceptical about the ability of GMCA to deliver the claimed benefits. Concerns were also raised about the extent to which the taxpayer would be impacted. Others felt that investment should be prioritised in other modes. In all of these cases, detailed information is available to explain how the recommended course of action will create benefit, impact the taxpayer and fit with other strategic interventions to improve the Greater Manchester transport system.
- 5.11.3 Many other supportive comments were received, including:
- These included support for the proposition that bus services would improve and be more stable, that the value of franchising exceeded that of other options and that franchising would create good environmental and social outcomes and impacts; and
 - Many participants supported TfGM's view that passengers place value on the simplification of ticketing and a more centralised model to make the system easier to use and understand, as noted at section 5.5.22 of the Economic Case.
- 5.11.4 Overall, the research revealed that there was some scepticism amongst the focus groups, but a general support for the objectives of the reform and for the underlying recommendation emerging from the economic analysis.

Deliberative Events from Second Consultation

- 5.11.5 As part of the Covid-19 Impact consultation, Ipsos MORI undertook a number of qualitative research exercises known as deliberative events to investigate how the Covid-19 impact analysis was perceived by members of the public.
- 5.11.6 Positive comments were made in respect to the Proposed Franchising Scheme in terms of the Economic Case appearing realistic, and showing good VfM, in spite of the impact of Covid-19. Participants also argued that although the upfront costs would be higher than a potential partnership option, these costs were justified by potential benefits (e.g. quicker journey times). Additionally, some participants agreed that a reduction in Government funding would be unlikely and that, even in the 'worst-case scenario' (Scenario 3), the Proposed Franchising Scheme would still be more economically stable than a partnership option due to the provider's current lack of commitment.
- 5.11.7 There was some support for partnership options as they would avoid the high upfront costs to the public sector. There were also views expressed that assessing options during the

Covid-19 pandemic may not be fair to operators, the inference being that they would not be in a position to put forward credible counter-proposals.

5.12 Summary of Themes from Both Consultations

Summary of Responses

First Consultation

- 5.12.1 As noted in the introduction to this section, most consultees who provided a response in the first consultation to the Economic Case (2147 out of 2693) were favourable. Of the unfavourable comments, the most substantive comments and challenges were received from incumbent Greater Manchester bus operators.
- 5.12.2 As noted in Ipsos MORI's June 2020 Consultation Report, of those providing favourable comments, the most frequently cited comments were general support and agreement with the conclusion of the Economic Case (1119). Other commonly cited responses were that the Proposed Franchising Scheme would deliver better value fares (266), the fact that services should serve the public benefit and not be run for profit (133), and agreement that the Proposed Franchising Scheme provides best VfM (130).

Second Consultation

- 5.12.3 Ipsos MORI's March 2021 Consultation Report notes that there were 381 participants in the second consultation who made comments about the Economic Case. These comments were equally split between participants who made positive (104) or negative (93) comments.
- 5.12.4 Positive comments made by consultees in responding to the second consultation with respect to the Economic Case for the Proposed Franchise Scheme included:
- Several local governments took the view that the impacts of Covid-19 are likely to be similar for all options and supported the conclusion that the Proposed Franchising Scheme remains the best value (Bury Council, Salford City Council, Oldham Council, Tameside MBC);
 - Stockport Metropolitan Borough Council didn't think that the pandemic should pause a decision on the Proposed Franchising Scheme whilst the Association of British Commuters thought there should be no more cause for delay and that the Proposed Franchising Scheme is far more robust;
 - Wigan council noted that the forecasting is purposefully conservative to avoid overstating benefits;
 - Abellio considered that GMCA are the appropriate body to make decisions about the bus network and agreed with the conclusion that the Proposed Franchising Scheme VfM was resilient enough to cope with the uncertainty created by Covid-19;
 - Oxford Road Corridor felt that the scenario testing had been conducted in good faith;
 - The Christie NHS Foundation Trust and Bruntwood supported the intention of the Proposed Franchising Scheme to produce an integrated ticketing system, provide consistency between operators and offer better VfM; and
 - The Chartered Institute of Logistics and Transport (NW Region) noted that the pandemic had strengthened the case for the Proposed Franchising Scheme because commercial operation of services is no longer possible.

5.12.5 The negative comments made by consultees in responding to the second consultation with respect to the Economic Case for the Proposed Franchise Scheme included:

- Concern from incumbent operators and the operator group OneBus of the approach taken, the level of detail of the analysis carried out, and the conclusions arrived at in the Economic Case section of Covid-19 Impact Report, all of which are discussed in more detail and responded to in this report;
- A concern from Bolton Council that the scheme may not represent best value in the immediate years ahead;
- Bus Users UK had reservations about the financial pressure that the Proposed Franchising Scheme could place on the public;
- TravelWatch NorthWest pointed out that the worst-case scenario (Scenario 3) could be even worse given the stated market failure in the bus market;
- The Northern Care Alliance Group expressed concern that the economic appraisal in the Assessment is not well suited to dealing with structural changes in travel behaviour as a result of the pandemic; and
- The Confederation of Passenger Transport raised a concern about the possible fare increase under the Proposed Franchising Scheme and stated that any fare increase under the partnership model will be invested into improving the customer experience of travelling by bus.

5.12.6 This section has focused on providing responses to the negative comments received from consultees, predominantly bus operators, and a summary of the key points and TfGM responses is provided below.

Themes from the first consultation

Appraisal Specification Themes

5.12.7 Some consultees responding to the first consultation questioned the long-term fares growth assumption of RPI+1.4%, claiming that this figure is out of line with historic changes and is not plausible, including a reference to a DfT revenue per trip dataset that suggested growth lower than RPI. Evidence has been provided in the Assessment and in this report that, in fact, RPI+1.4% is not out of line with historic growth and, in fact, if the appropriate DfT dataset is viewed (table BUS0405 – bus fares index, rather than table BUS0402 – operating revenue per trip), fares growth has actually been greater than RPI+1.4% in English Metropolitan areas since 2004-05. It has also been explained that the rate of fares growth was not set solely based on historic precedent but also based on the requirement for operator margins to be maintained in a plausible range in the face of increasing operating costs. Finally, the point is made that the rate of background fares growth is consistent between all cases, and, in fact, lower fares growth favours the Proposed Franchising Scheme slightly, as it dilutes the impact of the two-year fares freeze for System One tickets under both partnership options.

5.12.8 Concerns were raised regarding the lack of any further expansion of Metrolink in the modelling beyond those schemes already committed, as this is likely to underestimate the loss of bus patronage. However, the inclusion of only committed schemes is in line with the relevant Government guidance, any future schemes are not defined, so their impact cannot be readily estimated, and any impact would be equal in all options, i.e. it would reduce the overall volume of bus trips. It would also be appropriate to consider any

hypothetical investment in bus infrastructure over the next 30 years, which would counter the impacts of any Metrolink investment.

- 5.12.9 There was a concern raised in both consultations by operators that the selection of a 30-year appraisal period tended to bias the appraisal in favour of franchising and was against DfT guidance and that a shorter period should be used. There was a suggestion in some responses that consultees had interpreted TfGM’s concerns regarding the durability of a partnership to mean that the results reflected partnership benefits not lasting for the full appraisal period. This is not the case – the benefits from partnership are assumed to endure for the full 30-year period. Applying the same period for all options ensures a level playing field. Assuming a shorter period would not be appropriate for a major market reform that is intended to be long term in order to meet the strategic objectives for transport in Greater Manchester.
- 5.12.10 Further concerns were raised, particularly by Jacobs in their review of the Economic Case, regarding certain features and characteristics of the model suite, particularly the Demand and Revenue Model (DRM). These included the use of elasticities, the use of willingness to pay values and concerns regarding whether the benefits associated with interoperability are double-counted. Responses to each of these concerns, along with references to the relevant sections of the Assessment and the ECSP have been provided.
- 5.12.11 One area of concern raised predominantly by members of the public was the extent to which the appraisal accounts for the environmental and social impacts. This is an understandable concern; however, it seems that the economic benefits delivered by the options have been interpreted to be pure financial figures when, in fact, they contain benefits to society in the form of improvements to bus users journey times, fares and quality of service, as well as monetised valuations of reductions in emissions and improved air quality. It is acknowledged that perhaps greater emphasis should be given to certain elements; however, the appraisal has been carried out in line with Government guidance as would be expected.

Reference Case Results Themes

- 5.12.12 Concerns were raised in the first consultation regarding the scale of impact that increasing congestion is forecast to have on bus patronage over time. Operators argued that the impact of congestion is likely to be much more significant than the 0.2% reduction suggested by Chart 14 in the Assessment. The impact of congestion reported in Chart 14 shows the direct impact of increased journey times but does not include the more significant knock-on impact of increased operating cost that needs to be offset by increasing fares and/or reducing service kilometres. These impacts are accounted for within the modelling system but are presented in Chart 14 as part of the “Fares” and “Service KM” bars since it is those impacts that the passenger experiences directly. We therefore agree with those consultees who noted that the presentation of direct congestion impacts in the Economic Case masks the true extent of the impact of this issue on passenger demand. However, the implications of this are presentational and not substantive.
- 5.12.13 Several operators argued that the modelling of ENCTS patronage was not appropriate, suggesting that the forecasts assume patronage will increase throughout the appraisal period, and that this is out of line with current evidence that ENCTS trips are currently declining. However, ENCTS trips do decline in the earlier years of the model forecasts, in line with current observations noted by operators, mainly due to the ongoing increase in entitlement age for an ENCTS pass. Longer-term, the forecasts do show ENCTS trips

increasing, and this is a balance of the range of input variables and elasticities used in the model, and therefore accounts for different factors acting in opposite directions, e.g. elderly population increasing while car ownership and car operating costs reduce. If consultees have evidence to suggest that, over the longer term, ENCTS trips are more likely to decline, then this was not presented as part of their consultation responses.

Partnership Option Themes

- 5.12.14 In the first consultation, several groups of issues were raised by consultees in relation to the partnership options. One area of concern was that the partnership options offer a higher BCR than the Proposed Franchising Scheme. It has been noted that whilst the BCR for partnership is slightly higher, the NPV of the Proposed Franchising Scheme is considerably higher and the justification for the conclusion of the Economic Case is based on a broader consideration than just BCR or NPV. As noted at section 21.2.4 of the Assessment, the conclusion of the Economic Case is also based on the suitability of the Proposed Franchising Scheme as a platform to support further development, and its alignment with the strategic objectives.
- 5.12.15 Consultees also argued that many of the ‘soft factor’ benefits included as part of the Proposed Franchising Scheme could in fact be delivered as part of a partnership. To the extent that this is true, and those interventions were proposed and agreed during the extensive discussions with operators, they have been included within the partnership options. The main differentiator is the benefit associated with the unification of the system to a single brand, and a detailed explanation has been provided as to why that is not possible under a partnership arrangement.

Franchising Option Themes

- 5.12.16 Jacobs raised concerns that the transition period is not modelled appropriately and expressed concern that the benefits during this period could be overstated, stating that *“all of the impact on demand is expected to have occurred within 3 years”*. This confused two different elements on the model – the way in which the impact of any fare and GJT changes are lagged over three years, and the way in which implementation of the interventions has been staggered over the transition period and beyond some cases. The latter is more complex and is carried out in line with the implementation plan, as documented in ECSP Appendix 2.
- 5.12.17 One of the most frequently cited concerns was around the benefits associated with branding and, in particular, the choice of value used, its age and source. This is an understandable concern, and TFGM agree that there is limited empirical evidence available to value the benefit to passengers of moving from a fragmented delivery model as exists in Greater Manchester to a more unified system that is simpler for passengers and potential passengers to understand and experience. However, a range of evidence has been presented to support the idea that this switch does have value to customers and should deliver benefits, including reference to Ipsos MORI’s June 2020 Qualitative Research Report, which reports that there is an appetite amongst members of the public for a *“more centralised model”* with *“less variation in standards”*, and a *“standardised pricing strategy”*. The full quotes are included in the main body of this section.
- 5.12.18 Several concerns were raised regarding some elements of the benefits, including those due to congestion relief and fare reductions. The basis of the lack of confidence in the congestion benefits appeared to stem from the fact that the Proposed Franchising Scheme does not deliver any infrastructure schemes to tackle congestion, and therefore could not

deliver any decongestion benefits. However, it has been explained that these benefits arise because of the increase in bus trips associated with the various interventions, and an assumption that a proportion of these trips are abstracted from car, meaning fewer car trips and hence decongestion. The approach taken is prescribed in DfT TAG guidance.

- 5.12.19 There was also a query as to how fare and decongestion benefits could arise when passenger trips were still declining. This is because the benefits are calculated based on the difference between the Reference Case and the option being considered. Whilst declining trips means that the total benefits decline from one year to the next, there is still a difference in fare or journey time for the passengers that remain, and that difference drives a benefit.
- 5.12.20 Several consultees, including members of the public, responding to the first consultation were concerned that the Proposed Franchising Scheme does not deliver any immediate benefit to passengers and that patronage continues to decline. TfGM acknowledge that patronage is forecast to decline, and this is because, in order to align with Government guidance, no further ongoing investment has been assumed. However, TfGM's view is that the 'Phase 2' investment in the Greater Manchester bus market would be the key to arresting the decline in patronage, and that franchising provides the best platform on which to make that investment. TfGM also disagree that the Proposed Franchising Scheme would not deliver an immediate benefit to passengers, and a list of exactly how those benefits would arise is provided, including reduced fares for current System One ticket holders, increased ticket validity for current operator own ticket holders, and improved network and improved service quality and system simplification.

Risk Analysis Themes

- 5.12.21 As part of their review, Jacobs conclude that the method used to identify and quantify risk is in line with HMT Green Book and DfT TAG guidance. A number of clarification questions and challenges have been asked by Jacobs and other consultees, and appropriate responses have been provided in the main body of this section. However, no substantive issues have been identified.

Wider Economic Impacts Themes

- 5.12.22 Jacobs and Stagecoach raised concerns in the first consultation that the value of WEIs is larger than might be expected for this type of scheme, particularly since very few business trips are made using bus. The point is also made that agglomeration benefits should only accrue to businesses and not "*linking people with opportunity*" as set out in the Assessment and supporting material. TfGM have noted in this report that the evidence base for what scale of WEIs might be expected is evolving, and that caution should be adopted when trying to benchmark results.
- 5.12.23 Nevertheless, TfGM recognise the uncertainty around WEIs and, for this reason, have excluded them from the core appraisal figures presented in the Assessment. Further, the scale of uplift in WEIs (as a proportion of the core benefits) is broadly similar for all options and, therefore, it cannot be considered to have a detrimental effect on the partnership options. It has also been argued that agglomeration benefits go well beyond the

productivity impacts of a scheme as a result of improvements for business travellers, as implied by Jacobs and Stagecoach.

Summary of issues raised in the second consultation

TfGM should have undertaken a full re-baseline of the DRM modelling and developed a revised Assessment to an OBC standard

5.12.24 TfGM accept that Covid-19 has introduced increased levels of uncertainty regarding the future, and hence the analytical assurance of the analysis underpinning the Assessment is lower than at the time of the Assessment.

5.12.25 The Assessment met the requirements of the Act. A full re-baseline of the DRM modelling is not feasible and would give a misleading impression of precision in the circumstances. The Covid-19 Impact Report provides additional information on the causes of uncertainty and their potential impact on the conclusions reached in the Assessment to enable a judgment to be formed on their validity and robustness in the circumstances. There is no legal requirement for a new assessment to be prepared in accordance with section 123B of the Act..

The TfGM approach does not comply with Government guidance for considering uncertainty in appraisal and should have waited for the new guidance expected in February

5.12.26 It is likely that when the guidance appears, it will represent an evolution of both sensitivity testing and the use of scenarios. The evolution of scenarios could well explore structural trends of national importance, as set out by DfT in July 2020 in their ‘route map’, where they stated their intention to create scenarios looking at specific national trends, with forecasts being developed after February 2021. If so, TfGM consider that, while such scenarios would be helpful, they are not likely to be as appropriate for the consideration of the impact of Covid-19 on the robustness of the conclusions in the Assessment regarding the value for money of the Proposed Scheme. Scenarios that pivot round a central national projection would not create the diverse range plausible futures required. It is the latter form of scenario analysis that TfGM has determined is most appropriate for assessing the potential impacts of the uncertainty introduced by Covid-19 on the conclusions within the Assessment in a way that is relevant, informative and transparent to local decision-makers.

5.12.27 TfGM acknowledges that its approach does not align with current TAG guidance on uncertainty and that it may well not align with the Uncertainty Toolkit as and when it is published. However, it was felt that neither the existing guidance nor the planned Uncertainty Toolkit, for the reasons set out above, were likely to offer an appropriate approach for the consideration of Covid-19 impacts, and so an appropriate local methodology was devised. Whether a decision should be postponed until that Toolkit and relevant forecasts and other data required for its application becomes available is considered from section 3.6.

Not following standard/best practice such as TfN and TfL

5.12.28 It is noted that the TfL analysis represents a fundamental review of all TfL’s business with the aim of developing a new funding model for an organisation with a much larger revenue exposure than TfGM. TfL present a number of scenarios, which they use to inform a set of recommendations for how the Financial Sustainability Plan could be developed in agreement with government. In doing this, there is no clear audit trail between which recommendation was informed by which scenario test, nor does there need to be, as the scenario analysis is being used as a guide to developing a resilient strategy. It is noted that

in the documentation referred to, TfL do not use these scenarios to inform any specific investment decision, in the way that TfGM has with the Covid-19 Impact Report

- 5.12.29 TfGM have not followed a markedly different approach to that taken by other organisations such as TfN or TfL, even though they have quantified inputs. The existence of other approaches doesn't mean in any event that TfGM's approach is the wrong one or lacks the robustness necessary to test the options for bus reform. TfGM's most pessimistic downside scenario is far more pessimistic than TfL or TfN, or any of those seen used by operators in informing their shareholders of expected performance. It is considered that TfGM's scenarios provide a good basis for considering the sensitivity of the conclusions in the Assessment to the uncertainty associated with Covid-19.

Appropriate assurance has not been applied to the TfGM approach

- 5.12.30 Whilst the review undertaken by GT for the Covid-19 Impact Report does not represent an Audit in the manner undertaken on the Assessment, they did review the evidence used by TfGM to derive the narratives for the Scenarios, the approach used to produce the top-down patronage projections and the 'what if?' analysis. In the letter to GMCA following this review, GT concluded that:

- *"we agree that a scenario-based approach is a sensible way to consider economic impacts in the current climate of uncertainty"; and*
- *"Subject to a number of caveats due to Covid-19 affecting the underlying certainty of the information, we do otherwise find that this process represents a fair and reasonable way to assess potential VfM outcomes".*

"Other than looking at the aggregate demand effects, the TfGM approach does not take into consideration the changes in the bus travel market that will surely happen in the future."

- 5.12.31 Whilst the future make-up of the bus travel market is likely to be different in character as well as volume, the aggregate factoring approach taken in the Covid-19 Impact Analysis is appropriate as the majority of the benefits of the Proposed Franchising Scheme apply equally to all elements of the bus markets, including by geography and time of day. There is some variation between market segments and ticket groups, but these are not clear cut, and there are likely to be factors pulling different elements of the benefits in different directions.

High-level factoring in the 'what if?' tests is not appropriate

- 5.12.32 The 'what if?' testing was purposefully simple to aid transparency in understanding by decision-makers. The GAD guidance points to the desirability of such transparency. There is no "correct" reduction to apply in each Scenario. The reductions simply demonstrate to decision-makers the likely range of outcomes.

5.13 Conclusions on Value for Money from the consultations

Summary and Conclusions on First Consultation

- 5.13.1 The Assessment concluded that the Economic Case for investment and reform was strong, with both partnership and franchising options representing high VfM. The Assessment further concluded that the Proposed Franchising Scheme was preferable because it created more economic value (as defined by a Net Present Value, “NPV”) and was likely to result in more durable and lasting economic impacts. It was also concluded that the Proposed Franchising Scheme would create a better platform to deliver further potential economic value.
- 5.13.2 From the first consultation on the Assessment, most responses from members of the public regarding the Economic Case were favourable, with participants tending to reiterate comments made elsewhere in the consultation, which focused on the outcomes the Proposed Franchising Scheme would deliver; with cheaper and better value bus fares one of the most commonly mentioned positive outcomes. Specific comments relating to the Economic Case were that bus services should serve the public and not be run for profit and that the Proposed Franchising Scheme provides the best overall value for money of the options presented. Of those statutory consultees who provided a response to the Economic Case questions, most made a favourable comment in support of the conclusions of the Economic Case. Positive comments were generally received from local authorities and unions, plus a minority of bus operators.
- 5.13.3 On the other hand, public participants in the first consultation who disagreed with the conclusions of the Economic Case tended to cite concern about the costs and associated affordability of the Proposed Franchising Scheme and the lack of evidence to support the conclusion. Negative or unfavourable comments were received from bus operators, bus industry groups and some customer representation groups. Of note, Jacobs were employed by OneBus to review the Economic Case in detail. Their report was referred to by OneBus, Stagecoach and Rotala in their responses to the Economic Case to the first consultation.
- 5.13.4 As set out in this report, TfGM remain of the view that the methods and datasets used to inform the Economic Case in the Assessment were appropriate and that there were no issues arising from the first consultation that required alterations to the Economic Case or that would have led us to believe that the relative performance of the options in the Assessment would change as a result of issues raised.

Summary and Conclusions on Second Consultation

- 5.13.5 In terms of the Economic Case, the Covid-19 Impact Report concluded that the additional analysis confirms that, on balance, the value for money of the Proposed Franchising Scheme is likely to be robust to the uncertainty created by Covid-19 in all reasonably likely Scenarios. It also concluded that the Proposed Franchising Scheme remains preferable to the Operator Proposed Partnership option as, on balance, the overall net benefits are likely to remain higher and more deliverable, particularly given the considerable uncertainty surrounding what, if any, partnership options are on offer.
- 5.13.6 In the second consultation, public comments on the analysis into the potential impacts of Covid-19 on the conclusions from the Assessment equally split between participants who made positive or negative comments. Most of the positive comments agreed with the conclusions being reached in the report that the Assessment remained valid, noting that

the Proposed Franchising Scheme offered value for money, and that the current system does not. Those making positive comments agreed that the Economic Case is comprehensive and thorough in the detail it presents, and that the Proposed Franchising Scheme performed better when assessed against other, alternative options for bus reform. Others felt it provided better value for money for the long-term and that the case in favour of the Proposed Franchising Scheme has actually been strengthened by the impact of Covid-19.

- 5.13.7 Of the small number of comments made by the public regarding the Economic Case in the second consultation the negative comments were similar in number to the positive comments, but covered a greater range of points. These included concerns about the validity of conducting such analysis during a pandemic and that there was a lack of good evidence to back it up, with comments that the work was based on guesswork and speculation. Others pointed to the declining net economic benefits in the analysis as an indication that value for money under Covid-19 would be poorer, with related comments regarding increased economic pressure and declining patronage reducing the relative value for money of the scheme.
- 5.13.8 As with the first consultation, negative or unfavourable comments were received from the incumbent local bus operators, bus industry groups and some customer representation groups. Of note, NERA and Oxera were employed by Stagecoach and Rotala respectively to review the analysis in the Covid-19 Impact Report. Their respective reports raised issues regarding the overall robustness of the analysis and the compliance with national guidance. Stagecoach and Rotala who employed them contended that in the circumstances a new Assessment prepared under section 123B of the Act was required as a matter of law.
- 5.13.9 TfGM accept that Covid-19 has introduced increased levels of uncertainty regarding the future, and hence that the analytical assurance of the analysis underpinning the Assessment is lower than at the time of the Assessment. The Covid-19 Impact Report provides additional information to decision-makers on the causes of uncertainty and their potential impact on the conclusions reached in the Assessment. As set out in this report, TfGM acknowledge that the approach undertaken to consider the impacts of Covid-19 on the conclusions of the Assessment does not align with TAG Guidance and it may well not align with the DfT's proposed Uncertainty Toolkit as and when it is published. However, it is not considered that TAG offers an appropriate approach for the consideration of Covid-19 impacts, and so an appropriate local methodology was devised. It is for this reason that a range of scenarios, encompassing a broad range of possible future environments for the introduction of the proposals, was adopted. No more pessimistic specific scenario that could reasonably be expected than Scenario 3 was proposed in response to the second consultation.
- 5.13.10 TfGM, therefore, remain of the view that the approach taken to the Covid-19 Impact Report to consider the potential impacts of Covid-19 on the value for money conclusions in the Assessment was appropriate and that there were no issues arising from the second consultation that required alterations to the Covid-19 Impact Report Economic Case or to its conclusions that, on balance, the value for money of the franchising scheme is likely to be robust to the uncertainty created by Covid-19 in all reasonably likely Scenarios and that it remains preferable to the Operator Proposed Partnership as, on balance, the net benefits are likely to remain higher and be more deliverable, particularly given the uncertainty surrounding what, if any, partnership options are on offer.

Concluding Remarks

5.13.11 In reaching the above conclusions, it is important to highlight the following matters that were identified in the Covid-19 Impact Report. First that suitable commercial management strategies and other aspects of franchise specification and contracting have been developed so that the implementation of the Proposed Franchising Scheme can be adapted to minimise risk and ensure value for money. Secondly, that the value for money analysis framework should be extended to address the additional impacts that significant falls in bus market size could induce. Finally, that an extended period of Covid-19 recovery and hence government subsidy may induce further market failures in the bus network provision relative to the Reference Case. If so the aggregate benefits of the Proposed Franchising Scheme, which already is defined to address them, would increase and the likelihood of a partnership model solving them would decrease.

6. Commercial Case

6.1 Introduction

6.1.1 This section of the report considers the responses from both consultations relating to the Commercial Case.

6.1.2 The Commercial Case of the Assessment considers the proposed options from a commercial perspective and assesses their viability. It sets out the commercial objectives for the Proposed Franchising Scheme, including driving competition for franchises, creating and sustaining an enduring market, providing flexibility to adapt to changing demand, and enabling access for small-to-medium-sized operators (“SMEs” or “SME operators”). It covers areas including the assets that would need to be acquired by GMCA such as depots and information systems; the timeframe for implementation; how the franchises could be packaged; their length; the procurement process; and the potential impact on the employees of bus operators.

6.1.3 In the first consultation, consultees were asked to consider the following questions in relation to the Commercial Case of the Assessment:

Question 7: Do you have any comments on the dates by which it is proposed that franchise contracts may first be entered into?

Question 8: 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?

Question 10: Do you have any comments on GMCA’s plans for allowing small- and medium-sized operators the opportunity to be involved in the Proposed Franchising Scheme?

Question 11: Do you have any comments on the proposal that it would be appropriate for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme?

Question 18: Do you have any comments on the packaging strategy for franchising contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?

Question 19: Do you have any comments on the length of franchise contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?

Question 20: Do you have any comments on the proposed allocation of risk between GMCA and bus operators under the Proposed Franchising Scheme, as set out in the Commercial Case?

Question 21: Do you have any comments on the potential impact of the Proposed Franchising Scheme on the employees of operators, as set out in the Commercial Case?

Question 22: Do you have any comments on the approach to depots under the Proposed Franchising Scheme, as set out in the Commercial Case?

Question 23: Do you have any comments on the approach to fleet under the Proposed Franchising Scheme, as set out in the Commercial Case?

Question 24: Do you have any comments on the approach to Intelligent Transport Systems under the Proposed Franchising Scheme, as set out in the Commercial Case?

Question 25: Do you have any comments on GMCA's approach to procuring franchise contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?

Question 26: Do you have any comments on the impacts of the options on the achievement of the objectives of neighbouring transport authorities, as set out in the Commercial Case?

Question 27: Do you have any comments on the Commercial Case conclusion that GMCA would be able to secure the operation of services under franchise contracts?

Question 28: Do you have any comments on the Assessment of the commercial implications of the partnership options as set out in the Commercial Case?

Question 29: Do you have any comments on the potential impact of the partnership options on the employees of operators as set out in the Commercial Case?

- 6.1.4 Question 26 on the impacts of the options on the achievement of the objectives of neighbouring transport authorities is considered in greater detail at section 4.8 of the Strategic Case response.
- 6.1.5 Question 28 on the commercial implications of the partnership options and Question 29 on the potential impact of the partnership options on the employees of operators are considered in greater detail at sections 4.10.60 to 4.10.62 of the Strategic Case response.
- 6.1.6 In response to the first consultation, Ipsos MORI's June 2020 Consultation Report concluded that for the Commercial Case participants showed an overall positive response to:
- The packaging strategy as set out in the Commercial Case;
 - The allocation of risk between GMCA and bus operators as set out in the Commercial Case; and
 - The approach to depots and Intelligent Transport Systems (ITS) as set out in the Commercial Case.
- 6.1.7 In response to the first consultation, it also concluded that there were overall mixed sentiments from participants towards:
- The length of franchise contracts under the Proposed Franchising Scheme as set out in the Commercial Case;
 - The potential impact of the Proposed Franchising Scheme on the employees of operators as set out in the Commercial Case;
 - The approach to fleet and the proposed approach to procuring franchising contracts as set out in the Commercial Case; and
 - The Commercial Case conclusion that GMCA would be able to secure the operation of services under franchise contracts.
- 6.1.8 Further detail relating to the overall views provided on each of these points in response to the first consultation can be found in ES7 of Ipsos MORI's *"Doing Buses Differently: Consultation on a Proposed Franchise Scheme for Greater Manchester"* report (which is referred to throughout this section).
- 6.1.9 In the second consultation, consultees were asked to consider the following question in relation to the Commercial Case of the Assessment:

Do you have any comments on the conclusion that the commercial arrangements described in the Assessment for franchising and the partnership option remain appropriate, notwithstanding Covid19?

- 6.1.10 In response to the second consultation, Ipsos MORI's March 2021 Consultation Report (Section 9.1) concluded that for the Commercial Case, participants showed an overall positive response from members of the public, previous statutory consultees and other stakeholders in response to the conclusion that the commercial arrangements described in the Assessment for franchising and the partnership option remain appropriate, notwithstanding Covid-19 (347 favourable comments versus 88 unfavourable comments).
- 6.1.11 The Commercial Case is structured into two sections, which are intended to respond to the main themes identified from TfGM's analysis of both the first and second consultation responses and consideration of both Ipsos MORI's June 2020 Consultation Report and Ipsos MORI's March 2021 Consultation Report. These main themes are:
- Asset Strategy: depots, fleet, ITS and stranded assets; and
 - Timeframe for Implementation, Franchise Design, Procurement and Employees.

6.2 Asset Strategy: depots, fleet, ITS and stranded assets

Depots

- 6.2.1 Question 11 of the first consultation asked for any comments on the proposal that it would be appropriate for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme.
- 6.2.2 Question 22 of the first consultation asked for any comments on the approach to depots under the Proposed Franchising Scheme as set out in the Commercial Case.
- 6.2.3 The Assessment set out that the steady-state model for strategic depots is that they would be controlled by GMCA in order to remove a key barrier to entry for bidders for large franchises. This supports the commercial model's objective of delivering value for money by removing barriers to entry, driving competition and creating an enduring market for franchising.
- 6.2.4 In response to the first consultation, some consultees, including some of the Greater Manchester bus operators and non-incumbent bus operators, provided positive comments on the proposals for depots along with other statutory consultees as set out at sections 6.3.1, 6.3.2 and 6.3.3.
- 6.2.5 In response to the first consultation, other bus operators including Arriva, Go North West and Rotala raised challenges surrounding GMCA's proposals on depots. These can broadly be categorised into the following themes:
- Theme 1: Whether GMCA should be providing any depots and if so which;
 - Theme 2: Whether incumbent operators will sell the strategic depots to GMCA voluntarily;
 - Theme 3: Whether the alternatives for large franchises, apart from compulsory purchase of strategic depots, are feasible;
 - Theme 4: Whether GMCA can legally use Compulsory Purchase Order (CPO) powers to acquire strategic depots;
 - Theme 5: The timeline for delivering the Proposed Franchising Scheme in the event that strategic depot owners are unwilling to sell those depots to GMCA; and
 - Theme 6: The reasonableness of the costs allowed for in the Financial Case in respect of the depot strategy.
- 6.2.6 In response to the second consultation, Go North West and Stagecoach raised challenges surrounding GMCA's proposals on depots. These relate to Themes 1, 2, 5 and 6 above, with no additional themes identified.
- 6.2.7 In response to the second consultation, some consultees, including some non-incumbent bus operators and some local authorities, provided positive comments on the proposals for depots as set out at sections 6.3.30 and 6.4.3.
- 6.2.8 In response to Question 11 of the first consultation, Ipsos MORI's June 2020 Consultation Report (see section 6.11) shows that, generally, responses from members of the public (251 favourable comments versus 114 unfavourable comments) and non-statutory consultees were supportive (10 favourable comments versus 4 unfavourable comments). However, responses from statutory consultees were largely mixed (9 favourable versus 9

unfavourable comments) with the unfavourable comments mainly being from bus operators.

- 6.2.9 In response to Question 22 of the first consultation, Ipsos MORI's June 2020 Consultation Report (see section 9.5) shows that, generally, responses from members of the public were supportive, reporting 133 favourable comments versus 57 unfavourable comments. However, responses from statutory consultees (4 favourable comments versus 7 unfavourable comments) and non-statutory consultees (6 favourable comments versus 5 unfavourable comments) were largely mixed with the unfavourable comments mainly being from bus operators.
- 6.2.10 Ipsos MORI's March 2021 Consultation Report (see section 9.3) shows that various members of the public provided positive comments in response to the second consultation in relation to depots.
- 6.2.11 Specific comments received in response to the first and second consultations and TfGM's response to each of these themes along with wider unfavourable comments are set out below.

6.3 Theme 1: Whether GMCA should be providing any depots and if so which

- 6.3.1 Responding to the first consultation, the CMA commented that *“there is a clear balance to be struck between the need to protect strategic assets that will facilitate franchising (specifically new entry and transition between franchise holders), the property rights of private enterprise and maximising value for money for GMCA and taxpayers”*. However, as set out below, in response to the first consultation, the CMA concludes that TfGM’s decision to control strategic depots is the right one. The CMA said that *“the importance of access to depots makes it a risk for the successful implementation of franchising”* and that they *“are pleased that GMCA in its assessment recognises that access to depots will constitute a barrier to entry for the larger franchises and is of sufficient significance to warrant intervention. The consultation indicates that GMCA will seek to acquire depots of existing operators and make these available to new franchisees. We support this approach to better facilitate entry, competition and flexibility of franchise awards”*.
- 6.3.2 In response to the first consultation, this positive view was generally echoed by a number of operators, including Arriva, Abellio, HCT Group and Warrington’s Own Buses with Arriva specifically stating that this would remove a *“significant barrier to entry for some operators”*. In response to the first consultation, the University of Manchester commented that the proposal offers an opportunity to ensure depots are run in a sustainable way moving forward, whilst other positive comments include that the proposal will drive competition or level the playing field for smaller operators from other stakeholders.
- 6.3.3 In response to the first consultation, Ipsos MORI’s June 2020 Consultation Report (Section 6.11.3) also noted that 203 members of the public stated that they agreed with the proposals or thought that it was a good idea. For example, one member of the public stated, *“This makes perfect sense and would allow for continuity of provision in the event of another service provider being awarded a franchise in later years”*. The report also states that 16 members of the public supported the proposal providing that operators would pay rent and contribute to maintenance costs.
- 6.3.4 Responding to the first consultation, a number of operators, however, have challenged whether the acquiring of strategic depots to deliver large franchises represents an efficient use of public funds. First stated that the depot strategy provides facilities *“that would otherwise be provided by the free market”* and that as *“there are already suitable premises available to meet this objective, this is expenditure which could be better focused on improved service/network coverage or avoided altogether”*. OneBus similarly stated that *“the excessive sums of money to be tied up in property would be better spent on customer-focused bus service improvements”*. Ipsos MORI’s June 2020 Consultation Report (Section 6.11.3) also shows that 33 members of the public raised concerns regarding the costs, affordability and value for money of the proposal.
- 6.3.5 Responding to the first consultation, Go North West stated that they do not agree that an operator owning a depot would have a significant competitive advantage compared with other operators and therefore that this would constitute a barrier to entry. Specifically, they use London as an alternative example stating, *“TfL does not provide depots to operators, who are responsible for acquiring and operating depots”*. Also, in their view, there is not a shortage of depot capacity in the GM area as *“there are a number of unused and under-used depots. These facilities offer significant capacity that operators may utilise in order to ensure they are in a position to bid for large franchises. Alternatively, operators (whether existing operators in Greater Manchester or new entrants to the market) could*

build new depots; Go North West note that in North Manchester there are brownfield sites where this could be done”.

- 6.3.6 In response to the first consultation, Rotala suggested that depots could remain in their existing ownership but be shared with other franchisees on commercial terms.
- 6.3.7 In response to the first consultation, although not directly challenging the principles of ownership of strategic depots, some consultees raised issues over whether the strategic depots are in the right place and if there are other depots that could act as strategic depots.
- 6.3.8 In response to the first consultation, a number of respondents commented that the location of strategic depots may not facilitate optimal network planning. This included:
- The CMA who pointed out that, if franchises are structured around the location of existing depots, there may be a risk that network planning is not optimised;
 - Stockport Metropolitan Borough Council who commented that while ensuring that the necessary depots are in place for the running of larger franchises is important, there is a need to ensure that the acquired depots are not just historically valuable but meet the current needs of the areas being served and that any need or amended usage of locations is not detrimental to local congestion and other land use needs; and
 - Transdev, a cross-boundary operator, who commented that franchises could be structured around a network of routes based on an optimum depot location, rather than fixed to operating from one of the strategic depots.
- 6.3.9 In response to the first consultation, Transdev, also raised various concerns that:
- It owns a depot in Rochdale *“which is larger than the Stagecoach depot in Middleton and Arriva’s Wythenshawe depot and excluding this from the Strategic depots seems inconsistent”*; and
 - The strategic depot model places it at a competitive disadvantage compared with the incumbent operator when bidding as the incumbent operator *“will have full knowledge of the costs involved”*.
- 6.3.10 Responding to the first consultation, both the CMA and Derbyshire County Council stated that they believe the depot strategy for small franchises could limit competition. The CMA stated that *“given that some small franchises would be limited to two vehicles (and six on average) it is not clear that a new entrant would anticipate sufficient return to invest in acquiring and investing in developing new depot capacity”* and that ‘dead-mileage’ implications may mean that existing market structures remain in force. Derbyshire County Council stated that whilst they welcome the depot proposals, they *“find it surprising that [GMCA] are not proposing to provide [small franchise operators] with depot facilities in the same way as the larger franchise operators as this may discourage certain small and medium size companies from taking part”*. Ipsos MORI’s June 2020 Consultation Report (Section 6.11.3) also shows that 21 members of the public made similar suggestions that smaller franchise operators should be facilitated with provision of depots.
- 6.3.11 In response to the second consultation, Stagecoach states that *“there appears to be little consideration of the non-strategic depots”* and that this *“represents a commercial risk as far as any potential bidders for franchising are concerned”* on the basis that:
- *“Incumbent owners of the non-strategic depots could charge very significant rates for access to the depot for other operators.”*

- *“Even if the incumbent operators do not adopt this approach, at the time of completion, bidders would not know this. As a result, bidders would likely ‘price the risk’ into their bid, meaning that this risk price would be ultimately incurred by the GMCA in the final bid price.”*
- *“There is no evidence of plans for clear handover arrangements to be put in place either for depots, meaning bidders would price this into their bid, with the cost again being met by the GMCA.”*

6.3.12 In response to the second consultation, a member of the public commented that *“The GMCA takes on too much financial risk, particularly with compulsory purchase of the 10 strategic depots, when viewed with the projections in the franchising Assessment of long-term declining patronage. It is also not appropriate to ignore Covid-19, which may increase the declining trend in patronage long term.”*

6.3.13 Ipsos MORI’s March 2021 Consultation Report (Section 9.3), however, shows that members of the public provided positive comments that the asset strategy would remove barriers to entry for operators. It also shows that other members of the public commented that the Commercial Case lacked information on how GMCA would provide effective management of the depots and that there was a suggestion that there should be considerations for an unspecified body to buy the depots and buses.

TfGM response:

6.3.14 The Assessment sets out the rationale for the public sector to provide strategic depots (26.1.3) rather than operators themselves providing them. The proposed approach is based primarily on the view that requiring operators to provide a depot is likely to prove a significant barrier to competition given the costs and time issues associated with a bidder constructing a new depot and the relatively small number of suitable existing depots across Greater Manchester.

6.3.15 Section 26 of the Assessment describes the rationale for a steady-state model of strategic depots being controlled by GMCA, who would lease the assets to the franchise operator with some associated asset maintenance responsibilities also being taken by the franchise operator. Section 26 of the Assessment also includes the conclusion that a new entrant would be unlikely to bid on a speculative basis without established depot access arrangements due to the large franchise term being significantly shorter than the expected life of a depot asset meaning that depot investment would be unlikely to be recoverable over the franchise term without making a bid unaffordable. Therefore, even in the event that operators who do not already control a strategic depot were able to identify suitable sites, the investment that would be required is likely to act as a barrier to entry. In addition:

- It is also considered that a depot of the size required for a large franchise could not be built in the time period between contract award and contract start;
- Although there may be sufficient sites in Greater Manchester for alternative strategic depots these are unlikely to be optimally located (e.g. to minimise dead mileage); and
- Whilst Go North West state that such a model works in London, the London approach to franchise packaging is significantly different to that proposed for the Proposed Franchising Scheme, given that London operates a route-by-route model, and therefore does not provide a like-for-like comparison. The reasons why a route-by-route model is

not proposed for use in Greater Manchester is detailed further at sections 6.9.89 to 6.9.98 of this report.

- 6.3.16 To inform its position TfGM also undertook market engagement with operators in early 2018 which, amongst other things, sought views from operators on “*TfGM’s conclusion that responsibility for the provision of a depot per large franchise is best placed with TfGM*” and this was endorsed by all but one of the large operators who responded to the market engagement at that time. The one operator who did not directly endorse this conclusion stated that their view on this matter would depend on whether there is sufficient available land for the new build of other depots by operators.
- 6.3.17 Responding to the first consultation, although First consider that depots should be provided by the free market, the Assessment concluded that this would require splitting the network into a larger number of smaller franchises, leading to sub-optimal franchise sizes. This would reduce efficiency and make each franchise individually less attractive to the market, particularly given the current network of depots is not sufficiently dense to necessarily allow multiple bids for each franchise. The Assessment also sets out a number of specific reasons why a prospective new entrant would not be in a position to do this on a speculative basis.
- 6.3.18 Whilst it is recognised that costs of intervening in depot provision are high (as noted in some of the consultation responses), such an intervention is considered to deliver significant competitive benefits (as noted by the CMA) and would therefore be justified.
- 6.3.19 The Assessment describes how the preferred option at transition is that GMCA gains control of the current Greater Manchester strategic depots (which are owned by some of the incumbent bus operators) for the delivery of franchising in the transition phase rather than seek to build new depots.
- 6.3.20 This decision was also intended to reduce transition risk as it avoids a significant reorganisation at transition, that would impact employees in particular. It also reduces the impact on existing operators by mitigating the risk of stranded assets. The mitigation of the potential for stranded assets is further detailed at section 6.8.88 of this report.
- 6.3.21 Responding to the first consultation, the CMA’s were concerns that there may be a risk that network planning is not optimised if franchises are structured around the location of existing depots appears to conflate the transitional phase with the steady-state. The Assessment describes the provision of 5 to 10 strategic depots in the steady-state (Section 26.1.6), met through a combination of utilising the existing strategic depots and construction of new depots. This would seek to drive efficiencies through both depot size and location, and so is considered unlikely to replicate the existing structure. The Assessment has concluded that transitional arrangements are required to enable GMCA to take control of strategic depots while the steady-state solution is implemented, and that the preferred route to this is by taking control of existing operator-owned strategic depots. Therefore, the replication of existing structure noted by the consultee would be a short-term model only and is judged necessary in order to deliver the steady-state model.
- 6.3.22 The strategic depots identified in the Assessment are those that GMCA has concluded collectively provide the most efficient model for delivery of large franchises during the transitional phase. Therefore, they are not proposed to be acquired solely due to their historical value. Stockport Metropolitan Borough Councils further suggestion that any need or amended usage of locations is not detrimental to local congestion and other land use

needs would be considered as part of any proposal to acquire new land to establish any new depots.

- 6.3.23 Although depot size is an important factor in determining which depots are strategic depots it was not the only consideration: location and condition were also considered. Therefore, the fact that the Transdev's Rochdale depot is larger than some strategic depots does not mean that an inconsistent approach has been taken.
- 6.3.24 Responding to the first consultation, although Transdev state that the strategic depot model places it at a competitive disadvantage compared with an incumbent operator when bidding, as the incumbent operator "*will have full knowledge of the costs involved*", the alternative scenario where GMCA specify that operators should provide strategic depots to operate large bus franchises is much more likely to constrain competition and/or may result in a procurement challenge from any operator that does not have control of a strategic depot (Assessment Section 26.1.5). Additionally, the intention is to provide a range of information to bidders, including where appropriate cost assumptions, to minimise any incumbent advantage during the bid process.
- 6.3.25 Small franchise operators will need to provide depot facilities that meet operational requirements. As concluded in the Assessment (Section 26.1.16), the smaller scale of these facilities means they are not considered to present a material barrier to entry to bidders for small franchises and school contracts to be let by GMCA. Although the depot strategy differs for small and large franchises, restrictions on the use of strategic depots to deliver either small franchises or resource contracts for school services will mean that bidders for small franchises are not disadvantaged in the procurement process.
- 6.3.26 Section 26.1.1 of the Assessment summarises the rationale (further detail of which is provided in the remainder of Section 26.1 of the Assessment) for GMCA intervention in the control of strategic depot facilities for large franchises by removing barriers to entry, driving competition, and creating an enduring market for new bus franchises. Section 26.1.16 also describes why this approach is not justified for non-strategic depots, i.e. because the provision of smaller-scale depot facilities for small franchises and schools resource contracts does not represent a material barrier to entry to bidders, as demonstrated by levels of competition for TfGM service contracts (comprising school services, fully tendered routes and 'add-on' contracts) where depot provision is the responsibility of the operator. Therefore, TfGM does not agree with Stagecoach's comment that the approach to non-strategic depots "*represents a commercial risk as far as any potential bidders for franchising are concerned.*" TfGM does not consider it necessary to intervene in the provision of non-strategic depots in order for there to be competition for small franchise and/or schools resource contracts on the basis that operators are free to reach commercial and practical handover arrangements for the provision of non-strategic depots in Greater Manchester if they so wish, and operators could alternatively seek to establish new depot facilities.
- 6.3.27 In response to the comment from a member of the public that the CPO of 10 strategic depots represents too much financial risk when viewed with projections of long-term declining patronage, TfGM notes that:
- Sections 6.3.14 to 6.3.15 describe the importance of intervention by GMCA in the control of strategic depots as the alternative of requiring operators to provide a depot is likely to prove a significant barrier to competition.

- Section 26.1.6 of the Assessment describes how control of the depot estate will enable GMCA to better manage the capacity and quality of depot assets, and that this may involve subsequent consolidation of depot estate.

6.3.28 In response to the comment from the members of the public that the Commercial Case lacked information about the effective management of depots, TfGM notes that Section 26.1.15 of the Assessment describes the split of responsibilities between GMCA and the franchisee in respect of maintenance.

Future proofing

6.3.29 Responding to the first consultation, Arriva and Tameside Metropolitan Borough Council suggested that strategic depots would need to be future-proofed. Tameside Metropolitan Borough Council noted several potential issues that need to be considered, including:

- Further issues with the depot proposition will centre on the proposed size of any electric bus fleet required to operate the different franchises, as the depots will require a substantial electricity supply to enable charging;
- Other fuel types including bio-gas will need more specialised fuelling provision; and
- For smaller franchises, there may be a need for depot sites to have facilities for electric vehicle charging or facilities for different fuels, which could prove difficult for the successful operators of smaller franchises to find appropriate sites.

6.3.30 In their response to the second consultation, Liverpool City Region Combined Authority (LCRA) commented that *“the LCRA’s view is that local control of bus depots may be an appropriate course of action under a variety of different delivery models in order to support a move to zero emission bus fleets.”*

6.3.31 Ipsos MORI’s March 2021 Consultation Report (Section 9.3), shows that a member of the public commented that GMCA providing local control of depots would help to facilitate a move to zero-emissions bus fleets.

TfGM response:

6.3.32 Consideration has been given, in the depot strategy, to the future needs of depots in relation to changing technology, for example, a move to electric vehicles. This has included the extent to which the strategic depots could be adapted for electric vehicle charging and other relevant infrastructure requirements. This is both in the context of current depots acquired from Greater Manchester bus operators and any depots constructed in the future for the steady-state solution. Each of the identified strategic depots could be adapted for electric vehicle charging and other relevant infrastructure requirements, subject to planning permission etc., but this would result in a reduced capacity.

6.3.33 It is also considered that GMCA control of strategic depots would facilitate future investment in electric vehicle charging and other relevant infrastructure for alternative fuel types to be undertaken in a manner which would:

- Mitigate many of the state aid implications that would otherwise exist should strategic depots be owned by the private sector in the event that some of the funding is from Government (either national or local); and

- Ensure consistency of solution across multiple depots, to better facilitate franchise handover and the delivery of network improvements which, for example, may involve the transfer of fleet between depots.

- 6.3.34 Small franchise operators will need to provide depot facilities that meet operational requirements. However, given that land availability in Greater Manchester for smaller depots is much less of a constraint than for large depots, this is less of a material barrier to entry than for large franchises. Where the requirements of the Greater Manchester Clean Air Plan increase the likelihood of small franchises and school contracts depots requiring infrastructure for electric vehicle charging and/or other fuel types. TfGM would seek to ensure a level playing field in relation to tendering to ensure that small operators are not adversely impacted compared with large operators. It should, however, be noted that these implications would not be specific solely to the Proposed Franchising Scheme (i.e. they would be equally relevant in the event that the Proposed Franchising Scheme is not adopted). Also, the depot strategy would restrict large franchise operators from using the strategic depots to operate either small franchises or resource contracts for school services. Therefore, any such requirement for small franchise depots to accommodate electric vehicle charging and/or other fuel types would affect the small franchise operator regardless of whether they are a large operator or an SME operator.
- 6.3.35 Additionally, where the specification required significant capital investment, TfGM would seek to work with the small franchise operator where appropriate. As the implications of the Greater Manchester Clean Air Plan become clear, GMCA will continue to work with and support owners on non-strategic depots to implement its requirements.
- 6.3.36 TfGM agree with LCRCAs comment that *“local control of bus depots may be an appropriate course of action under a variety of different delivery models in order to support a move to zero emission bus fleets”* and the comment from the member of the public that GMCA providing local control of depots would help to facilitate a move to zero-emissions bus fleets. It is recognised that there are state aid / subsidy control risks associated with public sector subsidy or funding of low or zero-emission infrastructure in depots owned by bus operators. As such, although GMCA’s intervention in the control of strategic depot facilities is driven primarily by the rationale described at section 6.3.26, it would also provide a delivery model to facilitate investment in low- and zero-emissions fleet.
- 6.3.37 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that it should provide strategic depots, and that the strategic depots identified in the Assessment collectively provide the most efficient model for delivery of large franchises during the transitional phase.

6.4 Theme 2: Whether incumbent operators will sell the strategic depots to GMCA voluntarily

- 6.4.1 In response to the first consultation, in general, the current owners of the strategic depots have commented that it is unlikely that they would voluntarily sell these to GMCA. Responding to the first consultation, OneBus notes that this transfer of control is *“dependent upon incumbent operators being willing to negotiate”*, and Ipsos MORI’s June 2020 Consultation Report notes that they also made this point in response to Question 37 of the first consultation which asked for any comments on the impacts of the Proposed Franchising Scheme on operators as set out in the sub-section impacts of the different options. Responding to the first consultation, Go North West state that *“it is not a realistic proposition that operators would agree to sell their depots to GMCA voluntarily”*, and that, if it did not win any franchises, its depot could be sold to another operator for market value or for non-transport development. Responding to the first consultation, Stagecoach said that it is likely compulsory purchase powers would have to be exercised as operators are not likely to enter into agreements that do not give them adequate compensation. Responding to the first consultation, the CMA pointed to a risk that existing owners may choose to dispose of their depots as development sites for alternative uses to maximise returns if they decide to exit the market or are not awarded a relevant franchise.
- 6.4.2 In response to the second consultation, Go North West repeated the point noted at section 6.4.1 above that that they made in response to the first consultation, and further commented that the *“proposed procurement of three larger sub-area franchises rests on the assumption that GMCA will be able to acquire ownership of strategic depots in the sub-areas either by voluntary agreement with the current owners or by CPO within short timescales. As set out in the response to the previous consultation, Go North West believes that this is unrealistic because the owners of the depots are very unlikely to be willing to agree to transfer them voluntarily without payment of a substantial premium”*.
- 6.4.3 Conversely, in response to the second consultation, Abellio commented that *“an opportunity exists for TfGM to negotiate control of existing depot assets and vehicles in return for funding from CBSSG Restart or any future replacement, to allow operators to balance their day-to-day operational finances and, as part of gaining control, ensuring that incumbent operators will allow access to interested bidders during the procurement process...Such agreements would provide security for incumbent operators when linked to purchase at fair market value of their depot and vehicle assets. In short, relevant conditions would be in place upon payment of any financial consideration.”*

TfGM response:

- 6.4.4 The Assessment recognised that securing the 10 strategic depots by voluntary sale might not be straightforward. Selling their depots to GMCA, however, would mitigate the risk for operators of stranded assets if they are not awarded a local service contract, a risk that may be yet more serious if alternative land uses are not viable due to land contamination issues. It also mitigates the potential impact on employees who, depending on the alternative option taken forwards by GMCA, may otherwise need to relocate to alternative depot locations (a concern also raised by a number of operators).
- 6.4.5 Sections 6.5 and 6.7 consider and confirm that a number of alternatives routes to depot provision exist, and therefore that the proposed approach is not reliant on either voluntarily transfer of ownership or CPO. Furthermore, TfGM recognises that the exercise of any CPO powers by GMCA would be subject to a separate statutory process. Section 6.7

responds to the challenge regarding the timeline for delivering the Proposed Franchising Scheme in the event that strategic depot owners are unwilling to sell those depots to GMCA.

- 6.4.6 An incumbent operator's strategic depot would be unlikely to be sold to another operator given that granting a non-incumbent bidder an option on its depot in the event that it is unsuccessful in its own franchise bid would remove the key competitive advantage that it holds against non-incumbents. Therefore, in the event of a Mayoral decision to introduce the Proposed Franchising Scheme, GMCA would continue to seek their preferred option of negotiated depot transfer through proactive dialogue with operators which is likely to be in their interest.
- 6.4.7 TfGM have noted the suggestion from Abellio, as set out at section 6.4.3, in response to the second consultation. However, given there is uncertainty over the longevity and future quantum of CBSSG (including CBSSG Restart (CBSSG-R) and any future Government funding allocation(s) that may replace CBSSG), TfGM is of the opinion that a focus on a voluntary process for depot acquisition would better benefit both parties.
- 6.4.8 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that although the voluntary sale of the strategic depots might not be straightforward, it would mitigate the risk of stranded assets for operators and also mitigate the potential impact on employees who otherwise may be adversely affected.

6.5 Theme 3: Whether the alternatives for large franchises, apart from compulsory purchase of strategic depots, are feasible

- 6.5.1 The Assessment (Section 26.1.20) sets out a number of alternative routes to depot provision at the transitional stage, including provision of short-term depot facilities altering of the commercial model in the first round of franchising so that strategic depot provision becomes the responsibility of the operator; building new depots; and the CPO of strategic depots.
- 6.5.2 With the exception of CPO, there has been little comment in both the first and second consultation responses in relation to these alternative routes. It is considered that they continue to provide viable strategies for the provision of depots.
- 6.5.3 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the alternatives for large franchises, apart from CPO, remain viable.
- 6.5.4 Further consideration on the challenges raised by consultees to the CPO and timelines are considered in more detail below.

6.6 Theme 4: Whether GMCA can legally use Compulsory Purchase Order (CPO) powers to acquire strategic depots

- 6.6.1 In response to the first consultation, Rotala questioned whether GMCA could satisfy the stringent test for compulsory purchase, requiring a compelling case for purchase in the public interest. The use of the land as a depot could remain either under its current ownership or, if necessary, by other franchisees on commercial terms. They pointed out that such a compulsory purchase would give rise to practical difficulties for its current operator where the depot serves a broader purpose, acting as regional hub and for other activities. In response to the first consultation, Rotala noted, for example, that *“headquarters for Rotala’s entire North Western business is located at its depot in Bolton and in addition all drivers in the Rotala group are trained at this depot”*. They also state that *“forcing their sale would disrupt the dynamic to the detriment of the Greater Manchester bus market and ultimately consumers”*.
- 6.6.2 Responding to the first consultation, at section 9.3 of its HSF legal paper, Stagecoach also stated that *“To the extent that GMCA attempts to purchase compulsory any operator’s land without following the correct procedure or without having the statutory power to do this, this is likely to be unlawful and will give rise to grounds of challenge”*.

TfGM response:

- 6.6.3 It is accepted that any compulsory purchase requires the exercise of statutory powers by GMCA or TfGM.
- 6.6.4 It is also accepted that a compulsory acquisition may involve disturbance to its owner or occupier and the relocation of some of their activities. The exercise of any CPO powers by GMCA would be subject to a separate statutory process whereby GMCA would, amongst other things, need to have sufficient grounds to be able to demonstrate a compelling case in the public interest that would sufficiently justify interfering with the rights of an operator who owned the specific depot in question taking any such adverse effects into account. However, a need to secure land that is required to enable franchised bus services to be delivered (if a decision is taken to introduce the Proposed Franchising Scheme) is considered likely to justify the exercise of compulsory powers of acquisition. However, TfGM reiterates that the CPO of strategic depots is not GMCA’s preferred option, which is instead a negotiated depot transfer. If this is not successful, the Assessment (Section 26.1.20) describes a number of alternative routes to depot provision which would be carefully considered prior to any decision in respect of CPO, but which would, if unproductive, also support the case for the use of a CPO.
- 6.6.5 Pursuing these alternative routes may require a variation and/or a postponement of the Proposed Franchising Scheme. For example, this could include a change to the proposed implementation timescales, which would require any dates for entering into local service contracts and/or service commencement included the Proposed Franchising Scheme to be postponed.
- 6.6.6 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM’s previous conclusion that, if required, GMCA could legally use CPO powers to acquire strategic depots.

6.7 Theme 5: The timeline for delivering the Proposed Franchising Scheme in the event that strategic depot owners are unwilling to sell those depots to GMCA

- 6.7.1 In response to the first consultation, some operators challenged GMCA’s ability to deliver the Proposed Franchising Scheme in the timeframe described in the Assessment and as proposed in the consultation document.
- 6.7.2 In response to the first consultation, Go North West consider that GMCA will have to *“rely on the CPO process to obtain depots ... since operators would not agree to sell”* and questioned the proposed timeline of acquiring depots via CPO. They suggest that it would take between two and a half to three years to complete a contested CPO process, and that, unless GMCA decides not to provide facilities to successful bidders, *“GMCA’s whole timetable for the procurement of franchise contracts, transition and roll-out will be pushed back for a period of up to three years”*.
- 6.7.3 In response to the second consultation, Go North West repeated this same point and also made further points that *“there is also no acknowledgement of what would be required should a CPO application be rejected”* and that there is *“no credible mitigation measure is offered for this significant risk to timing and cost”*.
- 6.7.4 In response to the first consultation, Stagecoach considered that *“The three-year timeframe set by GMCA to deliver on franchising appears unrealistic at this stage, especially as there is the possibility that GMCA will have to exercise some form of compulsory purchasing powers to acquire depots”*. Stagecoach also commented that *“The Assessment does not account for the time this [the CPO process] will take, and does not consider how this will impact on the transition period to implement the proposed scheme. ... In the circumstances either the three-year transition period set out in the Assessment is unrealistic or the GMCA will need to find a way to fast-track the transfer of depots from operators in order to meets its transition targets”*.
- 6.7.5 In response to the first consultation, OneBus commented that *“The timescales associated with these alternative plans will likely delay the process”*, particularly in the event of a CPO.
- 6.7.6 In response to the first consultation, Abellio suggested that, to mitigate incumbent advantage during transition, *“a short delay in the procurement programme [may be required] in order to absolutely ensure that incumbent operators do not successfully stonewall TfGM in its stated plans to achieve control of strategic depots through a combination of negotiated depot transfer and CPO”*.

TfGM response:

- 6.7.7 The Assessment makes clear (at section 27.3.5) that one of the assumptions underpinning its procurement plan was that depots would be available in time for each large franchise to be let. Although the Commercial Case costings assume that GMCA would achieve control of strategic depots through a combination of negotiated depot transfer and CPO (Section 26.1.21 of the Assessment), the preferred option was that GMCA would gain control via a negotiated depot transfer.
- 6.7.8 It is important to note, however, that TfGM also considered that there are a range of viable options available to GMCA to provide depots for the operation of large franchises in addition to compulsory purchase if such sales did not occur, and as noted at section 6.5.2 of this report, there has been little comment on these other options in the consultation responses. In the event that operators are not willing to consider a negotiated sale

following any Mayoral decision to introduce the Proposed Franchising Scheme, then one or a combination of the other options would be explored in detail before any CPO process was pursued. It is not considered to be accurate that the timeframe for the commencement of the Proposed Franchising Scheme is necessarily dependent on CPO, even if operators are unwilling to sell their depots to GMCA.

- 6.7.9 GMCA recognise that it is highly unlikely that a CPO process could be completed in time for the commencement of the first round of franchising in Sub-Area A and potentially in Sub-Area B, although it is considered achievable for Sub-Area C. It is for this reason that, in the first round of franchising in Sub-Area A and Sub-Area B, in the event that it is not possible to negotiate the transfer of some or all of the strategic depots at the transition phase, the route to depot provision that would be used for the transitional stage is most likely to be either the provision of short-term depot facilities by GMCA or altering the commercial model so that strategic depot provision becomes the responsibility of the operator for the first round of franchising (Section 26.1.20 of the Assessment). Both of these options would be deliverable to the timeframes described at section 27.3 of the Assessment, but if implemented, would require a formal variation of the Proposed Franchising Scheme. These routes could also be used to provide an interim depot approach alongside the acceleration of the steady-state option of building some new strategic depots.
- 6.7.10 In the unlikely event that there is no viable solution other than CPO for the first round of franchising of Sub-Area A (and potentially Sub-Area B), it is likely that the timeline described in the Assessment would be impacted. This is a point noted by Abellio in their response, which suggests a short delay to implementation to facilitate the provision of depots by TfGM. This might involve subsequent postponement to the dates set out in the Proposed Franchising Scheme to specify the new dates on which a local service contract in each Sub-Area may first be entered into and consequently the dates on which a local service may first be provided under such a contract in that Sub-Area.
- 6.7.11 If there is any requirement to delay implementation, it would be possible to postpone the dates set out in the proposed scheme in accordance with section 123I of the Act. The Financial Case response, at section 7.2.83 of this report, also considers that, whilst not specific to a CPO process, the quantified risk register includes the risk of delayed implementation due to mobilisation and complexity issues. At this stage, however, for the reasons given, GMCA does not propose to delay the programme and believes that the current proposals are realistic and achievable, based on GMCA's preferred option to purchase the strategic depots voluntarily.
- 6.7.12 In response to Go North West's comment in relation to the second consultation that there is no acknowledgement of what would be required should a CPO application be rejected, Section 26.1.21 of the Assessment refers to the alternative arrangements that would be pursued if control of strategic depots cannot be achieved through a combination of negotiated depot transfer and CPO. In the event that a CPO application is rejected, GMCA would consider the deliverability of each of the alternative arrangements within the proposed implementation timescales. In particular:
- The building of new depots may not be possible without a change to the proposed implementation timescales and/or service commencement dates included the Proposed Franchising Scheme.
 - The provision of short-term temporary depot facilities by GMCA is considered to be achievable subject to the availability of appropriate sites. However, site availability cannot be confirmed at this stage and would need to be tested at the appropriate time.

- GMCA could alter the commercial model so that strategic depot provision becomes the responsibility of the operator for the first round of franchising.
- 6.7.13 As described at sections 6.6.5 and 6.7.10, implementation of one of the options outlined at section 6.7.12 might involve subsequent postponement to the dates set out in the Proposed Franchising Scheme to specify the new dates on which a local service contract in each Sub-Area may first be entered into and consequently the dates on which a local service may first be provided under such a contract in that Sub-Area.
- 6.7.14 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the current proposals are realistic and achievable, based on GMCA's preferred option to purchase the strategic depots voluntarily.

6.8 Theme 6: The reasonableness of the costs allowed for in the Financial Case in respect of the depot strategy

- 6.8.1 In response to the first consultation, Stagecoach, at section 9.4 of their HSF legal paper, stated that: *“In terms of any costs associated with CPOs, we note that compensation payable as a result of compulsory acquisition is based on the principle that the owner should be paid neither less nor more than their loss. This is known as the ‘equivalence principle’ and it disregards any effects on value as a result of the acquiring authority’s scheme for the land (known as the ‘no scheme’ principle). It is unclear to us whether GMCA have appropriately calculated the costs involved for compulsorily purchasing any operator’s land. If GMCA’s economic analysis has not factored in compensation based on the equivalence principle, that would be another significant gap”*.
- 6.8.2 In response to the first consultation, Rotala stated that, in the event that CPO powers were to be used, *“GMCA would no doubt also open itself up to compensation claims that would give rise to considerable resources and legal expenses that do not appear to have been taken into account in the Assessment. Claims by bus operators subject to Compulsory Purchase Orders would include the fact that the depots are worth more to operators than merely the market value not least as depots may be used as regional hubs and for other activities within the bus operator group”*.
- 6.8.3 In response to the first consultation, Salford City Council stated that the provision of depots by GMCA for the large franchises is likely to come at significant cost. Further information on the likely costs for the Scenarios described at section 4.86 of the consultation document would be required.
- 6.8.4 In response to the second consultation, Go North West commented that the Covid-19 Impact Report contains *“no details provided on the potential impact of Covid-19 on the valuation of such strategic depots, which is likely to be a crucial factor in any purchase agreement. It is critical that GMCA provides further information on what ascribed valuation model it will use when taking control of the strategic depots and that this takes account of the impact of the pandemic. For example, the potential for prolonged social distancing measures means that the investment that existing operators have made in their depots to ensure that that are Covid-19 secure should be accounted for in a fair valuation model.”*

TfGM response:

- 6.8.5 There was no single valuation method used when producing the estimate in the Assessment. The Assessment makes a prudent estimate of the cost of acquiring control of strategic depots, including a combination of a likely negotiated transfer valuation and an independently obtained CPO valuation. In addition, the Financial Case (as described at section 20 of the Assessment) includes a Quantified Risk Assessment which estimates the cost of specific uncertain events, including additional costs in the delivery of the depot strategy, which may occur.
- 6.8.6 In respect of some of the depots, the estimate was based on the higher of two professional valuations of the likely amounts at which the vendor would negotiate their sale based on their market value. In relation to the other depots, a professional valuer provided estimates of the amounts that might have to be paid by way of compensation in the event of compulsory purchase. This included amounts in respect of the value of the land taken and compensation for disturbance etc. The estimates of the value of the land taken were based on market value as defined by the Royal Institute of Chartered Surveyors (RICS) and, save that they were made on a desk-top basis, these estimates were prepared in

accordance with the RICS Red Book (Jan 2014 edition). In the case of the estimates for compensation payable in the event of a CPO, the worst-case estimates were used for the purpose of the Assessment. In reaching the overall estimate for depot acquisition costs in the Assessment, various other additional costs were taken into account, and indexation was applied to provide nominal costs in the relevant year.

- 6.8.7 TfGM has considered the impact of Covid-19 on strategic depot valuations, including, inter alia, that current demand for available sites has increased during and as a result of the pandemic, including from the logistics sector. The Assessment made a prudent estimate of the cost of acquiring control of strategic depots (as further detailed at section 6.8.6). In addition, the Financial Case (as described at section 20 of the Assessment) includes a Quantified Risk Assessment which estimates the cost of specific uncertain events which may occur, including additional costs in delivering the depot strategy. As such, the valuation of strategic depots has not been updated in respect of any potential impact of Covid-19 as the estimated costs and quantified risk allowances within the Assessment are considered to be sufficient to accommodate any cost increases that might arise from the impact of Covid-19 on depot valuations.
- 6.8.8 Go North West have not presented any evidence within in its response to suggest that investment as a result of Covid-19, e.g. to facilitate social distancing, would be material to the overall valuation placed on depots. Notwithstanding this, the Quantified Risk Assessment provides a contingency for additional depot costs that may arise which is intended to cover unforeseen costs required to upgrade the depots. Therefore, it is not proposed that the depot valuations need be updated as a result of this.
- 6.8.9 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the depot valuations included within the Financial Case remain reasonable and therefore do not need to be updated.

Fleet

- 6.8.10 Question 23 of the first consultation asked for any comments on the approach to fleet under the Proposed Franchising Scheme as set out in the Commercial Case. As stated at section 26.2 of the Assessment, in the steady-state, provision of vehicles would remain the responsibility of the franchise operators. To minimise any potential barriers to entry, GMCA would introduce a Residual Value (RV) mechanism that establishes a fleet of RV mechanism buses as ‘primary franchise assets’. This mechanism would guarantee the future value of vehicles throughout their useful economic life and GMCA would take the long-term risk on fleet demand beyond the life of individual franchises.
- 6.8.11 Ipsos MORI’s June 2020 Consultation Report (Section 9.6) shows that responses from members of the public to the first consultation were generally supportive, reporting 87 favourable comments versus 54 unfavourable comments. However, responses from statutory consultees (5 favourable comments versus 7 unfavourable comments) and non-statutory consultees (5 favourable comments versus 8 unfavourable comments) were generally mixed, with unfavourable comments mainly concerning issues of affordability of the proposal.
- 6.8.12 In response to the first consultation, the comments received from the CMA, operators and local authorities in relation to fleet largely focus on whether GMCA should take on any risk with respect to the fleet, availability of proposed RV fleet and contract mobilisation, the condition of the RV fleet and the specifics of the RV mechanism.
- 6.8.13 In response to the second consultation, the comments received from operators and local authorities in relation to fleet largely relate to the impact of Covid-19 on operators’ ability to raise capital to invest in new fleet.

Whether GMCA should take on any risk in relation to the fleet

- 6.8.14 In response to the first consultation, First voiced concerns that *“taking the risk on vehicles – potentially in respect of both the current fleet and those procured for franchised operations – into the public sector is considered to be unnecessary and a burden on the public sector that is avoidable”*. They also state that *“big issues remain to be resolved on handling of the existing fleet in Greater Manchester, in particular in respect of take up of the ‘residual value’ mechanism and magnified by the current emphasis on decarbonisation and electrification which could render the existing Greater Manchester bus fleets obsolete within 15–20 years. This exposes the Franchising system and the Greater Manchester authorities to significant cost risks”*. They consider it is *“better to let the risk remain with the operators”*.
- 6.8.15 In response to the first consultation, Rotala stated that larger bus operators are likely to have considerably greater purchasing power than TfGM given the size and the ability to flex delivery to match larger orders so that moving to the franchised model would reduce the flexibility that enables operators to negotiate lower prices. They also expressed concerns about poor decisions being taken by TfGM when specifying vehicles to be used, given its relative lack of experience.
- 6.8.16 In response to the first consultation, Derbyshire County Council state that, whilst this is a decision for GMCA, they think that the proposal *“may well stifle the opportunity for operators to come forward with proposals for new vehicle fleets as part of their response to the tenders”*.

6.8.17 Conversely, in response to the first consultation, Tameside Metropolitan Borough Council state that they agree that the proposed solution to fleet appears sensible. HCT Group state that they agree with the proposed fleet solution. Support was also provided from the CMA of the principle of an RV mechanism that will *“reduce both the financial outlay for an incoming franchisee and reducing financial risk at the end of a franchise”*.

TfGM response:

6.8.18 As noted in the Assessment (Section 26.2), provision of fleet would remain the responsibility of the franchise operators, supported by the RV mechanism. This approach takes advantage of the relationships, experience and buying power that operators have with the bus manufacturing industry. It also allows operators the flexibility to balance fleet procurement and maintenance solutions on a wider basis than Greater Manchester, thereby managing whole life cost. The proposed RV mechanism would also provide the following advantages to GMCA:

- Under franchising, GMCA would be able to specify emission standards and use of electric power (or alternatives), with the key commercial issues being in respect of the funding of this. The proposed RV mechanism, where GMCA is the controller of fleet, lowers the state aid risk of GMCA investing in alternative fuel technology and associated infrastructure compared with other bus reform options;
- The RV mechanism would help to control franchise cost by GMCA taking the long-term risk on fleet demand beyond the life of individual franchises as it avoids the need for operators to accelerate the depreciation of new vehicles over short franchise terms; and
- The RV mechanism gives GMCA greater ability to actively manage and coordinate fleet age across Greater Manchester.

6.8.19 The only scenario where GMCA fleet risk would crystallise is in the event that one or more vehicles are no longer required for the provision of Greater Manchester franchised bus services (e.g. due to new legislation or a change to the fleet specification by GMCA) and the guaranteed future value is not achieved in the open market. Given GMCA will set the fleet specification and will be able to manage fleet across Greater Manchester so can anticipate any changes in legislation and plan for them, this risk is considered to be mitigated to an acceptable level. The Quantified Risk Register also contains a risk that acquired fleet would not be required due to changes in demand and/or be obsolete due to a policy decision.

6.8.20 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the provision of fleet would remain the responsibility of the franchise operators, supported by the RV mechanism.

Availability of proposed RV fleet and contract mobilisation

6.8.21 In response to the first consultation, Stagecoach stated there is insufficient time to conduct market engagement and complete an RV process before the commencement of the procurement of Sub-Area A franchises in the second half of 2020. Similarly, Go North West stated that *“during the transition period we anticipate that the approach is likely to be fraught with difficulties including disputes as to what assets should be included in the RV mechanism and whether assets are valued according to book price or market price...and the process could lead to delay to the GMCA’s proposed timetable”*.

6.8.22 In response to the first consultation, various comments were received regarding whether the RV mechanism is dependent on incumbent operators placing fleet into the RV mechanism. These comments included:

- The CMA, who commented that the success of the RV mechanism will “*depend on the willingness of incumbents to make this fleet available to competitors on the initial transition to franchising*”;
- OneBus, who commented that “*if the incumbent operator decides to transfer the fleet to another of their other operations, the new operator will have to acquire vehicles from elsewhere at greater cost than the above suggested way forward*”; and
- Responses to Question 37 of the first consultation, which asked for any comments on the impacts of the Proposed Franchising Scheme on operators as set out in the subsection impacts of the different options, which as noted by Ipsos MORI’s June 2020 Consultation Report, included:
 - OneBus stating that “*incumbent operators can create a significant risk to TfGM if they decide to move their assets elsewhere across their other operations where they exist if not successful in bidding*”; and
 - The Chartered Institute of Logistics and Transport – North West Policy Group querying whether contingency plans were in place in situations where operators chose to dispose of assets elsewhere, which could effectively lead to service disruption.

6.8.23 Although, in response to the first consultation, the CMA stated, “*We support the proposed nine-month period between contract awards and services operating on the basis that it is enough time to acquire new buses if needed*”, alternative views were expressed in response to the first consultation by some operators. For example:

- Go North West commented that “*It would be extremely difficult for operators to be ready with a full fleet of buses to GMCA’s specification within a nine month lead time*”.
- Arriva commented that “*A nine-month period to undertake mobilisation will only be feasible if the requirements of the relevant franchise contract are such that ULEV or hybrid vehicles and infrastructure is not required*”; and
- Transdev commented that “*We feel that nine months is broadly reasonable – however, there is significant delivery risk, particularly if operators are expected to procure buses as lead times can be at least six months*”.

TfGM response:

6.8.24 TfGM undertook initial market engagement on the draft principles of an RV mechanism in early 2018, with responses received providing general endorsement of its proposals. TfGM has subsequently produced a draft Heads of Terms that it would use to engage with the incumbent operator market immediately following any Mayoral decision to proceed with franchising, followed by a programme of work to ensure that any RV fleet for Sub-Area A is confirmed prior to the commencement of Invitation to Negotiate phase of the procurement. It is considered that this is achievable in the required timescales.

6.8.25 The commercial model is not reliant on RV take-up. To the extent that an incumbent operator decides not to place some or all of its relevant fleet into the RV mechanism and there is subsequently a difference between the RV fleet allocated to a franchise and the

- fleet requirement for the same franchise, that incumbent operator may opt to use that fleet for its franchise bid (rather than acquiring vehicles from elsewhere). Similarly, a non-incumbent operator would also be able to bring fleet from outside Greater Manchester or buy new fleet.
- 6.8.26 Whilst it is possible that incumbent operators will choose not to place fleet into the RV mechanism, particularly if they believe that this will provide them with a competitive advantage during procurement, they would need to balance this against the risk of stranded assets in the event that they were unsuccessful in bids for franchises.
- 6.8.27 However, if a bidding incumbent operator chooses not to place fleet into the RV mechanism (e.g. in order to provide it with a perceived competitive advantage over other bidders who may not have access to similar fleet), that operator's bid pricing in respect of that fleet is unlikely to be materially different to that which would have crystallised if it had been placed into the RV mechanism. In the event of lack of availability of RV fleet at bid stage (e.g. in the scenario described above), there is also unlikely to be a material difference in bid pricing from a non-incumbent who opts to bid with existing fleet (either taken from other operations or purchased via the second-hand bus market). However, analysis performed by TfGM, which includes consideration of maintenance cost and fuel efficiency benefits, indicates that the whole life cost of new fleet would not materially exceed that of existing fleet. It has therefore concluded that the franchise cost implications of different courses of action by incumbent operators in respect of RV are likely to be neutral.
- 6.8.28 TfGM notes the comments raised by operators in respect of lead times for new fleet. However, it is currently satisfied that a mobilisation period of nine months is adequate for the manufacture and delivery of both Euro VI diesel, typically six months, and ULEV, typically eight months, but would continue to review this, including via ongoing discussion with manufacturers, to identify any specific circumstances that may require a longer mobilisation period. The potential implications of the Clean Air Plan Business Case, which may include requirements on fleet and infrastructure, are discussed above at section 4.9 of the Strategic Case response.
- 6.8.29 Whilst the commercial model is not reliant on RV fleet take-up, the securing of RV fleet is desirable in order to reduce mobilisation risk and to mitigate the risk of stranded assets for incumbent operators. TfGM is committed to facilitating the establishment of the RV mechanism to enable the transfer of incumbent fleet to franchise operators and would seek to do so at a valuation which appropriately reflects the value at which they are held by incumbent operators.
- 6.8.30 Moreover, whilst it is correct that the success of the RV mechanism during transition will depend on the willingness of incumbents to make this fleet available, mechanisms contained within the local service contract would mean that any fleet purchased for the undertaking of franchise operations would automatically become RV fleet. Therefore, even in the event that operators do not agree to place existing fleet into the RV mechanism, the RV mechanism will still be secured following the commencement of franchise operations.
- 6.8.31 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the nine-month mobilisation period is sufficient for operators to deliver their required fleet.

Condition of RV fleet

- 6.8.32 In response to the first consultation, the CMA noted that uncertainty over the RV fleet that a franchisee would inherit means *“franchise bidders may face commercial risk in estimating any costs of upgrading or replacing older vehicles to meet a particular specification required of the franchise”*.
- 6.8.33 In response to the first consultation, Abellio believed the RV mechanism is a suitable way to manage provision of the fleet but consider that if the current fleet is to be part of the scheme, *“the Proposed Franchising Scheme must provide comprehensive information on vehicle type, condition, maintenance history, warranty arrangements and operating costs of the fleet that non-incumbent operators would be required to take on”*.
- 6.8.34 In response to the first consultation, Arriva considered that if the RV mechanism is to work as envisaged, vehicle and cleanliness standards must be robust and enforced.
- 6.8.35 In response to the first consultation, Salford City Council stated that there may be a risk that outdated buses and equipment are retained in Greater Manchester through this mechanism as older buses are offloaded by former franchise operators and reused by an incumbent operator without upgrading as part of new franchises.
- 6.8.36 In response to the second consultation, a member of the public commented that *“it is worth considering the possibility of introducing a new, greener fleet of buses when the franchising begins to be implemented”* and that *“it would be far better to introduce new, cleaner buses under the franchised livery than it would to keep the same old noisy, dirty buses which keep having to be taken off the road to be repaired and give them a lick of paint.”*

TfGM response:

- 6.8.37 To mitigate operator risk, it is considered that:
- GMCA will establish a fleet specification for entry into the RV mechanism. This specification will be consistent with that which must be met by franchise operators, and therefore upgrading of vehicles is not anticipated. Older vehicles will need to be replaced as part of a standard fleet replacement programme;
 - RV fleet for each franchise would be confirmed prior to commencement of the main ITN phase of procurement so that all bidders have clarity and consistency of RV fleet assumptions;
 - Bid and mobilisation phases will provide bidders and incoming franchise operators with the opportunity to inspect fleet; and
 - RV fleet will need to pass specific handover criteria prior to ownership being transferred to the incoming franchise operator, with a retention fund established to fund any necessary remedial works. In addition, the franchise contract will allow for a financial adjustment in the event that any RV fleet do not transfer to the franchisee as assumed in the tender documentation.
- 6.8.38 The Financial Case of the Assessment does not assume additional investment to improve the standard of fleet. However:

- A limit would be placed on the maximum fleet age (both in absolute terms and as a maximum average age). This would be applied across all the franchise fleet and also at service level, with certain services specifying a lower maximum fleet age; and
- The rules for initial entry of incumbent fleet into the RV mechanism will include restrictions to avoid the situation where operators use the mechanism to offload:
 - Proportionally older fleet whilst retaining ownership of newer fleet (either for bidding purposes or to cascade to other operations outside of Greater Manchester); and
 - Poorly maintained fleet and fleet that falls below the minimum standards set by GMCA.
- The potential implications of the Clean Air Plan Business Case, which may include requirements on fleet and infrastructure, are discussed above at section 4.9 of the Strategic Case response.

6.8.39 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that GMCA will establish a fleet specification for entry into the RV mechanism and that RV fleet will need to pass specific handover criteria prior to ownership being transferred to the incoming franchise operator, with a retention fund established to fund any necessary remedial works.

Specifics of the RV mechanism

6.8.40 In response to the first consultation, Go North West suggested that: *"The RV approach will work best if GMCA provides precise vehicle specifications, recommended vehicle purchase prices and agrees future values at the outset. GMCA should underwrite the risk of all stranded assets for incumbent operators which means there should be no minimum standards for participation in the RV scheme. To prevent operators from incurring significant losses in the event that their franchise ends, and they do not win a subsequent franchise, the RV scheme should also include ticket machines, CCTV, plant and machinery in depots and software and other assets lost on not winning a franchise"*.

6.8.41 In response to the first consultation, Abellio commented that they *"believe that the ability for operators and franchise bidders to include leased vehicles as part of bids is fundamental to lowering barriers for entry to the market"*. Ipsos MORI's June 2020 Consultation Report notes that Transdev raised a similar point in response to the first consultation regarding the potential to include leased vehicles in its bid in response to Question 37 of the first consultation which asked for any comments on the impacts of the Proposed Franchising Scheme on operators as set out in the sub-section impacts of the different options. Transdev stated that *"Many of the vehicles we use are on fixed-term leases and thus not covered by the residual value matrix, and if we cannot redeploy them, we will be left with lease commitments that cannot be serviced by revenue"*.

TfGM response:

6.8.42 As stated above, GMCA's fleet specification will be consistent with that which must be met by franchise operators, and therefore upgrading of vehicles is not anticipated.

6.8.43 Operators are far more experienced in fleet negotiation and acquisition than GMCA and will also be incentivised to achieve competitive fleet pricing via the procurement process

which will evaluate bid price as well as quality. Therefore, GMCA does not propose to recommend vehicle purchase prices.

- 6.8.44 The fleet specification for entry into the RV mechanism will be designed to broadly maintain the current standard of fleet that is in Greater Manchester. Therefore, assuming that an operator has appropriately maintained their fleet then it will likely be acceptable into the RV mechanism. Where fleet does not meet the criteria for transfer into the RV mechanism at the commencement of franchised services, the outgoing operator would risk these becoming stranded assets. This provides operators with appropriate incentivisation to maintain fleet to the required standards.
- 6.8.45 The RV mechanism will agree the future value of the fleet at the outset.
- 6.8.46 GMCA would seek to include on-bus ITS equipment and depot plant and machinery in the RV mechanism as part of any agreement. In addition to mitigating a residual value issue for operators' existing equipment, this will also provide operational robustness during transition to steady-state. The mitigation of the potential for stranded assets is further detailed at section 6.8.88 of this report.
- 6.8.47 The current assumption is that leased fleet would not form part of the RV mechanism as the ownership and/or financing structure would likely make entry into the RV mechanism too complicated and/or costly. However, in the event that any operators have leased fleet then TfGM would be willing to listen to any proposals that operators may have and explore whether these issues can be overcome. This would form part of the overall engagement with operators on the RV proposition.
- 6.8.48 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the fleet specification for entry into the RV mechanism will be designed to broadly maintain the current standard of fleet that is in Greater Manchester.

Impact of Covid-19 on operators' ability to raise capital to invest in new fleet

- 6.8.49 In response to the second consultation, Transdev commented that *"we note in the Commercial Arrangements consideration is given to the availability of capital to fund the fleet. In the short term, capital availability is likely to be significantly reduced due to the pandemic though we anticipate these constraints will ease by 2023 or 2024 when the first franchise schemes are ready to go live. It is difficult to be certain however and there may be some merit in considering how this can be moderated. Our view is that capital requirements will be higher for the first franchise as the RV model only kicks in for second awards. We expect it is unlikely existing vehicles of unsuccessful incumbents will be available as they may be cascaded elsewhere so expect a significant requirement for new buses which may cause funding issues."* Transdev also stated, *"We note the reference to difficulties in operators raising capital to invest in the fleet. We think you have underestimated the significance of this. Effectively the capital investment requirement is highest at the very start of franchising. Your residual value model helps moderate capital requirements at future stages, but setting up a new fleet is likely to be capital intense. We are very keen to take the opportunity to expand as franchisee, but the earlier that happens the harder it will be to raise capital. We note that the dates are illustrative, but that if a decision was made in April 2021, the three scheme areas would 'go live' on 5/2/2023, 28/1/2024 and 1/1/2025."*

- 6.8.50 The view that operators ability to raise finance for new fleet has been impacted by Covid-19 was echoed by Stagecoach in response to the second consultation, who also commented that *“The same could be said of the actual bus manufacturers, who have had a dramatically reduced order book in 2020 and early 2021, with some undertaking redundancy programmes. As a result, manufacturers may struggle to mobilise and/or keep up with any demand in the short to medium term future. We are not aware of the GMCA having considered this point.”*
- 6.8.51 In response to the second consultation, West Yorkshire Combined Authority noted that *“funding opportunities for the delivery of fleet standards need to be explored”* and that *“alternative funding streams may need to be explored.”*

TfGM response:

- 6.8.52 Although Covid-19 may have some impact on the general availability of capital to fund investment, there are a number of factors which mitigate this risk from the perspective of franchise fleet.
- 6.8.53 Sections 26.2.5 – 26.2.10 of the Assessment described how GMCA would introduce an RV mechanism that establishes a fleet of RV mechanism buses as 'primary franchise assets'. This mechanism guarantees the future value of suitable vehicles through their useful economic life, subject to operators maintaining the fleet to an agreed acceptable standard. Incumbent operators would also have the option to put suitable fleet (i.e. compliant with Greater Manchester emission requirements etc.) into the RV scheme to manage the risk of stranded assets in the event that the incumbent operator is unsuccessful at winning franchises under the new scheme.
- 6.8.54 Over time, the pool of residual value fleet is expected to be the primary source of fleet for an incoming franchise operator. TfGM recognises that the size of any pool of residual value fleet allocated to operators for the first round of franchising is dependent upon the extent to which agreement is reached with incumbent Greater Manchester operators to transfer their fleet into the residual value mechanism at the commencement of franchising. Whilst the cascading of fleet by incumbent operators to operations outside of Greater Manchester is a possibility, this may not necessarily be desirable or practicable for operators, especially in the event of a declining bus market, and therefore, the RV mechanism provides protection to incumbent operators from what would otherwise be the risk of stranded assets.
- 6.8.55 It is anticipated that at least some operator investment will be required for the first round of franchising to introduce new fleet into Greater Manchester. Transdev made comments in response to the second consultation regarding the availability of capital to fund fleet investment (section 6.8.49), with TfGM recognising at section 4.2.36 of the Covid-19 Impact Report the risk that Covid-19 may impact operators' ability to raise the capital required to invest in franchise fleet. However, it is considered that the committed revenues receivable under a franchise contract, combined with the RV mechanism's compensating payment at the end of a franchise term, should be sufficient to secure finance for the required investment in franchise fleet. We note that operators in London are continuing to maintain existing orders and place further orders due to the contractual certainty that franchising brings.
- 6.8.56 In the event that access to, or the cost of, capital for investment in fleet for the first round of franchising is potentially prohibitive, bidders would also be free to consider bidding on the basis of a leased fleet model to remove or reduce the requirement for capital

investment (although, as described at section 6.8.47, the current assumption is that leased fleet would not form part of the RV mechanism). It is also noted that TfGM has a track record of facilitating alternative strategies, and it will use this experience to consider whether there are any mechanisms by which it could mitigate any impact.

- 6.8.57 In response to the second consultation, Stagecoach commented that some bus manufacturers are undertaking redundancy programmes and so may struggle to keep up with demand in the short to medium term. TfGM is aware that two of the largest bus manufacturers in the UK (Alexander Dennis and Wrightbus) have announced redundancy programmes during the Covid-19 pandemic. However, Alexander Dennis stated that this has largely been as a result of “*significant fall in demand for new buses in the UK*” and there is currently no indication that this has impacted on the manufacturers ability to fulfil current and future orders. Also, Wrightbus have stated that these steps have been taken to “*make sure we can take future orders of buses and work on long-term projects*” and that they hope to grow their workforce by the end of 2021. TfGM would continue to review this, including via ongoing discussion with manufacturers, to identify any specific circumstances that may require a longer mobilisation period.
- 6.8.58 Finally, TfGM notes an apparent contradiction between Stagecoach’s comments noted at section 4.9.32, which state that a partnership option would encourage investment in fleet, and the comments at section 6.8.50 which state that raising finance for new fleet would be more difficult in a significant economic downturn. The former comment suggests that capital could be available for investment in fleet.
- 6.8.59 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the introduction of new fleet into Greater Manchester is achievable through one or more of the models described above.

Intelligent Transport Systems (ITS)

- 6.8.60 Question 24 of the first consultation asked for any comments on the approach to ITS under the Proposed Franchising Scheme as set out in the Commercial Case. As stated at section 26.3 of the Assessment, the proposed state model for each piece of on-bus ITS equipment, with the exception of CCTV, would be for GMCA to procure a chosen provider and system. Note that since the Assessment, the provision of the Driving Standards Monitoring equipment would now also be the responsibility of GMCA for reasons of uniformity of data and analysis.
- 6.8.61 Ipsos MORI's June 2020 Consultation Report (Section 9.7) notes that responses in relation to the first consultation regarding ITS are mostly favourable across statutory consultees (9 favourable comments versus 3 unfavourable comments), non-statutory consultees (14 favourable comments versus 3 unfavourable comments) and members of the public (218 favourable comments versus 56 unfavourable comments). It also provides several examples of positive comments from statutory consultees, non-statutory consultees and members of the public.
- 6.8.62 In response to the first consultation, the comments received from operators and local authorities in relation to ITS largely focus on whether franchising is required to deliver the benefits involved, the integration of legacy systems and the procurement approach.
- 6.8.63 In response to the second consultation, the comments received from operators and local authorities in relation to ITS largely focus on the benefits of an integrated ITS system specified by GMCA.

Is franchising required to deliver the benefits involved?

- 6.8.64 In response to the first consultation, Rotala commented that it *"considers that technology is constantly developing and permits interoperability to be implemented on a wide scale. It would not seem necessary to introduce the Proposed Franchising Scheme to achieve the Intelligent Transport Systems sought by GMCA but rather this could be achieved equally well under the Partnership Plus option. Indeed, Intelligent Transport Systems have been introduced in other partnership models such as Brighton and Hove"*.
- 6.8.65 Question 35 of the first consultation asked for any comments on the impacts of the Proposed Franchising Scheme on passengers, as set out in the sub-section on impacts of the different options. Ipsos MORI's June 2020 Consultation Report notes that in response to this question in the first consultation, Go North West were of the view that *"franchised systems tend to be rigid and slow to introduce new technology, which could adversely impact passengers who are as a result denied access to the latest market developments until a franchise contract has come to an end"*.
- 6.8.66 In response to the second consultation, Abellio responded positively as they commented that:
- *"There are strong arguments in favour of early investment in new ITS systems (to introduce a common minimum standard for vehicle on-board systems, infrastructure to support the on-bus experience and account based smart ticketing to name but three of the strategic objectives). At section 6.2.49 on page 113, Abellio notes and agrees with the comment [for ITS] "the recommendation would be to pursue the long-term option as defined in the Assessment"*

- *“The PFS allows GMCA to set the specification and its requirements in these areas. Early adoption of high standards and expectations in initial franchise awards will transform public perceptions and help build the new unified brand which, in turn, delivers significant benefits to value for money. Higher standards and expectations for change will also have the benefit of increasing competition from new entrants to the market and so ensure GMCA maximises value for money.”*

TfGM response:

- 6.8.67 The Commercial Case does not assume that franchising is required to deliver the ITS outcomes described in the Assessment (Section 26.3), nor that a franchise model is preferred because it drives the ITS outcomes described. The Commercial Case instead describes how, in the event of a Mayoral decision to introduce the Proposed Franchising Scheme, desired ITS outcomes can be best achieved in order to support the achievement of the Vision for Bus. Therefore, the preferred position to establish an integrated system with consistency for customers, operators and GMCA is for GMCA to procure a chosen provider and system for each piece of ITS excluding CCTV.
- 6.8.68 Go North West gave no specific examples of how GMCA may be slow to introduce new technology. One of the desired ITS outcomes of the Proposed Franchising Scheme is being able to provide agility when requiring such change. Whilst individual operators may be able to introduce technological change in small quantities faster than GMCA, when a change is required over the whole network then it is considered that a single solution would allow GMCA to be able to do this quicker than multiple individual operators. It is also considered that a single solution would actually facilitate such change to occur during the life of a franchise in comparison with minimum specifications where an operator may be unlikely to implement technological change towards the end of a franchise contract.
- 6.8.69 Other than the change of approach regarding the provision of Driving Standards Monitoring equipment described at section 6.8.60, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the desired ITS outcomes can be best achieved, in order to support the achievement of the Vision for Bus, through GMCA procuring a chosen provider and system for each piece of ITS excluding CCTV.

Integration of legacy systems

- 6.8.70 In response to the first consultation, First suggested that *“there is an increasingly viable option to integrate such (legacy) systems to use common standards and protocols rather than replace with common systems – this opportunity should be explored”*.

TfGM response:

- 6.8.71 During transition, it is likely that, in each of the Sub-Areas, there will be a reliance on legacy (or existing) on-bus ITS equipment whilst new equipment is installed on buses to ensure operational continuity while the steady-state solution is implemented. This is likely to be for a circa 12-week period at the start of franchising in each Sub Area. However, for the steady-state, GMCA has previously undertaken the analysis suggested by First to consider the integration of legacy systems. This analysis concluded that, although specific considerations vary from system to system, there is a risk that attempted integration of legacy operator systems would be unlikely to achieve all of the following outcomes:
- Consistency of data (e.g. operational performance);

- Operational efficiency (e.g. driver location and communications);
- Mitigation of potential compatibility issues for ITS equipment which forms part of the RV transfer (e.g. no operator would be left with ETM equipment from different suppliers); and
- To provide TfGM agility when requiring change.

6.8.72 Therefore, the Assessment concluded that a single system for each element of ITS (excluding CCTV) is the preferred model. However, whilst it is not proposed to integrate whole legacy systems into the steady-state, it is possible that certain equipment and infrastructure such as driver radio masts and compatible on-bus signs may be reused.

6.8.73 Other than the change of approach regarding the provision of Driving Standards Monitoring equipment described at section 6.8.60, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that a single system for each element of ITS (excluding CCTV) is the preferred model, but that certain equipment and infrastructure may be reused.

Procurement approach

6.8.74 In response to the first consultation, many operators including Abellio, HCT Group, Go North West and Stagecoach and various local authorities including Bolton Council and Salford City Council stated agreement with the proposed ITS strategy. For example, Stagecoach stated *“that the plans to introduce Intelligent Transport Systems under a centralised contract, specified, negotiated and managed by TfGM on behalf of GMCA, make sense under a franchise scenario”*.

6.8.75 In response to the first consultation, West Yorkshire Combined Authority also commented that *“a common Integrated Ticketing System would be a practical step to achieving cross boundary integration of ticketing”*. They also provided a similar comment in response to the second consultation.

6.8.76 In response to the second consultation, Rochdale Metropolitan Borough Council provided a positive comment that *“a fully integrated ticketing system across public transport in Greater Manchester equivalent to that operating in London and in cities around the world making travel for all public transport users much easier, is vital for the Borough with franchising offering the best model to implement it.”*

6.8.77 In response to the second consultation, Peak District National Park Authority provided a positive comment that *“In the event of the franchising scheme taking place, the Greater Manchester Authority has suggested a forward thinking approach to ticketing across the franchise area, which is supported by the Peak District National Park Authority.”*

6.8.78 In response to the first consultation, Stagecoach, however, also noted that *“it places yet further pressures on finite TfGM resources (procurement and legal) to operate yet further procurement programmes in the same timeframe as franchising contests are planned”* and it also *“queried whether a local authority would be able to commercially negotiate contracts to deliver any further value compared to the current market”*. OneBus stated that this *“sounds a very ambitious project and one that their experience shows will not be delivered in a short time frame”*.

6.8.79 In response to the first consultation, Rotala stated that the efforts to achieve an Intelligent Transport system should not be underestimated and that it was not clear why TfGM

thought it might be better placed, from a resource and personnel perspective, to introduce such a system than the private sector and that it would take longer and cost more than anticipated. Ipsos MORI's June 2020 Consultation Report (Section 9.7.3) also notes that 10 members of the public stated that as GMCA/TfGM would lack the expertise to implement such systems that it might be better left for the operators to deal with.

TfGM response:

- 6.8.80 GMCA's proposal to have a common procurement approach for ITS has many advantages, including that it establishes a level playing field at bid stage and that it ensures that smaller operators are accommodated. The strategy is also aimed at balancing consistency with the risk associated with additional integration, rather than specifically delivering any further value compared with the current market.
- 6.8.81 Whilst it is recognised that each element of ITS procurement adds to the overall resource requirement, TfGM has established a programme of work that would begin after any Mayoral decision to introduce the Proposed Franchising Scheme. This includes the identification of specialist resource requirements and the governance arrangements that would be established to ensure that these procurements are completed concurrently with the procurement of the first franchise tranche. This includes the provision of appropriate resource for complex and/or technical procurements such as ITS.
- 6.8.82 TfGM also has experience of successfully implementing ITS procurements on time and budget, for example, the procurement of Ticketer and contactless on behalf of the SME operators in Greater Manchester. The proposal also aims to minimise any unnecessary system development by procuring commercial off-the-shelf solutions where possible.
- 6.8.83 The strategy described in the Assessment in respect of a number of elements of ITS equipment, whereby GMCA would undertake a procurement to select a single preferred supplier of a particular equipment type which would be made available to franchise operators, is not based on any conclusion that GMCA would be able to commercially negotiate contracts to deliver any further value compared with the current market. Rather, GMCA has concluded that this approach is necessary to ensure consistency of solution across franchises such that:
- Critical data is available, consistent and accurate;
 - The customer experience is as consistent as possible across the network; and
 - Operational and maintenance procedures are standardised and allow ITS equipment to transfer (via the RV mechanism) to subsequent franchisees.
- 6.8.84 Other than the change of approach regarding the provision of Driving Standards Monitoring equipment described at section 6.8.60, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that a common procurement approach for each piece of ITS (excl. CCTV) is preferred.

Stranded assets

- 6.8.85 In response to the first consultation, multiple operators raised queries relating to whether GMCA had considered the potential for stranded assets across depot, fleet and ITS. For example:
- Transdev suggest that a staged ITS procurement approach may be more effective and cost less for GMCA, as they deem there is a risk that the current proposal creates a residual value issue for operators' existing equipment. Similarly, Stagecoach state that *"there is no allowance for operator equipment write-downs, where new equipment is required by GMCA, for example, for radio, automatic vehicle location (AVL) or Intelligent Transport Systems (ITS) equipment"*;
 - Arriva question how GMCA intends to compensate operators whose depots are not acquired for franchising, and therefore are left with stranded assets;
 - Go North West recommended that GMCA underwrites the risk of all operators' stranded assets; and
 - Ipsos MORI's June 2020 Consultation Report notes that Transdev raised a similar point in response to Question 39 of the first consultation that asked, if the consultee currently operates local bus services in Greater Manchester, do they anticipate any positive or negative impacts that the different options may have on their business. In response to this question, Transdev stated that if a bidder is successful in bidding then there would be *"opportunities for growth"* but that if they were unsuccessful in bidding *"the risk identified revolved around the consultees limit of exposure via their Rochdale depot and fleet"*.
- 6.8.86 In response to the second consultation, OneBus commented that *"stranded assets could become an issue"* in the event of *"service cuts or greater than planned fare rises."* The response did not clarify whether this risk was due to, or simply exacerbated by, Covid-19.

TfGM response:

- 6.8.87 It is accepted that the introduction of the Proposed Franchising Scheme may have differing impacts on operators and the Assessment considered the potential risk of operators being left with stranded assets, particularly in relation to depots, fleet and ITS. That is why part of the consultation was aimed at seeking the views from operators on the proposed approaches for depots, fleet and ITS and what impacts the Proposed Franchising Scheme may have on operators.
- 6.8.88 The following mitigations will be available in respect of the risk of incumbent operator stranded assets:
- The RV mechanism provides operators with the option to put fleet into the RV pool, with requirements for entry consistent with mix and standard of fleet currently operating in Greater Manchester, therefore substantially removing the risk of stranded fleet. GMCA would seek to include on-bus ITS equipment in the RV mechanism as part of any agreement. In addition to mitigating a residual value issue for operators' existing equipment, this will also provide operational robustness during transition to steady-state on-bus ITS equipment;

- The depot strategy seeks to acquire strategic depots, including plant and machinery, from incumbents, therefore removing the risk of stranded strategic depots. The Proposed Franchising Scheme does not intend to compensate operators whose depots are not acquired for the purposes of providing depots under the Proposed Franchising Scheme. Any offer to acquire or compensate operators for any fleet or strategic depot that becomes stranded once contracts are awarded would likely deter operators from making those assets available for acquisition by GMCA for the purpose of reducing barriers to entry. To the extent that current owners of strategic depots choose not to engage with GMCA and/or a transfer value cannot be agreed, those operators would remain owners of those facilities (Sections 26.1.18 – 26.1.20 of the Assessment); and
- Owners of non-strategic depots, such as Transdev's Rochdale depot, would be expected to make commercial decisions around the future use and ownership of such depots. This may include, but is not necessarily limited to, ongoing provision of bus operations, coach services, MOT/engineering, driver training or disposal (either for its existing use or an alternative use). In particular, owners would be able to use these depots to bid for small franchises and school resource contracts. This is likely to provide them with some competitive advantage over non-incumbent operators who would otherwise need to secure similar depot facilities in order to deliver small franchises and/or school resource contracts. In addition, it is also noted that the packaging strategy (Section 25 of the Assessment) describes how the PVR available to the SME market (either as small franchises or school contracts) would remain largely unchanged compared with the current tendered services which make up the majority of SME operations, and therefore the opportunities available to the SME market should be broadly comparable to those existing now.

6.8.89 TfGM recognises that, as commented by OneBus in response to the second consultation, in the event of lower patronage, requirements for key assets such as fleet and depots may reduce. TfGM also notes that lower patronage is not a risk caused or driven by a franchise model and would affect all of the options for the Greater Manchester bus market. As this is therefore not an implication of the Proposed Franchising Scheme, this risk crystallises in the reference case. Notwithstanding this, as described at section 6.8.88, the commercial model contains mechanisms to protect operators from the risk of stranded assets in respect of strategic depots and fleet, and given the lack of geographical coverage and capacity that would present itself if the depot numbers were reduced, TfGM would continue to seek to acquire control all of the identified strategic depots even if demand falls. It was also never assumed that all vehicles currently in Greater Manchester would be entered by operators into the RV mechanism. TfGM would, however, continue to seek to put as many compliant vehicles as possible into the RV mechanism, which would minimise the risk of stranded assets for operators.

6.8.90 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that whilst it is accepted that the introduction of the Proposed Franchising Scheme may present the risk of operators being left with stranded assets, there would be suitable mitigations put in place to minimise this risk.

6.9 Timeframe for implementation, Franchise Design, Procurement and Employees

Timeframe for implementation

- 6.9.1 Question 7 of the first consultation asked for any comments on the dates it was proposed that local service contracts (or franchise contracts) may first be entered into.
- 6.9.2 Question 8 of the first consultation asked for any comments on the nine-month period that is proposed will expire between entering into a franchise contract and the start of a service under such a contract.
- 6.9.3 As set out in the Assessment, there is a proposed three-year, nine-month implementation plan. This reflects the complexity of concurrently:
- Implementing a new target operating model, including people systems and processes;
 - Managing existing bus services in a potentially disrupted market; and
 - Procuring, mobilising and managing franchised operations.
- 6.9.4 The first consultation explained how the dates it was proposed that franchise contracts may first be entered into flowed from any date for making the Proposed Franchising Scheme and in a similar manner to that date, explained how these dates may change.
- 6.9.5 In response to the first consultation, the comments received from Jacobs, operators, operator groups, local authorities and transport groups in relation to the timeframe for implementation largely focus on the proposed dates that franchise contracts may be first entered into, the speed of the introduction of franchising, lessons learned, delineating sub-areas and the nine-month mobilisation period.
- 6.9.6 In response to the second consultation, Go North West, Stagecoach, Derbyshire County Council and a member of the public raised challenges surrounding GMCA's proposals on the timeframe for implementation. The majority of these comments can be categorised into the same areas noted at section 6.9.5 in response to the first consultation; however, specific comments brought about by Covid-19 also related to the changing network.

Proposed dates that franchise contracts may be first entered into

- 6.9.7 Section 6.7 of Ipsos MORI's June 2020 Consultation Report found how, during the first consultation, the majority of the members of the public made favourable comments on the proposed dates that franchise contracts may first be entered into, with there being 263 favourable comments versus 72 unfavourable comments including 203 of the comments containing a suggestion that the dates should be brought forward as far as possible. However, comments from statutory consultees (5 favourable comments versus 6 unfavourable comments) and non-statutory consultees (3 favourable comments versus 3 unfavourable comments) were largely mixed. They did, however, include some favourable comments from statutory consultees such as TravelWatch NorthWest, who stated that they "*accept the need for staging over that period of time*".
- 6.9.8 Some of the bus operators made favourable comments about the proposals during the first consultation. For example, HCT Group said that "*12 months between [a Mayoral] decision and [contract] award gives ample time for existing and new operators to develop tenders and redesign their business model*". Abellio also said that "*these dates will be achievable*,"

provided that GMCA and TfGM are satisfied that they can complete the procurement process in a manner which allows effective competition by new market entrants in advance of the identified dates. Clearly, successful and unencumbered acquisition of the existing depots by GMCA (should this remain the prime delivery mechanism) prior to the proposed start dates will be critical to meeting these timescales”.

6.9.9 Other statutory and non-statutory consultees challenged the proposed dates for different reasons including:

- In response to the first consultation, Derbyshire County Council said that *“Looking at the experience in London when franchising was introduced there the whole process took a considerable number of years to complete from the late 1980s until the mid 1990s. The timetable proposed in the consultation does seem very quick considering the number of services involved”*. Derbyshire County Council made this point again in response to the second consultation as it said, *“Whilst the timetable for the introduction of the proposed scheme shown in Appendix 3 is subject to change, the speed of the proposed process does still seem very quick with the first franchise contract being awarded in May 2022 and the first services being introduced in February 2023, with the whole network being completed by January 2025”*.
- During the first consultation, OneBus commented that *“If the do-nothing scenario is as bleak as predicted and Bus Reform is needed, why do bus users have to wait 24 months before they see any change at all or wait until January 2024 for only the transition to be completed ... when the partnership offer can deliver much sooner?”*. Rotala also suggested during the first consultation that *“Partnership Plus could be implemented before the first tranche begins in April 2021. Indeed, Rotala considers that, with sufficient engagement from TfGM, it should be possible to implement Partnership Plus within around six months”*;
- During the first consultation, Go North West said that *“These dates are not achievable for a number of reasons”*, including that:
 - *“There are likely to be protracted negotiations with a preferred bidder”*;
 - *“GMCA will not be able to obtain depots voluntarily”*;
 - The proposed RV mechanism would impact on these proposed dates because *“operators are unlikely to be willing to volunteer the best of their fleet into the RV”*, and that *“the process for agreeing the market price of assets is likely to be complex and time consuming...”*; and
 - *“In preparing its timetable it does not appear that GMCA has taken into account the possibility of legal challenge(s) from operators in respect of the decision to implement the Scheme”*.
- In response to the second consultation, a member of the public commented that *“your assessment of the time required to initiate franchising is greatly under-estimated. Given the commercial requirement needed to procure depots, arrange vehicle RV agreements, set up operational equipment and ticketing systems, customer services, marketing and then have a tendering process in the time frame given is highly unlikely given the legal requirements and third party cooperation needed to be navigated through. This would also suggest the costs of transition are greatly underestimated.”*

- 6.9.10 Rotala did not comment on the proposed dates during the first consultation; however, they did ask *“what precisely will occur on the dates on which Local Service Contracts may first be entered into ... given that it is envisaged that there may be up to a nine-month delay until the Local Service Contracts start being provided ...?”*.

TfGM Response:

- 6.9.11 The Assessment explains the approach taken on the decisions over how best to implement franchising to minimise passenger risk but also minimise implementation risk. It is considered that the current proposals balance these factors appropriately and that extending the implementation timeline, as suggested by Derbyshire County Council, would cause too much disruption without commensurate reward.
- 6.9.12 Whilst a partnership may be able to be entered into sooner than the Proposed Franchising Scheme, as explained at section 4.14.35 of this report, a partnership would not go so far as to achieving GMCA’s objectives and there would be significant doubt as to what would be delivered and when, and how long any such measures could last for. Should a partnership be entered into via a VPA, as proposed by the operators and OneBus, there also remains uncertainty around which operators would sign up to it, and a risk that the partnership breaks down, given that it is voluntary in nature.
- 6.9.13 As described at section 27.2 of the Assessment, it is assumed that the negotiated procedure of the Utilities Contracts Regulations 2016 would be used to conduct the procurement of the bus franchising operations. Unlike the competitive dialogue procedure, the negotiated procedure provides minimal scope for negotiating with the preferred bidder. As such, it is appropriate that the proposed timeline to implement the Proposed Franchising Scheme does not provide for protracted negotiations with a preferred bidder.
- 6.9.14 As set out at section 6.3 of this report, it is still considered appropriate for GMCA to provide depots for large franchises but it is accepted that there could be delays in obtaining control over those depots.
- 6.9.15 As set out at section 6.8.25 of this report, the commercial model is not reliant on RV take-up. To the extent that incumbent operators choose not to engage in RV negotiations with GMCA and/or agreement cannot be reached for the transfer of incumbent fleet into the RV mechanism, each franchise bidder would be responsible for the provision of fleet to account for any difference between franchise fleet requirements and RV fleet allocation. Therefore, any unsuccessful RV negotiations would not impact on the dates in which franchise contracts may be first entered into.
- 6.9.16 As set out at section 8.9.18, it is considered that the time required for transition and mobilisation is appropriate.
- 6.9.17 As set out at section 8.11 (Theme 10), it is considered that the costs of transition remain appropriate.
- 6.9.18 In the event of a legal challenge in respect of a decision to implement the Proposed Franchising Scheme, the relevant dates by which franchise contracts may first be entered into may need to be altered. However, there is no sufficient reason at this stage to assume that there would be a legal challenge that required GMCA to adopt a different approach or what period of delay to attribute to it. Also, even if such an allowance could have been included in the timetable, it would have provided for an unnecessary delay if no challenge materialised.

- 6.9.19 The consultation document explained that the dates on which franchise contracts may first be entered into are the dates which GMCA may enter into such contracts, which must be included in any franchising scheme pursuant to the requirements of section 123H(2)(c) of the Act. This means that GMCA would have undertaken the necessary procurement of those contracts and could enter into franchise contracts in each Sub-Area on or after those dates.
- 6.9.20 As set out at section 16.2.55 of this report, no decision has yet been taken to introduce the Proposed Franchising Scheme and Section 16.2.58 considers that all dates should be removed from the Proposed Franchising Scheme. Dates have been provided to consultees for illustrative purposes only and, as set out above, some consultees have commented that those dates are too ambitious. Whilst no specific dates are included in the Proposed Franchising Scheme, TfGM is satisfied that the indicative dates by when franchise contracts may first be entered into are appropriate and not overly ambitious.
- 6.9.21 Furthermore, any introduction of ‘recovery partnerships’ is likely to be underpinned by a framework that would more readily facilitate transition to franchising than in the commercial market that existed prior to Covid-19. Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM’s previous conclusion that the indicative dates by when franchise contracts may first be entered into remain achievable.

Speed of the introduction of franchising

- 6.9.22 Responding to the first consultation, Jacobs, on behalf of Stagecoach, took the view that *“an implementation period of three years is overly optimistic and that, in order to justify this assumption, TfGM should provide a delivery programme for each of the options”*.
- 6.9.23 In response to the first consultation, OneBus considered that the timescales for the procurement of each tranche were very ambitious. OneBus said that the launch dates *“assume that depots would be available in time for each large franchise to be let and that a large proportion of the existing fleet will be available to bidders.”*
- 6.9.24 In response to the first consultation, Go North West state that *“GMCA will not be able to obtain depots voluntarily and that in order to obtain them through CPO this could take from two and a half to three years from preparation to obtaining the depot or depots. Accordingly, GMCA should (a) either amend the Scheme such that GMCA will not provide depots to facilitate the letting of large franchise contracts (and instead the control of depots will remain with operators, with timescales for the procurement amended accordingly to allow operators sufficient time to acquire or build depots in order to bid for franchise contracts); or (b) amend the proposed timeframe for procurement and transition significantly (to begin no earlier than 2023) to take account of the likely period of time that will be required for GMCA to obtain depots by use of CPOs”*. In response to the second consultation, Go North West also stated that *“given the significant uncertainty introduced by the Covid-19 pandemic, the implementation programme looks even more optimistic.”*
- 6.9.25 In response to the first consultation, Stagecoach stated that *“the timescales for the creation of a franchising scheme, which is proposed to be delivered within less than four years is extremely optimistic”* and that it would be optimistic for any authority with significant experience in a mature franchising market to introduce the Proposed Franchising Scheme and complete the letting of all contracts within three years, but TfGM is looking to do that with a number of individuals who are yet to be recruited. Stagecoach suggests that there is *“little or no analysis on how GMCA’s recruitment strategy fits within the timeline it has*

set itself for implementing franchising". However, it recognised that TfGM has experience of procuring contracts with the private sector through the letting of the Metrolink contract and tendered services but pointed out that specifying and managing bus services for the whole of Greater Manchester is significantly greater and queried whether it had experience of managing mobilisations.

- 6.9.26 In response to the second consultation, Stagecoach repeated the comment that timescales for the implementation of franchising are optimistic, and used a Swedish local authority as an example, commenting that *"in these smaller markets where there is an established market and established participants with more experience than Greater Manchester at both an organisational and individual level they do not attempt to tender 10 major and 25 smaller franchises (and school tenders) over a three-year period."*
- 6.9.27 In response to the first consultation, TravelWatch NorthWest also express concern that bus operational experience may currently be lacking within TfGM.
- 6.9.28 In response to the first consultation, Stockport Metropolitan Borough Council expressed *"concern about the period where Stockport Council is paying into a process for which it is not receiving all the benefits of franchising", given Stockport is in the last proposed phase of franchising. They ask that "there is consideration given to a greater speed of roll out or the potential to ensure that some benefits are realised in the borough sooner"*.

TfGM response

- 6.9.29 The Assessment recognised that the timescale of implementation was ambitious but that it is considered to be achievable. The proposed procurement of the first round of franchising would predominantly tender the existing network immediately prior to the start of the procurement activity in order to minimise disruption to the network and passengers during transition.
- 6.9.30 TfGM acknowledges the comments regarding delivery timescale for all of Greater Manchester to be franchised. However, it is considered that the delivery timescale remains achievable and, considering responses on this subject to both the first and second consultations to in respect of depots and the RV mechanism, TfGM has not identified any grounds to require the amendment of the procurement programme (presented at section 27.3.6 of the Assessment).
- 6.9.31 Go North West commented in response to the second consultation that the uncertainty introduced by Covid-19 makes the implementation programme look *"even more optimistic."* Although no detail is provided by Go North West to support this assertion, TfGM recognises that Covid-19 may place pressure on the procurement timetable, particularly in respect of the initial round of franchising. TfGM will therefore continue to actively review whether there are any changes to the current procurement process that should be made to ensure that the objectives of the commercial strategy (as described at section 24.2 of the Assessment) of driving competition for franchises, creating and sustaining an enduring market, providing flexibility to adapt to changing demand, and enabling access for SME operators are retained, and that the proposed implementation timescales are achieved. In particular, this may include ensuring that the procurement process is aligned with any 'recovery partnership' that may be put in place, any changes in government policy or regulation that may be implemented during the period of franchising and any further time pressures that may occur as a result of COVID-19 related matters or other external factors. As described at section 46.7 of the Management Case of the Assessment and section 6.9.229 of this report, TfGM will have in place a set of

arrangements to manage and mitigate risks in relation to franchising, including in respect of the procurement process, and would therefore keep the implementation programme under review to minimise the risk of delays, whilst ensuring consistency of outcome with the Assessment. TfGM may decide to engage with operators and other stakeholders before making any material changes to the procurement process that were proposed as a result of this process to ensure the overall process remains attractive to the market and continues to meet the objectives of the commercial strategy. Subject to these opportunities, TfGM remains confident that the implementation timescale is appropriate given that:

- Section 6.2.46 of the Covid-19 Impact Report considered that the level of resource to support the transition to franchising would remain as outlined in the Assessment, with analysis indicating that the Scenarios do not significantly impact transition costs.
- Sections 8.9.4 of this report considers that should there be a Mayoral Decision in favour of franchising, the developing organisational change framework would provide the flexibility required to assist in supporting the franchising programme meet the timescales for implementation of franchising operating model.

6.9.32 TfGM acknowledge that they do not currently have all of the required capabilities and experience of managing bus franchise mobilisations. However, as recognised by Stagecoach, TfGM do have significant experience in procuring and mobilising complex programmes including Metrolink contracts, the start of operations on new Metrolink lines and new bus stations and other facilities around Greater Manchester. Whilst these are not bus franchise contracts, they are as complex as the mobilisation of bus franchise contracts and involve similar activities including:

- Agreeing the scope of activities to be undertaken in advance and allocation of responsibilities of these activities;
- Managing activities to an agreed project plan;
- Asset transfers/ handover activities;
- Ensuring activities are resourced properly;
- Data sharing;
- Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)
- Identifying and managing risk;
- Co-ordination of multiple parties with sometimes differing priorities;
- Ensuring supplier and other contracts are in place; and
- ‘Commencement of operations’ planning.

6.9.33 Franchise mobilisation is a critical phase of the transition, and recognising TfGM’s lack of experience in mobilising bus franchises, the Assessment provides dedicated temporary resources to support the process. The Assessment includes for dedicated additional specialist resources to support the procurement of franchises and also assumes the early recruitment of the permanent franchise management team who would also support the mobilisation. It is acknowledged that operators who have worked in franchised markets will have this experience and, therefore, the onus would be put upon those operators to develop the mobilisations plans and for them to engage with the incumbent operator on the transfer. TfGM would review and approve the plan and monitor progress during implementation whilst intervening when required.

- 6.9.34 Responding to the first consultation, the request from Stockport Metropolitan Borough Council that consideration be given to a more expeditious rollout or realisation of benefits is similar to a comment made by some members of the public, also in response to the first consultation who, as set out at section 16.2.37 of this report, and in response to the proposed arrangements for transition, said that it would be unfair to make changes in one area before rolling franchising out into other areas. However, the intention behind the proposals is to ensure a phased and efficient roll-out of the Proposed Franchising Scheme through balancing the delivery of benefits and the management of transition and implementation risk. For that reason, it would not be appropriate for this process to be shortened or to be done more quickly and as shown at sections 6.9.22 to 6.9.25 of this report, some consultees (including some of the incumbent bus operators) have suggested that the timescales are too quick. It is unavoidable that the phased introduction of the Proposed Franchising Scheme would therefore favour some (whether they be passengers, districts or operators) before others and no preferential consideration was given to any one district when considering the ordering of the Sub-Areas.
- 6.9.35 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that, whilst the timescale of implementation is ambitious, it is considered to be achievable.

Lessons learned and trial period

- 6.9.36 In response to the first consultation, OneBus commented that *"TfGM will have had no time whatsoever for lessons to be learned from the preceding set of franchise procurements ... bidding for the second tranche commences well in advance of the first tranche being operational ... alternative plans [to provide depots] will likely delay the process."* OneBus repeated this point in response to the second consultation and stated that *"we still consider the overall timescales to be ambitious. It would be more advantageous to allow each Sub Area to operate for a longer period to identify any lessons before moving on"*.
- 6.9.37 In response to the first consultation, Transdev likewise note that Sub-Area B will be awarded three months after the Sub-Area A becomes live, thus providing *"little scope to learn from the implementation of phase 1 [Sub-Area A] before procuring phase 2 [Sub-Area B]"*. Whilst Arriva suggest *"a longer period of time (2-3 years for example) to assess the mobilisation and performance of operations under the Sub-Area A contracts before GMCA commits to further Sub-Area deployments. This would ensure that lessons can be learnt, and further extension of the franchising scheme is undertaken as efficiently and effectively as possible"*.
- 6.9.38 In response to the first consultation, Go North West suggested that, in any event, the Proposed Franchising Scheme *"should be implemented on a staged basis starting with a trial in sub-area A... followed by... period of consultation and reflection prior to roll-out to sub-areas B or C"*.
- 6.9.39 In response to the second consultation, Go North West repeated the same point made at section 6.9.38 and made further points relating to the implementation timescales as follows: *"Even the deferred timetable for the rollout of franchising in three tranches still does not allow sufficient time for evaluation of the first tranche of franchising and consideration of whether franchising should be implemented for the other two sub-areas. It does also not allow time for the agreement of what amendments should be applied to the model for the other two sub-areas before franchising proceeds. This is not additional delay, but a sensible approach to learning lessons from the initial franchising process."*

- 6.9.40 In response to the second consultation Derbyshire County Council said that *“A longer timetable for the changes to be introduced would allow a review of the first round of the process to be undertaken before further areas are added to the franchised network”*.

TfGM response:

- 6.9.41 It was never the intention that Sub-Area A would be conducted as a trial followed by consultation and reflection. Further detail on TfGM’s response to the suggestions that it should be treated as a trial can be found at section 16 of this report.
- 6.9.42 The timeframe for implementation seeks to strike a balance between delivery of key customer benefits (through a faster rollout) and management of implementation risk (through a slower rollout). The commercial model has been considered in depth, including options assessment and benchmarking of global best practice. The decision to phase the implementation of franchising in three Sub-Areas in the stated timeframes was based on balancing a faster rollout of benefits to customers with allowing lessons learned from the previous procurements to be applied to the later Sub-Areas. For example, Sub-Area B will benefit from lessons learned in the contract award process and initial mobilisation of Sub-Area A; and Sub-Area C will benefit from any early lessons learned in the mobilisation and early operation of Sub-Area A and the contract award process of Sub-Areas A and B. This will allow Sub-Areas B and C to benefit from a faster rollout of customer benefits than if the implementation timetable were to be further elongated. In addition, GMCA can also adapt contracts, via a formal change mechanism, mid-life if required, with contractual provisions being in place to mitigate the risk that pricing of contract change represents poor value for money.
- 6.9.43 Nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM’s conclusion that the proposed roll-out period remains appropriate and, as described at section 9.11.3 of the Covid-19 Impact Report, if Covid-19 resulted in greater damage to the bus market, there would be a greater imperative for GMCA to intervene to support the market and people’s ability to travel. This reinforces the importance of a rollout programme that is adequate but is not longer than is reasonably required.

Changing network:

- 6.9.44 In response to the second consultation, Go North West commented that *“Section 4.2.86 of the report states that “The smaller proportion of the Greater Manchester network being franchised initially reduces the impacts of potential network uncertainty associated with Covid-19 which may not have fully crystallised at the point of sub-area A being franchised.” This is an admission that network conditions and patronage will still be in a considerable state of flux when sub-area A is franchised, which seems to be a significant risk that changes may need to be made during the initial years of the franchise, presumably at a cost to GMCA, which does not seem to have been recognised.”*
- 6.9.45 Ipsos MORI’s March 2021 Consultation Report (Section 9.3), shows that members of the public provided positive comments that *“the commercial proposition would be able to adapt to changes as appropriate”*.

TfGM response:

- 6.9.46 Section 4.2.84 of the Covid-19 Impact Report describes the importance to GMCA of flexibility in its implementation, procurement and management of franchise contracts to

enable the franchise model to deal with uncertainty, including those created by Covid-19, with Sections 4.2.86 to 4.2.93 of the Covid-19 Impact Report describing the following mechanisms through which GMCA can mitigate this uncertainty and therefore the risk highlighted by Go North West:

- Franchise implementation: flexibility as to how franchising is rolled out across Greater Manchester.
- Franchise specification: flexibility as to what is procured.
- Franchise management: ability to respond to change once franchises are operational.

6.9.47 It is recognised there is a greater likelihood of changes may need to be made in the initial years of franchising. Section 6.9.42 notes the formal change mechanism that would be applied in such circumstances, and the Quantified Risk Assessment provides a contingency for additional costs that may arise as a result of applying this. Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the mechanisms through which GMCA can mitigate uncertainty are appropriate.

Delineating sub-areas:

6.9.48 In response to the first consultation, Go North West's commented that the "map delineating the boundaries of the sub-areas A, B and C is unclear and these boundaries are significant for operators" and that *"problems in delineating the sub-areas and the complexity of cross-boundary services could be avoided if GMCA re-considered its proposal for franchising on the basis of route-by-route franchising."*

6.9.49 In response to the second consultation, Go North West commented that it *"highlighted the problems of delineating the sub-areas and the complexity of cross-boundary services in its response to the previous consultation"* and repeated the comment that these could be avoided by a route-by-route franchise model.

TfGM response:

6.9.50 The suggestion that franchising should be on a route by route basis is addressed at sections 6.9.83 to 6.9.98.

6.9.51 It was proposed by TfGM that in light of the responses to the first consultation that a more detailed version of the map would be published online and also made available by TfGM on request. This was made clear within the Proposed Franchising Scheme prepared for the second consultation itself and in particular, in the footnote of Annex 5 which provided that *"Please note that a more detailed version of this map will be made available online and copies will be made available upon request to TfGM"*. A more detailed version of the map was published online and made available as part of the other consultation materials.

6.9.52 In response to the second consultation Go North West stated that the *"map delineating the boundaries of the sub-areas A, B and C is unclear and these boundaries are significant for operators"*. TfGM does not accept that the boundaries of the sub-areas should present any problems for operators provided that appropriate provision is made for services operating in more than one Sub-Area. In order to render the boundaries clearer and to avoid any ambiguity as to whether the map that defines the Sub-Areas is that attached to the scheme or available elsewhere, however, it is proposed to amend the Proposed Franchising Scheme to specify that the map in Annex 5 is for illustrative purposes only and

that the map that defines the Sub-Areas is a larger scale version in which the boundary is more clearly delineated that will be deposited at TfGM's offices at 2 Piccadilly Place, Manchester, M1 3BG. It will also be available on-line, this is also set out Section 16.7.4 of this report.

- 6.9.53 TfGM have reviewed the list of services in the Proposed Franchising Scheme to update it as envisaged and also, in the light of Go North West's comments, to ensure that they are appropriately classified in the scheme. TfGM have identified 44 services, that will be franchised when the scheme applies to Sub-Area B that also operate in Sub-Area A, that should additionally be included in, and marked # in, Annex 4 and 51 services, that will be franchised when the scheme applies to Sub-Area C which also operate in Sub-Areas A and B, that should additionally be included in, and marked ^ in, Annex 4. The effect of inclusion of these services within, and these markings in, Annex 4 will be to exempt the services from regulation until franchising has effect in Sub-Area B or Sub-Area C respectively and thus ensure that the services will not require a service permit in order to operate in those other areas before then. This should benefit operators wishing to run them and provide greater certainty to passengers that the service will continue during transition.
- 6.9.54 TfGM have also identified one service which will be franchised when Sub-Area A is franchised which also is provided in Sub-Area B that should therefore be additionally marked with a * in Annex 1, and seven services which will be franchised when Sub-Area B is franchised which also operate in Sub-Area C, that should therefore be additionally marked with a + in Annex 1. This is to make it clear that only that part of the service that operates in Sub-Area A and B respectively will be franchised before franchising comes into effect in Sub-Areas B and C respectively. This is consistent with the approach to transition proposed, based on franchising by Sub-Areas.
- 6.9.55 These changes all give effect to the basic principles upon which the Proposed Franchising Scheme has been prepared, providing clarity to operators and not disadvantaging them or any member of the public.

Nine-month mobilisation period

- 6.9.56 Section 6.8 of Ipsos MORI's June 2020 Consultation Report notes that, during the first consultation, the majority of statutory consultees (10 favourable comments versus 6 unfavourable comments) and members of the public (97 favourable comments versus 46 unfavourable comments) made favourable comments in response to the nine-month mobilisation period. For example, one member of the public said that *"This should allow enough time for operations to be setup and the process to be finalised before the contract begins"*. However, the responses from non-statutory consultees were largely mixed (3 favourable comments versus 3 unfavourable comments).
- 6.9.57 Ipsos MORI's June 2020 Consultation Report also noted that of the unfavourable comments from members of the public in response to the first consultation, 19 of these were general opposition or disagreement, 11 concerned the quality of service, 6 concerned routes that may be cut and 5 mentioned concerns about the timescales. The example quoted in Ipsos MORI's June 2020 Consultation Report was that one member of the public said that the proposed dates were *"Too long. Put the travelling public at the heart of the strategy. The bus companies need to get on board with this, we are not reinventing the wheel here. All of this was done years ago in London"*.

- 6.9.58 Ipsos MORI's June 2020 Consultation Report also notes that 318 suggestions were received in response to this question in the first consultation with 301 of these being from members of the public. The overarching suggestion made by 202 members of the public was that the nine-month period should be shorter, as well as 40 suggestions that it should be a six-month period. This is thought to be because some members of the public wanted to see the Proposed Franchising Scheme introduced as soon as possible. However, there were also 15 comments that the nine-month period should be longer.
- 6.9.59 In response to the first consultation, there were a mix of responses from the bus operators in relation to 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. During the first consultation, First made a favourable comment about the proposals as it said that *"all other things being equal this is a reasonable time period but will require a degree of flexibility on a case by case basis ..."*. Transdev also said that *"We feel that nine months is broadly reasonable"*.
- 6.9.60 However, during the first consultation a number of operators considered that the proposed nine-month period was insufficient. For example:
- Go North West stated that it *"made untested assumptions and does not allow for any contingencies"*. They also state that a PSV operator licence could take up eight weeks from the point of application;
 - Rotala considered that the period of nine months allowed for mobilisation was insufficient. It pointed out that the period allowed in London, between 8 and 10 months, is applicable to franchising on a route-by-route basis involving about 20 vehicles per route. Given the proposed size of some of the large franchises, it considers that the period should be 24 months, particularly where depots are involved; and
 - Arriva thought the nine-month period highly ambitious and that the period *"will only be feasible if the requirements of the relevant franchise contract are such that ULEV or hybrid vehicles and infrastructure are not required. It would also require a depot to be available for use by an operator (large contracts)"*.
- 6.9.61 In response to the second consultation:
- Go North West repeated their comments from the first consultation, stating that the period does not allow sufficient time for *"the recruiting and training of staff and the voluntary sale of depots"*, and also made a further point relating to the implementation timescales that *"All of these issues are likely to be exacerbated by the Covid-19 pandemic, yet there is no recognition of this in the report."*
 - Stagecoach commented that, in the case of a Swedish local authority with significant experience of contracting bus services, *"the local authority... would look to have a transition period of 12 months handing over contracts."*

TfGM response:

- 6.9.62 In considering the adequacy of the nine-month mobilisation period, there are a number of challenges that TfGM have recognised in the Assessment which consultees have also made comments on.
- 6.9.63 It is recognised that during the first round of franchising, tendering risks may be greater as there would be a transition from the deregulated market to franchising. The Quantified

Risk Assessment therefore includes a number of risks that are weighted towards the first round of tendering resulting in a higher risk provision over this period, including specific risk provisions (Risks F20 and F41) that reflect the cost and revenue risk of delay in the mobilisation process.

- 6.9.64 As set out at section 6.9.32 of this report, TfGM has significant experience in ‘commencement of operations’ planning which includes securing PSV operators’ licences in advance of start of operations. However, under the Proposed Franchising Scheme it would be a requirement of the operator to ensure that they either have the required operators’ licence or are able to provide adequate information detailing how it expects to attain the required operators’ licence as part of the passport application process. Notwithstanding this, the timeframe set out by Go North West to obtain an operators’ licence would run concurrently with the wider procurement process and therefore would be unlikely to impact on the proposed nine-month mobilisation period.
- 6.9.65 The mobilisation period of nine months is, as stated by Rotala, the average of the period allowed in London. As set out at section 6.7.7 of this report, the Assessment makes clear (at section 27.3.5) that one of the assumptions underpinning its procurement plan was that depots would be available in time for each large franchise to be let, with the preferred option being that GMCA would gain control via a negotiated depot transfer. However, TfGM also considered that there are a range of viable options available to GMCA to provide depots for the operation of large franchises if such negotiated transfers did not occur. In the event that it is not possible to negotiate the transfer of some or all of the strategic depots at the transition phase, the route to depot provision that would be used for the transitional stage (Section 26.1.20 of the Assessment) is most likely to be either the provision of short-term depot facilities by GMCA or an altering of the commercial model so that strategic depot provision becomes the responsibility of the operator for the first round of franchising. Both of these options would be deliverable to the timeframes described at section 27.3 the Assessment, but if implemented would require a formal variation of the Proposed Franchising Scheme.
- 6.9.66 As set out at section 6.8.28, it is considered that a mobilisation period of nine months is adequate for the manufacture and delivery of both Euro VI diesel, typically six months, and ULEV, typically eight months, but TfGM would continue to review this, including via ongoing discussion with manufacturers, to identify any specific circumstances that may require a longer mobilisation period.
- 6.9.67 Go North West has not elaborated on the rationale for its comment, in response to the second consultation, that it believes that Covid-19 has significantly exacerbated issues in respect of recruitment and training of staff and voluntary sale of depots. However, Sections 6.9.56 to 6.9.61 consider other consultee views on the adequacy of the nine-month mobilisation period, and Section 7.4.12 of the Covid-19 Impact Report refers to the consideration and confirmation that the nine months which would expire between awarding a franchise contract and the running of local services under that contract has not been impacted by Covid-19.
- 6.9.68 Stagecoach has identified a Swedish local authority which applied a 12-month mobilisation period compared with the 9-month mobilisation period proposed by GMCA. However, Stagecoach’s response does not elaborate on: whether the Swedish local authority’s model is directly comparable to GMCA model; the reasons for the longer period applied by the Swedish local authority; which (if any) aspects of GMCA mobilisation phase would, in Stagecoach’s view, not be achievable in nine months; and any impact of Covid-19 on the nine-month mobilisation period. As noted above, TfGM has considered the

appropriateness of the proposed mobilisation period in respect of specific factors identified in other consultation responses including depots, fleet and operators' licences, and has also described the specific mobilisation risk provision included in the Quantified Risk Assessment.

- 6.9.69 Therefore, TfGM's view is that this timeframe would still give operators sufficient time to mobilise in the same manner as was proposed in the Assessment, and nothing in the period since, including the impact of Covid-19, has occurred that has changed TfGM's conclusion that the nine-month mobilisation period, which is three months longer than the minimum period required by the 2000 Act, remains adequate.

Franchise Design

- 6.9.70 The questions asked within the First Consultation Document regarding the franchise design under the Proposed Franchising Scheme related to the packaging strategy, the opportunities for SMEs, the contract length and other contract terms.

Packaging strategy

- 6.9.71 Question 18 of the first consultation asked for any comments on the packaging strategy for franchising contracts under the Proposed Franchising Scheme as set out in the Commercial Case. The packaging strategy proposed comprises 5 to 10 large franchises offering a total Peak Vehicle Requirement (PVR) of circa 1,250 and 25 small franchises offering a total PVR of circa 140. Resource contracts for school services not included in the large or small franchises (total PVR of circa 300) would continue to be franchised on a resource basis as they are currently (Section 25.1.4 of the Assessment).
- 6.9.72 Ipsos MORI's June 2020 Consultation Report (Section 9.1) acknowledges that the responses in relation to the first consultation from statutory consultees (9 favourable comments versus 3 unfavourable comments), non-statutory consultees (9 favourable comments versus 2 unfavourable comments) and members of the public (96 favourable comments versus 46 unfavourable comments) are generally favourable towards the proposed packaging strategy.

Competition

- 6.9.73 In response to the first consultation, the CMA consultation response made a number of comments on the franchise design noting that the design and the competition for franchises is "*of paramount importance*".
- 6.9.74 In their view the impact of franchising on competition will be determined particularly by four key factors: the size of franchises, their length, the frequency of competitions and the ability of the authority to oversee performance and take remedial action.
- 6.9.75 In response to the first consultation, the CMA stated that the proposal to have three Sub-Areas in the first round of franchising and to roll franchising out in each in turn (albeit with several franchises in each Sub-Area) "*provides the ability to implement and transition to franchise model more quickly, and to deliver the intended benefits at an earlier date*". However, they also suggested that, if the three Sub-Areas "*directly align with areas of particularly high concentration [of market share] for a given firm, there may be a risk that the firm with the largest share has an advantage... which may deter other firms from participating*". They accordingly encourage GMCA to engage with operators to ascertain the expected level of competition for a given individual franchise and whether this can be increased through the design of the tender process. It recommends that GMCA should consider whether smaller franchises (that is more packages of fewer routes) would give greater flexibility and stronger competition in future.
- 6.9.76 In response to the second consultation, the CMA re-emphasised aspects of its previous consultation response in light of the pandemic, and again encouraged GMCA to engage with operators to reflect on what the expected level of competition for a given individual franchise will be.
- 6.9.77 In response to the first consultation, Rotala considered that, if there are 10 large contracts, a number of existing large operators in Greater Manchester will exit the market as there

will be other bus operators with more experience of franchising and who are better placed to win contracts. Rotala would tender for areas in which they already operate but would be unlikely to tender for other large franchises and, whilst there may be new entrants to the bus market in Greater Manchester, there would equally be a large number of exits. They also considered that there have been significant developments since TfGM carried out its consultation work which may have the effect of reducing interest in the Greater Manchester market: a significant number of those consulted are European state-owned enterprises whose appetite to invest in the UK market post-Brexit is unknown.

TfGM response

- 6.9.78 In response to the comments raised by the CMA, the Assessment set out that the franchise packaging strategy has been structured to achieve the optimal combination of value for money, competition and facilitation of the involvement of the SME market. It is intended to give the current Greater Manchester bus operators opportunities to bid and win franchises but also to encourage new entrants into the market.
- 6.9.79 Between 5 and 10 large franchises has been determined to be appropriate when considering both the desire to maintain a competitive franchising market whilst delivering economies of scale (section 25.1.1 of the Assessment) and also ensure that strategic depots are of an appropriate size to maximise operational efficiencies (section 26.1.8 of the Assessment).
- 6.9.80 It is recognised that under the Proposed Franchising Scheme that the current makeup of operators within Greater Manchester may change; however, this would be as a result of a competitive tender process which would improve the quality of service for the customer. The responses received to the consultation from non-incumbent operators, including both European state-owned and other operators, does not indicate that Rotala's concern regarding there being a lack of appetite to operate in the UK post-Brexit to be correct.
- 6.9.81 In event of a Mayoral decision in favour of franchising TfGM would also engage with the market across all aspects of the commercial franchise model to, amongst other things, test interest from the bidding market and likely levels of competition for franchises in light of the pandemic. This is described further at section 6.9.256 of this report and sections 4.2.64 to 4.2.70 of the Covid-19 Impact Report. Sections 4.2.54 to 4.2.55 of the Covid-19 Impact Report also describe the ability of GMCA to strengthen competition if required through the streamlining of the bidding process to reduce bidder resource and cost implications.
- 6.9.82 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that between 5 and 10 large franchises is appropriate to maintain a competitive franchising market whilst delivering economies of scale.

Route-by-route

- 6.9.83 In response to the first consultation, comments raised by operators including Go North West and Rotala and Derbyshire County Council suggested that the packaging strategy should be on a route-by-route basis. For example, Go North West suggested a route-by-route franchise model for reasons including the following:
- That it *"would minimise the risks to GMCA"*;

- That it “*would enable implementation of franchising on a staggered basis which will limit the disruption to passengers, enable assessment and evaluation of franchising in a controlled manner*”; and
- That it “*would give operators of all sizes the option to choose how many contracts to bid for and minimise the risk of [SME] operators failing to deliver*”.

6.9.84 In response to the second consultation, Go North West repeated these same points but also included additional reasons for why they believe a route by route model is preferable, including that it would provide:

- The ability to minimise any risks of disruption caused by delays in depot transfers as it would negate the need for strategic depots owned by GMCA. Operators could then establish themselves on a smaller scale to operate on one or more routes.
- Lower barriers to entry in terms of contract risks and investment requirements (for example, in new bus fleet), in particular for SMEs, and more opportunities for SMEs.
- An increase in competition, and a greater number of active operators in Greater Manchester.
- A smoother transition into a franchise model for the following reasons:
 - It “*could ameliorate many of the issues and risks with the Proposed Scheme that have been amplified by the Covid-19 pandemic and therefore override the reasons given by TfGM for not considering this approach given in section 4.2.11*”
 - “*A better approach to franchising would be route-by-route franchising. As well as offering the benefit of enabling a staggered implementation of franchising, learning lessons and accounting for a market and network still in a state of change, this would enable better competition in the market since operators could choose which routes to bid for.*”
 - “*The concerns expressed in the consultation documents over the difficulties in making changes and managing a greater number of operational interfaces are overstated – London manages this well. It is in the nature of a franchising scheme to allow GMCA to exercise control over bus service parameters under the franchise agreement and route-by-route franchising would not undermine this. With the appropriate governance arrangements, any management burden could be kept to a minimum.*”
 - “*A better and less risky approach to ensure competition in the market and enable SME operators the opportunity to bid for franchise contracts is to structure the procurement on a route-by-route basis. This would give operators of all sizes the option to choose how many contracts to bid for and minimise the risk of operators failing to deliver*”.

6.9.85 In response to the second consultation, Derbyshire County Council repeated their same point and reasoning for a route-by-route model that the “*large franchise areas proposed will continue to discourage more small and medium size operators from taking part in the process*”.

6.9.86 Conversely, in response to the first consultation, positive comments were received from local authorities including Salford City Council and Tameside Metropolitan Borough

Council, as well as transport user group TravelWatch NorthWest. For example, Salford City Council stated that *“The proposed approach of franchising packages of routes of varying sizes is considered to be appropriate as it enables operators of varying sizes to be included”*.

- 6.9.87 Ipsos MORI’s June 2020 Consultation Report, at section 9.1.3, also noted that 96 of the 192 comments from members of the public in response to the first consultation were in support of the proposals. 13 of these stated that the design will allow different size operators to compete for contracts, and 6 stated that it will drive competition across the market. Ipsos MORI’s June 2020 Consultation Report also noted the comments from some of the other non-statutory consultees, such as the University of Manchester, who gave a generally supportive view toward the packaging proposal, citing the opportunities it might bring to smaller operators. However, Ipsos MORI’s June 2020 Consultation Report also noted that some statutory consultees voiced concern over the proposed packaging scheme, particularly when compared with a route-by-route system.
- 6.9.88 Ipsos MORI’s June 2020 Consultation Report, at sections 10.2.3, 11.1.3 and 11.2.3, also noted that in response to other questions within the First Consultation Document, there were many suggestions from members of the public that bus services should be run by a single operator and controlled by GMCA.

TfGM response

- 6.9.89 TfGM considered the ‘bookends’ of the spectrum of options for packaging which were considered to be letting a single franchise for the entire network through to splitting the network into route-based franchises. It also considered other options on the spectrum involving a splitting the network into a small number of large franchises.
- 6.9.90 A route-by-route model is used in London and is the only UK reference model. However, it was concluded to be suboptimal for the following reasons:
- The low depot density in Greater Manchester, which would lead to a risk of limited competition;
 - Multiple and changing geographical boundaries between franchise and non-franchise services during the rollout of franchising, which would likely increase both customer confusion and the requirement on GMCA to manage the interfaces between franchise and cross-boundary services;
 - Likely slower rollout of franchises services, which would delay the rate of realisation of benefits;
 - Network management and delivery of network improvements across multiple route-by-route franchises would be more cumbersome and less efficient than across a smaller number of larger franchises; and
 - It would not allow GMCA to benefit from the economies of scale associated with larger franchises.
- 6.9.91 It should also be noted that the London model is unusual when considered against most cities internationally with bus franchise arrangements – typically these include some form of route packaging rather than a route-by-route model.
- 6.9.92 In response to Go North West’s other points on why they believe a route-by-route model is preferable:

- Sections 6.9.130 to 6.9.148 describe how the packaging strategy has been designed to provide a means of continuing opportunities for SMEs to deliver bus services.
 - Sections 6.7.7 to 6.7.14 describe that there are a range of viable options available to GMCA to provide depots for the operation of large franchises, the likelihood of a resultant delay to implementation, and the mechanisms by which any required delay would be managed.
 - It is also noted that OneBus’s response, set out at section 6.9.107, in respect of fixed costs implicitly argues that smaller franchise packages, of which a route-by-route model would be the most granular, are less efficient.
- 6.9.93 Go North West’s response to the second consultation also refers to *"issues and risks with the Proposed Scheme that have been amplified by...Covid-19"* that would be mitigated by a route-by-route model. However, Section 4.2.11 of the Covid-19 Impact Report sets out the rationale for TfGM’s conclusion that a route-by-route model remains suboptimal for reasons of reduced attractiveness to new entrants, lower economies of scale, less efficient network change and increased complexity of contractual and operational interfaces.
- 6.9.94 A single franchise of the whole network would remove the need for TfGM to manage interfaces between franchises, maximise economies of scale and limit procurement costs. However, it was also considered to carry more risk around operator failure and be less optimal in regard to factors such as sustaining an enduring market.
- 6.9.95 The key risk of a single franchise of the whole network relates to operator failure, which would cause a significant amount of disruption to the transport network. This could range from continuous poor performance through to a worst-case scenario where the contract has to be terminated (e.g. when the performance is so poor that there are no alternatives or where an operator goes into liquidation). With a single operator, the risks associated with such scenarios are increased significantly as the scale of the problem is greater than with multiple operators, and TfGM would have no ready access to other operators who could step in to operate contracts in the event of a termination. Whilst there would be contractual mechanisms to incentivise good performance, if an operator failed to perform, TfGM could be faced with a difficult choice over whether to use mechanisms such as termination (with associated implications for disruption) or seek to manage improvement in the performance (for example, if the operator were viewed as too large to fail). This could lead to continued poor performance and extra cost being incurred by TfGM in managing the situation.
- 6.9.96 Additional factors considered were that the size and scale of a single franchise would likely reduce the size of the bidding market as a number of potential bidders would consider it too large to bid. Additionally, there is a significant risk that when a contract of this nature is re-procured, there is also limited market appetite due to the potentially strong incumbent advantage.
- 6.9.97 TfGM recognises the importance of competition in the franchise market and notes the CMA understands that the packaging strategy has been structured with the aim of achieving this. In the event of a Mayoral decision in favour of franchising, the Proposed Franchising Scheme will enable GMCA to continue to monitor the market and market appetite following the implementation of franchising noting the CMA’s point that *"There is a risk that significant change in the structure of the market in each sub-area will have occurred by the next franchising round"*, and to make suitable adjustments. Although the Assessment indicated that an enduring competitive market is best served by between 5 to

10 large franchises, alongside a number of small franchises, it will be possible to continue to monitor this and, as noted earlier, GMCA has the ability to adapt this over time. This is described further at section 6.9.103 of this report.

- 6.9.98 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that a route-by-route franchise model would be suboptimal.

Number of franchise packages

- 6.9.99 In response to the second consultation, Rotala commented that:

- *“GMCA states with assurance that there will be no change to mileage under scenario 2 so, as this outcome would not have any impact on the proposed commercial models in either the steady-state or during transition, the commercial proposition described in the Assessment would not be impacted, meaning that this scenario is not considered further in the updated Report. Given the content of the Oxera report and the flaws with the Scenarios presented, this is clearly a demonstrably inaccurate conclusion.”*
- *“GMCA further state that to mitigate the effects of Scenarios 1 and 4, where there will be a reduction in mileage, they will look to reduce the number of franchises by 20%. Given that one of the reasons provided for the Proposed Franchising Scheme was to provide a better and more available service to passengers that is not purely based on commercial viability, it is irrational for GMCA to consider a decision to franchise now and/or to make a decision to franchise now, when it is accepted it is a distinct possibility that it will have to reduce the franchise sizes, and thus the level of service available to passengers.”*

- 6.9.100 In response to the second consultation, Stagecoach commented that *“the GMCA assumes that Covid-19 is likely to represent a relatively minor change to the number of franchise packages and vehicles. However, a full review would be required post Covid-19 to determine the scope of the Proposed Franchising Scheme. This could include a full remapping of the network, the number of depots, the size of fleet.”*

- 6.9.101 In response to the second consultation, and as shown in Ipsos MORI's March 2021 Consultation Report (Section 9.3), a member of the public commented that *“The balance between large, medium and small franchise blocks might need to be reassessed. Covid medium term consequences might result in lower capacity demand that might allow tailoring of service levels while still maintaining a decent level of basic service.”*

- 6.9.102 Conversely, in response to the first consultation, First agreed that the franchise structure would support the achievement of the key commercial aims and that the model would be likely to be accepted by the operator market.

TfGM response

- 6.9.103 Rotala's comments imply that the network size would be determined by the commercial model. However, this is not the case. As is made clear at section 4.2.8 of the Covid-19 Impact Report, the commercial packaging strategy is one that flexes to the size of the network (rather than driving network size) and provides a mechanism to set the number of franchise packages in a manner that adapts to future changes to the sizes of network. Therefore, it is not proposed that the packaging strategy needs to be amended as a result of Rotala's comments.

- 6.9.104 TfGM does not agree with Stagecoach’s comment that GMCA assumes that Covid-19 is likely to represent a relatively minor change to the number of franchise packages and vehicles. Sections 4.2.9 to 4.2.12 of the Covid-19 Impact Report clearly set out a reduced number of franchises in the event of a mid-range or significant reduction in operated mileage. Stagecoach also suggests that a full remapping of the network, number of depots and size of fleet may be required. However:
- Section 6.9.29 confirms that the proposed procurement of the first round of franchising would predominantly tender the existing network immediately prior to the start of the procurement activity (i.e. not a reworked network) to minimise disruption to the network and passengers during transition. This would also mean that fleet sizes at the commencement of franchise operations are comparable to those in operation immediately prior to this point.
 - Section 4.2.13 of the Covid-19 Impact Report confirms that, in all of the Scenarios, no changes are anticipated to the depot strategy, including the proposal that GMCA would seek to secure control of the 10 strategic depots identified in the Assessment, with the number of strategic depots potentially being consolidated over time.
- 6.9.105 TfGM notes the comment from a member of the public regarding an assessment of the balance between franchise sizes. Section 4.2.8 to 4.2.15 of the Covid-19 Impact Report described how, in the event of a reduced network, the number and size of franchises would be adapted, if required, to strike a balance between maintaining bidding appetite and managing operational inefficiencies such as dead mileage. However, the overall balance between large and small franchises is important in facilitating the involvement of SME operators, and it is therefore unlikely that this would be revised other than in response to a significant change to the Greater Manchester SME bus operator market. As noted at section 6.9.139, TfGM has not identified any evidence to indicate that the Greater Manchester SME bus operator market, which is in receipt of CBSSG, has been disproportionately impacted to date.

Fixed costs

- 6.9.106 In response to the first consultation, OneBus commented that *“in some cases, school services and infrequent services will be operated by the same vehicles as daytime interpeak services. These should be packaged together and share the same contract length, otherwise there will be a duplication of some fixed costs”*. OneBus also warned that the market engagement test in 2018 does not give any final indication of cost or that all contracts will be successfully awarded as TfL admit to finding it difficult to attract new operators to the contract market.
- 6.9.107 In response to the second consultation, OneBus commented that *“any impact on package sizes due to reduced mileage levels will provide less income for the pre-set overheads and see increased bids per vehicle.”*
- 6.9.108 In response to the second consultation, Abellio provided a positive comment that *“the PFS allows the opportunity to maximise the value of the bus network as part of an integrated multi-modal network in GM, both geographically and across the hours of the day and week.”*

TfGM response:

- 6.9.109 It is recognised that packaging school services and small franchises separately may lead to some inefficiencies, as stated by OneBus. However, as stated at section 25.1.4 of the Assessment, this is required to provide GMCA with the flexibility to match the supply of services to demand and to provide further opportunities for small operators to bid into the market.
- 6.9.110 TfGM agrees in principle with the view from OneBus that reduced franchise sizes due to reduced mileage levels may result in bids with proportionally higher fixed costs. However, this risk would be managed using the approach described at section 4.2.8 of the Covid-19 Impact Report, whereby any reduction in operated mileage would be first managed by a reduction in the number of franchises and GMCA would preserve the range of franchise sizes in order to, amongst other things, maintain franchise economies of scale. In the event that this lever led to significant operational inefficiencies caused by additional dead mileage, TfGM would consider reducing individual franchise sizes if this proved better value for money overall.

Opportunities for Small and Medium-sized Operators

- 6.9.111 Question 10 of the first consultation asked for any comments on GMCA’s plans for allowing small and medium-sized operators (“SMEs” or “SME operators”) the opportunity to be involved in the Proposed Franchising Scheme.
- 6.9.112 Comments received in relation to this question largely focused on the safeguarding and opportunities available to SMEs and the restriction of lots.
- 6.9.113 Ipsos MORI’s June 2020 Consultation Report (Section 6.10) acknowledges that the responses in relation to the first consultation from statutory consultees (15 favourable comments versus 3 unfavourable comments), non-statutory consultees (18 favourable comments versus 4 unfavourable comments) and members of the public (376 favourable comments versus 94 unfavourable comments) are generally favourable towards the plans for allowing SMEs the opportunity to be involved in the Proposed Franchising Scheme.
- 6.9.114 The favourable comments from the first consultation included OneBus, who said it supported the opportunity for SMEs to be involved and TravelWatch NorthWest, who stated that *“This seems a reasonable way to protect the smaller operators and possibly introduce some elements of sensible competition and efficiencies”*. Ipsos MORI’s June 2020 Consultation Report does note how some other consultees, such as Go North West, made unfavourable comments that some SMEs may not have the experience and capability to participate in the Proposed Franchising Scheme. This view was shared by some other consultees who thought that SMEs might go out of business if they do not have the resource or experience to run services to a higher standard. Some also said that having multiple operators participating in the Proposed Franchising Scheme could be difficult to manage and could increase the likelihood of operational and financial difficulties.
- 6.9.115 Ipsos MORI’s June 2020 Consultation Report also stated that, in response to the first consultation, the main area of support from members of the public was general support and agreement from 302 respondents for the inclusion of smaller operators in the proposals, with a further 81 stating that the inclusion of SME operators could drive competition and prevent a monopoly. A further 195 members of the public also made favourable comments on the condition that one or more things would be improved or achieved. These included 67 favourable comments conditional on improved standards and quality of service, and 28 favourable comments on the condition that the service would be more reliable than present.
- 6.9.116 Ipsos MORI’s March 2021 Consultation Report (Section 9.3) stated that members of the public praised the considerations given to SME operators, particularly those running school or hospital services. However, it also noted that others felt that the franchise packages were too big and unfair to SME operators.

Safeguarding and opportunities available to SMEs

- 6.9.117 In response to the first consultation, the CMA stated that they welcome the proposal to incorporate large and small franchises as part of the scheme, recognising that the small franchises *“should give smaller operators opportunity to participate in the franchise competition as barriers to participation should be lower”*. However, also in response to the first consultation, the CMA stated that if, instead of GMCA’s general principle of one large franchise per strategic depot (Section 25.1.3 of the Assessment), two or more smaller entrants were able to operate from the same GMCA owned depot, a wider range of operators might be willing to participate in tenders for smaller franchises, as it anticipated

that a new entrant would not anticipate sufficient return to invest in acquiring and developing new depot capacity.

- 6.9.118 In response to the first consultation, the CMA also noted that the packaging strategy means that the scale of the large franchises is considerably larger than that of small franchises. Although they noted that medium-sized operators may be able to acquire a number of small franchises, they said that the authority needs to consider the role of medium-sized operators as *“market makers and shapers”* and query *“whether and how a small or medium operator could realistically expand their business”* to demonstrate the track record that may be required to win a large franchise.
- 6.9.119 In response to the first consultation, Arriva also stated that they *“believe that the small franchise contracts should have a minimum PVR of at least 10 in order to ensure that every operator has sufficient resource to deliver and manage the demands of a franchise contract”*.
- 6.9.120 In response to the first consultation, Lancashire County Council noted that *“there are currently a number of small and medium sized bus operators running services across the North West of England ... it is important that the financial viability of these operators is safeguarded as many of these operators also operate in neighbouring authority areas which would not wish to see a reduction in small to medium sized operators as they provide vital services, often at a lower cost base [than larger operators]”*.
- 6.9.121 In response to the first consultation, Belle Vue stated that *“the reforming will create a market place which only contains the larger bus operators such as in London, and the small to medium sized operators will not be able to compete within the franchising process with these larger conglomerates as they do not have either the resources or financial backing”*.
- 6.9.122 Responding to the first consultation, Rotala raised a few comments to challenge the proposals including that:
- SMEs may be impacted and risk insolvency because *“the requirement to re-tender the franchise on a five-year basis gives rise to material challenges for smaller bus operators”*;
 - *“The consultation does not provide any further details on the envisaged simplified procurement process”*;
 - *“It is not clear what size operators would fall within the category of small and medium bus operators”. Rotala has requested that GMCA clarify this aspect of the Proposed Franchising Scheme. In Rotala’s view, “bus operators need to accumulate in the region of 50 vehicles in order to have an efficient operating platform. Consequently, to the extent that a smaller operator subsequently lost one or more franchises so as to be operating less than 50 vehicles, this might create an incentive to exit the market”*.
- 6.9.123 Ipsos MORI’s June 2020 Consultation Report notes that Rotala and Go North West also made the point that operators may be impacted and risk insolvency – in response to Question 37 of the first consultation, which asked for any comments on the impacts of the Proposed Franchising Scheme on operators as set out in the sub-section impacts of the different options.
- 6.9.124 In response to the second consultation, Stagecoach commented that *“The GMCA has tried to design the Proposed Franchising Scheme to allow access to the market for small and medium-sized operators. However, as discussed in response to Question 7, there is a risk*

that many small operators may not exist post Covid-19.” In response to Question 7 of the second consultation, Stagecoach commented that “2020 saw the decline of the long established Coventry-based operator Travel de Courcey, Halifax-based TJ Walsh and Rainham-based Swallow Coaches.”

- 6.9.125 In response to the first consultation, Warrington’s Own Buses stated that *“small and medium sized operators should be considered eligible to bid for all sizes of franchise, including the larger ones”*.
- 6.9.126 In response to the second consultation, Warrington’s Own Buses reiterated that they *“would like the opportunity for SMEs to bid for both small and large franchises.”* They also commented that they *“don’t want large franchise operators being able to utilise spare depot capacity to compete incrementally at low cost in other areas outside GM such as Warrington as this would distort the market. This must be embedded in the franchise framework. In the event of service reductions (under franchising), we still want the opportunity to bid for small franchises i.e. they shouldn’t automatically go to a large franchise operator merely because they now have depot space. Equally, they should have to reflect the costs of that space in a like-for-like way with the SMEs who might not have the benefit of the depot under a large franchise (otherwise, competition is warped). We do not foresee their being reduced appetite from bidders – in fact, the impact of Covid-19 may increase the appetite.”*
- 6.9.127 Responding to the first consultation, others including Abellio, Manchester Community Transport, OneBus and TravelWatch NorthWest, however, noted their support for the opportunity afforded to small and medium operators. For example, Abellio said that it *“fully supports the GMCA’s plans to allow operators of all sizes to be able to be involved in the Proposed Franchising Scheme”*, and Manchester Community Transport said that *“GMCA appears to have thought deeply about how SMEs can be part of the transport solution ... This is absolutely the right approach as only when you introduce and facilitate competition, will passengers finally get the high-quality service they deserve”*. TravelWatch NorthWest stated that the Proposed Franchising Scheme *“seems a reasonable way to protect the smaller operators and possibly introduce some elements of sensible competition and efficiencies”*.
- 6.9.128 In response to the second consultation, Stockport Metropolitan Borough Council provided a positive comment that it *“supports the strategy and proposed mix of large and small/medium contracts as it provides continuity and depth of experience for managing the larger contracts and economies of scale whilst the use of small/medium sized contracts encourages other operators to develop in this field after bringing innovation to the market. The Council also supports the proposal to franchise school services on a resource basis rather than as part of large or small franchises to enable greater flexibility to respond to changing pupil demand.”*
- 6.9.129 Ipsos MORI’s March 2021 Consultation Report (Section 9.3) shows that suggestions were received that the Commercial Case should not overlook SME operators because large operators control depots and that large operators should be prevented from occupying spare depot capacity to compete and distort the market outside of Greater Manchester.

TfGM response:

- 6.9.130 The packaging strategy has been designed to provide a means of continuing opportunities for SMEs to deliver bus services in Greater Manchester while also complying with the legal requirements of both the Act and Guidance, which require an authority to consider how it

- would involve SMEs – particularly from the perspective of ensuring competition in the market.
- 6.9.131 Around 25 small franchises, of various sizes, alongside resource contracts for around 300 school services, would provide opportunities across Greater Manchester for SME operators who would not be of the appropriate size to deliver a large franchise alone.
- 6.9.132 In developing a packaging model that addresses the requirement to consider SME operators, a range of factors were considered, as set out in the Assessment. It is the case that SME operators are more active in certain parts of Greater Manchester than others. Therefore, one of the factors considered in establishing the number, size and location of small franchises was the current geographical focus and capacity of the SME market in order that the opportunity for SMEs to tender for services does not materially reduce under franchising.
- 6.9.133 Should any decision be taken to make the Proposed Franchising Scheme, GMCA would be required to include a statement in its report on how it intends to facilitate the involvement of SMEs in the Proposed Franchising Scheme. Should that be necessary, it is proposed that the feedback from the consultation would be considered by GMCA so that it could inform the preparation of that statement and its consideration of how to involve SMEs.
- 6.9.134 TfGM remain satisfied that the alignment of franchises under the Proposed Franchising Scheme is suitable and accounts for the existing market characteristics for SME operators.
- 6.9.135 The comment from the CMA regarding the difference in size between the large and small franchises appears to be based upon the assumption that large franchises will have a PVR of between 125 and 250, compared with a maximum PVR of 14 anticipated for the first round of small franchises. Whilst it is correct to state that the small franchises will have a maximum PVR of 14 in the first round of franchising (Section 25.1.4ii of the Assessment), the assumption regarding the size of large franchises is not correct. In the first round of franchising, the PVRs of large franchises will range from c.35 to c.230, largely depending on strategic depot capacity, with the lower end of the range meaning that it would be feasible for:
- Medium-sized operators or consortiums of small and/or medium-sized operators to bid for the smaller large franchises; and
 - Small operators to expand by winning a number of small franchises such that they grow to a size considered appropriate by GMCA to bid for and operate large franchises.
- 6.9.136 As a general principle, GMCA has set an upper PVR limit of 33 for franchises to be categorised as small franchises, and a lower PVR limit of 34 for franchises to be categorised as large franchises. These sizes are considered to appropriately reflect both the simplified process of the small franchise procurement compared with large franchises and the greater access to small franchise depots in terms of land availability and cost.
- 6.9.137 The significantly smaller scale of depots required for small franchises means that these facilities are not considered strategic in nature and should not present a material barrier to entry to bidders for small franchises and school contracts to be let by GMCA. This is similar to the current market structure for school and tendered services in Greater Manchester. The intervention proposed for strategic depots for large franchise contracts, therefore, is not considered to be justified for small and medium depots (see Section 26.1.16 of the Assessment). Also, as noted in the Assessment, TfGM have concluded that sharing of such depots is suboptimal due to the risk of disputes and coordination

difficulties, leading to inefficiencies and the increased likelihood of GMCA intervention. TfGM have also considered examples of where depots are shared between multiple operators both in the UK and internationally and have found few examples of this arrangement taking place. However, as the Assessment sets out, the depot strategy will evolve in the steady-state, and this option will continue to be reviewed.

6.9.138 GMCA recognise that there is a particular risk relating to the potential failure of small operators. However, it is considered that the risk of SME failure is adequately mitigated by the inclusion and design of small franchises and school contracts. Specifically, the design of the small franchises seeks to mitigate the risk of operator failure via two key aspects:

- Firstly, as stated above at section 6.9.137, small franchises are significantly smaller in size than large franchises. This reduces the impact of operator failure as the impact on the network will be minimised, and it will be simpler and quicker to replace a failed operator than if a large franchise operator failed; and
- Secondly, the small franchise term of between three and five years is shorter than the large franchise term of five years with an optional extension of up to two years. As stated at section 25.2.5 of the Assessment, the rationale for the shorter term for small franchises is in part because SMEs are unlikely to be of sufficient size or financial capacity to commit to a contract length of up to seven years.

6.9.139 In response to the second consultation, Stagecoach commented that there is a risk that many small operators may not exist post-Covid-19. The 2017 Act requires authorities to facilitate the involvement of SMEs, and Section 25.1.4 of the Assessment described that small franchises are included in the packaging strategy with the intention of maintaining access to the market for SMEs. Stagecoach has not presented any evidence in its response to the second consultation to indicate that many Greater Manchester SME bus operators may not exist post-Covid-19. TfGM continues to monitor the risks associated with Greater Manchester bus services and bus operators and has not identified any evidence to indicate that the Greater Manchester SME bus operations market, which is in receipt of CBSSG, has not been disproportionately impacted to date. It should also be noted that of these non-Greater Manchester operators referenced by Stagecoach:

- A proportion of Travel de Courcey and Swallow Coaches business was coach related, and as coach services have not received CBSSG, this is not directly comparable.
- TJ Walsh, in a letter to staff as reported by Coach & Bus Week Magazine (cbwmagazine.com/tj-walsh-of-halifax-closes-its-doors), stated that *“The over-bussing and discounting of fares on routes we operate by FirstGroup and the cutbacks from government for bus services... has for the last few years meant that the company has only just been trading and keeping employees in work, but has been unable to build up cash reserves to help in times of crisis”*. Therefore, whilst Covid-19 may have exacerbated these issues, it does not appear to be the sole reason why they have ceased trading.

6.9.140 Large franchises, which have higher PVRs and longer terms than small franchises, are unlikely to be accessible to smaller operators as they would not be able to demonstrate the level of franchise and economic robustness required to proceed to tender-stage.

6.9.141 Given the nature of the SME market in Greater Manchester, the franchise sizes proposed for the first round of franchising are appropriate for the current scale of the Greater Manchester SME market, but GMCA will retain flexibility under the Proposed Franchising

Scheme to vary the size of franchise packages in subsequent rounds so that they continue to provide operators, and in particular SMEs, with the opportunity to expand.

- 6.9.142 The suggestion from Arriva that there should be a minimum PVR of 10 for small franchises has not been adopted as it would likely close the market to a number of smaller SME operators and is therefore not compatible with the commercial objectives described at section 24.2.1 of the Assessment.
- 6.9.143 GMCA fully recognise and support the statements made by Lancashire County Council and Belle Vue, and the commercial proposition has been developed with an objective of maintaining access to the market for SMEs (Section 42.2.1.ii of the Assessment). This includes:
- Packaging strategy: The inclusion of 25 small franchises and up to 300 schools resource contracts which would specifically facilitate SME participation as they would largely reflect the services currently being provided by those operators;
 - Asset strategy: The depot strategy is designed to restrict large franchise operators from using the strategic depots to operate either small franchises or resource contracts for school services. Without this restriction, it is considered likely that large franchise operators would benefit from economies of scale and other efficiencies in bidding for smaller franchise packages by operating them out of a strategic depot; and
 - Procurement strategy: The procurement process for the small franchises and schools resource contracts would be simpler and less onerous than for large franchises, reflecting the size, scale and risk of these franchises, and to avoid creating barriers to entry. Also, a restriction would be placed on the number of small franchises awarded to any single bidder in each tranche of procurement.
- 6.9.144 TfGM accept that having to bid and retender for franchises would have an impact on all operators. However, the proposals around packaging and franchising design are seen to mitigate these risks by ensuring that there is a competitive and open market for operators to bid into, should they wish to.
- 6.9.145 Section 27 of the Assessment sets out the proposed simplified procurement process for small franchises and resource contracts. This is proposed to be negotiated ITN procedure for round one of franchising followed by the restricted procedure from the second round due to the reduced complexity compared with large franchises. Resource contracts would also use the restricted procedure due to these contracts being smaller, less complex, can be sufficiently specified and are of lower risk.
- 6.9.146 Warrington's Own Buses made similar comments in response to both the first consultation and second consultation regarding wanting the ability for SMEs to bid for all franchise opportunities. It is not intended that there would be a specific restriction stopping SMEs bidding for large franchises. Instead, there would be a number of tests of economic and financial standing that act as a hurdle to determine whether an operator is of sufficient size and strength to bid for franchises (including the larger small franchises). In reality, it is unlikely that an SME will pass the hurdle for a large franchise, but equally, there will be some large operators who are unlikely to be of sufficient size and strength to bid for the biggest large franchises.
- 6.9.147 Section 6.9.143 clarifies that the commercial arrangements relating to strategic depots will have the effect of restricting large franchise operators from using the strategic depots for

any operational services other than the large franchise operations. This addresses the concern of Warrington's Own Buses.

- 6.9.148 TfGM carried out a piece of work to determine the existing cross-boundary services that may require changes to mitigate potentially adverse effects of franchised services. This found that only one of these services was operated by an SME operator. Therefore, it is not considered that the effects of the Proposed Franchising Scheme on cross-boundary services would be a particular concern to SME operators in Greater Manchester.
- 6.9.149 The Assessment was also clear in proposing how the small franchise and resource contracts would closely reflect that existing market, which means that they should not require an operator to have "*in the region of 50 vehicles*", as Rotala suggest.
- 6.9.150 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the packaging strategy would provide a means of continuing opportunities for SMEs to deliver bus services in Greater Manchester.

Restriction of lots

- 6.9.151 Responding to the first consultation, the CMA recognised that the proposal to restrict the number of small franchises any given operator can hold should limit the potential for smaller firms to be excluded by large or incumbent operators.
- 6.9.152 Responding to the first consultation, OneBus considered that, if the objective was to introduce "*competition for the market*", there should be no restrictions on bidding and that introducing any restrictions risks distorting bids, as the knowledge that an operator cannot bid will affect what another operator may bid.
- 6.9.153 Responding to the first consultation, Go North West suggested that to preserve competition but still enable value for money, any restriction on the number of small franchises an operator may be awarded should be limited to that operator's market share in Greater Manchester as a whole.
- 6.9.154 Responding to the first consultation, First stated that contracts must be awarded on the basis of best value and comply with procurement law: simply stating that a certain number of contracts will be the maximum awarded is a potential market distortion and would be open to challenge by an unsuccessful bidder.
- 6.9.155 Responding to the first consultation, HCT Group suggested that the restriction on the number of small franchises that could be won curtails the ambitions of SMEs and should therefore either be extended to large franchises or removed altogether.

TfGM response:

- 6.9.156 To facilitate competition in the market, a restriction would be placed on the number of small franchise lots that any operator can be awarded in each tranche of procurement. This restriction is intended to a) reduce the risk of a large operator being able to dominate the market through marginal pricing to the detriment of SME operators; and b) to manage the risk for both TfGM and the operator of an operator overstretching their business in too short a timeframe (Section 25.1.6 of the Assessment).

- 6.9.157 The general principle is that no restrictions should be placed on the number of lots that each bidder can be awarded unless it is considered that the disbenefits to such an approach from a competition perspective are outweighed either by:
- The appropriateness of mitigating the risk of operators growing too rapidly and unsustainably, which would otherwise increase the risk that operators are unable to fulfil franchise requirements resulting in significant contractual financial penalties, contract termination and/or insolvency. In turn, this would offer protection to GMCA and the public from the risk of poor levels of operator performance, and disruption in the event of operator termination or insolvency; and
 - The potential for long-term competition in Greater Manchester to be materially reduced. Section 25.1.6 of the Assessment proposes that restrictions on the number of small franchises awarded to any single bidder would be placed at tranche level rather than across the franchise market as a whole.
- 6.9.158 TfGM notes that regulation 65(3) of the Utilities Contracts Regulations 2016 expressly permits a restriction to be imposed on the number of lots which any operator may be awarded. The contention that none may be, as suggested by First, is incorrect. Any restriction on the number of lots that may be awarded would comply with the applicable procurement rules at the time of procurement.
- 6.9.159 The Assessment describes the following restrictions that would or could be applied to the Proposed Franchising Scheme:
- A restriction on the ability of large franchise operators to use strategic depots to deliver either small franchises or resource contracts for school services;
 - A restriction on the number of small franchises awarded to any single bidder in each tranche of procurement (Section 25.1.6 of the Assessment); and
 - A minimum threshold (set on a franchise by franchise basis) on the economic and financial standing of potential franchise bidders, which will be set at a lower threshold for small franchises to provide SME operators, in particular, with the opportunity to grow and expand.
- 6.9.160 The first two of these restrictions are intended to reduce the risk of a large operator being able to dominate the market through marginal pricing, to the detriment of SME operators. The purpose of the third is to ensure that operators are of sufficient size and financial robustness relative to each franchise opportunity.
- 6.9.161 The option to restrict small franchises based on an operator's Greater Manchester market share was considered in the development of the Assessment. It was concluded that the tranche procurement structure means that restrictions can only be placed at tranche level (i.e. not across the whole of Greater Manchester). Regulation 65(3) of the Utilities Contracts Regulations 2016 expressly allows a utility to award a contract in the form of separate lots and to restrict the number of lots which any operator may be awarded. Whilst market share may form part of the objective, non-discriminatory criteria will be applied to determine which lots will be awarded to a particular operator (if it would otherwise be successful in more than the maximum number stipulated), the permissible restriction under the regulation is on the number of lots that may be awarded to a single bidder when a contract is awarded.

- 6.9.162 Although HCT Group suggest that small franchise restrictions are intended to limit the ability of SMEs to grow, the intent is actually to provide a degree of protection for SMEs from large operators and ensure that there remains a competitive market at small franchise level. As noted above, these restrictions would be applied at tranche, not across the whole franchise market, so will enable operators to grow by bidding across multiple tranches.
- 6.9.163 In response to the CMA's caution that care is needed to ensure that the "*potential exclusion of a large firm (having reached a cap) does not reduce the level of competitive pressure on firms participating in a later competition*", section 25.1.6 of the Assessment proposes that restrictions would be placed at tranche level rather than across tranches/competitions, and therefore it is considered that this risk is appropriately mitigated.
- 6.9.164 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that a restriction would be placed on the number of small franchise lots that any operator can be awarded in each tranche of procurement.

Contract Length

- 6.9.165 Question 19 of the first consultation asked for any comments on the length of franchise contracts under the Proposed Franchising Scheme as set out in the Commercial Case. The proposal was that the large franchise lengths in the steady-state would be five years with an optional extension, initially at GMCA’s discretion, of up to two years (Section 25.2.2 of the Assessment).
- 6.9.166 Ipsos MORI’s June 2020 Consultation Report (Section 9.2) shows that responses in relation to the first consultation from statutory consultees were largely positive, with 11 favourable comments versus 6 unfavourable comments. However, responses from non-statutory consultees (6 favourable comments versus 5 unfavourable comments) and members of the public (142 favourable comments versus 134 unfavourable comments) to the proposals for contract length were relatively divided. 83 members of public provided general support without elaborating on their particular reasons whilst the unfavourable responses from members of the public were broadly split further between those who thought the length too long (27) and those that thought the length too short (23).
- 6.9.167 In response to the first consultation, comments received from operators and local authorities in relation to contract length largely focused on whether longer contract terms should be permitted and the rationale for short-term contracts.

Longer contract terms

- 6.9.168 Responding to the first consultation, Rotala state that five-year franchise contract cycles will *“shift operators’ focus to short-term profitability, while at the same time stifling investment and the long-term development of routes, personnel and infrastructure. The proposed five-year length for a franchise contract appears to have been based on the London experience. However, the franchising market in London is radically different from the system proposed by GMCA. In London, franchises are granted by route in a cycle which ensures that there is a continuous series of route franchises to be bid for. Every operator in the London market therefore sees an opportunity to build its market share and is a long-term player in that market. In contrast, GMCA intends to use a system of 10 or so large franchises based on area and the same five-year contract duration as in London. This approach gives operators very little prospect of building market share and brings with it the considerable risk to the operator of being completely out of the market at the end of the franchise contract ... If these large, area, franchise contracts are to be used, it is clear that the franchise length would need to be much longer – probably at least ten years – in order to avoid these pitfalls. However, to adopt such a long period would inevitably reduce competition as such lengthy franchise periods would favour the incumbent operator”*.
- 6.9.169 Responding to the first consultation, First state that *“the most advantageous contract value will generally be realised when contracts are awarded for the maximum permitted term under the prevailing procurement rules”*, as it allows bidders the greatest long-term security to reduce the risk of business change at the end of the contract and more cost-effective means of procuring vehicles and other capital assets. First go on to note that *“the proposed period of 5 years plus two-year extension is slightly shorter than the maximum legally permitted 8-year contract duration currently in force”*.
- 6.9.170 Responding to the first consultation, Transdev state that their preference is for contracts of up to 10 years to *“allow fleet to be leased at the most economic rates”*.

- 6.9.171 Responding to the first consultation, Go North West were supportive in principle to GMCA’s proposed contract length for large contracts subject to a) buses being used on a five-plus-two-year contract being able to be used on a further such contracts (to avoid wastage and increased prices) and b) transparency about the circumstances in which the two-year option will and will not be exercised (so that operators are aware of the impact on their asset values).
- 6.9.172 Responding to the first consultation, Salford, Stockport and Tameside Metropolitan Borough Councils and TravelWatch NorthWest stated their approval of the proposed contract lengths. For example, Salford City Council stated that the proposed length of contract for the large and small franchises is considered appropriate as it will “*provide operators and passengers with consistency for long term planning and investment in a service*”. Ipsos MORI’s June 2020 Consultation Report (Section 9.2.3) also noted that a member of the public stated that “*The proposed lengths of franchise contracts are sensible and appropriate. They provide GMCA and TfGM with appropriate flexibility and will be attractive to operators*”.

TfGM response:

- 6.9.173 Determining the most appropriate contract length requires the balancing of a number of factors. The points raised by operators are recognised. But the proposed contract lengths have been designed to create a balance between, amongst other things:
- Offering a sufficient period for operators to mitigate the risk pricing associated with longer franchise terms due to uncertainty around long-term cost forecasting; and
 - The need to provide GMCA with the flexibility to make changes to the franchising proposition at regular re-procurement intervals (Section 25.2.3 of the Assessment).
- 6.9.174 In the steady-state, GMCA anticipates that subject to franchisee performance, it would most likely automatically apply the maximum extension period to enable a franchise length of seven years. On this basis, the contract would be of sufficient length to balance the investment in bidding and mobilising a new franchise but not so long that the bid submissions include significant risk pricing due to the uncertainty inherent in long-term cost forecasting.
- 6.9.175 It is recognised that the lengths of franchises during the transitional period would vary, which may result in a less optimal contract length; however, this is required to achieve a regular and consistent procurement programme in the steady-state, with a similar number of franchises let each year (Section 25.2.6 of the Assessment). This should mitigate the concerns raised by some consultees such as Rotala.
- 6.9.176 Also, in terms of maximum allowable contract length for franchised bus services, Article 4(3) of EU Regulation 1370/2007 generally places a limit on the length of public bus service contracts of 10 years. This regulation has been adopted directly into UK law under the European Union (Withdrawal) Act 2018.
- 6.9.177 Contract lengths of between three and five years are proposed for both school contracts and small franchises. This is in line with current practice for GMCA tendered routes and, as described further at section 25.2.5 of the Assessment, is reflective of the size and financial capacity of SME bus operators, whilst at the same time provide scope to evolve their business over time and enabling GMCA to set a lower pre-qualification threshold.

6.9.178 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the proposed contract lengths of large franchises in the steady-state of five years with an optional extension, initially at GMCA's discretion, of up to two years remain appropriate.

Shorter term contracts

6.9.179 Responding to the first consultation, OneBus state that *"short-term contracts may be unattractive to some operators and will be met with a higher cost per annum charge to TfGM than for a longer contract. Operator setup costs will be spread over a much shorter timescale and vehicle leasing costs will be higher for a shorter term"*.

6.9.180 Responding to the first consultation, Go North West suggested that *"the difference in duration between large franchise contracts and small franchise contracts may present difficulties for an operator considering whether or not to rebid for contracts with a lack of certainty as to its contractual position"*.

6.9.181 Responding to the second consultation, a member of the public commented that *"School contracts [are] not long enough, [this] could cause [a] lack of school busses based on resources or termination of services to schools."*

TfGM response:

6.9.182 It should be noted that the steady-state shorter franchise lengths of three to five years apply to smaller franchises only. As no further context is provided as to what OneBus are classifying as 'short-term contracts' it is therefore assumed that this comment relates to small franchises only rather than all franchises. The small franchise length has been set to support the achievement of the commercial model objective of maintaining access to the market for SMEs. Whilst the small franchise length may be unattractive to some operators and may result in a higher cost to GMCA than for a longer contract, this is a trade-off in order to support maintaining of access to the market for SMEs.

6.9.183 GMCA recognise the potential implications of different durations of large franchises compared to small franchises and school contracts, but there is a clear rationale (Section 25.2.5 of the Assessment) for this:

- SMEs are unlikely to be of sufficient size or financial capacity to commit longer contract lengths;
- Shorter franchise terms provide SMEs with greater flexibility and scope to evolve; and
- Lower pre-qualification threshold for small franchises and school contracts would increase GMCA's risk in signing long-term agreements.

6.9.184 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the proposed contract lengths of small franchise in the steady-state of three to five years remain appropriate.

Other contract terms

- 6.9.185 Question 20 of the first consultation asked for any comments on the proposed allocation of risk between GMCA and bus operators under the Proposed Franchising Scheme as set out in the Commercial Case. The Proposed Franchising Scheme is intended to allocate risk to those best able to manage it, which supports value for money and ensures that risks are most efficiently managed on an ongoing basis. The operator's risk profile changes to facilitate GMCA gaining greater control of the passenger offer in order to achieve its strategic objectives, and GMCA's risk profile adjusts to control and mitigate any commercial risks imported through the process (Section 25.3 of the Assessment).
- 6.9.186 Ipsos MORI's June 2020 Consultation Report (Section 9.3) shows that, generally, responses in relation to the first consultation from members of the public to the proposed allocation are supportive, with 108 favourable comments versus 76 unfavourable comments. However, comments from statutory consultees (9 favourable comments versus 8 unfavourable comments) and non-statutory consultees (7 favourable comments versus 4 unfavourable comments) were generally mixed. The positive comments from non-statutory consultees and members of the public included the potential for simpler fares and tickets achieved in GMCA taking revenue/patronage risk. The overarching concern of the unfavourable comments was that GMCA will retain too much risk or responsibility.
- 6.9.187 In response to the first consultation, the responses received from operators, local authorities and transport user groups relating to other contract terms largely focused on the performance regime and revenue risk.
- 6.9.188 In response to the second consultation, the responses received from the CMA, operators, operator groups and MPs relating to other contract terms largely focused on the performance regime, revenue risk, brand ownership and the speed at which the network can adapt to change.

Performance regime

- 6.9.189 In response to the first consultation, Arriva and Go North West state that they agree with the principle of a performance regime being applied to franchise contracts.
- 6.9.190 In response to the first consultation, Arriva also suggested that the calibration of the performance regime should be *"reflective of the interventions and action of GMCA to address issues which are outside the control of operators and such impact our ability to deliver to the performance standards (e.g. congestion hotspots, poor roadside infrastructure or lack of bus priority measures)"*.
- 6.9.191 In response to the first consultation, Go North West made several suggestions around the design of the performance regime. In their view it should be kept within clear and workable rules; that it should only measure aspects of service delivery that are within the bus operators' sole control; and that *"it is important that funding arrangements are set up in such a way that GMCA is not reliant on penalties for non-compliance to fund payments for good performance; GMCA's budget should be based on paying 100% of incentives"*.
- 6.9.192 In response to the first consultation, Rotala state that they have *"considerable concerns with the proposed risk allocation between GMCA and the bus operators"*. If GMCA take the wage inflation risk, they question what incentive operators will have to resist requests for wage increases and, if it includes pensions, what incentive would operators have to resist increases in these only partially controllable costs. They state that *"The Commercial Case*

Risk Allocation Paper envisages that bus operators will take the congestion risk. However, there is no commentary as to how this might affect tender prices and certainly more details should be provided before GMCA can take an informed view on this element of the Proposed Franchising Scheme”.

- 6.9.193 In response to the second consultation, the CMA noted that better quality services could be enforced by combining the “*appropriate ability for TfGM to take remedial action*” with the creation of “*a single point of contact for customer service*”.
- 6.9.194 In response to the second consultation, Debbie Abrahams MP commented that “*Many Oldham and Saddleworth residents have told me... routes don’t meet their needs and on too many occasions are late or do not turn up without any explanation as to why.*”
- 6.9.195 Ipsos MORI’s March 2021 Consultation Report (Section 9.3) shows that, although not specific to any one option, some members of the public felt that the Commercial Case lacked information or detail on the potential incentives or rewards available to operators.

TfGM response:

- 6.9.196 It is recognised that there are factors, such as congestion and others noted above by consultees, outside of the control of operators, and these will be taken into account in the contract and performance regime. For example, these could be taken into account directly in the calibration of the performance regime or by reflecting them in the franchise network requirements (e.g. timetable requirements) contained in the contract specification. Additionally, operators will have the opportunity to take into account such factors at bid stage. The intention is that all bid documentation, including contract and performance regime calibration, are shared with the bidder market prior to the commencement of the procurement of Sub-Area A to obtain preliminary feedback and will also be subject to negotiation with bidders as appropriate during the main tender stage.
- 6.9.197 A bonus mechanism that relied on income from penalties for non-compliance would not be applied. Conversely, GMCA’s aspiration is that operators deliver franchise operations to the required operational and service quality standards such that 100% of performance adjustments are earned, as this will support GMCA’s ambitions to drive patronage, revenue and benefits realisation.
- 6.9.198 TfGM agrees with the views expressed by CMA regarding the benefits to service quality of the combined approach of a single contact for customer service and the ability for remedial action. Under the proposed franchise commercial model:
- The GMCA would take control of the customer relationship as these sit most naturally with the party taking revenue and patronage risk.
 - The performance regime described at sections 25.3.8 to 25.3.14 of the Assessment would incentivise both operational performance and service quality of franchise operations. This would be backed up by further contractual measures, including performance improvement plans, and ultimately the ability for GMCA to terminate a franchise contract in the event of (amongst other things) ongoing poor performance by a franchise operator.
- 6.9.199 TfGM agrees with the views expressed by Debbie Abrahams MP regarding operators being held accountable for their operational performance, and as set out at section 6.9.198, under the proposed franchise commercial model, the performance regime would incentivise operational performance of franchise operations.

- 6.9.200 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that it is appropriate to incentivise both the operational performance and service quality of franchise operations.

Revenue Risk

- 6.9.201 In response to the first consultation, Transdev suggested that there should be an element of revenue risk-sharing *“which incentivises operators to deliver high standards and to promote and market the network to maximise customers and revenue in a collaborative manner with TfGM”*. HCT Group goes further than this in suggesting that *“In subsequent tranches, GMCA should consider reallocating the revenue risk to operators. This increases the incentive of providers to deliver and invest”*.
- 6.9.202 Responding to the first consultation, Abellio, First, some local authorities and TravelWatch NorthWest stated that the allocation of risk between GMCA and operators is considered to be appropriate. For example, Abellio stated that they *“believe that the proposed allocation of risk is appropriate in order to achieve the submission of bids at the competitive margins indicated in the Assessment”*.
- 6.9.203 In response to the second consultation, Debbie Abrahams MP provided a positive comment that *“We need to ensure routes, timetables, tickets and standards are set by the Greater Manchester Combined Authority and not individual bus companies... There is also an urgent need to reform the current complex and expensive ticket system and ensure we have an integrated public transport system.”*

TfGM response:

- 6.9.204 It is considered that risk and reward are appropriately allocated with GMCA having control over the customer relationship, given that this sits most naturally with the party taking revenue and patronage risk, and will also set the franchise specification in respect of operational and service quality standards. However, as noted at section 25.3.11 of the Assessment, in the steady-state, GMCA would consider the introduction of offering franchisees direct patronage incentivisation via additional performance adjustments.
- 6.9.205 TfGM agrees with the views expressed by Debbie Abrahams MP, and Table 33 of the Assessment described how, under the proposed franchise commercial model, GMCA would define and specify the bus network whilst operators would develop timetables to meet TfGM specification. Table 1 of the Commercial Case Franchising Risk Allocation Supporting Paper also stated that TfGM would take all revenue risk, enabling it to implement multi-modal fares and ticketing policies and control the passenger offer.
- 6.9.206 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that risk and reward are appropriately allocated.

Brand Ownership

- 6.9.207 In response to the second consultation, Transdev commented that *“we would strongly urge GMCA/TfGM to consider what skills operators can bring to developing the franchised network if adopted. We have had great success in growing customer numbers due to a very focused local branding strategy compared to our peers- many who focus on a standard national corporate identity. We are very concerned that the GM franchise may provide a one size fits all brand – whether for the flagship Guided Busway or the small local town*

minibus. Local branding and product segmentation works well and we would caution against a single Greater Manchester network identity. Put simply why should the town services in Rochdale and Altrincham (as two examples) look the same under a regional brand. Your peers at West Yorkshire Combined Authority have commissioned Transdev to deliver a network navigation project covering printed and at stop material to help customers clearly navigate the network. This is an excellent example of an authority recognising and using the skills of its operators for wider benefit."

TfGM response

- 6.9.208 Section 25.3.3 of the Assessment describes how GMCA would take brand ownership in a franchise model, including the development and specification of branding. In developing a branding strategy for the Proposed Franchising Scheme, GMCA will consider a range of options, including factors such as those noted by Transdev, whilst the franchise contracts would enable operators to submit proposals that would deliver network benefits which would then be considered by GMCA.
- 6.9.209 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that brand ownership is appropriately allocated.

The speed at which the network can adapt to change.

- 6.9.210 In response to the second consultation, OneBus commented that *"over the last 10 months the demands for bus travel have been changing on an almost day to day basis in line with the restrictions and social distancing brought about by the introduction of lockdowns and changing Tiers. Bus operators have been fast to respond to the changing demands by being agile in introducing temporary timetables to reflect the changing demands and to satisfy the financial support being provided to keep services operating for key workers. The commercial model of the industry allows these changes to happen quickly when required. That agility to respond to rapidly changing demands will be lost under franchising as the process for introducing changes will be laborious requiring Member approval, consultation, re- negotiation of contracts and time for the operator adjustments. The financial impact of this will be borne by TfGM and we doubt this is included in the assessment. We appreciate that stability of service is an important customer need but so is the ability to respond to the demands for change and we see franchising being not able to satisfy this."*
- 6.9.211 Conversely, in response to the second consultation, Abellio commented that *"The Proposed Franchising Scheme allows change to be delivered more quickly when it is required than could be achieved through either a Partnership or a continuation of the 'do minimum' deregulated market."*

TfGM response

- 6.9.212 TfGM agrees with OneBus' comment that *"Bus operators have been fast to respond to the changing demands by being agile in introducing temporary timetables to reflect the changing demands and to satisfy the financial support being provided to keep services operating for key workers"*. However, given that bus services have been and continue to be supported by Government subsidy, and service changes have required TfGM sign-off, this is a clear example of TfGM and operators working efficiently to agree and implement changes to respond to changing demand levels. Changes under the franchise model would be subject to appropriate levels of governance to facilitate the efficient and responsive implementation of change. In addition, a franchise model enables a coordinated network

approach rather than operator by operator patchwork response. More generally, it is noted that, on the assumption that, if a decision were made to introduce the Proposed Franchising Scheme, franchise operations would not commence before early 2023. It is anticipated that current levels of volatility will be likely to have dissipated by that point with a stable network in place with levels of volatility more akin to that experienced pre-Covid rather than over the last 12 months, and therefore the requirement to respond to rapidly changing demand levels is much less likely than it is in the current operating environment.

- 6.9.213 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that GMCA are well placed to facilitate the efficient and responsive implementation of change.

Procurement

- 6.9.214 Question 25 of the first consultation asked for any comments on GMCA's approach to procuring franchise contracts under the Proposed Franchising Scheme as set out in the Commercial Case.
- 6.9.215 In response to the first consultation, the responses received from operators largely focused on bidder appetite and the ability to award contracts directly for interim services.
- 6.9.216 In response to the second consultation, the responses received from operators largely focused on bidder appetite, the risk of contracts being awarded on the basis of lowest price, social value, the risk of operator insolvency, transition risks and the contractual framework.

Bidder appetite

- 6.9.217 Ipsos MORI's June 2020 Consultation Report (Section 9.8) states that the majority of the responses in relation to the first consultation from non-statutory consultees (4 favourable comments versus 1 unfavourable comment) and members of the public (48 favourable comments versus 38 unfavourable comments) to the approach for procuring franchise contract are positive. Positive comments included the approach being fair and accessible (comment from the University of Manchester at section 9.8.2) and the likelihood of it driving up competition between competitors. However, responses from statutory consultees were largely mixed, with 7 favourable comments versus 6 unfavourable comments including. Ipsos MORI's June 2020 Consultation Report further noted that in response to the first consultation, Go North West were very unsupportive of the proposed approach as set out at section 6.9.234 of this report and that Rotala, as set out at section 6.9.77 of this report, queried whether a general opposition to franchising from operators may drive down competition.
- 6.9.218 Ipsos MORI's March 2021 Consultation Report (Section 9.3) stated that members of the public provided positive comments that the contracts or franchises are suitably attractive to encourage operators to bid.
- 6.9.219 **Competition from non-GM operators:** In response to the second consultation, Go North West commented that *"The uncertain levels of bus patronage arising due to the Covid-19 pandemic, and the risks associated with depot access and quality bus availability, would create significant uncertainties and risks for out-of-area bus operators and result in significant barriers to competing for these contracts. These operators are less likely to have had the expertise of operating in the relevant markets and so are likely to face different levels of knowledge in preparing tenders for any franchising opportunity."*
- 6.9.220 **Evidence to support TfGM's conclusion that franchising will likely be more attractive to the bidding market:** In response to the second consultation:
- Go North West commented that the Covid-19 Impact Report *"acknowledges that 'the uncertainty created by Covid-19 could impact the appetite of operators to bid for franchises during transition' but then concludes that 'TfGM believes that the commercial opportunity of the franchise contracts, including GMCA taking revenue risk, is likely to outweigh any wider drivers of lower bidding appetite, and the Proposed Franchising Scheme will likely be a more attractive proposition to the operator market during a period of volatility.' There is no evidence provided for this conclusion and so it would be*

useful for TfGM to share responses from operators where it has sought views on the appetite for franchising by operators to support this."

- Stagecoach commented that *"It is unclear what analysis/consultation/evidence gathering has been conducted by the GMCA to determine bidder appetite since the 2018 exercise to which it refers. Stagecoach is the largest operator of buses in Greater Manchester. However, the GMCA has not recently asked whether it would consider bidding for franchises if they became available, particularly in the light of the impact of Covid-19. Presumably, the GMCA believes that bidder appetite would exist post Covid-19. However, we have seen no evidence to support this. It is a significant risk to leave unmitigated. It could lead, for example, to the GMCA paying higher margins to attract bidders, which would increase the cost of the Proposed Franchising Scheme and put more pressure on the public purse. This could ultimately lead to reductions in the services people in Greater Manchester can expect from the GMCA."*
- The Chartered Institute of Logistics and Transport commented that *"reducing the network would appear to be counter-productive to the aims of franchising...and it is possible that the number of interested bidders for franchises will fall."*
- The CMA commented that changes *"necessary if reduced demand for bus services results in a reduction in operated mileage...should carefully consider the effect on bidder appetite."*

6.9.221 **Likely SME impact:** In response to the second consultation, Go North West also commented that the Covid-19 Impact Report *"acknowledges that 'large and SME operators would not be impacted in a broadly comparable manner, but it is accepted that SME operators could be less well-equipped to manage the disruption caused by Covid-19.' In other words, the impact of the Covid-19 pandemic may actually reduce operator appetite, but again a lack of evidence of views from SME operators is not provided to conclude that this would be the case"*.

6.9.222 **The rail franchise market:** In response to the second consultation, Go North West commented that *"The report concludes that 'Given the number of potential bidders in the market, and the likely attractiveness of lower risk/more certain contracting, it is considered that there would still be sufficient market appetite to bid for franchised contracts.' Go North West would question the validity of this statement, particularly given the recent experience of rail franchises and the withdrawal of a number of operators from that market due to the recent downturn in patronage and the anticipated recovery period and costs."*

6.9.223 Conversely, in response to the second consultation:

- Abellio commented that *"Implementation and transition to a PFS has also now become less risky for GMCA as a result of the Covid pandemic and, as such, the PFS has become even more attractive than partnership following the pandemic. Abellio does not believe that the partnership option is a lower-risk option for GMCA compared with franchising, on the assumption there remains no transfer of revenue risk, given that with CBSSG and CBSSG Restart all revenue risk currently lies with the state and will do so for the foreseeable future."*
- Warrington's Own Buses commented that *"We do not foresee their being reduced appetite from bidders - in fact, the impact of Covid-19 may increase the appetite."*

6.9.224 Also, in response to the second consultation, the CMA “*acknowledge the GMCA’s consideration of the implications of the pandemic on asset strategy and any resulting changes in bidder appetite and trust this will continue as the situation develops*”.

TfGM response:

6.9.225 **Competition from non-GM operators:** Operational service levels would be set by GMCA rather than operators, with patronage and revenue risk being taken by GMCA. As such, uncertainty and any volatility regarding levels of patronage will be managed by GMCA, and therefore non-GM operators should not be disadvantaged from this perspective in comparison to incumbent operators.

6.9.226 As set out at section 6.9.80 of this report, the responses received to the consultation from non-incumbent operators does not indicate that Rotala’s concern regarding there being a lack of appetite for franchising in Greater Manchester to be correct.

6.9.227 TfGM agrees with the statement that lack of depot access would likely result in significant barriers to out-of-areas bus operators in respect of large franchises. As described at section 26.1 of the Assessment and Section 4.2.27 of the Covid-19 Impact Report, GMCA would seek to take control of strategic depots and provide these to large franchise operators to remove a key barrier to entry for bidders for these services.

6.9.228 TfGM does not agree with Go North West’s view that bus availability is a significant barrier to entry for non-GM operators.

- Section 26.2.4 of the Assessment described how a mixed-age fleet requirement would not be specified for this reason.
- Section 26.2.5 of the Assessment and section 4.2.33 of the Covid-19 Impact Report described how GMCA would introduce a residual value (RV) mechanism that would guarantee the future value of franchisees’ bus fleets at franchise end. This approach protects operators from stranded fleet assets and further minimises potential barriers to entry. Application of the RV mechanism for the first round of franchising is also considered at section 6.8.53.

6.9.229 **Evidence to support TfGM’s conclusion that franchising will likely be more attractive to the bidding market:** Section 4.2.51 of the Covid-19 Impact Report describes the main rationale for TfGM's conclusion that the commercial opportunity of the franchise contracts is likely to outweigh any wider drivers of lower bidding appetite is GMCA's taking of revenue risk compared with commercial services where patronage volatility and uncertainty is likely to increase operator exposure. In addition:

- In response to the Second Consultation, Abellio stated that “*PFS has become even more attractive than partnership following the pandemic*”, and Warrington's Own Buses stated that “*We do not foresee their being reduced appetite from bidders - in fact, the impact of Covid-19 may increase the appetite*” (see section 6.9.223).
- No operator responses to the second consultation indicated that they would not want to bid for franchises or that their appetite to bid has reduced as a result of Covid-19.
- Stagecoach Group plc’s annual report 2020 states that “*The markets we are focusing on are those where we see relatively low political/regulatory risk, contract opportunities that offer an appropriate risk-reward balance, a positive economic outlook, supportive public transport policies*”, and notes that it is looking at “*capital light and low revenue*

risk opportunities” in the Middle East. Both of these statements are consistent with the key principles of the commercial model for the Proposed Franchising Scheme, including a risk-reward model where GMCA takes patronage risk and an asset strategy that minimises investment in strategic depots and provides a residual value mechanism that reduces capital requirements at the start of a franchise contract.

- Stagecoach Group plc’s interim results for the half-year ended 31 October 2020 state that *“While COVID-19 has significantly affected the profitability of our regional bus business, we have grown the profitability of our London bus business over the past year or so.”* They also state that *“As we emerge from the pandemic, we anticipate strong support from government in pursuing our shared objective to drive modal shift from car to public transport. That, combined with ... further contracts wins in London and the potential for international diversification leaves us positive on the long-term outlook for the Group”*. TfGM also notes that some of the international markets include franchises. Therefore, it does not appear that Stagecoach’s appetite for bidding for work in similarly franchised areas has diminished as a result of Covid-19.
- Go-Ahead Group plc’s trading update for the period from 28 June 2020 to 2 December 2020 state that their performance is underpinned by *“Strong fundamentals - 90 per cent of Group revenues are secured through contracts with no revenue risk from changes in passenger demand”*. Therefore, it appears that Go-Ahead Group plc attribute significant benefits to the certainty of revenue that franchising would provide.
- Rotala plc’s interim results for the half-year ended 31 May 2020 state that *“The Board however does believe that the Company will be well placed after the pandemic has passed to take advantage of opportunities in the bus market... Therefore the Board expects there to be increased opportunities in the future both for organic growth and for sizeable acquisitions.”* Therefore, it does not appear that Rotala’s appetite for bidding for work has diminished as a result of Covid-19.
- Operators that are not currently involved in Greater Manchester have also made similar comments. For example, National Express Group plc’s trading update on 12 November 2020 states that they have had *“further contract wins in recent weeks: further success in Portugal ... In the UK, we have won a major employee shuttle contract; and, our first accessible transport contracts outside the West Midlands.”* They also state that *“ALSA continues to benefit from its strong customer relationships and contractual protections, such as no revenue risk in over 40% of contract”*. Therefore, it does not appear that National Express’s appetite for bidding for contracted work has diminished as a result of Covid-19, and also that they appear to attribute significant benefits to the certainty of revenue that *“no revenue risk”* contracts bring to them as a business.
- As described above, there continue to be significant levels of interest from the market for bus franchises internationally with similar commercial propositions, including from a number of operators present in Greater Manchester.
- Competition for TfGM service contracts throughout the Covid-19 pandemic does not indicate that bidding appetite has reduced as a result of Covid-19, and, in fact, interest has increased due to the certainty of revenue associated with these contracts.
- As described at section 6.9.97, TfGM would continue to monitor the market and market appetite, and Section 4.2.54 of the Covid-19 Impact Report identified changes that

could be introduced to the procurement strategy, if appropriate, to strengthen competition.

6.9.230 Stagecoach commented that it is unclear what analysis/consultation/evidence gathering has taken place since TfGM undertook market engagement on the proposed commercial model in 2018. Whilst engagement on the proposed commercial model in the manner undertaken in 2018 has not been repeated, TfGM notes that:

- The responses to both the first consultation and second consultation provided bus operators with the opportunity to comment on the proposed commercial model, including in light of the impact of Covid-19.
- Stagecoach declined to provide a written submission in response to the 2018 market engagement exercise.

6.9.231 **Likely SME impact:** In their arguments on this issue, Go North West partially quote the following from the Covid-19 Impact Report: *"large and SME operators would not be impacted in a broadly comparable manner"*. The quote in context is as follows *"Analysis has not identified any factors indicating that large and SME operators would not be impacted in a broadly comparable manner"*. SME responses to the second consultation do not provide any evidence to contradict the Covid-19 Impact Report in this regard. In its response to the second consultation, Warrington's Own Buses (see Section 6.9.126) stated that it does not foresee reduced bidder appetite, and that the impact of Covid-19 may increase the appetite.

6.9.232 **The rail franchise market:** Go North West's response to the second consultation further questions bidder appetite for bus franchises by reference to rail franchises and the withdrawal of operators from that market due to *"to the recent downturn in patronage and the anticipated recovery period and costs."* However, this is not a relevant comparison for the purpose of assessing likely market appetite for bus franchising as there are key differences between the commercial propositions, including in the risk/reward model, for the Proposed Franchising Scheme and for rail franchises where some operators have withdrawn. Furthermore, the future rail franchise market model which is currently being developed is expected to be more closely aligned to that proposed by TfGM and demonstrates that demand risk can be better managed by transferring it to the public sector where the specifying Authority can more effectively manage it across the network. In addition, it is noted that there continues to be significant levels of interest from the market for bus franchises with similar commercial proposition globally, providing TfGM with further confidence of market appetite.

6.9.233 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the commercial opportunity of the franchise contracts is likely to outweigh any wider drivers of lower bidding appetite.

Ability to award contracts directly for interim services

6.9.234 In response to the first consultation, Go North West suggest *"If GMCA invokes the CPO process for acquiring strategic depots, in order to ensure continuity of service and an effective transition to franchising, it would be necessary commercial strategy (as described at section 24.2 of the Assessment) of driving competition for to award interim contracts to the incumbent operators running routes out of those depots until such time as the CPO process is complete and the franchise awards can be made. Given that, prior to successful*

conclusion of the CPO process, the owner of each strategic depot will be the sole possible provider of bus transport services from that depot, we consider that interim contracts in respect of services from those depots can lawfully be awarded to the owner of the depot on the basis of the single supplier exception in regulation 50 of the Utilities Contracts Regulations 2016”.

TfGM response:

- 6.9.235 TfGM does not consider that there would be a lawful justification (under regulation 50 of the Utilities Contract Regulations 2016) for GMCA to award contracts directly for interim services to incumbent operators operating out of existing strategic depots and, to do so, would expose GMCA to claims for damages and other relief. No other statutory powers have been suggested by Go North West and no consultees have identified any exceptions to the general requirement for GMCA to tender local service contracts. However, GMCA could consider using other powers available to it under the Transport Act 1985 to justify the direct award of services of any services from those strategic depots prior to the effective date of franchising being operational.
- 6.9.236 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that it is not able to award contracts directly for interim services to incumbent operators operating out of existing strategic depots.

Risk of contracts being awarded on the basis of lowest price

- 6.9.237 In response to the second consultation, Stagecoach commented that *“by seeking a franchised approach, the temptation for the Authority (particularly one who has not embarked upon this process before) is always to seek the lowest price bid, particularly if new entrants look to enter a busy market (and Greater Manchester already has a vast mix of different operators). The losers in this case are often the passengers and the staff as was seen in Wellington [New Zealand].”*
- 6.9.238 In response to the second consultation, Christie NHS Foundation Trust commented that *“the number of companies bidding for the franchise may be less than previously expected due to the implications of the pandemic. Although we support making the bidding process as simple as possible for companies, to encourage bidders, we would like it to be ensured that the risk either of GMCA failing to appoint the most economically advantageous tender or obtaining poor value for money is reduced.”*
- 6.9.239 In response to the second consultation, Rotala commented that *“GMCA also accepts that if scenario 3 were to occur then it may create the risk of TfGM failing to appoint the most economically viable tender or provide poor value for money (due to the streamlining proposed at page 79 of the Covid Impact Report). This has the potential to put TfGM also in breach of the Public Contract Regulations 2015.”*
- 6.9.240 The CMA's response to the second consultation welcomed *“the GMCA's alertness to mitigating the risks of reduced bidder appetite.”*
- 6.9.241 Ipsos MORI's March 2021 Consultation Report (Section 9.3) shows that some members of the public raised concerns that some operators may put in low bids to win contracts.

TfGM response:

6.9.242 TfGM has significant experience in procuring contracts with the private sector through the letting of the Metrolink operating and maintenance contract and bus tendered services. The GMCA would award franchise contracts on the basis of the most economically advantageous tender, which will be determined in accordance with the criteria and methodology specified in the tender documentation. This will encompass a bid evaluation process that will assess both the price and quality of bids. As a result, the evaluation process will not solely seek to obtain the lowest price. Furthermore, if GMCA suspects that a bid price, or an aspect of a bid price, is abnormally low, then pursuant to regulation 84 of the Utilities Contracts Regulations 2016 it would seek an explanation and evidence from the bidder for that low price. GMCA would reserve the right to reject a bid where it concludes that the evidence and explanation provided by the bidder does not satisfactorily account for the low level of the bid price, or an aspect of it.

6.9.243 Rotala's response states that Scenario 3 may create the risk of TfGM failing to appoint the most economically viable tender or provide poor value for money due to potential changes to the procurement strategy that may be introduced by GMCA to strengthen competition. This is not the case, as clarified below by reference to the Assessment and Covid-19 Impact Report. In the event of Scenario 3, the process would be as follows:

- Firstly, GMCA would seek to procure franchises in the manner described at section 27.2 (Procurement Strategy) of the Assessment. It would not automatically introduce any measures to strengthen competition during the procurement process. Indeed, as described at section 4.2.4 of the Covid-19 Impact Report, on balance, TfGM believes that the commercial opportunity of the franchise contracts, including GMCA taking revenue risk, is likely to outweigh any wider drivers of lower bidding appetite, and the Proposed Franchising Scheme will likely be a more attractive proposition to the operator market during a period of volatility.
- As described at section 4.2.54 of the Covid-19 Impact Report, there are a number of changes to the procurement process that could be introduced in the event of reduced bidder appetite in order to strengthen competition. GMCA would only introduce these if there were significant concern over the impact of Covid-19 on the bidding market and associated competition. If this were the case, and as described at section 6.9.229, GMCA would consider which, if any, of these measures could best increase competition levels and avoid the risk of GMCA failing to appoint the most economically advantageous tender.

6.9.244 As such, TfGM does not agree with Rotala's view and is satisfied that nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that franchise procurements would be based upon principles of the most economically viable tender and provide good value. There is no reason why, in the event of Scenario 3, the award of any contracts would not comply with relevant procurement regulations.

Social Value

6.9.245 In response to the second consultation, Community Transport Association stated that they *"encourage GMCA to incorporate social value metrics into future franchise contracts. Prioritising the needs of users when commissioning services creates both social and economic value that has impacts beyond the farebox."*

TfGM response:

6.9.246 TfGM recognises that the key to responsible procurement is the balance between achieving value for money and the delivery of social value, in a manner which takes into account ethical, social equality and inclusion, environmental and sustainability factors. TfGM has adopted the GMCA’s Social Value Framework, which GMCA refreshed in 2020 to help Greater Manchester build back better from the impact of Covid-19. GMCA’s Social Value Framework 2020 priorities are:

- Provide the best employment that you can;
- Keep the clean air Greater Manchester;
- Create the employment and skills opportunities that we need to Build Back Better;
- Be part of a strong local community;
- Make your organisation greener; and
- Develop a local, Greater Manchester based and resilient supply chain.

6.9.247 TfGM expects behaviours and performance standards from suppliers, including any future operators of franchised bus operations, that are compatible with the GMCA’s Social Value Framework, and the bid evaluation process for any procurement of franchised bus operations would include an assessment of social value against this.

Risk of operator insolvency

6.9.248 In response to the second consultation, Go North West commented that *“There remains the risk of an operator which has been awarded a franchise contract becoming insolvent, a risk which may be even greater in the early years of the Proposed Scheme given the impact of the Covid-19 pandemic. This would disrupt the implementation of the Scheme and may lead to GMCA incurring significant cost in making alternative arrangements.”*

6.9.249 Ipsos MORI’s March 2021 Consultation Report (Section 9.3) also shows that a member of the public suggested that plans should be made to cover the circumstances where an operator withdraws from their contract or ceases trading.

TfGM response:

6.9.250 As described at section 4.2.4 of the Covid-19 Impact Report, TfGM recognises that there may be some impact on the operator market during the first round of franchising due to Covid-19. However, this risk is greater in a wholly commercial market where operators bear patronage and farebox risk. Therefore, a franchise model where the procuring Authority takes this risk would insulate operators from some of the volatility associated with Covid-19 and therefore reduce the risk of insolvency compared to the current deregulated market.

Transition risks

6.9.251 In response to the second consultation, Go North West commented that *“Section 6.2.56 introduces the review of risk undertaken in the light of the Covid-19 pandemic, both in terms of transition/mobilisation risk and ongoing risks with the Proposed Franchising Scheme. The risk register, which was prepared previously to highlight the potential risks to the various options, has been reviewed as part of the revised analysis but section 6.2.63 of the report*

states that “The risk around operators’ ability to support transition has been addressed by recognising an increased likelihood of the risk occurring after mitigation actions.” This statement fails to recognise some of the key transition risks highlighted in the previous response from Go North West.”

TfGM response:

6.9.252 TfGM notes Go North West’s statement that section 6.2.56 of the Covid-19 Impact Report “*fails to recognise some of the key transition risks highlighted in the previous response from Go North West.*” However, TfGM is of the view that it has previously considered and responded to the issues that Go North West has identified as key risks, including those in respect of:

- Transition to the Clean Air Zone (Section 4.9)
- Depots (Section 6.5)
- Fleet (Sections 6.8.18 to 6.8.20 and Sections 6.8.24 to 6.8.31)
- Implementation timescales (Sections 6.9.29 to 6.9.35)
- Lessons learned (Sections 6.9.41 to 6.9.43 and Section 16)
- The labour market (Section 8.5.4)
- Customer confusion (Section 8.4.14)

Contractual framework

6.9.253 In response to the second consultation, Stagecoach commented that “*To date, the GMCA has not presented any substantive detail as regards franchise contracts which support the Proposed Franchising Scheme. This includes, for example, a draft or template franchise agreement or other critical elements such as performance regimes or parent company support which determine the appetite and ability of the market to engage with the Proposed Franchising Scheme. The First Consultation merely provided high-level information, and no further information has been provided to enable an assessment of whether the commercial arrangements were, or remain, appropriate, most particularly in light of Covid-19. It is therefore assumed that these details have not yet been determined. It is unclear to us how the GMCA can determine the Proposed Franchising Scheme is the best approach and its commercial arrangements are appropriate when the GMCA has not developed the detailed contractual framework which underpins the Proposed Franchising Scheme.*”

6.9.254 Ipsos MORI’s March 2021 Consultation Report (Section 9.3) shows that, although not specific to any one option, some members of the public felt that the Commercial Case lacked information or detail on the requirements of the procurement or the bidding process for services.

TfGM response:

6.9.255 The Assessment prepared by GMCA is comparable to the Outline Business Case stage of a public sector project proposal, at which point it would not be expected that the “*detailed contractual framework*”, as referenced by Stagecoach, would be in place.

6.9.256 TfGM shared the core commercial principles underpinning the Proposed Franchising Scheme with bus operators as part of its market engagement exercise in 2018 and published the conclusions of this in the Assessment, and has also obtained comments from bus operators on the proposed commercial model via responses to the first and second consultations. In the event of a Mayoral decision in favour of franchising, the procurement approach includes the following processes to enable an assessment of whether the commercial arrangements remain appropriate:

- TfGM would undertake pre-procurement market engagement as described at section 4.2.70 of the Covid-19 Impact Report. This would include engagement on draft procurement documentation and a draft franchise agreement. The GMCA would use this process to invite initial comments from the operator market on these detailed draft documents in order to further test the commercial principles and contractual mechanisms prior to the commencement of the procurement procedures.
- Section 27.2.7 of the Assessment describes how a negotiated procedure would be used to procure franchise contracts until there was a suitably settled position, which allows for additional flexibility and consultation between GMCA and bidders.

6.9.257 A comprehensive overview of the procurement and bidding process is set out in the Assessment in Section 27.2. This summarises:

- That the procurement would be conducted under UCR 2016 regulations;
- That, as set out in Section 6.9.256, pre-procurement market engagement would be undertaken;
- That, as set out in Section 6.9.256, a negotiated procedure would be used to franchise contracts, until there was a suitably settled position;
- That a two stage ITN would be utilised for large franchises, and a one stage ITN would be utilised for small franchises; and
- The timeline of the procurement process.

Managing risks around existing operations and services between any decision to implement franchising and the commencement of franchise operations

6.9.258 In response to the second consultation, Abellio commented that *“Abellio currently sees a time-limited opportunity to avoid the risk of services being deregistered if GMCA via TfGM were to consider any formal agreement in the form of ‘Direct Award’ of proto-franchises, perhaps utilising the state aid provided via CBSSG Restart in order to secure stability of the network during transition to franchising. Critically any such agreement should include a sunset clause so that it did not extend beyond the minimum period necessary for procurement (through competitive tendering) and mobilisation of franchises. Such agreements would provide security for incumbent operators when linked to purchase at fair market value of their depot and vehicle assets.”*

TfGM response:

6.9.259 The Department for Transport’s National Bus Strategy is expected to contain information on the approach to recovery, including how Authority’s work with operators; however, it is not expected that GMCA will be allowed to make payment of CBSSG (or similar) conditional on the transfer of assets, such as depots.

6.9.260 Section 6.9.235 describes consideration by TfGM of the lawful justification (under regulation 50 of the Utilities Contracts Regulations 2016) for GMCA to award contracts directly.

6.9.261 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that, in the event of a Mayoral Decision in favour of franchising, GMCA would manage the risk that services operated by operators across Greater Manchester may be reduced or withdrawn through the measures set out at section 31.3 of the Assessment.

Employees

- 6.9.262 Question 21 of the first consultation asked for any comments on the potential impacts of the Proposed Franchising Scheme on the employees of operators as set out in the Commercial Case. Operators raised multiple points relating to employees. These are largely addressed at section 7.2.45 of the Financial Case and section 8.5 of the Management Case. This section focuses on those comments relating to risks associated with comprehensive data being made available at bid stage. This is to ensure a level playing field amongst bidders and minimise unnecessary risk pricing.
- 6.9.263 The findings of Ipsos MORI's June 2020 Consultation Report (Section 9.4) show that the feedback received in relation to the first consultation from members of the public tended to be favourable towards the proposals, reporting 171 favourable comments versus 136 unfavourable comments. However, comments received from statutory consultees were largely unfavourable (6 favourable comments versus 9 unfavourable comments) and comments received from non-statutory consultees were largely mixed (6 favourable comments versus 6 unfavourable comments).
- 6.9.264 Responding to the first consultation, some of the comments from statutory and non-statutory consultees on this question included:
- Abellio state that *"It is clear that full employment details (incl. pay rates, pension arrangements, all terms & conditions of employment etc.) of all staff in scope will be needed in order to avoid inclusion of unnecessary risk premiums that will inevitably flow through if gaps in knowledge exist within this vital cost area"*. They also suggest that *"a short delay could also help TfGM ensure that all relevant employment details are provided by incumbent operators for inclusion in the data room"*;
 - OneBus stated that the complexities of pension arrangements and TUPE mean it will always be difficult to estimate the employment costs associated with the franchising proposal;
 - Stagecoach state that they have concerns regarding the quality of data that will be made available at bid stage, especially around the risk of TUPE assumptions; and
 - Transdev and Go North West stated that the application of TUPE is appropriate.
- 6.9.265 In response to the second consultation, Go North West commented that:
- The Covid-19 Impact Report states that *"all staff would transfer under TUPE and that the transfer of staff 'would not be affected by any of the Scenarios'. However, there is no supporting information setting out how GMCA has conducted its assessment on the staffing requirements of the Proposed Franchising Scheme under the scenarios and the basis for its view. For example, instance [sic], one of the mitigations proposed to address the issues identified with affordability with the scenarios is a reduction in the mileage and network, which may well affect staff, with the realistic prospect of large associated redundancy costs that do not appear to have been recognised in the supplementary assessment."*
 - *"It seems inevitable that competition between operators for franchising will result in pressure on employee terms and conditions as lower cost tenders are more likely to be successful. Lower cost tenders could be driven by lower wages and tighter scheduling conditions, which would detrimentally affect operators' employees."*

6.9.266 In response to the second consultation, Stagecoach also made a similar comment that *“TfGM does not seem to have considered the effect of network reductions on staff levels and the consequent costs of redundancy, as well as the potential impact of such measures on the local economy”*.

TfGM response:

6.9.267 It is not considered that a delay to the procurement process itself would resolve the specific issue raised by Abellio as incumbent operators are not required to provide employment data other than in respect of TUPE legislation.

6.9.268 It is anticipated, therefore, that GMCA will instead provide assumptions for bidding purposes in the first round of franchising to ensure consistency of bidding assumptions, particularly between incumbents and non-incumbents. It intends to mitigate and manage this through the following process:

- The procurement documentation would provide a set of bidding assumptions. This would ensure that all bidders price on the same basis;
- The local service contract will contain a mechanism to compensate the successful bidder (or GMCA) in the event that final TUPE data differs from that which bidders were instructed to use for bid purposes. This will ensure that franchise operators are compensated adequately for the true costs associated with TUPE transfer and do not benefit unfairly from any errors; and
- The local service contract will contain obligations on the incumbent franchise operator to provide relevant information to inform the subsequent procurement process, with this being made available to bidders and forming the basis of the bidding assumptions noted above. This will ensure that bidding assumptions are based on the most accurate and recently available data.

6.9.269 As commented by Go North West and Stagecoach in their responses to the second consultation, a number of the Scenarios presented in the Covid-19 Impact Report consider potential reductions in the Greater Manchester bus network. It is recognised that reductions in the network may have implications for operator staffing requirements and, as an extension of this, for potential redundancies. However:

- Chart 6 of the Covid-19 Impact Report indicates that Scenario 1, Scenario 2 and Scenario 4 do not assume any further reduction in bus trips (and, as an extension of this, operated mileage) compared with pre-Covid-19 levels beyond mid-2021 and by early 2023 (being the time of anticipated commencement of franchise operations in Sub-Area A) bus trips are either stable or increasing. It is, therefore, considered likely that any redundancy costs associated with these scenarios will have been incurred by incumbent commercial operators prior to the commencement of franchise operations rather than being incurred by franchise operators. As such, the potential for franchising to incur the *“large associated redundancy costs”* referred to by Go North West is not considered likely. Although Scenario 3 assumes a long-term decline in bus trips beyond 2023, Chart 6 of the Covid-19 Impact Report indicates that this represents a gradual decline (from c.35% of pre-Covid-19 levels in early 2023 to c.25% of pre-Covid-19 levels by early 2026), which is likely to be manageable within usual staff turnover, with any actual redundancy costs being minimal.

- Notwithstanding the above point, the Scenarios, and therefore their implications for staffing requirements, would apply to all of the options for the Greater Manchester bus market. As such, these would not be implications of the Proposed Franchising Scheme itself and would therefore crystallise in the reference case rather than the Proposed Franchising Scheme. For this reason, they have not been explicitly considered in the Covid-19 Impact Report.

6.9.270 TfGM disagrees with Go North West's description, in its response to the second consultation, of a potential causal link between competition for franchises and a worsening of employee terms and conditions, lower wages and tighter scheduling conditions for the following reasons:

- Employee terms and conditions, including wages, in respect of the transfer of employment between operators as a result of franchise award are protected under TUPE regulations.
- Bus service employees are typically unionised, and therefore any attempt by operators to reduce terms and conditions would be met with opposition from trade unions.
- Franchise bid evaluation will consider the reasonableness of, amongst other things, costed wage structures and scheduling proposals contained in bids to assess whether they provide adequate confidence that required operational standards will be met. Where this is not the case, the evaluation procedure provides means for bids to be disqualified.
- Furthermore, if Go North West's argument were valid, this would be an issue for many if not all public procurements involving TUPE transfer of employees. However, no evidence has been presented by Go North West that this is the case.

6.9.271 Therefore, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM's previous conclusion that the TUPE regulations would continue to provide protection for employee rights and that it is not anticipated that the Proposed Franchising Scheme would result in additional redundancy costs for operators as any such costs would crystallise in the reference case rather than the Proposed Franchising Scheme.

6.10 Commercial Case Conclusion

The first consultation

- 6.10.1 The First Consultation Document asked a number of questions in respect of the Commercial Case. These questions covered the various aspects of the franchise commercial proposition, including asset strategy, the implementation timeframe, franchise design and procurement strategy, along with additional questions on the impacts of the options on the achievement of the objectives of neighbouring transport authorities and the partnership commercial proposition. The question relating to the impacts of the options on the achievement of the objectives of the neighbouring transport authorities is considered further at section 4.8 of this report. The questions relating to the partnership commercial proposition are considered further at section 4.10 of this report.
- 6.10.2 As reported in Ipsos MORI's June 2020 Consultation Report (Section 9.10), the majority of responses in relation to the first consultation from members of the public were favourable towards the Commercial Case conclusion with 108 favourable comments and 57 unfavourable comments from members of the public. However, the views of statutory consultees (5 favourable comments versus 5 unfavourable comments) and non-statutory consultees (5 favourable comments versus 6 unfavourable comments) were generally mixed, some specific examples of which are set out in this report.
- 6.10.3 In response to the first consultation, a number of challenges and critiques arose regarding the appropriateness of the proposed commercial arrangements, and specifically:
- A range of comments, both favourable and unfavourable, were received. In general, there was a distinction between large incumbent operators, who made more unfavourable comments, and other operators, who were more positive about the commercial proposition; and
 - Comments covered a range of aspects of the commercial proposition, including the asset strategies in respect of depots, fleet and ITS, franchise packaging, contract length, risk, SME facilitation, procurement and employees.
- 6.10.4 Responding to the first consultation, most incumbent large bus operators raised challenges surrounding GMCA's proposals on depots. These areas of challenge included the following:
- The first area of challenge was whether GMCA should be providing any depots and, if so, which. TfGM remains confident that such an intervention by GMCA will deliver significant competition benefits and that the strategic depots identified in the Assessment collectively provide the most efficient model for delivery of large franchises during the transitional phase;
 - The second area of challenge was whether incumbents would sell the strategic depots to GMCA voluntarily. TfGM notes the position of the respondents on this area; however, part of the rationale for the proposed approach was to reduce the impact of franchising on those operators as it would mitigate the risk of stranded assets as well as reducing the impact on employees. In the event of a Mayoral decision to introduce the Proposed Franchising Scheme, GMCA would, therefore, continue to seek its preferred option of negotiated depot transfer through proactive dialogue with operators;
 - The third area of challenge was whether the alternatives for large franchises, apart from the compulsory purchase of strategic depots, are feasible. The Assessment sets out a

number of alternative routes to depot provision at the transitional stage. However, with the exception of CPO, there has been little comment in the consultation response in relation to these alternative routes. It is considered that they continue to provide viable strategies for the provision of depots;

- The fourth area of challenge was whether GMCA can legally use CPO powers to acquire strategic depots. TfGM remains confident that it has the legal powers to undertake CPO if required. TfGM's preferred route to depot control remains via negotiated transfer, which will also help mitigate operator impact, but in the event that this is not achievable, it would seek to deploy one or more of the alternative viable options described in the Assessment;
- The fifth area of challenge was the timeline for delivering the Proposed Franchising Scheme in the event that strategic depot owners are unwilling to sell those depots to GMCA. The Assessment considers a range of viable options available to GMCA to provide depots for the operation of large franchises and is not reliant on CPO, but it is accepted that if CPO powers are used, then the dates on which it was proposed that the Proposed Franchising Scheme would become effective would need to be changed, which is allowed for under the Act; and
- The final area of challenge was regarding the reasonableness of the costs allowed for in the Financial Case in respect of the depot strategy. The Assessment makes a prudent estimate of the cost of acquiring control of strategic depots, including a combination of a likely negotiated transfer valuation and an independently obtained CPO valuation. In addition, the Financial Case (Section 20 of the Assessment) includes a Quantified Risk Assessment that estimates the cost of specific uncertain events, including additional costs in the delivery of the depot strategy, which may occur.

6.10.5 TfGM's preferred route to depot control, therefore, remains via negotiated transfer, which will also help mitigate operator impact, but in the event that this is not achievable, it would seek to deploy one or more of the alternative viable options described in the Assessment.

6.10.6 In response to the first consultation, a number of operators argued that the success of the fleet RV mechanism is dependent on take-up by operators. However, to the extent that incumbent operators choose not to engage in RV negotiations with GMCA and/or agreement cannot be reached for the transfer of incumbent fleet into the RV mechanism, each franchise bidder would simply be responsible for the provision of fleet to account for any difference between franchise fleet requirements and RV fleet allocation. However, analysis performed by TfGM, which includes consideration of maintenance cost and fuel efficiency benefits, indicates that the whole life cost of new fleet would not materially exceed that of existing fleet. It has, therefore, concluded that the franchise cost implications of different courses of action by incumbent operators in respect of RV are likely to be neutral.

6.10.7 In response to the first consultation, there was a range of views on the appropriateness of the packaging strategy for franchising contracts, with comments ranging from those supporting the proposition to those arguing in favour of route-based franchises. Whilst a route-based model was considered in the development of the Assessment, it was concluded to be suboptimal for reasons of low depot density in Greater Manchester, customer confusion, multiple changing cross-boundaries, slow rollout of benefits, less

efficient network management, and not benefiting from the economies of scale associated with larger franchises.

- 6.10.8 In response to the first consultation, some operators stated that the franchise term should be longer, either to encourage investment or to provide more efficient periods for leasing fleet. Other operators, local authorities and transport user groups stated their approval of the proposed contract lengths. The proposed contract length has also taken account of the need to provide GMCA with the flexibility to make changes to the franchising proposition at regular re-procurement intervals, whilst also noting that it is unlikely that contracts over 10 years would be permissible pursuant to UK law.
- 6.10.9 In response to the first consultation, there were positive responses about the principles of having an appropriately calibrated performance regime, although a number of operators were clear that the performance regime should not include measures outside of the operator's control. TfGM agreed with this principle and intends to manage this directly via the calibration of the performance regime or alternatively by reflecting such factors in the franchise network specification.
- 6.10.10 Having considered all of the responses to the first consultation in respect of the proposed commercial arrangements, it is considered that the principal challenge from respondents was in respect of the deliverability of the depot strategy in respect of large franchises. Although consultation responses from owners of strategic depots indicate that there is limited appetite to engage in negotiation with GMCA in respect of the potential transfer of depot control, the Assessment describes a number of alternative transitional models that would deliver franchising to the timescales described. In conclusion, it was considered that the proposed commercial proposition, including the impact on competition and the facilitation of cross-boundary services, remains appropriate.

The second consultation

- 6.10.11 The second consultation asked a single question in respect of the Commercial Case as to whether the respondent has any comments on the conclusion that the commercial arrangements described in the Assessment for franchising and the partnership option remained appropriate, notwithstanding Covid-19.
- 6.10.12 As reported in Ipsos MORI's March 2021 Consultation Report (Section 9.1), there were almost four times as many positive responses received overall about the Commercial Case than negative comments, the majority of which agreed that the commercial arrangements remained appropriate.
- 6.10.13 Whilst there were fewer negative than positive responses to this question overall, there was a greater range of negative themes raised. Most participants who left negative comments disagreed with the conclusions and did not feel that the commercial arrangements described in the Assessment for franchising and the partnership option were appropriate, whilst others felt they were no longer relevant or would change in the future. The main areas of additional challenge compared with the first consultation were:
- The impact of Covid-19 on operators' ability to raise capital to invest in new fleet. However, it is considered that the committed revenues receivable under a franchise contract combined with the RV mechanism's compensating payment at the end of a franchise term should be sufficient to secure finance for the required investment in franchise fleet. It is also noted that operators in London are continuing to maintain

existing orders and place further orders due to the contractual certainty that franchising brings.

- The need to make changes to the network due to ongoing volatility caused by Covid-19. TfGM recognises that there is a greater likelihood that changes may need to be made in the initial years of franchising, and the Covid-19 Impact Report describes the importance to GMCA of flexibility in its implementation, procurement and management of franchise contracts to enable the franchise model to deal with uncertainty, including those created by Covid-19.
- The extent of evidence to support TfGM’s conclusion in the Covid-19 Impact Report that franchising will likely be more attractive to the bidding market. TfGM noted that:
 - No operator responses to the second consultation indicated that they would not want to bid for franchises or that their appetite to bid has reduced as a result of Covid-19, and some operators agreed that Covid-19 may increase the appetite.
 - There continue to be significant levels of interest from the market for bus franchise tenders internationally with similar commercial propositions, including from a number of operators present in Greater Manchester.
 - Competition for TfGM service contracts throughout the Covid-19 pandemic does not indicate that bidding appetite has reduced as a result of Covid-19 and, in fact, interest has increased due to the certainty of revenue associated with these contracts.

6.10.14 In addition, a number of responses to the second consultation commented more directly in response the overall commercial conclusion of the Covid-19 Impact Report that the commercial model remained appropriate. This included:

- Go North West commented that *“this is not a conclusion that Go North West agrees with.”* The reasons given by Go North West, and TfGM’s response to each, are contained within the other sections of this Commercial Case response.
- Abellio commented that *“Abellio believes that the commercial arrangements described in the Assessment are appropriate to deliver either a ‘Do Minimum’ or a ‘Do Maximum’ Franchising Scheme. Abellio strongly believes that a ‘Do Maximum’ implementation of the Proposed Franchising Scheme is in the economic and financial interests of the people of Greater Manchester as well as being important to ensure early delivery of the strategic objectives”.*
- Trafford Metropolitan Borough Council provided a positive comment that *“we consider the safer option is to stick with existing analysis, noting that all approaches carry with them a degree of uncertainty.”*
- Rochdale Metropolitan Borough Council provided a positive comment that *“A franchised model would give the public sector control over standards of service, fares, frequencies and vehicle quality that are key in providing attractive, affordable and effective bus service.”*
- Wigan Metropolitan Borough Council provided a positive comment that *“the Proposed Franchise Model will deliver the commercial aims of delivering franchised bus operations*

that offer high quality of service and value for money, whilst allowing access to the market for small and medium-sized operators.”

- Manchester Unison provided a positive comment that *“there is no realistic option [alternative] to franchising.”*
- Bury Metropolitan Borough Council, Manchester City Council, Oldham Metropolitan Borough Council, Salford City Council and Tameside Metropolitan Borough Council commented that they agree with the conclusion that, notwithstanding Covid-19, the commercial arrangements described in the Assessment for franchising and the partnership option remain appropriate. This was also the view of the Association of British Commuters, Centre for Cities, Manchester Metropolitan University, Oxford Road Corridor, Recovery Republic Community Interest Company, the Trafford Centre and TravelWatch North West.

6.10.15 The Covid-19 Impact Report concluded that there was no material change from the Assessment. Having considered all of the responses to the second consultation, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM’s previous conclusions. It is therefore considered that the proposed commercial proposition remains appropriate.

7. Financial Case

7.1 Introduction

- 7.1.1 The Financial Case of the Assessment considered the income, costs and risks of the Proposed Franchising Scheme and the partnership options from GMCA's perspective. The Financial Case also identified the additional funding requirement for each of these options.
- 7.1.2 Under all bus reform scenarios, including the Do Minimum, the Assessment assumed that existing sources of public funding supporting bus services in Greater Manchester (which currently fund concessionary reimbursements, tendered services and Bus Service Operators Grant – or "BSOG" – from DfT) were retained and available over the appraisal period. The value of BSOG was assumed to be retained at the current nominal value over the appraisal period whilst the funding for concessionary reimbursements and tendered services, predominantly from local funding sources, escalated in cash terms over the appraisal period. This is explained further in the Assessment under Public sector funding from Section 40.1.7 to 40.1.27.
- 7.1.3 In relation to the Proposed Franchising Scheme, the Financial Case in the Assessment reported an overall net deficit, and an associated funding requirement, over the appraisal period to 2050-51, of approximately £28 million. However, the Assessment set out two distinct phases within this overall modelled requirement: (i) a transition phase up to 2024-25 at that time with a net funding requirement of approximately £122 million; and (ii) the subsequent ongoing phase, following 2024-25 to the end of the appraisal period, where there was a forecast net cumulative surplus of £94 million, with a mix of surpluses or deficits modelled for particular years.
- 7.1.4 As forecasting uncertainty was expected to increase over longer time horizons, the Assessment identified a range of credible funding sources that could fully fund the initial transition period requirement of £122 million, without reliance on any future modelled surpluses. GMCA also approved, for the purposes of the original consultation, a specific funding proposal reflecting a subset of the credible funding sources identified in the Assessment. Under this proposal, the total value of funding available during the transition period up to 2024-25 was £134.5 million and an ongoing source of revenue funding was provided through a Mayoral precept. The proposal would fully fund the franchising-specific net transition costs of £122 million identified in the Assessment and provided a further £12.5 million of funding over the transition period for the previously forecast growth in existing public funding that was required under all Scenarios, including the Do Minimum.
- 7.1.5 The majority of the £134.5 million funding in the proposal approved by GMCA was from 'earn back' (£78 million), with a proposed one-off contribution from the local authorities of Greater Manchester (£17.8 million). Other proposed sources of funding were GMCA's business rates receipts and a requirement from the Mayoral precept.
- 7.1.6 As set out in the 7 October 2019 report to GMCA, the funding proposal was considered to provide a proportionate and acceptable balance of contributions, and the proposed precept required during transition for this purpose also provided an ongoing source of

revenue funding after the transition period to manage any annual deficits and provided a level of base funding for forecast future escalation in bus services budgets.

- 7.1.7 The Covid-19 Impact Report considered the impact of Covid-19 on the Financial Case of the Assessment, taking into consideration the uncertainties that now exist and the range of possible outcomes identified in the Scenarios.
- 7.1.8 In relation to the transition phase and costs, the Scenarios would result in these being deferred from those dates assumed in the Assessment. If the Proposed Franchising Scheme were to go ahead, the earliest possible implementation date would reflect a deferral of approximately one year. A deferral of costs may result in an increase in the nominal cash costs through additional inflation, although the funding requirement would also similarly defer.
- 7.1.9 As a result of the uncertainties caused by Covid-19, it was not considered possible to provide a different central forecast of bus demand and a precise funding requirement for the Proposed Franchising Scheme. The Scenarios represent possible, rather than forecast, farebox changes to be compared with those in the Assessment.
- 7.1.10 The Assessment included a number of lines of defence, both financial contingencies and funding. Based on the analysis considered in the Covid-19 Impact Report, it is possible that, under some Scenarios (such as Scenarios 1, 3 and 4), the lines of defence could not accommodate the potential impacts upon farebox revenues and net revenues in the transition period. A number of mitigations were set out within the Covid-19 Impact Report that could be used to mitigate the farebox risk in such an event.

Consultations

- 7.1.11 The Financial Case in the Assessment concluded, based on the modelled position and funding sources identified, that GMCA could afford to introduce and operate the Proposed Franchising Scheme. In response to the first consultation, consultees were asked to consider the following questions in relation to the Financial Case:

Question 30: The Financial Case concludes that GMCA could afford to introduce and operate the Proposed Franchising Scheme. After completing the Assessment and in advance of this consultation, GMCA has proposed how it would fund the introduction of a fully franchised system. Do you have any comments on these matters?

Question 31: Do you have any comments on the conclusion in the Financial Case about the affordability of the partnership options?

- 7.1.12 Subsequent to the first consultation, further work was undertaken to consider the impacts of Covid-19: the Financial Case in the Covid-19 Impact Report concluded, that a package of mitigation options which are within GMCA's control, including the ability to adapt the network and prioritise other sources of local funding, could credibly offset the potential farebox revenue losses during the transition period and the Proposed Franchising Scheme would remain affordable under Scenarios 1, 2 and 4.
- 7.1.13 It was possible that, under a more significant downside Scenario (such as Scenario 3), these resources would still leave a residual funding gap, during and post-transition, and, in the event that the Mayor subsequently implemented the Proposed Franchising Scheme and such a Scenario materialised, GMCA would need to accept this residual risk and, in the

absence of sufficient levels of Government funding, underwrite this risk through incremental local funding.

- 7.1.14 In response to the second consultation, consultees were asked to consider the following question in relation to the Financial Case in the second consultation:

Question 5: Do you have any comments on the affordability to GMCA of the Proposed Franchising Scheme and partnership option in the light of Covid-19?

- 7.1.15 The matters considered in this section principally relate to the Proposed Franchising Scheme and the funding proposals for the consultations (Question 30 in the first consultation and Question 5 in the second consultation). Responses to Question 31 in the first consultation are considered collectively, with other questions on partnerships in the Strategic Case at section 4.10.
- 7.1.16 A summary of the key insights from the qualitative research undertaken by Ipsos MORI in Ipsos MORI's June 2020 Qualitative Research Report is also set out after consideration of the matters raised from the consultation.
- 7.1.17 Ipsos MORI's June 2020 Consultation Report found that the majority of members of the public made favourable comments on the Financial Case: 1,377 members of the public made favourable comments and 476 members of the public made unfavourable comments. Further information on some of the specific comments and points raised in responses from members of the public is set out at section 10 of Ipsos MORI's June 2020 Consultation Report.
- 7.1.18 Ipsos MORI's June 2020 Consultation Report also notes that 26 non-statutory consultees made favourable comments on the Financial Case, whilst 8 non-statutory consultees made unfavourable comments; and 8 statutory consultees made favourable comments, whilst 15 statutory consultees made unfavourable comments.
- 7.1.19 Ipsos MORI's March 2021 Consultation Report found that a slight majority of members of the public made negative comments: 327 members of the public made negative comments, and 300 members of the public made positive comments. Further information on some of the specific comments and points raised responses from members of the public is set out at section 10 of Ipsos MORI's March 2021 Consultation Report.
- 7.1.20 Ipsos MORI's March 2021 Consultation Report also notes that 13 previous statutory consultees made positive comments on the Financial Case, whilst 12 previous statutory consultees made negative comments; and 9 other stakeholders made negative comments, whilst 5 other stakeholders made positive comments.
- 7.1.21 The Financial Case is structured into the following sections, responding to the main themes identified from TfGM's analysis of responses in the first and second consultations and consideration of the Ipsos MORI reports, as follows:
- Income, cost, risk and financial modelling issues – principally reflecting responses from incumbent operators in response to the first consultation;
 - Local authority comments on the funding proposal and related matters in response to both consultations;
 - Other consultees' comments on the funding proposal and related matters in response to both consultations; and

- Financial risks as a result of Covid-19 and proposed mitigating actions in response to the second consultation.

7.1.22 TfGM has also considered other suggestions made by consultees that are not already included in the Assessment or the Covid-19 Impact Report, and summarised the findings of Ipsos MORI's June 2020 Consultation Report.

7.2 Theme 1 – Income, cost, risk and financial modelling issues

- 7.2.1 In response to the first consultation, a number of consultees provided responses on the modelling and assumptions in relation to the income, costs and risks of the Proposed Franchising Scheme. The majority of comments in relation to this were made by incumbent operators and by OneBus, through the Jacobs review.
- 7.2.2 OneBus accepted that GMCA could afford to make and operate the Proposed Franchising Scheme based on the conclusion of the Financial Case. However, they did not accept its accuracy as it stands and expressed concerns that the final cost of the transition and the ongoing annual costs were “*grossly understated*” and likely that revenues were overstated.
- 7.2.3 The comments from incumbent operators, for the most part, were unfavourable. They expressed concern that the costs of implementing and operating the Proposed Franchising Scheme were flawed and understated and that the sources of income were flawed and overstated. Incumbent operators raised a number of concerns over the forecasts for demand and farebox revenue, including the rate of fares growth and the impact of franchising interventions. Demand and farebox revenue are considered in the Economic Case section of this report at section 5. Concerns were also raised in relation to the costs of revenue protection staffing and, more generally, the costs of managing franchising, which are considered in the Management Case (Section 8.3) of this report. Concerns were also raised in relation to the cost of fleet replacement and technology, which are considered in the Commercial Case section of this report from Section 6.8.10.
- 7.2.4 Abellio commented favourably that “*In a franchised network, GMCA would have the necessary levers to manage revenue risk and decide on network priorities. Given the proposed balance of commercial risk under this model, the Proposed Franchising Scheme would create a competitive environment for operators and value for GMCA*”.
- 7.2.5 The University of Manchester commented that: “*It is expected that plans will be in place for mitigating against significant change occurring mid-franchise. This would include the financial implications of low uptake. This is not clear from the documentation*”. In response, the commercial model was designed to achieve an appropriate balance of risk and reward for franchised operators and, in turn, achieve VfM and stimulate bidder competition. As regards change during franchises, financial security measures (such as guarantees) were proposed in the Assessment, as set out at section 4.2.2.10. The financial security proposals would act as incentives for franchisees to meet their contractual and service standard obligations, lessen the likelihood of any network disruption from the unplanned withdrawal of a franchised operator and provide financial recourse for the franchising authority.
- 7.2.6 Other issues raised in response to the first consultation and considered in this section, related to:
- The value of BSOG funding assumed on an ongoing basis;
 - The value of concessionary reimbursement and concessionary funding;
 - Revenue risk assessment;
 - Baseline cost methodology;
 - Employment costs;
 - The assumed profit margin earned by franchised operators;

- Cost associated with the provision of depots;
- Fleet costs;
- Disruption/service withdrawal during transition;
- Costs of legal challenge;
- Other costs;
- Sensitivity analysis;
- The financial “objectives” under franchising and the net surplus post-transition; and
- The financial position of franchised bus services in London.

BSOG income and funding

- 7.2.7 BSOG was assumed to be retained at the current nominal value, of approximately £16.1 million per annum, over the appraisal period. Go North West considered that this was not realistic and considered it likely that BSOG may be reduced. It understood that *“BSOG will be under review for the next Government Spending round in 2020 [and] that there is risk of reduction in support. BSOG was reduced by 25% in 2012 during the austerity years and it is not unlikely that a similar cut might be implemented”*. Rotala also stated that BSOG was under review and that there is, in any event, no entitlement for electric vehicles, thereby increasing operating costs. First stated that *“The reference in para 4.125 to BSOG is not correct – whilst the BSOG payments previously associated with tendered services were transferred to TfGM some years ago, commercial bus operations still receive BSOG payments directly from DfT”*.
- 7.2.8 The Bus Services Act 2017 Franchising Scheme Guidance (at paragraph 1.15) requires authorities to consider how BSOG would be used and the Assessment acknowledged that the availability and value of BSOG is a risk. However, it is considered unlikely that Government would withdraw, reduce or reform BSOG without first consulting upon any proposals.
- 7.2.9 TfGM considers the assumed value and availability of BSOG in the Assessment, in the absence of any specific guidance from DfT, is a realistic assumption as it reflects the current known value of the settlement devolved to GMCA and the value and availability are assumed to be the same for all bus reform options. Furthermore, as the assumed value of BSOG is only maintained in nominal terms, this means the real inflation-adjusted value of BSOG does reduce over time. If there was a reduction in BSOG, TfGM considers it would very likely impact all options given BSOG is a national scheme. However, given that GMCA would face this risk more directly under franchising, a specific quantified risk was provided in the event there was an unforeseen reduction in BSOG. As noted, Go North West cite a previous reduction in BSOG, which TfGM was aware of and used to inform the quantified risk.
- 7.2.10 In relation to Rotala’s statement regarding electric vehicles, it is acknowledged that entitlement under the national scheme rules is different for electric vehicles compared with diesel vehicles. However, in Greater Manchester’s case, the DfT has devolved a funding settlement for tendered and commercial BSOG to GMCA and, under the terms of

this settlement, the overall value of BSOG is expected to remain available even if there were increased electric vehicle usage, for example.

- 7.2.11 In relation to First's statement that only tendered BSOG has been devolved and that commercial operators still receive BSOG payments directly from DfT; in fact, both tendered and commercial BSOG have been devolved to GMCA (the commercial element having been devolved in 2017-18 as explained in the Assessment at section 40.1.10). TfGM, therefore, considers the Assessment was accurate in this regard.

Concessionary reimbursement and concessionary funding

- 7.2.12 Jacobs and Stagecoach contended that the modelling of revenue assumes, unrealistically, that the journeys made under the English National Concessionary Travel Scheme (ENCTS) would rise over the appraisal period. This contention has been addressed in the response to the Economic Case above from Section 5.3.7 of this report.
- 7.2.13 Comments were also provided on concessionary reimbursement, principally by Rotala and Stagecoach.
- 7.2.14 Rotala considered that the assumption that reimbursements would begin to rise in 2020-21 when TfGM became the payee was flawed for two reasons: (i) the assumption of an increase of 0.7% is overstated as DfT concessionary guidance makes plain that the reimbursement factors should be dampened to account for passholders paying zero fare when real fare increases are implemented and (ii) the number of passes in issue in Greater Manchester in 2017-18 reduced by 11% indicating a likely continued decline, and there is no evidence to support an increase from 2020-21.
- 7.2.15 Stagecoach considered that the assumptions around future demand under the Proposed Franchising Scheme seem reasonable but was surprised that no impact of the Our Pass concession had been modelled. Stagecoach also raised a concern that a benefit had been claimed in respect of concessionary reimbursement for franchising in the Assessment at section 42.1.10, whereas it merely referred to the situation if additional concessionary trips occurred under the Do Minimum.
- 7.2.16 In relation to Rotala's comments, it should be noted that the value of concessionary reimbursement, and associated funding, was initially forecast with reference to the Do Minimum (and not with reference to franchising or TfGM/GMCA becoming the 'payee') and the same level of public sector support forecast for the Do Minimum was applied to the franchising and partnership options.
- 7.2.17 Concessionary reimbursement forecasts were a function of forecast concessionary trips and the forecast reimbursement rate. The forecasting of concessionary trips is described further at the Economic Case section of this report, from Section 5.3.7. The rate of commercial fares growth under the Do Minimum, as set out elsewhere, was projected as RPI+1.4% per annum, and as concessionary reimbursement has a relationship with commercial fares growth, the rate of reimbursement growth was projected as RPI+0.7%. This was 'dampened' from the real rate of commercial fares growth (by half) to account for generated demand.
- 7.2.18 Rotala considered that this rate of reimbursement growth is overstated. The Assessment acknowledged at section 40.1.14 that the DfT publishes concessionary guidance and a reimbursement calculator. In practice, however, there are a range of factors to consider which can be complex in determining reimbursement. TfGM consider the reimbursement growth rate is a reasonable assumption and, under the Do Minimum, concessionary trips

were forecast to represent an increasing proportion of overall trips over the appraisal period, which would likely put upward pressure on the reimbursement rate due to the increasing marginal costs of concessionary trips.

- 7.2.19 It is also important to note, in the context of the concern that concessionary reimbursement forecasts are overstated, that, whilst ENCTS is a national mandatory scheme, in practice, the risk of variation in concessionary reimbursement costs (and the associated funding) sits locally with GMCA as the travel concession authority in Greater Manchester (and with the 10 local authorities who provide funding through the statutory contribution, rather than with central Government).
- 7.2.20 As explained in the Assessment at section 40.1.18, in the short-term, concessionary reimbursement growth was lower than the long-term average as forecast ENCTS trips are subject to mandatory increases in entitlement age tied to pensionable age increases but pension age equalisation is due to end in 2020. It thus acted to suppress ENCTS concessionary trip volumes in the periods prior to 2021-22.
- 7.2.21 In response to the point relating to Our Pass, TfGM acknowledge that this is a significant and important intervention. As acknowledged by Stagecoach, however, Our Pass is only committed for a trial period at present which was the reason as set out in the Assessment at section 40.1.13 why 'Our Pass' was not included in the Do Minimum (or any other bus reform scenarios set out in the Assessment).
- 7.2.22 Stagecoach also raised a concern that £96 million of benefits had been claimed under the Proposed Franchising Scheme through the reallocation of central Government funding and the removal of the requirement for GMCA to reimburse operators for journeys made under the ENCTS scheme.
- 7.2.23 To clarify, section 42.1.10 in the Assessment stated: *"... the modelled franchising interventions increase demand, including concessionary trips, and there is no requirement to directly reimburse external operators for these additional trips on franchised services. Using the method previously described to forecast concessionary reimbursement, if the equivalent level of additional concessionary trips occurred under the Do Minimum, there would be an additional reimbursement cost and funding requirement of approximately £96 million in nominal terms over the appraisal period. Under franchising, this requirement is therefore 'internalised', and budgets and funding requirements would be set by reference to total operating costs and total sources of income"*.
- 7.2.24 As explained, it is advantageous that, under franchising, GMCA could set budgets and funding requirements by reference to total operating costs and total sources of income. However, the analysis referred to the situation if additional concessionary trips occurred under the Do Minimum. There would then be an additional reimbursement requirement which would be avoided under franchising. There was, however, no net benefit claimed in the franchising economic NPV for this advantage.

Revenue Risk Assessment

- 7.2.25 A number of aspects in relation to the modelling of risks are considered in the Economic Case section of this report at section 5.6.
- 7.2.26 In relation to the quantified risk assessment, Stagecoach raised a specific concern in respect of the value of the revenue risk portion of the Quantified Risk Assessment and that this was low. Stagecoach said: *"Allocating only £24.5 million of risk to revenue over a 30-year assessment feels very optimistic, allowing only a 0.4% margin of error. No UK rail bid*

(typically modelled over a 7-10-year timeframe) since franchising commenced in 1996 has progressed with such a low margin of error, so we fail to see how a 30-year plan with so many unknowns can have allocated so little risk to revenue”.

- 7.2.27 Whilst the nature of the specific risks clearly differ between rail and bus, TfGM recognise that GMCA would be exposed to revenue risk and acknowledge that this would include both endogenous risks (such as poorly executed network design) and exogenous risks (such as adverse changes in population growth, demographics and car ownership). This is explained at section 2.1.14 of The Risk and Optimism Bias Supporting Paper which was published alongside the Assessment. The Risk and Optimism Bias Supporting Paper further explained how these two different components of risk were analysed. The QRA considers specific ‘influenceable’ or endogenous type risks that could reasonably be controlled and mitigated, i.e. factors that are *“specific to an intervention and may be quantified and managed”* (HMT Green Book – p89), whereas economic and exogenous risks were considered through the sensitivities set out in the Assessment at section 42.7 of the Financial Case and Section 15.5 of the Economic Case. As explained at section 15.5 of the Economic Case, these ‘what-if’ scenarios considered the impact of general uncertainties surrounding modelling forecasts and parameters.
- 7.2.28 Whilst it is possible that there may be favourable, as well as adverse, impacts on affordability due to exogenous factors, GMCA would retain control of fares policy and retain the ability to alter the service between franchises (and during franchise contracts through contract variation) so that it would be able to adapt the cost of the network in response to an adverse scenario that impacts affordability (as explained at section 42.7.6 of the Assessment).
- 7.2.29 The Jacobs report referred to by Stagecoach notes the reasonableness of the methodology used to assess risks to revenue as follows. Jacobs said that: *“The methodology used has focussed on “endogenous” risks within TfGM’s control with other external risks such as economic growth, population growth, demographics etc. considered separately through sensitivity tests. The methodology for the risk assessment seems reasonable in terms of assessing and modelling these by scale of impact and length of duration, combined with probabilities of scenarios occurring”.*
- 7.2.30 Sections 2.1.15 and 2.1.16 of the Risk and Optimism Bias Supporting Paper explained that the revenue risk provision calculated was based on a range of impacts to revenue. It was a statistical estimate designed to provide an appropriate level of provision to capture the value of risks in 80% of circumstances, taking account of the fact that the risks that materialise against revenue would vary in impact value year to year (modelled at impact values from 1%–5% of revenue over varying durations of time, from 1 to 12 months).
- 7.2.31 Whilst 0.4% (referred to by Stagecoach) was broadly similar to the value of the revenue risk as a percentage of farebox revenue included in the Assessment, TfGM quantify that the risk value was approximately 0.55% of farebox revenue. Stagecoach do not set out the derivation of their 0.4% figure; however, it appears their calculation may be based on prior years’ revenue rather than revenue that was forecast in the Assessment.
- 7.2.32 The revenue risk approach in the Assessment only considered ‘threats’; it is equally possible that there are positive factors, such as realising additional commercial income

from a common brand, that affect revenue that could offset ‘threats’ that materialise: positive factors were not estimated within the QRA.

Baseline cost methodology

- 7.2.33 Rotala raised a specific concern in relation to the methodology to derive baseline cost estimates and considered in their response that the concern identified would mean that costs are underestimated. They contended that the Financial Case did not take into account recent inflationary increases in the costs of providing bus services. Rotala said that when leaving Green Bus tenders and school contracts aside, they operate tendered live miles annually at a cost of £1.89 per mile and had recently tendered at a cost of £2.44 per mile, an increase of 28% due to increased driver rates of pay, increased overheads and changing depots. Further, TfGM assume that the cost of replacing vehicles increases in line with RPI, but this is inconsistent with Rotala’s experience and a higher vehicle specification under franchising is likely to lead to higher costs. Rotala also comment that: *“As regards fuel costs and drivers’ wages, these are based on service mileage and hours only, ignoring dead miles, paid breaks, and testing and so forth”*.
- 7.2.34 Rotala also considered that it appeared to be assumed that, under franchising, the current network would be reproduced and that the costs bid by potential franchisees would match those estimated for the incumbent operators today, which in its view was a dangerous assumption as it presupposes that such bidders could replicate the levels of skill, local knowledge and competence and that the benefits of economy of scale and geographic location will be replicated. OneBus expressed a similar concern, in their response to Question 37 (Impacts of the Proposed Franchising Scheme on operators), around new operators bidding for franchising contracts who have limited experience of the road network in Greater Manchester.
- 7.2.35 With regard to inflationary increases and Rotala’s experience of its tender costs, the cost assumptions developed from the 2016-17 base year were escalated annually by actual and forecast inflation factors, predominantly from national indices. It is possible that inflation for Greater Manchester bus operations has differed (higher or lower) from the Assessment position; however, if this were the case, it would affect all scenarios. TfGM cannot comment on the specific tender cost experience Rotala refers to as it does not set out the relevant time periods and whether this cost experience of an individual operator is representative of the broader market (for example, it appears to refer to a change of depot location as a factor which would not be expected to be recurring or representative of other operators’ experience).
- 7.2.36 In response to Rotala’s concern over the assumed rate of cost growth for vehicle replacement, the assumed rate of growth for vehicle depreciation was higher than Rotala state, albeit marginally, at approximately RPI+0.1% per annum as set out in Table 44 of the Assessment. Rotala also considered the assumed rate of growth is inconsistent with their own experience but do not state whether this experience is higher or lower, or an alternative assumption.
- 7.2.37 TfGM do not consider the proposed vehicle specification under franchising would lead to materially different costs compared with the Do Minimum, as the vehicle specification was closely aligned with the fleet operating in Greater Manchester. Furthermore, the preferred option was to acquire existing fleet (which would result in a materially similar specification) through the proposed Residual Value mechanism. As noted at section 7.2.75 and elsewhere, it is acknowledged that additional capital costs for retrofitting or replacing fleet vehicles to meet environmental standards are not included in the Proposed Franchising

Scheme costs. GMCA has made clear the requirement for the Government to provide financial support for these proposals.

- 7.2.38 Rotala’s observation that the network ‘supply volumes’ (meaning the size of the network in this instance in terms of operating hours and operating distances) which are used as a component of cost forecasting do not include, for example, non-service distances (‘dead miles’) was acknowledged and this is set out in the Financial Case Supporting Paper. However, TfGM are satisfied this does not mean the baseline costs were inherently underestimated as, where available, the total costs estimated have been controlled to audited financial statements or information disclosed by operators. In terms of the methodology specifically, the unit cost rates have been derived to be consistent with the relevant supply volume; so, by way of example, the unit wage rate relating to ‘in service’ hours only is higher than would be the case if the rate were derived to be consistent with all hours.
- 7.2.39 In relation to First’s comments, it is correct that initially, the Proposed Franchising Scheme would replicate the existing network at the point the services are introduced. In response to the concerns over bidders’ knowledge and the basis for franchise bids, it should be noted in the first instance that the existing commercial market is not static as new operators periodically enter the Greater Manchester market, such as Go North West’s acquisition of First’s Queens Road depot and fleet in 2019. Franchise bidders would not be expected to assume revenue risk and would be tendering for a network specification and risk allocation provided by GMCA. Bidders would also be provided with detailed information (such as TUPE data) to inform their tenders or, if this was not available at tender stage in the first round of franchising, assumptions would be provided to bidders to reduce risk pricing. TfGM consider this approach would provide bidders with a high degree of understanding of the franchise specification, the risks assumed by franchisees and data to support tenders.
- 7.2.40 In relation to geography and economies of scale, the preferred approach set out in the Assessment was GMCA would acquire or control existing strategic depot locations and as such geographic location would replicate existing structures to a large degree under this approach. The commercial model also set out that there would be a range of contract values under franchising (similarly there is a range of operator sizes in the current market).
- 7.2.41 Notwithstanding these points, it is recognised that during the first round of franchising, tendering risks may be greater as there would be a transition from the deregulated market to franchising. The QRA included a number of risks that are weighted towards the first round of tendering, resulting in a higher risk provision over this period compared with subsequent rounds of tendering. A summary of these risks was set out in Table 59 of the Assessment, Key Transition and Mobilisation Risks (Procurement section).

Employment costs

- 7.2.42 A number of incumbent operators cited concerns that employment costs would increase under franchising.
- 7.2.43 Rotala commented that: *“Mayoral Intervention into drivers’ pay is, in Rotala’s view, inevitable (as has occurred in London in 2002, 2016 and 2017). This has not been accounted for in the Assessment and it is arguable that this is more likely to occur given the unification agenda of franchising which logically includes pay parity”*.
- 7.2.44 Similarly, Stagecoach commented that: *“We note that the Assessment assumes no change to the labour models adopted in today’s market and that these would be expected to*

continue throughout franchising. This feels at odds with the views of key stakeholders such as the Unite Trade Union who have backed franchising with one of the reasons stated for their endorsement being the ability to enhance pay and benefits for its members. Unite believe that its members will gain more advantageous terms and conditions with a greater influence provided by the public sector, due to the ability for the Mayor and politicians to intervene. This belief is underpinned by precedents from various Mayors of London in that franchised bus market. Yet this does not appear to have been taken into account by the Assessment”.

- 7.2.45 Operators also raised a number of other employment-related concerns which are considered in the Management Case section of this report at section 8. The Management Case also includes correspondence from the Mayor’s office setting out that any introduction of franchising should not lead to any worsening of terms and conditions. It is acknowledged, however, that the ongoing costs of the Proposed Franchising Scheme do not allow for a ‘levelling up’ of employment terms and conditions. TfGM considers that a high level of protection is afforded to transferring employees through the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) and the specific pension protection contained in the Act. This means that franchised operators would remain responsible for employing and managing the majority of the workforce with an appropriate balance of incentives provided under the commercial model. Disparities in terms and conditions already exist within individual operators and there is no reason to assume that they would necessarily disappear under franchising.
- 7.2.46 TfGM does not consider that Mayoral intervention to ‘level up’ employment terms and conditions is inevitable or more likely than the position set out in the Assessment and the responses do not set out how such an intervention would arise. Even if a Mayor did seek to intervene as suggested, then they would necessarily have to consider the effects of such an intervention, its benefits, its costs and, if necessary, the provision of appropriate funding.

Profit Margin

- 7.2.47 The Assessment assumed that under the Proposed Franchising Scheme, the financial return/profit earned by franchised operators would be an EBIT margin of 7.5%. There were contrasting comments made on this assumption, principally by incumbent operators Stagecoach and Rotala. No new prospective operators commented upon this assumption.
- 7.2.48 Stagecoach noted that the assumed margin for franchising was above the London / TfL benchmark point estimate of 7.1% and considered it to be unrealistically high. Their expectation from experience as a London operator was operator margins would be lower in any franchised market. Stagecoach commented that overall the levels appeared to be over-optimistic concerning the commercial position of many operators within Greater Manchester and, that to achieve them, more profit will need to be generated than exists in the market today; and that this appears counter-intuitive against the continuing trip rate decline and the additional costs associated with franchising.
- 7.2.49 Jacobs suggested that the margins on London bus operations are lower than in the regions and require subsidy by TfL. Jacobs also commented that TfGM did not appear to have considered the potential for variation in operator margins across franchise tranches and that some tranches will require a higher operating margin to be attractive to bidders.
- 7.2.50 Rotala considered that using the London model as a benchmark resulted in a low EBIT margin assumption which equated to a mark-up on operating costs of approximately 8.1%.

It raised a concern that London was not comparable due to differences in ownership and leasing of vehicles, the London model being based on leased vehicles as opposed to the ownership of vehicles (as tends to be the case in Greater Manchester). It commented that TfGM *“has not recognised that there is a higher lifetime cost to renting that has not been factored into the Financial Case”* and that *“To the extent that the proposal is that bus operators in Greater Manchester should be renting buses, the Financial Case profit and loss models will have been based on the wrong cost structures and would need to be subject to wholesale revision”*.

- 7.2.51 Rotala also comment that *“TfGM’s Financial Case appears to be based on the accounting standards for operating leases before the change to IFRS 16. Prior to the change, operating leases were charges in arriving at EBIT. After the change, the operating cost is split between depreciation and interest components in the profit and loss account. This will leave part of the cost of renting the asset above EBIT and part in the ‘I’ line and this in turn means that selection of the profit margin at the EBIT line is not sustainable”*.
- 7.2.52 Rotala also cite the Jacobs review and comment that the *“blanket”* margin assumption ignores the fact that there will be differences between particular franchises and that actual operator margins are likely to vary across franchises.
- 7.2.53 TfGM consider that the London market is the most relevant and appropriate benchmark for which there is available data, as it is a franchised bus network, there is a similar regulatory regime, and it has a commercial model that is well understood and broadly comparable from a risk perspective to the franchising commercial proposals.
- 7.2.54 However, TfGM have adjusted the London benchmark upwards in developing the assumption for the Greater Manchester franchising proposal. The Assessment set out a summary at section 42.2.5 to 42.2.29 of the approach to establishing and adjusting the London EBIT benchmark. This explained that the weighted average EBIT margin for London operators over a five-year reference period was initially calculated as 6.4%, a lower initial benchmark figure than the assumption adopted in the Assessment and in line with Stagecoach’s comments that its experience as a London operator suggested a lower margin in the London market. This section of the Assessment explained how this initial 6.4% margin benchmark was adjusted upwards to the higher Assessment assumption of a 7.5% margin in two steps: firstly, by excluding from the London benchmark data operators who made operating losses in at least three years over the reference period, resulting in a more conservative benchmark estimate of a 7.1% margin; and secondly provision of a further 0.4% as an allowance to account for any potential differences between the London market and Greater Manchester.
- 7.2.55 In relation to Stagecoach’s comments regarding the need for more profit than exists in the market currently, it is not clear how this point reconciles with their observation that the margin assumed in the Assessment is higher (resulting in higher profit) than the London benchmark; however, it is relevant to note in response to this point, and declining trip rates being a factor, that the capital employed by a franchisee (fleet volumes principally) would also reduce as passenger demand reduced and GMCA has approved a proposal that would fully fund the additional costs identified in the Assessment to implement the Proposed Franchising Scheme.
- 7.2.56 In relation to the issue cited by Rotala over fleet costs and leasing, it should be noted that there is no proposed ‘mandating’ that franchised operators must provide leased vehicles (though operators could bid on this basis) and TfGM consider that the proposed Residual Value mechanism, as the preferred approach set out in the Assessment, provided a basis

on which owned fleet can be provided over a franchise term without stranded asset risk for the franchisee.

- 7.2.57 In relation to the application of IFRS 16 (an accounting standard for leases) it should be noted that under franchising, the accounting requirements for fleet (whether owned or leased) would be a matter for franchisees. The financial model is from the perspective of GMCA and the Assessment considered (at section 42.6.6) that, in relation to any fleet provided under the Residual Value mechanism, GMCA would account for this as a contingent liability, as a possible, but not probable, liability.
- 7.2.58 TfGM is aware that some operators have cited a difference in the extent of fleet leasing versus fleet ownership and the associated accounting treatment as a reason why EBIT margins from different markets would not be comparable, and that a London based EBIT benchmark would be ‘low’ as suggested by Rotala. However, no specific evidence has been provided on this effect. Furthermore, as noted above, whilst the London EBIT benchmark was adjusted upwards in developing the Assessment assumption, TfGM consider there are other factors not specifically accounted for, such as the provision of depots, that could act to reduce margin compared with the London benchmark.
- 7.2.59 It is accepted that margins could vary across franchises. However, this observation is also true of the observed data informing the initial London benchmark margin assumption, whereby the average margin reflects a range of higher and lower margins. For the purposes of an Assessment it was reasonable to apply an average assumption across the whole network. Furthermore, as explained in the Assessment at 42.2.5 to 42.2.29, one of the upward adjustments to the London benchmark was to exclude ‘low-margin’ operators who made operating losses in at least three years over the reference period.
- 7.2.60 The Assessment also set out that the franchising margin assumption reflected a “*long term average*” (at section 42.2.9) across the network. The fact that margins could vary (upwards or downwards) does not invalidate the average assumption. TfGM did consider further variability around the long-term average assumption, and in doing so, reflected risks in the quantified risk assessment. These risks were valued in relation to additional bidder margin (such as the risk that the EBIT margin is higher due to a lack of bidders being attracted).

Depots

- 7.2.61 A number of concerns were raised over the costs associated with depot provision, including the more general point that the costs of GMCA acquiring or providing depots would be avoided under the partnership options.
- 7.2.62 Jacobs commented, “*Costs related to bus depots ... appear to be lower than we expect*” and that “*The cost of acquiring bus depots currently owned by existing operators could be higher than currently assumed in the business case. Existing operators are unlikely to put depots up for sale in order to facilitate a franchising competition which they have a chance of losing*”. Jacobs also commented that TfGM have assumed that the configuration of depots across Greater Manchester will remain the same but, since the network under franchising will have a different pattern, that may require the purchase of new depots, which would increase costs compared with those assumed in the Assessment.
- 7.2.63 Rotala considered it likely that the cost of acquiring bus depots had been understated. They cited various factors, including legal costs and the risk of legal challenge associated with a CPO process; that existing depots have an intrinsic value to bus operators over and above their market value which should be reflected in the costs of acquisition; and that key depots would need major capital expenditure after acquisition that had not been accounted for in

the transitional costs (such as approximately £1 million required for the roof of the Queen’s Road depot). They also suggested that it was unlikely that the configuration of depots will remain the same under franchising, given that different service patterns are likely to arise once franchises have been awarded.

- 7.2.64 Stagecoach considered the recommended approach of providing strategic depots for large franchises places a further debt burden on TfGM and GMCA and questioned “*whether the £58 million provision for the purchase of the ten strategic depots across the whole of Greater Manchester is reasonable, and what assumptions have been made in terms of management resource and timescales for just undertaking this activity. With interest payments this investment is set to cost £85.7 million*”.
- 7.2.65 First also commented that they considered there were likely to be additional costs associated with the provision of depots but did not set out any specific examples of what those additional costs may include.
- 7.2.66 The Stagecoach response refers to provision of £58 million for depots and that interest payments would bring this to £85.7 million. As an important point of clarification, £85.7 million was the cost provision for the total acquisition and refurbishment costs and did not reflect any interest payments (the costs of repayment and interest being allowed for in addition to this sum and as summarised at Table 48 of the Assessment). Instead, the difference reflected further cost allowances for items such as plant, risk and improvements and refurbishments. For clarity the components of the £85.7 million, as set out in Table 47 of the Assessment, are:

NOMINAL DEPOT – CAPITAL COSTS	£m	DESCRIPTION OF BASIS
Depot base cost	58.1	Cost of acquiring the depots
Stamp Duty Land Tax (SDLT)	2.9	Estimated SDLT due based on the cost above
Plant and equipment	6.1	Plant and equipment purchase on acquisition
Quantified Risk Assessment	0.6	Outputs of Risk Model at P80
Initial acquisition costs	67.6	Sub-total
Initial improvements and refurbishment	18.1	Initial improvements and 0-5 year refurbishment costs
Improvements/refurbishment costs	18.1	Sub-total
TOTAL ACQUISITION AND REFINISHMENT	85.7	

- 7.2.67 This also clarifies Rotala’s comment where they consider that additional capital expenditure would be required and that this had not been accounted for, as the £85.7 million cost included provision of £18.1 million for improvements and refurbishment post-

acquisition. These costs were assumed to be incremental compared with the Do Minimum and would be expected to improve the operational standard of the depots.

- 7.2.68 In response to the comment regarding financing depot costs through borrowings, TfGM is satisfied that financing capital costs through borrowings is a conventional financing approach that matches capital costs to ongoing revenue streams and, as set out in the Assessment at section 43.9.4 and 43.9.5, GMCA could accommodate borrowings of this scale well within its external borrowing limits.
- 7.2.69 In relation to the concern stated by Rotala and Jacobs regarding the configuration of depots, which TfGM understands to mean the geographic location of depots across Greater Manchester and whether new or additional depots would be necessary, the proposed network would initially replicate the existing network if franchising were introduced. The preferred approach to depot provision has identified 10 existing strategic depot sites across Greater Manchester and, in identifying these preferred sites, the geographic location and proximity to proposed franchise lots was one of the criteria considered. It may be desirable in the longer term to rationalise depot capacity or consider new sites; however, this decision would be subject to its own investment case and consideration of the incremental benefits and costs.
- 7.2.70 The Commercial Case section of this report from section 6.2 considers a number of further issues raised in relation to depot provision, including the availability of CPO powers, schedule considerations and other potential options for depot provision. It also restates that the preferred approach set out in the Assessment is to acquire or control depots through a negotiated settlement rather than a CPO basis and that the estimate of the cost of acquiring control of strategic depots reflects a combination of a likely negotiated transfer valuation and an independently obtained CPO valuation.

Fleet

- 7.2.71 A number of concerns were raised by incumbent operators regarding fleet provision, and associated costs, under the franchising proposals. A summary of the concerns stated include:
- A requirement, or increase, of vehicle leasing will increase costs;
 - A lack of availability of used vehicles will mean new vehicles must be provided;
 - There will be an improved fleet specification under franchising resulting in higher costs; and
 - The impact of environmental standards on vehicle provision.
- 7.2.72 The concern, principally raised by Rotala, regarding vehicle leasing and resulting impact on costs is discussed further in the EBIT margin section, which concludes the preferred option under franchising is to provide owned vehicles through the proposed Residual Value mechanism and there is no 'mandating' that vehicles are provided on a leased basis.
- 7.2.73 The Commercial Case section of this report from Section 6.8.10 discusses further the availability of used vehicles and notes that in the event an increased proportion of new vehicles were provided (resulting in a higher capital cost) then there would be maintenance, reliability and other associated vehicle lifecycle cost savings.
- 7.2.74 The fleet specification under the franchising proposals was designed to be similar to the fleet currently operating in Greater Manchester and the Assessment set out the preferred

option to acquire existing fleet, which would further ensure the alignment of fleet specification.

- 7.2.75 In relation to the implications of environmental standards on fleet provision, these issues are considered further in the clean air section at section 4.9 of the Strategic Case section of this report; however, it is acknowledged that additional capital costs for retrofitting or replacing fleet vehicles to meet environmental standards are not included in the Proposed Franchising Scheme costs (and nor are any ongoing lifecycle cost-benefits from upgraded fleet). The Clean Air Zone Outline Business Case included these requirements, and GMCA has made clear the requirement for the Government to provide financial support for these proposals.

Disruption / Service withdrawal during transition

- 7.2.76 First considered that operators may choose to withdraw services or abandon commercial networks as a key reason why, in their view, the net transition cost for the Proposed Franchising Scheme was underestimated.
- 7.2.77 The Assessment acknowledged under Table 59: Key Transition and Mobilisation Risks that *“There is a significant business continuity risk during the transition to franchising, as the incumbent operators may begin to reduce or deregister services (marginal service reduction or large-scale cessation of services)”*.
- 7.2.78 The Assessment also set out the potential steps to mitigate the impact if this risk materialised, including through early engagement with operators; potential extension of deregistration periods; working with alternative operators to step in and run services on a commercial basis if required and tendering any withdrawn services on a short-term basis.
- 7.2.79 The quantified risk assessment also included a financial provision for this risk in the event that a decision was taken to tender withdrawn services on a short-term basis. This risk was therefore acknowledged; however, as set out, TfGM has considered steps that would mitigate withdrawal of services and the quantified risk assessment included a financial provision for this risk.

Costs of legal challenge

- 7.2.80 Rotala commented on the risk to bus operators, and the financial detriment, in the event of being unsuccessful in winning one or more franchises and further commented that there was no provision for the cost of potential litigation. It also reiterated this point in response to Question 37 relating to impacts of the Proposed Franchising Scheme on operators and commented that: *“Rotala PLC would like to make it clear that it considered there to be a real risk that implementation of the Franchising Scheme will result in operators exiting the market and losing their business. This will result in costly litigation for both GMCA and the operator which could delay introduction of the scheme. Ultimately, incumbent operators and GMCA need to behave in a constructive and supportive way for the scheme to be a success which, in its current format, simply will not happen...”*
- 7.2.81 Go North West commented in their response that *“GMCA would be at significant risk of legal challenge if it were to implement the Scheme because it does not appear to meet the statutory test for value for money. It is also possible that GMCA would face legal challenge if it sought to exercise CPO powers. It is not clear that GMCA has accounted for the cost associated with such legal challenges or the inflationary affect that any delay arising from*

legal proceedings could have on the cost base which further undermines the affordability of the Scheme”.

- 7.2.82 It is not possible to exclude the possibility of a legal challenge as that depends on the actions of other parties. Provision for costs associated with legal challenge was, however, recognised and provided through the quantified risk assessment. For example, a number of legal challenge risks were set out in the Assessment at Table 59: Key Transition and Mobilisation Risks.
- 7.2.83 In relation to Go North West’s comment on the inflationary effect of any delay, various themes in this report consider concerns and mitigations in relation to the schedule. It should be noted that whilst not specific to any legal challenge arising, the quantified risk register did include the risk of delayed implementation due to mobilisation and complexity issues and was quantified in terms of prolonged management costs and resources.

Other costs

- 7.2.84 Stagecoach state that the Financial Case *“makes a number of assumptions, which appear to have been generated to create an overly-beneficial picture for franchising”.*
- 7.2.85 Stagecoach also elaborated with concerns over a number of other costs. It said *“there is no allowance for any operator staff redundancy costs (due to changes in the nature of the business requiring different skill sets). There is no allowance for operator equipment write-downs, where new equipment is required by GMCA, for example, for radio, automatic vehicle location (AVL) or Intelligent Transport Systems (ITS) equipment. Nor is there any provision for the increase in costs of operators to operate in a contracted franchising world, where the recruitment of contracting managers will be required for example. The Assessment provides significant focus on the number of FTEs required within TfGM but provides no assumptions for the recruitment of contract management and performance regime analysts within bus companies. Similar roles are prevalent in London bus operating companies and within train companies operating in a franchise market”.*
- 7.2.86 With regard to Stagecoach’s point on allowances for redundancy and allowances for operator-equipment write-downs for radio, AVL and ITS, then to the extent any such losses arise, it is correct that no provision was reflected in the financial costs of the scheme as this would be a matter for operators. The legal and procedural section (see from section 16.6.59) considers comments in relation to compensation and notes that the legislation providing for franchising does not include any provision for the compensation of any person adversely affected by the introduction of such regulation and that GMCA and the Mayor will need to consider, and be satisfied, that the introduction of the Proposed Franchising Scheme does not impose an individual and disproportionate burden on any of them. Further issues in relation to redundancy and contracting resources are also considered in the legal and procedural section (from section 16.6.47 of this report relating to redundancy) and Management Case at section 8.3 of this report relating to costs of managing franchises) and at section 8.5 relating to employees and redundancy.

Sensitivity Analysis

- 7.2.87 In its response, Rotala considered that the cost sensitivities applied in the Assessment were *“too mild”* and cited as an example its view that wage inflation in the industry had *“recently been as high as 25%”*. Rotala said *“Other examples are reinsurance costs and claims costs*

which are increasing faster than RPI + 1% for Rotala. Indeed, Rotala's reinsurance costs have jumped a staggering 25% this year".

- 7.2.88 Go North West stated that, in their view, the sensitivity testing was "*inadequate*" though referred to their observations on the Economic Case for the reasoning.
- 7.2.89 TfGM cannot specifically comment on the cost experience of an individual operator such as Rotala. Cost sensitivities were reported in relation to fuel costs and wage growth, but not in relation to reinsurance and claims costs, in Table 50 of the Assessment. As explained in the Assessment at section 41.1.13, the rate of growth in fuel costs and wage costs were considered key assumptions in forecasting cost growth as these cost categories represent the majority (greater than 70%) of operating costs in the base year and hence represent a much larger value, and proportion, of typical operating costs compared with the reinsurance and claims examples cited by Rotala.
- 7.2.90 TfGM does not consider that the fuel and wage cost sensitivities are "*too mild*" as the sensitivities are applied at a network level (rather than, for example, at an individual route, franchise package or individual operator level) and are applied over the full 30-year appraisal period (rather than, for example, an individual year). In the case of downside sensitivities, it should also be noted that the outputs of the sensitivity analysis did not assume any utilisation or availability of the quantified risk provision and the outputs were stated before any mitigating actions that could be taken by GMCA.

Financial Objectives

- 7.2.91 First noted the reference to a net surplus under the Proposed Franchising Scheme of £94 million (post-transition) and observed that "*Given the objectives of Franchising – to provide a better bus service to Greater Manchester – would it not be more appropriate to manage the levels of fares and the provision of services to avoid this surplus? Or better yet, to adopt the partnership approach to also avoid the expenditure?*"
- 7.2.92 The £94 million surplus represented a modelling position that was above 'break-even' post-transition. It is acknowledged that the objective of the Proposed Franchising Scheme is not to make a surplus. In practice, any net surplus arising over the long term would be reinvested. The Assessment set out this principle, for example, at section 42.1.1 "*Under franchising, all sources of income would be reinvested into an integrated transport network*".

Financial position of London bus services

- 7.2.93 Arriva did not make any specific comments on the Financial Case, but it did draw, what TfGM understands is, a comparison to the financial position of London bus services by stating: "*We would highlight the current annual deficit and debt burden which can result from introducing and operating a franchised bus market, as can be seen in the only existing franchised bus market in the UK at present*".
- 7.2.94 Arriva did not provide further reasoning as to why they consider a deficit and debt burden would result from a franchising model. However, TfGM note their understanding that the 'deficit' in respect of London buses reflected the difference between revenues (passenger and commercial) and operating costs and was stated *before* the sources of public funding received by TfL. Whilst the sources of funding (and absolute scale of financial flows) were different between London and Manchester, in principle a difference between passenger

revenues and operating costs already exist in Greater Manchester, as substantial public funding also supports bus services in Greater Manchester.

Second consultation

- 7.2.95 Given that a scenario-based analysis was produced for the second consultation, and that the comments under this theme from the first consultation predominantly relate to more specific modelling, forecast and assumption issues, there were few comments on these issues in response to the second consultation.
- 7.2.96 However, in response to the second consultation, Rotala stated: *“Finally, as noted in the opening section of our client’s replies, all the risks identified in our client’s response to the Consultation (dated 7th January 2020) remain prevalent and they have not been responded to properly, or at all by GMCA. For example, no account has been made for the cost of litigation in purchasing the depots from incumbent operators in the event that this has to be forced by Compulsory Purchase Order, or the costs of pension schemes/liabilities, or for challenges to the award of contracts for service under the Public Contract Regulations 2015.”*
- 7.2.97 Stagecoach also states in its response: *“The GMCA has stated that historic pension costs will remain with the operators but those with defined benefit schemes may need to provide greater contributions to them if the Proposed Franchising Scheme is implemented. Whilst ongoing funding of liabilities would be calculated on a basis set by the local administering authority of the pension scheme, the magnitude of the funding stepup that could be required on a discontinuance basis even for one operator could be considerable.”*
- 7.2.98 In relation to these specific points:
- The £58.1 million financial provision for depot acquisition set out in the Assessment did include provision for professional fees, including legal costs and surveys;
 - In relation to pension schemes, costs and impacts a response to points raised during the first consultation is set out in the Management Case section 8.6.1, and these are considered to remain valid in light of Covid-19;
 - In relation to Stagecoach’s concern of funding pension liabilities on a discontinuance basis, this is considered further in the Management Case sections 8.6.24 to 8.6.29 which, in summary, set out TfGM’s view that the likely extent of this risk has been overstated: it was noted in response to a similar concern raised in response to the first consultation that, absent franchising, it would be expected in any event that operators’ funding of existing liabilities would increasingly tend towards a more conservative basis over time as active pension member numbers reduce; and
 - In relation to the cost of legal challenges, as set out in the Costs of legal challenge subsection (at section 7.2.82 specifically), instigation of legal challenge would depend on actions of other parties. However, financial provision for legal costs has been included through the quantified risk assessment.

7.3 Theme 2 – Funding Proposal and related matters: Greater Manchester local authority comments

- 7.3.1 In response to the first consultation, the local authorities of Greater Manchester raised a number of issues in relation to the proposed funding, and the affordability, of the Proposed Franchising Scheme, including:
- Clarification of each authority’s share of the proposed total local authority contribution of £17.8 million towards the costs of transition to franchising and confirmation that this would constitute a one-off contribution;
 - Concerns over any ongoing or additional funding requirement falling on local authorities;
 - The desirability of additional central government funding and how any additional revenue funding would be utilised;
 - A concern over the timing of the precept requirement relative to the phased roll out of franchising; and
 - The financial risks of the Proposed Franchising Scheme and mitigations in the event of a funding shortfall.
- 7.3.2 Some authorities, such as Bury Council, also queried the implications of franchising on other priorities, such as future infrastructure programmes. A number of other consultees also made comments in relation to ‘opportunity cost’, which are considered in the Strategic Case section of this report at section 4.12.30.

Local authorities’ share of the contribution towards the costs of the transition to franchising

- 7.3.3 The GMCA report of 7 October 2019 set out the proposed contribution of the 10 local authorities to the additional costs of implementing the Proposed Franchising Scheme as a one-off contribution and sets out the rationale for the preferred funding strategy.
- 7.3.4 The individual shares of the total local authority contribution are proposed to be split by population (and weighted as of June 2017), reflecting the same basis as the Statutory

Contribution and Transport Levy. On this basis, the share for each authority would be as follows:

Authority	Funding Contribution Value (£millions)
Bolton	1.80
Bury	1.20
Manchester	3.48
Oldham	1.48
Rochdale	1.39
Salford	1.59
Stockport	1.86
Tameside	1.43
Trafford	1.50
Wigan	2.07
Total	17.8

- 7.3.5 It should also be noted that, separately, GMCA at its September 2019 meeting allocated unbudgeted resources from retained business rates receipts to local authorities. These resources were of greater value than the contribution to the Proposed Franchising Scheme and therefore, taken together, it is anticipated that the proposed contribution would not result in a net impact on local authority budgets.
- 7.3.6 The Mayor's 2020-21 budget proposals to the January and February 2020 GMCA also set out that, in the event the Mayor makes a decision to introduce the Proposed Franchising Scheme, a further report would be brought to GMCA proposing that there should be an increase in the statutory charge of £17.8 million for 2020-21 to support the implementation of that decision and which would require the unanimous agreement of the members of GMCA. The Covid-19 Impact Report subsequently set out that the proposed one-off contribution from local authorities would be deferred until the end of any transition period (from 2020/21 previously to approximately 2025/26).

Ongoing impact on local authority finances

- 7.3.7 Bolton Council and Tameside Metropolitan Borough Council stated in response to the first consultation on the Assessment that it was important that the Proposed Franchising Scheme was fully funded without ongoing recourse to the GM local authorities. Rochdale Borough Council considered the approach to funding was appropriate but raised a concern that reductions in Government funding for local authorities would result in the Council having to contribute to the costs of the Proposed Franchising Scheme through their levy. Salford City Council commented that *"any further ongoing contributions will have a*

detrimental impact on what authorities can deliver locally and so should not become the normal source of funding”.

- 7.3.8 As detailed in the Introduction to this section, and in the Assessment at 40.1.7 onwards, existing sources of public funding were assumed to be retained over the appraisal period and the value of this required public sector funding is forecast to escalate in cash terms under all bus reform options, including the Do Minimum. This reflects forecast growth in the costs of concessionary reimbursement and the assumed retention of Greater Manchester’s current local bus concessions such as half fare for children (ages 6 to 16); half fare for 16–18-year olds to and from a place of education; half fare for disabled passengers outside ENCTS provisions; and, extension of the free fare for severely disabled passengers to all times of the day. As explained in the Assessment at section 40.1.13, ‘Our Pass’ was not included in the forecasts as it is only committed for a trial period.
- 7.3.9 The Assessment also noted that the forecast escalation above the current baseline funding provided by the statutory contribution could, in practice, be met from a combination of funding sources, including the Mayoral precept, resetting the statutory contribution baseline provided by the local authorities and central government.
- 7.3.10 Whilst the Assessment did not set out the allocation of any increased baseline funding requirement between these funding sources, it should be noted in response to the issues raised by local authorities that:
- The funding proposal approved by GMCA would provide a basis to fund the franchise-specific net transitions costs of £122 million identified in the Assessment fully over the transition period; and the proposal also included approximately £12.5 million of funding for forecast cost escalation in current budgets over the transition period, that was forecast to occur under all scenarios, including the Do Minimum;
 - As explained in GMCA’s report of October 2019, the funding proposal also balanced providing one-off funding during transition and a precept requirement, which would provide an ongoing source of revenue funding to manage any annual deficits and provide a level of base funding for forecast escalation in funding beyond the transition period; and
 - Bus services are a Mayoral function, and ongoing local contributions for bus services are funded from a combination of the statutory contribution and precept rather than the transport levy. Local authorities, through their members of GMCA, can exert influence over these funding sources through the respective governance arrangements. A variation in the statutory contribution requires unanimous agreement of the members of GMCA, and budgeting of the Mayoral precept follows a statutory process, which includes veto powers by the members of GMCA.
- 7.3.11 In summary, TfGM consider that the proposed funding arrangement that was previously approved by GMCA would provide a basis to fund the franchising-specific net transition costs of £122 million identified in the Assessment fully, and the proposal had considered the ongoing sustainability of funding both during and after the transition period. This includes approximately £12.5 million of forecast cost escalation during the transition period, which was forecast to occur under all options, as well as the Do Minimum. The precept required during the transition period would also provide an ongoing source of

revenue funding to manage any annual deficits and provide a level of base funding for forecast escalation in funding beyond the transition period.

Central Government Funding

- 7.3.12 Stockport Metropolitan Borough Council, in its response to the first consultation, considered it would be beneficial if central government made a greater contribution towards the Proposed Franchising Scheme. As noted, the Assessment acknowledges the role of Government funding and the subsequent GMCA report of October 2019 further acknowledges the desirability of Government funding: *“Since the assessment was completed the Government has indicated that it will support Greater Manchester to ‘deliver a London style bus system in the area’ which could include revenue funding. If Government funding does become available this could offset any local contribution including council tax/precept requirement”*.
- 7.3.13 The Government, in Spring 2020, made a number of positive announcements around the role of buses, including a pledge of £5 billion of funding to support bus and cycling services over the next five years. In this regard GMCA and TfGM officers remain actively engaged in making the case to Government to secure additional funding for bus services in Greater Manchester.
- 7.3.14 Whilst the immediate availability of additional Government funding would be welcome, it was not in itself a precondition of the Proposed Franchising Scheme being implemented as the Assessment set out credible sources of funding that exceeded the transition requirement; and GMCA approved a funding proposal for the first consultation that did not rely on additional Government funding and reflected sources of funding that were in the control of local decision-makers.

Timing of precept requirement

- 7.3.15 Stockport Metropolitan Borough Council raised a concern over the proposed phasing of the precept requirement before Stockport residents would realise the benefits of franchising in their area.
- 7.3.16 TfGM consider that it is necessary to adopt a phased implementation approach for the roll out of franchising. This approach allows a phased implementation of the future operating model, mitigates risks to passengers and increases the likelihood of successful implementation. A phased rollout does necessitate a sequencing of sub-areas, and this sequencing has considered the geographic, commercial and travel pattern characteristics of the sub-areas to determine the preferred sequence.
- 7.3.17 In GMCA’s funding proposal as set out in the first consultation, the future years’ precept requirement is phased from financial year 2021-22, and therefore is already deferred from the potential introduction date of the Proposed Franchising Scheme, and the requirement from 2021-22 to the end of transition is also based on a phased build-up of the precept requirement. The Covid-19 Impact Report noted that whilst the funding sources remained available in principle to prioritise for bus reform (or another as yet unidentified purpose), the phasing of implementation costs and required funding would now be deferred by at

least one year, and consequently, the precept requirement would now be phased from financial year 2022/23 at the earliest.

- 7.3.18 TfGM consider this approach to funding would strike a balance between the transition costs that are necessarily incurred before services under the Proposed Franchising Scheme commence and the funding of those costs.

Financial risks of the Proposed Franchising Scheme

- 7.3.19 A number of authorities, including Bolton Council, Bury Council, Salford City Council and Tameside Metropolitan Borough Council, made comments in response to the first consultation relating to the financial risks of the Proposed Franchising Scheme. The issues raised included risks in relation to revenue risk/shortfalls, the mitigation strategy and consequences of fares and network policy mitigations. Tameside Metropolitan Borough Council, for example, stated that *“A major concern is income risk mainly through the farebox and whether it will be sufficient to pay for the franchised services. In such instances, the Proposed Franchising Scheme could either reduce the size of the operated network and/or increase fares or by allocating more funding to support the services”*. Salford City Council commented that *“It should be noted that any further ongoing contributions will have a detrimental impact on what authorities can deliver locally and so should not become the normal source of funding”*.
- 7.3.20 The Assessment acknowledged, at section 42.4.6 and elsewhere, that, allied to control of fares, services and integration of the bus network, the Proposed Franchising Scheme carried greater financial risks to GMCA than other options and that the majority of ongoing income and funding to meet the franchised network operating costs was from passenger farebox revenues which are inherently variable.
- 7.3.21 In relation to farebox revenues (and net revenues) under the Proposed Franchising Scheme, the modelled position after the transition period was a net cumulative surplus of £94 million to the end of the appraisal period; and a quantified risk provision, including an element of revenue risk provision, was included in the financial forecasts.
- 7.3.22 It was acknowledged that the modelled net cumulative surplus and revenue risk provision would not be able to accommodate all ‘downside’ scenarios without further mitigating actions. Sensitivity analysis was included in the Assessment to illustrate a range of outcomes (both positive and negative) and, in the event farebox revenues (or net revenues) were lower than forecast under the Proposed Franchising Scheme, and could not be accommodated within the net cumulative surplus or quantified risk provision, the Assessment Summary set out, under the summary of downside risks and mitigating actions section after section 4.134, the mitigations available to GMCA to set a balanced budget. The mitigations included increasing fares, reducing services and additional funding and this would necessitate prioritisation decisions to be made by the Mayor and GMCA.
- 7.3.23 In this regard, Salford City Council considered in its consultation response that, whilst the mitigation options would make commercial sense, they would be politically challenging to deliver, and there may be further financial support required in the future.
- 7.3.24 It is acknowledged that increasing fares or reducing services would be undesirable for passengers (under any option). With regard to financial support required in the future, the Assessment acknowledged increased funding above the level currently provided by the statutory contribution was forecast to be required over the appraisal period under all options, as well as the Do Minimum. The Assessment also set out how additional funding could be met from a number of options and sources, including a Mayoral precept, resetting

the statutory contribution baseline provided by the local authorities and central government.

- 7.3.25 However, as already noted in this regard, GMCA approved a specific funding proposal for the first consultation which fully funded the identified requirement in the transition period and, in relation to Salford City Council’s comment regarding further future financial support, the precept required during the transition period would provide an ongoing source of revenue funding after the transition period to manage annual deficits and provide a level of base funding for forecast escalation in funding beyond the transition period.

Second consultation

- 7.3.26 The Covid-19 Impact Report concluded that the funding sources included in GMCA’s funding proposal, including the one-off contribution during the transition period from the local authorities of Greater Manchester, remained available in principle to prioritise for bus reform. It was also noted that, in view of the pressures on public finances, this proposed contribution would be deferred until the end of the transition period in approximately 2025/26 in the event the Proposed Franchising Scheme was introduced.
- 7.3.27 In response to the second consultation, local authorities were for the most part supportive of the affordability conclusions, whilst some authorities made specific comments on the financial risks and mitigation in relation to reducing the network or made their support for the Proposed Franchising Scheme conditional on there being no further funding requirement from the local authorities.
- 7.3.28 Oldham Council responded that *“Oldham Council is satisfied that the Proposed Franchising Scheme and partnership option remains affordable to GMCA in the light of Covid-19”* and Tameside Metropolitan Borough Council similarly endorsed the affordability conclusions in the Covid-19 Impact Report for the franchising and partnership options.
- 7.3.29 Manchester City Council responded that: *“The Council recognises that the Proposed Franchising Scheme would place the GMCA and GM districts at a higher level of financial risk than the partnership or Do Minimum options. However, we are confident that the proposed mitigations set out in the consultation document are sufficient to proceed with the Proposed Franchise Scheme, and the benefits of doing so in terms of realising the benefits to the network and the wider public transport system and all that that would achieve, outweigh this risk. It is the case that the bus network will require public subsidy both in terms of revenue and capital investment in order to arrest the decline in patronage and recover from the pandemic, whatever the reform option chosen, and to rely on either the partnership or Do Minimum options would mean providing this public funding against highly uncertain, uncoordinated and uncontrollable commercial decisions of bus operators, which is unlikely to achieve any of the Council and GMCA’s vision for an integrated transport network.”*
- 7.3.30 Trafford Council, in its response, drew attention to the risks associated with the Proposed Franchising Scheme balanced against the costs of not intervening: *“There are evidently clear risks associated with the Franchising Scheme and given uncertainty as to the full impact of the pandemic these cannot be effectively ruled out or mitigated. However, there will also be an indirect cost of not proceeding – through likely continued decline in bus*

services and failure to link with other modes and the consequential adverse impacts for the economy, society and environment.”

7.3.31 Wigan Council, in its response, commented that: *“The major concern is the extent in which Covid-19 impacts the level of bus demand and associated farebox revenue. The most notable proposed method to offset reduced income from farebox revenue is to reduce the size of the network. This would be a last resort as further reductions to the existing network will reduce consumer confidence and contribute to a more rapid decline of patronage.”*

7.3.32 Salford City Council considered in its response that both partnership and franchising options will be financially impacted as a result of lower patronage and contrasted where risk would predominantly lie under these options. In respect of the revenue risk and mitigations, it commented: *“The two most likely scenarios for future bus demand in Greater Manchester as a result of Covid show that patronage is likely to reduce between 20 and 30%. The net effect of this is reduced farebox revenue between £82 million and £96 million. Under Franchising the mitigation for this will be the responsibility of the GMCA. The report states that potential mitigation measures include changes to concessionary reimbursement, reducing transition costs, utilisation of other funding available to the GMCA including the Integrated Transport Block (ITB) and reductions to the network.”*

“Salford City Council is supportive of the proposed Franchising scheme, however it is concerned that making savings through reductions to the bus network is contradictory to one of the central aims of franchising for Local Authorities, which is to improve local bus services for residents. Use of the Integrated Transport Block to mitigate the revenue shortfall is suggested in the report, this will impact on GM’s ability to deliver wider transport interventions in the future. We therefore request that further consideration and discussion be held with the GMCA / districts on potential options to mitigate the impact of Covid on farebox revenue under a Franchised model during the transition period.”

7.3.33 Bolton Council, in its response, made support for the Proposed Franchising Scheme conditional upon not resulting in extra financial burden on local authorities: *“The most significant risk to the scheme will be how it is funded. We appreciate that at this stage that farebox risks are anticipated to sit with GMCA, however we have concerns with regards to shortfalls in funding and ongoing Council Tax precepts on residents. However, it is important to stress and make it conditional that the franchising option must not lead to increasing and ongoing extra financial burden on the ten councils.”*

7.3.34 It also highlighted that: *“... it has to be said that a strongest possible case needs be made to the Government to make good the stark difference that exists between the subsidy towards public transport in Greater London compared to North West; with figures of nearly £2,000 and £500 a head respectively. In other words, Greater Manchester cannot hope to have London style transport without substantial increase in funding from the Government; otherwise, a disproportionate burden would fall on local taxpayers, which is not possible because of other budget pressures. We have real concerns over the level of additional precept on council tax over the coming years and cost for residents at the time of uncertainty as many seek to recover economically in a post- COVID world.”*

7.3.35 Stockport Metropolitan Borough Council commented in its response that it *“... would like to actively work with TfGM to monitor those areas without the franchise in the early phases to protect services and identify any package of measures needed to support this. This should*

be factored into the financial case for the proposals, albeit the exact costs will not be known at this stage”.

Network reduction

- 7.3.36 In response to the specific points raised by Wigan Council and Salford City Council, it should be noted that whilst network reduction is included in the Assessment and Covid-19 Impact Report as a financial mitigation, and in the first consultation it was acknowledged that this would not be desirable under any option from a passenger perspective, this was not the only mitigation reflected in the Covid-19 Impact Report.
- 7.3.37 Other mitigation options included in the Covid-19 Impact Report were the payment of concessionary reimbursements in line with actual, rather than the pre-Covid-19, number of journeys; a reduction in transition costs; and other locally controlled funding sources that could be prioritised for bus reform, including earn-back funding in 2025/26 and Integrated Transport Block (ITB) funding. In relation to Salford City Council’s concern over any utilisation of ITB as a mitigation option, as it notes if ITB funding was allocated for bus reform then it could not be allocated for other as yet unidentified purposes. TfGM also notes that ITB in Greater Manchester has historically been ‘top sliced’ to fund major transport interventions (the Greater Manchester Transport Fund) and other funding sources announced by Government in the Spending Review 2020 (including the intra-city transport settlements) remain available to be prioritised.
- 7.3.38 Notwithstanding effects on passengers, in the event financial mitigations were required, TfGM considers it would be appropriate to maintain network reduction as a mitigation option, but it would be for GMCA and/or the Mayor to consider, in line with its public accountability, legal responsibility and control of key policy decisions in respect of the Proposed Franchising Scheme, to determine the extent to which any of the mitigation options would be implemented.
- 7.3.39 The Covid-19 Impact Report also noted (at section 5.3.5) that, in general, the uncertainties within the Scenarios were considered likely to affect all bus reform options, as well as the Do Minimum. If the Proposed Franchising Scheme were not implemented, it is considered highly likely that private sector operators would face similar choices, but these decisions would be made according to commercial principles. Stagecoach Group for example, acknowledges in its summary of ‘mitigating actions’ included in its October 2020 interim reporting that: *“The key mitigation available would be to further reduce the Group’s cost base, in particular reducing vehicle mileage to better match customer demand, which would result in variable cost savings and the reduction of capital expenditure”.*
- 7.3.40 As noted in the Covid-19 Impact Report (at section 5.5.7), GMCA would need to determine how to respond in the event of further decline in bus services. If GMCA were to make more funding available to support services under the Do Minimum, this would still be a reactive process that adapted itself around decisions made by private sector operators.

Impact on local authority finances and precept

- 7.3.41 In response to Bolton Council’s concern over any increased financial burden on local authorities, similar responses were noted in the first consultation as set out at sections 7.3.7 to 7.3.11. The Assessment and Covid-19 Impact Report acknowledge that the Proposed Franchising Scheme would expose GMCA to an increased level of financial risk. However, the proposed funding strategy considered both the transition period and the ongoing sustainability of the Proposed Franchising Scheme. As noted in the Covid-19 Impact Report (at section 5.3.38) the inclusion of the proposed Mayoral precept would

provide an additional ongoing revenue stream of approximately £13.5 million per annum at the end of transition which would support the ongoing sustainability of the Proposed Franchising Scheme. As detailed in the Covid-19 report the proposed precept reflects an existing precept raised for bus reform purposes plus an additional precept requirement from future years' budgets.

7.3.42 Furthermore, the additional funding mitigation options included in the Covid-19 Impact Report of Integrated Transport Block (ITB) funding from 2021/22 which, based on previous years' allocations, would be up to £16 million per annum and uncommitted 'earn-back' funding of approximately £15 million per annum from 2025/26 would not directly impact existing local authority budgets, although if the funding were utilised for the purpose of bus reform it could not be utilised for other priorities.

7.3.43 In relation to the concern over the level of precept in the coming years, it should be noted that a significant majority of the proposed funding is from non-precept sources and approximately £11.0m of the proposed precept requirement has already been raised as part of the Mayor's 2019/20 budget for bus reform purposes (equating to £2.2m per annum applied each year over the transition period). The Covid-19 Impact Report acknowledged the pressures on local public finances and the report to GMCA of October 2019 noted that for the proposed future years' precept requirement GMCA would need to consider whether this was additional funding or to be met from savings elsewhere in the budget in the event the Proposed Franchising Scheme were introduced. In considering any impact of the proposed precept requirement, GMCA will need to consider its objectives for bus services, the costs and benefits of the intervention, the potential impacts of not intervening as highlighted by some consultees and the value achieved from the already significant ongoing investment in bus services which represent the largest element of the local transport budget.

Government funding

7.3.44 In relation to Bolton Council's point on Government funding (and similar points were noted in the first consultation) the Assessment and Covid-19 Impact Report fully acknowledge the importance of Government funding, both from a recovery and reform perspective. The unmitigated farebox revenue loss values set out in the Covid-19 Impact Report do not include any offsetting value of Government funding, were this to be available. The Government, in Spring 2020, made a number of positive announcements around the role of buses, including a pledge of £5 billion of funding to support bus and cycling services over the next five years. The Covid-19 Impact Report also acknowledges that the CBSSG Restart grant, or other Government funding, could be used as one of the mitigations during the transition phase.

Service protection

7.3.45 In response to Stockport Metropolitan Borough Council's point related to service protection, the response to the first consultation considered disruption and service withdrawal during transition which is set out at sections 7.2.76 to 7.2.79. The response acknowledged that reduction or deregistration of services is a key transition risk, and this would remain so in light of Covid-19. The mitigation strategy set out is considered to remain valid and some financial provision to mitigate service withdrawal was included via

a quantified risk in the event that a decision was taken to tender withdrawn services on a short-term basis.

Conclusion

- 7.3.46 Having considered the responses provided by local authorities in the first consultation and second consultation, as well as the responses from the other consultees, TfGM is satisfied, for reasons given above and developed further below, that the consideration of the financial risks as set out in the Assessment, and subsequently in the Covid-19 Impact Report, and the development of mitigations against potential reductions in farebox revenue, represents an appropriate risk balance in order to achieve the objectives of GMCA. GMCA would retain control of the key policy levers under the Proposed Franchising Scheme and the objectives of GMCA are commonly supported by most or all local authorities.

7.4 Theme 2 – Funding Proposal and related matters: Other Statutory and Non statutory consultee responses

- 7.4.1 In the first consultation, there were mixed responses from other statutory and non-statutory consultees on the funding proposal and related matters.
- 7.4.2 Stagecoach, and a number of members of the public, raised a concern over the capability and expertise of TfGM/GMCA to manage a franchised network. This is considered in the Management Case section of this report from Section 8.3.16. A number of consultees also raised the issue of the ‘opportunity cost’ of the Proposed Franchising Scheme which is considered in the Strategic Case section of this report at section 4.12.30.
- 7.4.3 For the most part incumbent operators and OneBus responded with a number of concerns over the funding proposal in the first consultation. These are considered below.
- 7.4.4 Bus Users UK accepted the Proposed Franchising Scheme could be affordable but highlighted other alternatives available at lower risk: *“Just because a plan can be developed to make the scheme affordable does not mean it should go ahead when there are viable and prudent alternatives which would provide the same benefits without the same strain on the public purse and the unnecessary risk involved”*.
- 7.4.5 Manchester Airports Group warned against pursuing bus franchising instead of other transport investment priorities.
- 7.4.6 Better Buses for Greater Manchester considered the precept to be a price worth paying for the average household to have a better bus network; TravelWatch NorthWest considered the proposed funding was practicable but considered it would be beneficial if Government supported the proposals; HCT Group considered that having a number of funding sources avoided over-reliance on a single funding source but that it would also be desirable to lock in long-term funding or additional revenue streams; and, Unison considered that the costs and funding proposal would be a *“price worth paying”* for a better bus network.
- 7.4.7 Manchester Friends of the Earth identified the importance of franchising in the context of tackling the impact and costs from the transport sector on public health and climate change emissions. Bruntwood suggested new ways of funding such a change, specifically concerning the devolution of road tax, or charges related to air quality or carbon taxes which could be further diverted.
- 7.4.8 In relation to these suggested funding sources, TfGM consider that other potential funding sources identified are currently less certain, and (other than Government funding) are less practicable, than the funding sources identified in the Assessment and the funding proposal approved by GMCA. However, TfGM acknowledge that they are relevant and, given the ambition for further ‘Phase 2’ interventions, should be further evaluated as a potential ‘Phase 2’ funding stream.
- 7.4.9 The concerns raised during the first consultation relating to the proposed funding of the Proposed Franchising Scheme include:
- The use of Mayoral precept / council tax to fund the Proposed Franchising Scheme;
 - The availability of funding sources; and
 - The ‘fallback’ position.

Use of Mayoral precept / Council Tax

- 7.4.10 A number of incumbent operators, including Stagecoach, Rotala, and other bodies, including Bus Users UK, raised concerns over the Mayoral precept, or council tax, funding the Proposed Franchising Scheme.
- 7.4.11 In this regard it should be noted that public funds, and the local tax base, have made and continue to make a significant contribution to the funding of bus services, including the local authorities of Greater Manchester who currently provide up to £86.7 million per annum of funding principally for concessionary reimbursement and supported bus services.
- 7.4.12 In relation to the local authority contribution to implement the Proposed Franchising Scheme, as already noted, GMCA separately allocated unbudgeted resources to local authorities from retained business rates and therefore, taken together, it is anticipated that the proposed local authority contribution would not result in a net impact on local authority budgets.
- 7.4.13 In relation to the Mayoral precept, it should be noted that the majority of the proposed funding to implement the Proposed Franchising Scheme identified for the first consultation is provided from non-precept sources and £11.0 million of the precept requirement for transition reflects the proposed allocation of existing precept raised as part of the Mayor's 2019-20 budget for bus reform purposes.

Availability of funding sources and fallback position

- 7.4.14 Go North West raised a concern over the ability to raise funding from the identified sources and that no 'fallback' position had been set out if the identified funding sources or the amounts anticipated were not available.
- 7.4.15 It should be noted that the Assessment set out a range of credible funding sources of a value between £213 million to £233 million, which substantially exceeded the forecast net costs of transition identified in the Assessment, so that there were 'fallback' options. As set out in the 7 October 2019 GMCA report, the funding proposal for the first consultation reflected a subset of the same credible funding sources identified in the Assessment, for the reasons set out in the report, including that those sources are in the control of local decision-makers.
- 7.4.16 The prioritised funding sources also reflected existing mechanisms and part of the funding required during transition was already retained in reserves. The concern identified is to a large extent mitigated as the proposed funding sources are based on existing mechanisms; reflect a subset of the sources and amounts identified in the Assessment; are in control of local decision-makers; and part of the funding has already been retained in reserves.
- 7.4.17 Whilst an element of the identified earn-back funding was already retained in reserves, the principal risk to the funding strategy, approved by GMCA in October 2019, was the release of the next five-year tranche of earn back covering financial years 2020-21 to 2024-25. The release of this funding has subsequently been confirmed by Government and has therefore consequently mitigated this risk.

Second consultation

- 7.4.18 In response to the second consultation on Covid-19, consultees provided further comments on the funding proposal and related matters.
- 7.4.19 Derbyshire County Council raised a concern over the sustainability of the Proposed Franchising Scheme and responded that: *“Whilst this is a decision for GMCA to make, DCC has a concern regarding the long term sustainability of funding the scheme with GMCA taking the revenue risk and the long term impact of Covid 19 still being such an unknown variable”* whilst Transport Focus responded that: *“People will need to be assured of the security of funding to support connectivity and give confidence in the ability to make journeys and return again later in the day, particularly at evenings and weekends and in support of a return to the retail and night-time economies.”*
- 7.4.20 The Caribbean & African Health Network raised a concern over Government funding and responded that: *“If the government funding is reduced or withdrawn, the fear of having the user to pay any additional fee to make up the revenue is scary”*.
- 7.4.21 The Chartered Institute of Logistics and Transport queried the availability of the funding set out in GMCA’s funding proposal and responded that: *“We wonder whether the £134.5m will still be available – the £17.8m of funding from District Councils faces huge pressure on local funds, and a similar question mark must hang over the future £22.7m from precepts.”* TfGM notes in response that the Covid-19 Impact Report makes clear that the previously identified sources of funding have not been committed for any other purpose and consequently the sources remain available for GMCA and local authorities to prioritise for bus reform. Subsequently at its meeting of 27 November 2020, GMCA approved the proposed funding arrangements and mitigations.
- 7.4.22 First Manchester and First West Yorkshire both raised a concern over the impacts of costs to Greater Manchester residents: *“The need for costs to be underwritten by local taxpayers at a time when local economic conditions are both unfavourable and uncertain also weighs heavily against franchising. Conversely, investing even a fraction of this sum through partnership working could deliver quicker and more consistent bus journey times with significant fleets of zero emissions buses.”* Similar points were raised in response to the first consultation and this issue is considered further below.
- 7.4.23 The Confederation of Passenger Transport UK raised a similar concern and responded that: *“This will be funded by public money, and will result in higher taxes for local residents. It is unreasonable to expect tax payers to fund the cost of regulatory change, especially during a time when many are facing redundancy and increased uncertainty on how to cover their bills.”* It also cited a YouGov poll from 2020 which it said found that 76% of people in Greater Manchester do not want public transport improvements to result in higher taxes. Go North West also cited a YouGov poll and made a similar comment in its response: *“Taxing Manchester residents (i.e. through the mayoral precept) to implement regulatory change, particularly right now when they are facing harder time, is neither sensible nor favourable with Manchester residents”*.
- 7.4.24 TfGM refers to similar responses made during the first consultation set out at sections 7.4.10 to 7.4.13 of this report which in summary note that the majority of the proposed funding is from non-council tax and non-precept sources such as earn back funding and

that an element of the precept requirement has already been raised as part of the Mayor's 2019/20 budget.

- 7.4.25 OneBus raised a number of concerns over the funding for the Proposed Franchising Scheme in its response and commented generally that: *"With the potential of post Covid-19 public spending cuts on the horizon it would be wrong for GMCA to commit to a Franchising Scheme and then find it is no longer affordable."* It also cited a YouGov poll and referred to budget pressures and consultation on services by Manchester City Council and stated: *"Now is not the time to invest in a new venture with so much financial risk when other key Local Authority services face being cut."*
- 7.4.26 The Christie NHS Foundation Trust responded that: *"As GMCA would open to accountable [sic] for the bus performance we are confident that a franchising model would be better value for money. It is recognised that any further impact from the pandemic may put pressure on GMCA to put more resources into the system to maintain levels of service, but at the same time it may or may not be possible to do so. However this is preferable to the uncertainly [sic] that would come with the do the minimum or partnership options."*
- 7.4.27 The Association of British Commuters responded, in the context of paragraph 2.91 which considers how GMCA may need to respond to pressures under the Do Minimum in a way that is adapted around the decisions of private sector operators, that: *"Agree entirely with paragraph 2.91. This is an example of the further perversity that covid-19 funding arrangements have created around buses. It is a terrible use of taxpayers' money to bail out bus companies only to have the profit motive remain the axis of decision-making and get nothing in return – no accountability and no chance to plan and improve an area's bus service!"*
- 7.4.28 A number of specific concerns regarding the proposed funding for franchising and associated mitigations set out in the Covid-19 Impact Report were raised, principally by Go North West, Stagecoach, Rotala and OneBus. The concerns raised are:
- A funding gap arises during the transition period;
 - The availability of previously forecast surplus and ongoing revenue risk;
 - Availability of funding sources included in the proposed funding strategy;
 - Assumptions and valuation of the precept requirement; and
 - Alternative uses and funding pressures as a result of Covid-19.

Funding gap during transition

- 7.4.29 Go North West considered there would be a funding gap of at least £32 million during transition and set out the following reasoning in its response:

"Table 10 of the report shows estimates of unmitigated change in farebox revenues accruing to GMCA compared with the original assessment under four scenarios up to 2025/26. Scenarios 1, 3 and 4 imply a loss of farebox revenue that varies between £82 million and £292 million over the transition period compared with the original assessment. Scenario 2 is the most similar in farebox revenue terms to the original assessment, but this scenario is one of those considered unlikely by Transport for Greater Manchester ('TfGM'). The funding strategy approved previously gives a total available of £134.5 million for transition. For the two most likely scenarios, the estimated loss of farebox revenue over the four year transition period is either £82 million or £96 million. If the transition period is extended for a further year (a probable outcome as explained above), this would see a

reduction in farebox revenue of up to £139 million, based on extrapolating the figures in Table 10. Some savings (£5-10 million) are expected on transition costs and an estimated £4.5 million may be saved on operating costs due to reduced slightly reduced service levels (paragraphs 5.3.32 and 5.3.31 of the report respectively). Even with these savings, the estimated transition cost over the next five years is around £259 million.

The report identifies that an additional £92 million of funding could be made available, based on forecasts of concessionary reimbursement ‘overpayment’ and five years’ worth of future Integrated Transport Block (ITB) funding for Greater Manchester at £16 million per annum (based on previous years’ allocations). Added to the agreed funding envelope, this gives a total of £226.5 million. This would still be at least £32 million below the updated estimate of transition costs, leaving a financial ‘gap’ in the affordability assessment.”

- 7.4.30 Based on this stated funding gap, it considered that: *“Using future ITB funding for Greater Manchester at the assumed level would mean that an additional two full years of future local transport funding would be needed to cover the potential estimated ‘gap’ than already identified. Alternatively, if current priorities were re-aligned in the next five years, the £32 million ‘gap’ would require two years’ worth of the current annual capital spend in the Greater Manchester Transport Fund, potentially delaying or even cancelling investment in other local transport priorities. It is unclear whether either of these mitigation measures would be acceptable to GMCA and the Greater Manchester Local Authorities. The impact of such mitigation measures on the Economic Case has not been assessed.”*
- 7.4.31 TfGM does not agree with Go North West’s reasoning (and omissions in it) on which it appears to rely to arrive at its stated £32 million funding gap. It states in the first instance that TfGM would be forced to extend the transition period beyond the current programme by one year. Section 8.9 of the Management case considers the risk of whether sufficient time has been allowed for the transition period. This concludes that the transition and the implementation of franchising should not result in increased timescales and further deferral.
- 7.4.32 Even if Go North West’s assertion were accepted, the Covid-19 Impact Report makes it clear that the proposed precept would provide an additional ongoing source of revenue funding of approximately £13.5 million per annum which has not been reflected in Go North West’s analysis. Further, Go North West’s analysis reflects no utilisation of the quantified risk provision which included allowance for a number of risks related to a delayed transition period.
- 7.4.33 Go North West also cites overpayment of concessionary reimbursements and ITB funding (although it is not apparent how it arrives at £92 million) as mitigations which are reflected in the Covid-19 Impact Report. However, this analysis has omitted earn back funding of up to £15 million per annum from 2025/26 which is set out, alongside ITB funding, at section 5.3.33 of the Covid-19 Impact Report.
- 7.4.34 It also refers to an estimated £4.5 million that may be saved on operating costs due to ‘*slightly reduced*’ service levels. This figure is referred to in the Covid-19 Impact Report at section 5.3.31. However, the report makes clear that this estimate, which is based on a 1% reduction in network size, is simply by way of illustration and that the value which could

be saved if this type of mitigation were to be implemented would depend upon the timing and scale of any such change.

- 7.4.35 For these reasons, TfGM does not agree with Go North West’s analysis that there is a financial ‘gap’ during transition.
- 7.4.36 Having stated its analysis set out above and the concern over a funding gap, Go North West made a further related point: *“applying the assumption used in the Economic Case that cost savings can be made at a 1:2 ratio compared to patronage/revenue, the mitigated downside risk over the transition period would be equivalent to around £150 million. This would add to any financial ‘gap’ and so it is unclear how the Proposed Scheme will continue to be affordable, even if the mitigated downside risk is lower than that suggested using the assumption in the Economic Case.”*
- 7.4.37 It is not understood how Go North West considers that this assumption would add to any financial gap as, in its preceding analysis set out above, cost savings as a mitigation were reflected to a limited extent through £4.5 million of operating cost savings and £5–£10 million of transition cost savings. Applying a 1:2 ratio of cost saving change to demand change would result in a reduction in the (net) revenue risk figures presented in Table 10 and a greater level of cost reduction compared to the transition and operating cost savings previously stated. In stating the ‘mitigated downside risk’ would be equivalent to around £150 million, it appears that Go North West may have taken the unmitigated revenue change figures for Scenario 3 (the most adverse scenario) of £292 million over the period and applied a 1:2 cost saving which would result in a deficit of £146 million. However, this omits other significant mitigations stated in the Covid-19 Impact Report including payment of concessionary reimbursements based on actual demand and local funding mitigations through Integrated Transport Block and earn back funding. In any event, the Covid-19 Impact Report accepted that under a more extreme downside scenario (such as Scenario 3) these resources would still leave a residual funding gap and GMCA would need to accept this residual risk and, in the absence of sufficient levels of Government funding, underwrite this risk through incremental local funding.

Availability of previously forecast surplus and revenue risk

- 7.4.38 OneBus responded that: *“Our views about the affordability of the Proposed Franchising Scheme still give cause for concern over the financial assumptions of the Scheme throughout its life. These concerns are exacerbated by the potential of the reduced revenues caused by the decline in patronage as the economy and travel patterns are affected by the current restrictions on travel and movement.”*
- 7.4.39 Go North West responded that: *“The significant financial risk related to the ongoing lower farebox revenue beyond the transition period has not been adequately addressed within the Financial Case and adds significant doubt to the viability of the Proposed Scheme. The original assessment estimated a cumulative surplus of £94 million for the operational phase, yet the fact that patronage might not recover to even the levels of the original Do Minimum assessment until the late 2020s means that this surplus seems optimistic.”*
- 7.4.40 In response to the general affordability concern relating to reduced revenues, TfGM notes that the Covid-19 Impact Report specifically acknowledged, and tested by reference to the Scenarios, the potential reduction in farebox income that would accrue to GMCA during the transition period. The underlying causes of reduced bus demand and revenues considered in the Scenarios also include the causes of decline cited by OneBus (economic performance and travel restrictions) and, therefore, the Covid-19 Impact Report has

considered the impact of reduced revenues and the causes of potential decline. Although the quantified scenario-based revenue risk analysis does not specifically extend beyond 2025/26, the Covid-19 Impact Report does consider that period and also considers mitigations in that period as set out below at sections 7.4.43 to 7.4.47.

- 7.4.41 The previously forecast surplus after transition over the remainder of the appraisal period was considered in the Covid-19 Impact Report (at section 5.3.12). It is important to note that the objective of the Proposed Franchising Scheme is not to generate a surplus and that this previously forecast surplus was not relied upon to afford the scheme.
- 7.4.42 It was accepted in the Covid-19 Impact Report that this surplus could provide limited headroom to cater for any adverse impacts of Covid-19: *“As noted, the modelled surplus was not relied upon to inform the preferred funding strategy in the transition period and the forecast value of £94m nominal over an approximately 30 year appraisal period represented a position that was marginally above break-even. The likelihood and extent of any surplus would also be influenced by market conditions and the extent of demand benefits from the introduction of the Proposed Franchising Scheme. As such, the modelled surplus could provide very limited headroom over the appraisal period to cater for any adverse impacts as a result of Covid-19.”*
- 7.4.43 In relation to ongoing revenue risk beyond the transition period, Go North West do not set out any particular further reasoning for why they consider this has not been adequately assessed. It is important to note that, whilst the revenue risk values set out in Table 10 of the Covid-19 Impact Report are reported up to and including 2025/26 and the revenue change values increase each year over the period, this predominantly reflects the increasing share of revenues accruing to GMCA over the period (rather than a worsening trend in bus patronage overall). However, as noted by the percentage proportions of farebox revenue set out in Table 10, GMCA is responsible for the entirety of farebox revenue at the point of the final year of the analysis in 2025/26 and so this ‘ramp up’ effect is fully reflected in this analysis.
- 7.4.44 The Covid-19 Impact Report also accepted (at section 5.3.37) that, if a downside scenario materialised, then it would be reasonable to assume revenue would not revert to pre-Covid levels after the transition period set out in Table 10. In considering the affordability of the Proposed Franchising Scheme and financial risks for GMCA, it is relevant to note, as set out at section 5.3.19 of the Covid-19 Impact Report, that it is any impact on *net* revenues that are ultimately relevant and that a loss of farebox revenues is not in itself problematic from a purely financial perspective if this were offset by equivalent reductions in network operating costs. The unmitigated revenue change values set out in Table 10 do not reflect any specific cost savings relative to the network forecast in the Assessment. Instead, this was reported as a mitigation option (as well as others) for GMCA to consider if required. This is considered a cautious approach with regards to the possibility of such network cost savings if the Proposed Franchising Scheme were introduced, as to the extent that operators in the deregulated market make any reductions to the network by the time Sub-Area C is rolled out in approximately 2025/26, then any resulting savings are not assumed within this analysis. The extent to which such a saving could materialise may in part depend on the ongoing availability of government funding (such as CBSSG (including CBSSG Restart (CBSSG-R) and any future Government funding allocation(s) that may replace CBSSG), which it is acknowledged is not within the control of local decision makers. The most recent position on these funding streams is set out in sections 7.5.18 to 7.5.32.
- 7.4.45 Whilst such a private-sector adjustment could be not be relied upon to offset a revenue deficit wholly, the Covid-19 Impact Report also sets out significant local funding mitigations

that could be available beyond 2025/26 (as well as other mitigations) to offset a net revenue deficit to the extent this arises. The local funding mitigations are the proposed mayoral precept requirement over the transition period, which would provide an ongoing source of revenue funding of approximately £13.5m per annum from 2025/26 and uncommitted earn back funding of up to £15m per annum which could be available as a further mitigation from 2025/26 up to 2045/46. As Go North West pointed out, section 5.5.5 of the Covid-19 Impact Report also stated that: *“It remains possible that, under a more significant downside scenario (such as Scenario 3) these resources would still leave a residual funding gap, during and post transition, and in the event that the Mayor subsequently implemented the Proposed Franchising Scheme and such a scenario materialised, GMCA would need to accept this residual risk and, in the absence of sufficient levels of government funding, underwrite this risk through incremental local funding.”*

- 7.4.46 The report further noted that over longer timeframes, uncertainty as to the effects of Covid-19 was considered likely to lessen and prevailing trends would become established, giving greater certainty over the level of any mitigation required to achieve a balanced budget.
- 7.4.47 TfGM, therefore, considers that the Covid-19 Impact Report did recognise and address ongoing revenue risk and set out a cautious approach with regard to the possibility of any network cost savings made in the deregulated market and further significant local funding mitigations that could manage this risk.

Availability of funding sources

- 7.4.48 Stagecoach states in its response: *“The £134.5m does not provide any new buses, lower fares or an expanded bus network. In our view it is by no means clear that £134.5m will be enough to transition. Further, we have traced the £134.5m through the Covid Impact Report to identify where the GMCA intends to source this funding requirement. It is clear that some of this funding is not yet secured (such as from the future precept, contributions from local authorities, and rates pooling) and in any case there will be competing pressure for that funding given the scarcity of resources caused by Covid-19.”*
- 7.4.49 Stagecoach do not set out any particular reasons for querying the adequacy of the transition funding; however, it should be noted that in addition to the proposed funding for £134.5m, further mitigations, including local funding sources which could be available over the transition period, were included in the Covid-19 Impact Report. The proposed sources of funding and values were also set out in the first consultation, the Covid-19 Impact Report and Second Consultation Document.
- 7.4.50 It is not understood how Stagecoach considers that the proposed contribution from business rates is not ‘secured’ as, in fact, GMCA to date has fully received and retained funding from its pooling arrangement of greater than the required value of £5m.
- 7.4.51 With regard to the proposed contribution from local authorities, as set out in the Covid-19 Impact Report, it is specifically proposed to defer this contribution until the end of any transition period (approximately 2025/26) in recognition of the financial pressures on local authorities; and Stagecoach itself acknowledges and refers to these pressures in its response which are considered at sections 7.4.66 to 7.4.68.
- 7.4.52 The precept requirement set out in the proposed funding strategy is split between the precept already raised in the Mayor’s 2019/20 budget and a requirement from future years. TfGM understands Stagecoach’s comment and apparent concern that this funding has not been ‘secured’ to mean that the funding has not already been raised. This is correct

and this position is not unconventional. The advantages of the progressive precept requirement set out in the funding proposal are that it matches funding to when transition costs would be incurred in future periods; balances a one-off funding requirement during transition whilst raising an ongoing source of revenue funding post-transition, and defers any immediate impact on the precept until future periods when it would be required.

Assumptions and valuation of the precept requirement

- 7.4.53 Rotala raises a specific concern relating to the precept requirement in its response to the second consultation. Rotala states its general concern as: *“GMCA also accepts that it is possible under the weaker economic recovery scenarios (scenarios 3 and 4) that an adverse impact on the tax base would result in a higher headline precept requirement. Whilst GMCA consider the requirement to, on balance, remain the same for the reasons outlined in the Oxera Report it is very clear that this cannot be said with any certainty or reliability.”*
- 7.4.54 It also raises this concern in the context of the role of the auditor and states: *“BDO note that Grant Thornton have not challenged or explained why precept assumptions in the Covid Impact Report are “less prudent” due to future uncertainty. This seems to be counterintuitive. Less prudent assumptions, in the context of uncertainty, suggests less caution in approach and may imply a greater margin for error. Where there is a greater margin for error the findings and conclusions should be considered to be less reliable, although BDO are unable to quantify the potential impact.”*
- 7.4.55 Concerns over the role of the auditor more generally are considered at section 16.4. It was acknowledged in the Covid-19 Impact Report that the precept valuation may be potentially less prudent as a result of the potential for weaker (or negative) economic growth, which is one of the key variables in the Scenarios. In turn, reduced or negative economic growth could impact Greater Manchester’s tax base and affect the headline precept required to raise a given level of funding.
- 7.4.56 However, prior to any impact of Covid-19, the headline precept requirement figures reflected a degree of prudence as a result of the following factors:
- The calculations for the precept value (i.e. the headline precept required to raise a given quantum of funding) reflected Greater Manchester’s tax base for the 2019/20 budget period whilst compared to a future nominal funding requirement over the transition period. This would ordinarily be considered a cautious approach as it ignores any population and general tax base growth (based on historic trends) over the relevant future years and the proposed precept requirement is weighted towards the end of the transition period;
 - There has been actual tax base growth in 2019/20 of approximately 1.8% not factored into the headline precept requirement which was based on a budgeted position for the year; and
 - In originally calculating the precept requirement, the headline precept values were generally rounded upwards.
- 7.4.57 In the most recent 2020/21 period, there has been a tax base reduction of approximately 0.9% which remains within the headroom identified above. The Covid-19 Impact Report did not claim, with certainty, that the headline precept valuation could not be higher.

However, for the specific reasons set out above, it is considered to remain appropriate and continues to provide a degree of headroom.

Alternative uses and funding pressures as a result of Covid-19

7.4.58 OneBus commented in its response that: *“In addition to there being no certainty that the Transitional Costs are accurate the question should be asked if they are justifiable at a time when locally, there will be many more worthy projects that the funding set aside could be better used on.”*

7.4.59 *“The assumption throughout the assessment is that Phase 2 funding will be necessary to deliver the main interventions of the Proposed Franchising Scheme and there is no guarantee that the Phase 2 funding will transpire. For that reason, we suggest that the Transitional funding be used for alternative needs across the Region. We believe at this point a partnership proposal is more affordable at delivering the network that will be required post Covid-19 as there will be no requirement for the unnecessary Transition Costs or the wasted time and customer inconvenience in implementing the transition.”*

7.4.60 Stagecoach made similar points in its response and cited various funding pressures: *“The GMCA has acknowledged that there are significant pressures on its funds at this time which will necessitate prioritising scarce resources and making cuts to services. This is unsurprising in the context of the pandemic. However, instead of focusing on managing those risks, the GMCA is seeking to take on significant additional risk by committing to a major initiative now when the opportunity cost of that initiative for the GMCA and Greater Manchester residents is high because of the high level of uncertainty surrounding the benefits of this initiative. This uncertainty and the competing demands on public funds undermines the affordability case of the Proposed Franchising Scheme.”*

7.4.61 It goes on to say that: *“there has been no real consideration in the Covid Impact Report of possible competing demands on public finances in relation to existing services for which the GMCA is responsible (for example in relation to transport, the Metrolink tram and the concessionary fare scheme for 16-18 year olds).*

Due to a fall in aviation demand, the dividend of circa £110m pa from Manchester Airport Group is likely to remain suppressed for some time. The GMCA are also funding borrowing costs to support Manchester Airport Group. However, when asked for its assessment of whether there were competing uses for the funds identified for transition costs, the GMCA stated that no such assessment or modelling had been conducted (in its letter of 15 January 2021).”

7.4.62 Stagecoach also cites a report to GMCA’s November 2020 audit committee, GMCA’s corporate risk register and Manchester City Council’s 2021/22 budget consultation in further reference to the financial pressures upon Greater Manchester agencies. Stagecoach states that: *“Furthermore, if the Proposed Franchising scheme were implemented, the GMCA would see a reduction in funding both from lower farebox revenues and as a result of lower transport levies given the reduction in the overall council tax base as a result of Covid-19. There are therefore serious concerns that essential services would have to be cut to fund the Proposed Franchising Scheme.”* Stagecoach concludes: *“We believe that the GMCA should likewise consider more flexible shorter and medium term*

options to address immediate needs in the bus market such as working with operators and Government to build Recovery Partnerships”.

- 7.4.63 In response to these comments generally, issues relating to partnerships are considered at section 10, 11, 12, 13 and 14 and issues in relation to opportunity cost are considered at section 4.12.9.
- 7.4.64 Financial pressures across Greater Manchester agencies were fully acknowledged in the Covid-19 Impact Report (at section 5.4.9): *“The local authorities of Greater Manchester, in common with other Greater Manchester partners, have experienced significant financial pressures (both increased costs and reduced commercial income) as a result of Covid-19. The financial implications related to Covid-19 for local authorities, GMCA and TfGM, were reported to a special meeting of GMCA in June 2020 and reported additional costs and lost income, before Government support, in the region of £732m by the end of financial year 2020/21.”* Subsequent to the special meeting of GMCA, the Secretary of State for Local Government announced a further funding package for councils to help address Covid-19 issues, including a new scheme to reimburse councils for lost income from sales, fees and charges.
- 7.4.65 Notwithstanding this, the Covid-19 Impact Report specifically proposed to defer the local authority contribution if franchising were implemented by approximately five years from 2020/21 to the end of any transition period in 2025/26. This deferral ensures, from a timing perspective, the local authorities are able to prioritise funding for immediate Covid-19 related pressures.
- 7.4.66 Stagecoach also refers to a lack of assessment or modelling of competing use of funds. The full context of GMCA’s letter (Paragraph 18 (B)) referred to is: *“We can confirm that TfGM has not conducted any formal modelling in relation to the probabilities of other potential competing uses of funds. We refer you to section 5.3 and 5.4 of the Covid Impact Report which sets out the possible funding mitigations available to GMCA and also considers the availability of the previously approved funding proposal.”* Inevitably there are always competing uses of funds for any intervention. The fact is, however, that the proposed funding sources have not been committed for any other purpose and it is for GMCA to determine whether those proposed funds are prioritised for the purposes of bus reform or any other competing use. At its meeting of 27 November 2020, GMCA approved the proposed funding arrangements and mitigations set out in the report.
- 7.4.67 In response to Stagecoach’s point regarding reduction in funding from both lower farebox revenues and lower transport levies, the Covid-19 Impact Report specifically acknowledged and analysed the potential for lower farebox revenues accruing to GMCA, and set out mitigations that could address a shortfall. In relation to the concern over lower transport levies, GMCA approved budget proposals at its meeting of 12 February 2021, which maintain the 2021/22 combined transport levy and statutory charge at pre-Covid levels.
- 7.4.68 Stagecoach also make related points regarding potential impacts: *“any further increases in council tax to finance public transport services would hit low income households harder. Meanwhile, the number of businesses struggling or closing permanently because of Covid-19 is likely to reduce the amount recoverable through business rates, with those rates also being an additional financial burden on surviving companies. If the GMCA were required to request additional Government funding to meet the costs of franchising (as has been*

necessary for TfL), this would also impact all taxpayers, both in and outside Greater Manchester”.

- 7.4.69 Stagecoach refer to amounts recoverable through business rates and this being an additional burden on surviving companies. It is important to note that the £5m of proposed funding from business rates is from GMCA’s pooling arrangements and that this funding has already been received and retained from prior years and, consequently, this would not be a future requirement.
- 7.4.70 In response to impacts on taxpayers, it is already the case that deregulated operators in Greater Manchester are in receipt of additional public funding from local and central government in response to Covid-19, and this is generally the case for all modes of transport and regions (whether franchised or not). As far as TfGM is aware, TfL has received general financial settlements across all modes and activities, not just its bus operations.
- 7.4.71 On impacts more generally, the Covid-19 Impact Report concludes that, on balance, the VfM of the Proposed Franchising Scheme is likely to be robust to the uncertainty created by Covid-19 in all reasonably likely Scenarios – thereby demonstrating value. In respect of the Impact on Wider Society, whilst the scale of benefits is likely to be lower under all options are compared with those previously forecast in the Assessment, the Assessment demonstrated that the Proposed Franchising Scheme offers greater Wider Economic Impacts (Chart 12 of the Assessment) than the alternative partnership option.

7.5 Theme 3 – Financial risks as a result of Covid-19 and mitigating actions

- 7.5.1 The Assessment included a number of lines of defence which could be used to mitigate the risk of reduced farebox revenue. These lines of defence were:
- The financial contingencies and funding included in the Assessment; and
 - The levers and mitigations available to GMCA to balance its policy objectives and financial resources.
- 7.5.2 As a result of the potential impact of Covid-19 on forecast farebox revenue, the analysis in the Covid-19 Impact Report accepted that in the event a lower demand ‘downside’ scenario materialised, the lines of defence identified in the Assessment could not accommodate the potential impacts upon farebox revenues and net revenues in the transition period without further mitigations.
- 7.5.3 The Covid-19 Impact Report considered in general that GMCA would have greater confidence over its ability to mitigate any shortfall in farebox revenue and its ability to afford the Proposed Franchising Scheme beyond the transition phase. The following further mitigations were considered in the Covid-19 Impact Report to mitigate the farebox revenue risk during the transition phase:
- Additional Government funding, although it was accepted this was not in the control of local decision-makers and therefore locally controlled mitigations were considered;
 - Payment of concessionary reimbursements in line with actual, rather than pre Covid-19, demand over the transition period;
 - Reduction in the size of the network and associated operating costs;
 - Reduction in transition costs; and
 - Additional local funding sources over the transition period, including Integrated Transport Block and further uncommitted earn back funding.
- 7.5.4 The Covid-19 Impact Report concluded that the Proposed Franchising Scheme remained affordable with the proposed mitigations under Scenarios 1, 2 and 4. It acknowledged that under a more extreme downside scenario (such as Scenario 3) these resources would still leave a funding gap, but GMCA would need to accept this residual risk. The Covid-19 Impact Report also noted that under the Do Minimum, GMCA would continue to support the bus network through subsidised services that are run on a tender basis and GMCA would also need to determine how to respond to this pressure.
- 7.5.5 The Covid-19 impact consultation raised a number of comments and concerns around increased risk to GMCA and the proposed mitigations in the event a downside scenario materialised.

Financial risk as a result of Covid-19

- 7.5.6 A number of comments were raised in the second consultation around the level of financial risk that would be solely on GMCA and whether the Proposed Franchising Scheme is the best option to address these increased financial risks.
- 7.5.7 CPT commented, *“The proposed franchising model places increased costs and risks entirely on Greater Manchester Combined Authority. There is now more uncertainty than when the*

report was first published and more financial risks if the patronage levels do not return to pre-covid levels.”

- 7.5.8 B&SLC Rail Partnership commented, *“We recognise that there are benefits to the proposed franchising system but at the same time consider that the current environment is so volatile, with a real risk that the drop in bus usage either never recovers to its current level or takes much longer than anticipated to recover, that other approaches may be more prudent. We do not consider that the ‘do nothing’ approach is appropriate. However, we note the willingness of the Greater Manchester operators to develop a partnership as an alternative to franchising. There is evidence (South Yorkshire and West Midlands) that where this has been tried, positive results have come out of it in terms of improved integration, information and shared ticketing.”*
- 7.5.9 Rotala commented, *“By its own analysis, GMCA accepts that there will be a reduction in demand for bus services and furthermore, that the level of direct financial risk assumed by GMCA will be greater than in the do minimum option. It is also assumed that the same can be said for the partnership option once operators are able to restructure the partnership proposal (after the permanent changes to the bus market as a result of Covid-19 are established).”*
- 7.5.10 Christie NHS commented *“It is recognised that GMCA would be taking a transfer of risk through the proposed franchising model, risk that it would not need to take if the partnership model is chosen. But the partnership options as previously discussed, has uncertainties that may impact the chance of success.”*
- 7.5.11 In response to the above comments, TfGM can confirm that level of risk to GMCA if the Proposed Franchising Scheme were to go ahead has been made clear in the Assessment and the additional increased risk as a result of Covid-19 in the Covid-19 Impact Report. This report has been reviewed and approved for consultation by GMCA along with the proposed funding strategy and mitigations which clearly set out that GMCA would have to underwrite any downside risks as a result of reduced farebox revenues if these mitigations were not sufficient.
- 7.5.12 There would also be financial risks to GMCA as a result of Covid-19 if the Proposed Franchising Scheme were not to go ahead. Local funding would still be required in the Do Minimum and any partnership options to fund subsidised services that are not commercially viable. These requirements are likely to significantly increase under both as a result of the increased risk of reduced farebox revenue.
- 7.5.13 In response to the comment from B&SLC Rail Partnership that, if the revenues do not return to normal, then the Partnership would be a more prudent alternative to the Proposed Franchising Scheme, TfGM agree that the Proposed Franchising Scheme would expose GMCA to an increased level of financial risk, as it would take on the revenue risk. However, if revenues do not return to pre-Covid-19 levels or take longer than forecast as indicated by B&SLC Rail Partnership, there would still be a financial risk to GMCA under the Partnership option. GMCA would have to continue to support the bus network through subsidised services and, as indicated by the operators (see section 7.5.45), they would likely use network reduction as one of the mitigations to offset reduced farebox revenues. This would place pressure on GMCA to support the network through increased levels of subsidised services with financial consequences to it.
- 7.5.14 Rotala state that *“As per the Oxera report, the scenarios are not unbiased and there is a real possibility of scenario 3 occurring, as opposed to it being an ‘outlier’ as described by*

GMCA. The Oxera Report categorically dismisses the use of that phrase, either as a statistical term of art or even colloquially. In effect GMCA is ignoring the real risk of making a huge and unaffordable loss which cannot be appropriate/lawful/rational."

- 7.5.15 The Use of Scenarios section includes a specific detailed response to the description of Scenario 3 as an outlier. This response concluded that the reasoning laid out in the Covid-19 Impact Report remains sound, and recent developments do not invalidate it. See section 3.7.
- 7.5.16 TfGM accept that there is an increased financial risk to GMCA if the Proposed Franchising Scheme were to go ahead. A number of mitigations are set out in the Covid-19 Impact Report that could be used to mitigate the loss by GMCA to ensure the affordability of the Proposed Franchising Scheme. The earliest date the Proposed Franchising Scheme could start to be implemented is 2022/23 and would also be undertaken on a phased basis over three years. This would allow time for GMCA to plan the implementation of the Proposed Franchising Scheme, taking into account the objectives of the scheme, revenues available and allowing the implementation of any proposed mitigations.
- 7.5.17 In summary, TfGM agree there are increased financial risks to GMCA for the Proposed Franchising Scheme as a result of Covid-19. A number of mitigations have, however, been agreed and approved by GMCA to reduce their financial risk. There would also be financial risks to GMCA under the Do Minimum and Partnership options as operators have stated they would require additional funding if Government funding were to reduce or be removed. Although the financial risks to GMCA would be lower under these options, the same level of benefits would not be achieved under these options as the Proposed Franchising Scheme.

Government funding

- 7.5.18 At the time of preparing the Assessment, CBSSG/CBSSG Restart was not in existence or envisaged. The Covid-19 Impact Report confirms that Greater Manchester received approximately £3.5m per month, from the start of the grant in March to June 2020, and has received similar levels of funding since then. The continuing availability of the Government's CBSSG Restart funding, or an equivalent, would be likely to provide a significant mitigation to a loss of farebox income, recognising, however, that this would likely only be for the period until social distancing or other restrictions on passengers are lifted or relaxed.
- 7.5.19 Abellio made the following comment *"...Abellio believes the affordability to GMCA of the Proposed Franchising Scheme (PFS) has changed – and improved - in relation to the 'Do Minimum". "Insofar as state-support via CBSSG Restart is provided to operators and the network is operated and maintained at pre-Covid levels irrespective of the number of passengers carried it is arguable that the affordability of the PFS is equal to the affordability of 'Do Minimum' during any transition period, at least while the current CBSSG Restart regime continues."* *"Abellio notes in the report the statement in paragraph 5.3.24 on page 98 that "It is important to note that the values set out in Table 10 do not include any offset for the value of Government funding [in the form of revenue support] which, in the form of CBSSG, was £3.5m per month between March and June 2020". Abellio believes this statement strongly supports its comments in the two preceding paragraphs in relation to this question."*
- 7.5.20 CPT commented *"We recognise and appreciate that the CBSSG support operators have been receiving throughout the pandemic cannot and will not be able to continue*

indefinitely. CPT and its members have been working closely with the Department for Transport to develop proposals for exiting CBSSG. The best way to ensure the continuation of bus networks that serve both the needs of passengers in the immediate term and in the future is for local authorities and bus operators to work together in, new, agile, 'recovery partnerships'."

- 7.5.21 OneBus commented *"We have further concern about the pre-transitional period where the levels of CBSSG will decline and service levels have to be reviewed. We have suggested a way of working together with TfGM to discuss this at an early opportunity to ensure as much of the overall network can be made sustainable using the various funding streams that will still exist. To date, this offer has not been acknowledged and our concern now moves to the unnecessary impact this may have on bus users when it can be avoided through joint working."*
- 7.5.22 TfGM agree with the comments from Abellio in that, to the extent that CBSSG Restart grant funding continues to be received following the implementation of the Proposed Franchising Scheme, the Scheme's affordability would improve under Scenarios 1, 3 and 4 where unmitigated farebox revenues are forecast to change adversely in comparison to the Assessment.
- 7.5.23 TfGM acknowledge the comments from CPT and OneBus, that CBSSG Restart grant cannot continue indefinitely and the removal of this would have a potential impact on the affordability of the network. Following the recent publication of the February 2021 Covid Recovery Roadmap, a letter has been received from DfT (Baroness Vere of Norbiton), on 22 February 2021, which was issued to all Local Transport Authorities, Local Education Authorities and Bus and Light Rail Operators.
- 7.5.24 The DfT letter sets out that *"Services may need to run at up to 100% of normal, pre-Covid levels, and in limited cases exceed this. I expect bus and light rail operators and Local Transport Authorities to work together to ensure that there are sufficient services available to ensure that the public can travel safely, and to support this the Department for Transport will continue to make funding for bus services available through the Coronavirus Bus Service Support Grant (CBSSG)."*
- 7.5.25 Confirmation has therefore been received from DfT that CBSSG Restart grant will continue, albeit for a currently undefined period, to allow service levels to increase to, and operate at, pre Covid-19 levels.
- 7.5.26 The earliest date that the Proposed Franchising Scheme would be implemented is in 2022/23 and, if the reduction and eventual removal of the CBSSG Restart grant occurs before this date and it is not replaced by an alternative funding source, the financial risk would therefore materialise prior to the introduction of the Proposed Franchising Scheme and lie predominantly with the operators. GMCA would be impacted financially in relation to subsidised services where they take revenue risk. De-regulated operators would have to implement similar mitigations to those proposed by GMCA in the Covid-19 Impact Report. GMCA would need to determine how to respond to this pressure. If GMCA were to make more funding available to support services, this would still be a reactive process that adapted itself around decisions made by private sector operators. In the event that CBSSG Restart and / or any alternative government funding source were reduced or withdrawn after local service contracts were let, then to the extent necessary GMCA would need to

consider how to react and the financial strategy sets out options that could mitigate the impact of such a risk.

- 7.5.27 TfGM disagree with the comment from OneBus that their offer of working with TfGM has not been acknowledged. As set out at section 13.1.7, TfGM has engaged with OneBus and a number of operators around their proposals for a 'recovery partnership'. These confirmed mutual objectives are delivering network stability and growing patronage as the network recovers, whilst maximising the benefits of any ongoing grant funding.
- 7.5.28 In response to CPTs comment that 'recovery partnerships' would best serve the needs of the passengers, TfGM have reviewed the 'recovery partnerships' in the section 13 and concluded that interim arrangements are required to help the local bus market. However, any such 'recovery partnership' would not be an alternative to a long-term arrangement, such as the Proposed Franchising Scheme, and instead would aid the short-to medium-term recovery of the market regardless of the long-term model for bus services.
- 7.5.29 *"Abellio does not agree with two parts of the statement in the report at paragraph 5.5.7 on page 104 that "It is important to note that although the PFS exposes GMCA to an increased level of risk if patronage does not return to pre-Covid-19 levels" and "...under the Do Minimum option for intervention GMCA would continue to support the bus network through subsidised services...as it does at present". In the view of Abellio both these statements are incorrect representations of the current 'status quo' with state-aid in the form of CBSSG Restart and pre-Covid levels of both Concessionary reimbursement, Bus Service Operator's Grant (BSOG) and Tender revenue."*
- 7.5.30 As the availability of the CBSSG Restart grant is not in the control of local decision-makers, the unmitigated farebox revenue loss values set out in the Covid-19 Impact Report do not include any offsetting value of Government funding, were this to be available. If patronage levels did not return to Pre Covid-19 levels and if the Proposed Franchising Scheme were to be implemented without the CBSSG Restart grant or an alternative funding source, it is considered there would be an increased risk to GMCA in comparison to the Assessment. GMCA would also, under the Do Minimum, continue to support the bus network through subsidised services as it does at present. However, TfGM understands the substance of Abellio's points to be that there are significant public funding sources currently supporting the Do Minimum and that GMCA retains risks under the Do Minimum. This is acknowledged and the Covid-19 Impact Report noted that GMCA would still need to determine how to respond to pressures in the bus market under the Do Minimum and if it were to intervene, this would still be a reactive process that adapted itself around decisions made by de-regulated operators.
- 7.5.31 In response to Abellio's suggestion that payments that might be perceived as state-aid have been made to bus operators, in the November 2020 letter from Department for Transport (Matthew Crane) to transport authorities and operators, it was stated that: *"We recognise that there are concerns that reimbursing concessionary fares at pre-COVID levels when the number of journeys taken on concessionary fares is lower than this level might be perceived as state aid."*
- "TCAs will need to obtain their own legal advice if they have concerns about their particular circumstances. However, we can confirm that the principal terms of the original CBSSG scheme were notified to the European Commission (and the correspondence referred to maintaining concessionary fares at pre-pandemic levels). In response, the Commission expressed the (preliminary) view that the aid fell within article 5(5) of EU regulation 1370/2007, being an emergency measure as a result of a disruption in services, and*

therefore that it did not constitute unlawful state aid. DfT will continue to keep the position under review as the circumstances in connection with the pandemic evolve.”

- 7.5.32 In addition to the above guidance, DfT has laid a Statutory Instrument in March 2021 which removes the ‘no better’ requirement for concessionary reimbursement. The Statutory Instrument comes into effect on 24 March 2021 and is effective until 6 April 2022.

Concessionary reimbursement mitigation

- 7.5.33 The Covid-19 Impact Report noted that that local authorities/travel concession authorities were being directed by the DfT to pay concessionary reimbursement rates (and tendered services payments) at pre-Covid-19 levels. Therefore, due to the current reduced level of demand, there have, during the period since March 2020, been ‘overpayments’ to operators compared with actual concessionary usage and tendered service provision. If concessionary payments were to be paid based on actuals rather than pre-Covid levels, a reduction in payments could provide additional resources under lower-demand Scenarios and, depending on timings, release funding during the transition period.
- 7.5.34 In response to the Covid-19 Impact consultation, the Chartered Institute of Logistics and Transport (CILT) acknowledged this could be a mitigation: *“To mitigate these risks, it is essential to re-visit the current approach to maintaining unrealistic concessionary support levels, and also to re-examine the value for money from supported services.”*
- 7.5.35 For a very short period of time after the Covid-19 Impact Report was published, concessionary reimbursement payments were reduced by the equivalent level of percentage reductions in the network. This was as a result of guidance published by the DfT in January 2021 (DfT Covid-19 – Local Transport & Highways During Lockdown). This has now been superseded by further correspondence from the DfT issued on 22 February 2021. This further correspondence confirms that, following the publication of the Government’s Roadmap, service levels may need to return to 100% of pre-Covid-19 levels, and in limited cases, exceed this: see section 7.5.24, above. The current reimbursement method, based on pre-Covid-19 levels, will, it is assumed, therefore continue subject to further relevant guidance from Government and having regard to the continuing availability of CBSSG Restart or an equivalent funding source.
- 7.5.36 If Government funding and the DfT guidance for transport authorities to pay based on pre-Covid-19 levels ends, then the concessionary reimbursement payments will return to paying based on actual patronage, in line with the published scheme.
- 7.5.37 In response to CILT’s comment about obtaining VfM from the supported services contract, TfGM can confirm that a decision was made to continue the subsidised network in its current form initially to ensure there was no impact on essential services. Approximately a third of subsidised contracts that were due to expire in April 2021 have been recently retendered. The approach to letting the contracts took account of the complexities around changes in passenger demand and revenue, as a result of Covid-19; and the contracts were let for a one-year period to coincide with the proposed implementation of the Clean Air Zone.
- 7.5.38 Warrington’s Own Buses were also concerned about the impact of the removal of current levels of concessionary funding *“We are unclear on the concessionary payments point in this section. Under a gross cost franchise regime, the operator would not be [directly] paid for concessions (either actual or pre-Covid level). Is this stating that concessionary may move to actuals before franchising? If so, there is a serious implication for bus companies, many of which may not be able to operate – this could lead to withdrawals/fares rises to*

match services to available income – such withdrawals could damage the bus network and therefore GMCA's business case”

- 7.5.39 The Community Transport Association were also concerned about the withdrawal of the concessionary reimbursement funding *“CT operators that run section 22 services (registered and timetabled bus services) therefore rely to a large degree on concessionary fares income. As non-profit making, small scale organisations, community transport operators have limited reserves and are unable to absorb costs in the same way that larger commercial operators running services at scale are able to.” “....Should concessionary fares monies be reduced for CTs, the financial difficulties faced by operators would be further exacerbated, potentially placing many organisations at risk of closure in the face of obvious community need.”*
- 7.5.40 In response to the clarification question from Warrington’s Own Buses, TfGM can confirm their understanding is correct. Concessionary reimbursement payments would only be made for services that have not been franchised. Under the Proposed Franchising Scheme, all revenues and bus funding would remain with GMCA, which would include the current and future funding for concessionary reimbursements; and payments would be made to operators for operating bus services.
- 7.5.41 In response to the query from Warrington’s Own Buses that concessionary payments may move to actuals before franchising, as stated above, payments are being reduced, where appropriate, for a very short period of time. However, the CBSSG Restart grant was still available during this period to ensure that there was no overall adverse financial impact on operators. Subsequently, and when the DfT guidance for transport authorities to pay based on pre-Covid-19 levels ends, the concessionary reimbursement payments will return to paying based on actual patronage, in line with the published scheme.
- 7.5.42 As acknowledged by Warrington’s Own Buses and the Community Transport Association, there could be a potentially significant financial impact on bus operators (pre franchising) if concessionary payments were to revert to actuals, without a corresponding increase in passenger demand; and/or if the CBSSG Restart grant was to also end or reduce, and not be replaced by an alternative, such that it did not hold operators ‘financially harmless’. In those scenarios, the operators would have to implement similar mitigations to those proposed by GMCA in the Covid-19 Impact Report. More generally the Covid-19 Impact Report noted that under the Do Minimum, GMCA would still need to determine how to respond to pressures in the bus market. If GMCA were to intervene, this would still be a reactive process that adapted itself around decisions made by de-regulated operators.

Network reduction mitigation and fares policy

- 7.5.43 A further mitigation option identified in the Covid-19 Impact Report is the ability to adapt the cost of the network to reduce operating costs. A number of consultees raised concerns regarding this mitigation, its alignment with the objectives of the Proposed Franchising Scheme and the impact this would have on the level of service for passengers. More generally, some consultees such as the Confederation of Passenger Transport UK responded that operators are best placed to ensure the network is fit for purpose whilst other consultees such as Manchester Metropolitan University considered franchising would allow GMCA to respond more effectively to the future bus market.
- 7.5.44 In relation to concerns over the impact of this mitigation, Go North West commented: *“The third suggested mitigation measure is the one that should cause most concern to Greater Manchester residents and businesses, as this is essentially saying that the way to offset the*

forecast ‘gap’ in revenue in the early years of the Proposed Franchising Scheme is to cut services. This is precisely the argument that TfGM has used in recent years as a sign of market failure and one of the principal reasons for pursuing an alternative model. Therefore, there is a major political and reputational risk for GMCA in pursuing the Proposed Scheme on the basis that it would improve bus services to all residents of Greater Manchester whilst at the same time identifying a mitigation measure for lost revenue that would involve service reductions in the early years of the new arrangements.”

- 7.5.45 Rotala also raised a similar concern over the possibility of network reduction in its response: *“It is noted from the Report that GMCA would reduce the cost of the fleet and therefore reduce services available in order to mitigate the cost of the farebox revenue. This completely contradicts one of the main reasons for the proposed Franchising Scheme, which was to provide a network not based on profit but to service routes required by the public. It is irrational for GMCA to seek to implement the Proposed Franchising Scheme at a time when, even by its own analysis, it will have to undermine the reasoning for the Proposed Franchising Scheme.”*
- 7.5.46 Northern Care commented in its response: *“The options to mitigate and offset funding shortfalls would have a potential negative impact on the network and patronage as a whole. Key aims of the proposed franchising scheme are to make travel easier and more affordable for the user. We would also wish to see the consideration of the environmental and health benefits of a connected and strong public transport network also being considered as part of this affordability to prevent price and a reduced network being the main cost saving options.”*
- 7.5.47 The Confederation of Passenger Transport UK responded in respect of this mitigation: *“This would have a negative impact on the level of service received by passengers who rely on the network to get to school, work and other essential services and if a service is removed, the future patronage levels are unlikely to return as passengers find alternative travel arrangements. Reduction in the network was also one of the initial concerns of the partnership model. It is in the commercial bus operator’s interests to continuously strive to improve the level of service provided to customers and they are therefore best placed to ensure the network is efficient and fit for purpose for all passengers.”*
- 7.5.48 Stagecoach responded that: *“Certain mitigations have been identified to offset a shortfall in revenue and given the uncertainty regarding the affordability of the Proposed Franchising Scheme mitigations are highly likely to be required. However, it is uncertain whether the mitigations identified would be available and how effective they would be. For example, adjusting the fares policy has been referred to as a potential mitigation option to deal with issues of affordability. Putting aside the fact that having lower fares is one of the GMCA’s principle objectives in implementing franchising, the GMCA has not considered the detrimental impact an increase in fares would have on patronage in a consistent way in its scenario analysis. The GMCA has also not properly taken account of the negative social impacts of these mitigations. Any steps which result in higher fares or a reduced network will disproportionately impact citizens on lower incomes who do not have access to a car and rely on buses to access employment and public services. This would in turn impact their life opportunities, counter to the stated objectives of the GMCA. Furthermore, long-term network reductions would necessitate an assessment of any redundancy costs.”*
- 7.5.49 Herbert Smith Freehills’ (HSF) letter on behalf of Stagecoach makes substantially similar points to those stated in the section above: *“TfGM has also set out a number of mitigations that the GMCA could employ in the event that there is additional downturn and difficulties in financing the Proposed Franchising Scheme (at paragraph 5.3.22 onwards of the Covid*

Impact Report). While TfGM may consider these to be back-up options, given the level of uncertainty and the ongoing lockdown it is increasingly likely that these mitigations will need to be invoked. In their current form, the mitigation options lack sufficient detail:

- With regards to potential network reductions, TfGM does not seem to have considered the effect of network reductions on staff levels and the consequent costs of redundancy, as well as the potential impact of such measures on the local economy. A network reduction would also lead to a further reduction in passenger demand and revenue, and so any cost savings could be minimal.
- With regards to changes to fares policy, TfGM does not seem to have considered the potential impact of this on patronage. Any increase in fares would also undermine one of the principal objectives of the GMCA in conducting bus reform set out in the Strategic Case – fares offering value for money.
- The Covid Impact Report lacks analysis as to the linkages between the different mitigations and the wider effects which they may have.”

7.5.50 In response to the general point made by HSF that TfGM may consider the mitigations as ‘back-up’ options, it was accepted in the Covid-19 Impact Report that mitigations would be required in the event of a reduction in farebox, and net revenues. Furthermore, at its meeting of 27 November 2020, GMCA approved both the proposed funding and mitigation options set out in the report.

7.5.51 It should also be noted that, if the Proposed Franchising Scheme were to be implemented, the option to reduce the network to mitigate the risk of reduced farebox revenues is only one of a number of mitigation options set out in the Covid-19 Impact Report. In response to concerns over any negative impacts, the Equality Impact Assessment section (at section 15.12.6) considers this further and makes clear that those mitigation options would be conditional on prevailing circumstances in the future, and any future proposed changes would be subject to due consideration by GMCA/TfGM having regard to the public sector equality duty.

7.5.52 It was accepted in the Assessment that making reductions to the network would be undesirable (under any option). However, it is incorrect to state, as Rotala do, that this would provide a network “based on profit”. It remains the case that, if the Proposed Franchising Scheme were to be implemented, all sources of income would be reinvested and, if GMCA considered this mitigation, it would be with the objective of maximising economic and social value whilst constrained to achieve a balanced budget rather than to make a profit.

7.5.53 These objectives and the balanced budget constraint are in contrast to the position in a deregulated market. It is considered highly likely that private sector operators would face similar choices (albeit without some of the other mitigation options available to GMCA). This is acknowledged in Stagecoach Group’s summary of ‘mitigating actions’ included in its October 2020 interim reporting: “The key mitigation available would be to further reduce the Group’s cost base, in particular reducing vehicle mileage to better match customer demand, which would result in variable cost savings and the reduction of capital expenditure”. Similarly, the Go-Ahead Group, in its June 2020 year-end presentations, notes ‘management actions’ against its regional bus scenarios of “Service optimisation to

match revised demand profile” and “operating and capital expenditure restricted and matched to service levels”.

- 7.5.54 Any cost saving decisions would be made according to commercial principles and, as noted in the Covid-19 Impact Report (at section 5.5.7), GMCA would need to determine how to respond in the event of further decline in bus services. If GMCA were to make more funding available to support services under the Do Minimum, this would still be a reactive process that adapted itself around decisions made by private sector operators.
- 7.5.55 In the event financial mitigations were required, TfGM considers it remains appropriate to maintain network reduction as a mitigation option, but it would be for GMCA and/or the Mayor to consider, in line with its public accountability and control of key policy decisions under the Proposed Franchising Scheme, to determine the extent to which any of the mitigation options would be implemented.
- 7.5.56 Stagecoach (and the HSF letter) also refers in its response to fares policy as a mitigation for affordability constraints and that GMCA has not considered the detrimental impact an increase in fares would have on patronage in a consistent way in its scenario analysis. Responses in relation to the scenario analysis more generally are considered at section 3. The Assessment acknowledged fares policy as a key ‘lever’ and mitigation which GMCA would control (along with network size and funding). However, in the Covid-19 Impact Report an increase in fares was not referenced as a specific mitigation against a reduction in farebox revenue as a result of Covid-19. Whilst it would ultimately be for GMCA to determine which mitigations would be feasible and appropriate, increased fares was not included as a specific mitigation as, in the event of potential structural shifts and lower passenger demand, TfGM considers balancing network provision with journeys would likely be a more appropriate and effective mitigation.
- 7.5.57 Stagecoach (and the HSF letter) refers to long-term reductions in the network, necessitating an assessment of redundancy costs. In the Covid-19 Impact Report, it was accepted that, if this mitigation option were used, then actual savings would depend on detailed factors: *“Assuming GMCA prioritised this mitigation, a precise quantification of the value of this mitigation and the associated cost reduction which could be achieved over the transition period would depend upon a number of detailed factors, including the timing and scale of any change”.* This remains the case, and a deeper reduction to the network over a shorter timescale is considered more likely to involve consideration of redundancy.
- 7.5.58 However, the Covid-19 Impact Report also confirmed that the farebox revenue risk accruing to GMCA is relatively low during the early years of the transition period. For the Proposed Franchising Scheme, GMCA would not assume revenue risk until 2022/23 at the earliest, and this would allow GMCA to operationalise this mitigation and balance demand, revenue and operating costs if necessary. The Commercial Case (at section 6.9.271) also considers the extent to which this risk may materialise and other relevant factors such as staff turnover.
- 7.5.59 In response to CPT’s comment that operators would be best placed to implement an efficient network, if the Proposed Franchising Scheme were to go ahead, GMCA would have the ability to plan the network as a whole across Greater Manchester. As stated above, in a deregulated market, operators would need to make decisions based on commercial principles in their own particular geographies, whereas, GMCA would be able to plan an

integrated network that uses the funding and farebox revenues to plan and operate the best available network for passengers within the available resources.

Other comments on network mitigation

- 7.5.60 Other respondents to the second consultation considered that GMCA would be best placed to deliver the best possible network with the available resources, whilst the Chartered Institute of Logistics and Transport considered that reductions prior to the introduction of the Proposed Franchising Scheme would impact the eventual service.
- 7.5.61 The Chartered Institute of Logistics and Transport commented: *“We agree that operators will be looking to reduce mileage in 2021, and whilst this might reduce the risks associated with transition costs, it would also reduce the quality and quantity of service provided under franchising.”*
- 7.5.62 A Greater Manchester councillor commented: *“Initial upfront costs will mean we can get a better bus network, run for the public over shareholders, with a much better service and far better value for the public money we currently give to buses. We do not have time to waste and need a better publicly controlled network that will use public money effectively now. We need buses that are clean, green and accessible and bus companies have not delivered.”*
- 7.5.63 Oxford Road Corridor commented: *“It is clear that covid-19 has had a serious impact on bus patronage and fare box revenues. The consultation document acknowledges that all options carry a financial risk. We believe it’s more important than ever that GMCA are able to have greater control over the bus network to ensure the delivery of the most equitable service for the residents of Greater Manchester with the resources that are available.”*
- 7.5.64 Manchester Metropolitan University commented: *“It is clear that Covid-19 has had a serious impact on bus patronage, and therefore, the recovery of fare box revenue is difficult to predict. However, the implementation of a franchising scheme that has greater financial risk, also allows GMCA to respond more effectively to the future bus market as it has greater control over the bus services. As a result, franchising remains the more attractive option for changes to the bus market.”*
- 7.5.65 Network reductions are one of a number of viable mechanisms available to GMCA to reduce costs to mitigate the impact of reduced farebox revenues. As set out, the Scenarios considered would also affect the Do Minimum and partnership options. Any reduction to the network would impact the level of service provided to Greater Manchester residents. However, TfGM and a number of other respondents agree that GMCA is in the best place to deliver the most effective network in Greater Manchester within the available resources.

Fares Policy

- 7.5.66 The Assessment set out an assumption that fares would rise by RPI+1.4% per annum under any market structure – the Do Minimum, a partnership and the Propose Franchising Scheme, in order for the market to be sustainable over the long term. The Assessment also set out that the ambition under the Propose Franchising Scheme was to ensure fares offer value for money to customers. The Assessment also set out levers and mitigations that would be available to GMCA in the event that the funding, and risk contingencies allowances set out in the Assessment were inadequate, one of these mitigation was fare

- policy. This mitigation could still be used by GMCA as part of a package of mitigations, however was not included as one of the mitigations options in the Covid-19 Impact Report.
- 7.5.67 Go North West commented, *“The Proposed Scheme still assumes that fares will rise by RPI plus 1.4% on average every year. Whether this assumption is still valid in the light of the Covid-19 pandemic, the impact on public finances and the identified ‘gap’ in the funded transition costs is questionable, and yet this is not reflected in the report.”*
- 7.5.68 It is important to recognise that the assumption of RPI+1.4% applies to all options, including the ‘Do Minimum’. TfGM can confirm that the level of public support (including from central government) was considered as part of the development of the Scenarios, including potential consequences for fares, and this was set out in the Covid recovery scenario planning document that was published alongside the Covid-19 Impact Report.
- 7.5.69 The option for GMCA to review the fares policy to mitigate any reduction in farebox revenues if the Proposed Franchising Scheme is implemented is still deemed to be applicable. However, it should also be noted that the option to adjust the fares policy to mitigate the risk of reduced farebox revenues is only one of a number of mitigation options available to GMCA as set out in the Assessment and the Covid-19 Impact Report. In response to concerns over any negative impacts, the EQIA section (at section 15.12) considers this further and makes clear that each of the mitigation options would be conditional on prevailing circumstances in the future and any future proposed changes would be subject to due consideration by GMCA/TfGM having regard to the public sector equality duty.

Transition costs

- 7.5.70 The Covid-19 Impact Report includes mitigation to reduced farebox revenues of a transition cost reduction under Scenarios 1 and 4. These cost savings are estimated to be between £5m and £10m, and further savings could be achieved under Scenario 3.
- 7.5.71 Go North West commented *“Paragraphs 5.3.10 to 5.3.34 of the report discuss some potential mitigation measures to fill the identified ‘gap’, including a change to concessionary reimbursement, lower transition costs, reductions in the network and local funding sources. Some of these are already assumed in the above calculations. Of the others, it is difficult to see how lower transition costs can be achieved particularly TfGM’s assumption that operators awarded large franchise contracts would be able to make use of existing unused/underutilised depots in Greater Manchester or obtain land to build new depots. As GNW has pointed out, it will not be in the interests of the operators to sell their depots to other operators, requiring GMCA to exercise its CPO powers, which would need time and could be an expensive option.”*
- 7.5.72 In response to Go North West’s comment, TfGM do not agree that lower transition costs cannot be achieved. A review of the Proposed Franchising Scheme transition costs was undertaken for each of the Scenarios and savings identified due to the forecast reduction in demand for Scenarios 1, 3 and 4. Due to the reduction in market size and demand, some costs can be reduced, for example, a reduction in demand would lead to a reduction in the number of buses required and, in turn, a reduction in the requirement for on bus equipment.
- 7.5.73 The Commercial Case, at section 6.4, addresses the comments from Go North West around GMCAs ability to provide depots whilst reducing transition costs. This section addresses the risks around the purchase of the strategic depots from operators and what actions GMCA would undertake if strategic depot owners were unwilling to sell these depots to

GMCA. Alternative options are set out in the Assessment which are reflected in the section referenced above.

Qualitative Research

- 7.5.74 A summary of insights on the Financial Case from Ipsos MORI's June 2020 Qualitative Research Report exercise is set out further below. The full findings of the qualitative research exercise are set out in Ipsos MORI's June 2020 Qualitative Research Report. The questions posed to inform insights from this research were:
- *“What comments do you have in response to the Financial Case of the Proposed Franchising Scheme?”*
 - *“What do you think about the investment necessary to move from the current operating model to the Proposed Franchising Scheme?”*
 - *“What do you think about the proposed funding sources for the Proposed Franchising Scheme?”*
 - *“The Financial Case concludes that GMCA could afford to introduce and operate the Proposed Franchising Scheme. After completing the Assessment and in advance of this consultation, GMCA has proposed how it would fund the introduction of a fully franchised system. Do you have any comments on these matters?”*
- 7.5.75 Ipsos MORI state in the June 2020 Qualitative Research Report that, generally, participants found this topic challenging to understand and had a number of further questions, including what the taxpayer money would be used for, how confident GMCA are in the numbers presented and what contingency plans were in place if the Financial Case was not correct.
- 7.5.76 With regard to the use of funds and risks, the Assessment and Assessment summary set out the components of the forecast net transition costs of £122 million identified in the Assessment (for example, in Table 45 of the Assessment). This included expenditure on assets, service quality and passenger interventions, systems and on-bus equipment and the costs of managing transition.
- 7.5.77 The largest element of the net transition costs identified in the Assessment was provision for £36.2 million of quantified risk allowance which was fully funded under GMCA's proposed funding arrangements set out for the first consultation. The inclusion of a quantified risk allowance, and the additional mitigations set out in the Covid-19 Impact Report, provide confidence that the overall financial strategy would be sufficient to implement the Proposed Franchising Scheme. The Proposed Franchising Scheme would result in a significant risk transfer to GMCA compared with other bus reform options. However, GMCA would also assume accountability and control of the key policy levers for bus services along with the specification of services and assets.
- 7.5.78 Ipsos MORI's June 2020 Qualitative Research Report found that participants in the deliberative workshops were split between those who thought this was a good use of council tax and/or GMCA resources more generally because it would improve public transport, and those who thought the money would be better spent elsewhere. Ipsos MORI report that these views were not necessarily related to current bus usage as some bus users were worried about double-paying (through fares and taxes) whilst some non-users

thought the investment would be worthwhile for the wider benefits, even if they did not use them personally.

- 7.5.79 Many participants emphasised the importance of not repurposing funds already allocated to other council services, such as social care, in order to pay for the Proposed Franchising Scheme. Their support for the Proposed Franchising Scheme was contingent on it not leading to cuts in other services, as well as the Proposed Franchising Scheme realising the benefits described in the consultation.
- 7.5.80 In response to repurposing funds or detrimentally impacting other services, it should be noted that none of the identified funding set out in the Assessment, or the subset of funding identified in the Assessment and approved for the first consultation by GMCA, were funds previously earmarked or allocated for other projects or activities. For example, the value included for GMCA’s devolved earn-back funding (the largest element of proposed funding) reflected the residual unallocated funding after taking account of commitments to fund existing schemes.
- 7.5.81 Ipsos MORI’s June 2020 Qualitative Research Report identifies that most participants considered the proposed rises in council tax would be affordable for themselves but were concerned that if this was just one increase among other incremental rises in their council tax to fund other local authority priorities, then residents may not be able to afford this.
- 7.5.82 Participants may refer to council tax and a Mayoral precept interchangeably: in relation to council tax, it is anticipated that the local authority contribution would not result in a net impact on local authority budgets as GMCA has separately allocated unbudgeted resources to local authorities from retained business rates.
- 7.5.83 In relation to the Mayoral precept, it should be noted that the majority of the proposed funding to implement the Proposed Franchising Scheme was provided from non-precept sources and £11 million of the precept requirement for transition reflects the proposed allocation of existing precept raised as part of the Mayor’s 2019-20 budget for bus reform purposes. If the Proposed Franchising Scheme were implemented, then GMCA would need to consider if the precept requirement for future years was additional or would need to be met from savings elsewhere. In considering any impact of the proposed precept requirement, GMCA will need to consider its objectives for bus services, the costs and benefits of the intervention, the potential impacts of not intervening as highlighted by some consultees and the value achieved from the already significant ongoing investment in bus services which represent the largest element of the local transport budget.

Other suggestions and comments – first consultation

- 7.5.84 TfGM have also considered other comments and suggestions not captured in the themes identified in this section. In response to the first consultation, the suggestions and comments were:
- Free services in all, or part of, Greater Manchester;
 - Possible sponsorship and additional advertising revenues; and
 - Levies on employers and drivers.
- 7.5.85 TfGM consider in relation to free services that, whilst passenger VfM is a key objective, this needs to be balanced with funding availability. Public transport provision typically reflects a funding mix between passenger charges and other sources of funding. A balance of

funding is desirable and Greater Manchester already provides significant public funds for bus services and concessionary schemes.

- 7.5.86 In relation to sponsorship and additional advertising revenues, TfGM consider this could be an opportunity under the Proposed Franchising Scheme, aligned with an integrated transport network and unified brand. In the event of a decision to implement the Proposed Franchising Scheme, these opportunities, and other opportunities to commercialise assets, will be investigated further.
- 7.5.87 In relation to levies on employers and drivers, TfGM consider that these suggestions are less feasible and would carry greater uncertainty than the funding sources identified in the Assessment.
- 7.5.88 In response to the second consultation, further funding suggestions noted were:
- Increase traffic warden activity and use of parking penalties for funding; and
 - A levy on car parking to provide funding.
- 7.5.89 TfGM notes in response that revenue from penalty notices is already a commercial income stream for local authorities and that any increased activity is unlikely to yield significant or available funding for this purpose.
- 7.5.90 In relation to a car parking levy, TfGM is only aware of a Workplace Parking Levy (WPL) on employers in the first instance as a mechanism to achieve this suggestion. TfGM understands there is only one authority (Nottingham City Council) that currently operates this scheme, although a number of areas have indicated they are considering similar proposals. Revenue from a WPL could, in principle, be used to provide funding for this purpose; however, there would also be costs to implement and operationalise a WPL, and it is considered the value of funding raised would be more uncertain than the sources of funding included in the funding proposal and funding mitigations set out in the Covid-19 Impact Report.
- 7.5.91 Other suggestions were made (and referred to in Ipsos MORI's March 2021 Consultation Report) which are already included, or are not considered to impact, the Scheme.

7.6 Overall Conclusion

- 7.6.1 TfGM have considered the consultation responses in relation to the Financial Case and other related matters from both the first and second consultations.

First consultation

- 7.6.2 In response to the first consultation, as reported by Ipsos MORI, the majority of members of the public made favourable comments on the conclusion of the Financial Case – 1,377 members of the public made favourable comments, and 476 members of the public made unfavourable comments. The majority (26) of non-statutory consultees also made favourable comments on the Financial Case, whilst 8 non-statutory consultees made unfavourable comments. A minority (8) of statutory consultees made favourable comments, whilst a majority (15) of statutory consultees made unfavourable comments.
- 7.6.3 A number of concerns were raised in response to the first consultation, principally by incumbent operators, in relation to the income and costs of the Proposed Franchising Scheme both over the transition period and on an ongoing basis. TfGM did not identify any omitted costs on the basis of these comments. However, it should be noted, in relation to employment costs, which represent the most significant ongoing cost, that the Proposed Franchising Scheme did not include provision for a harmonisation upwards of current terms and conditions. Additional capital costs for retrofitting or replacing fleet vehicles to meet environmental standards were not included in the costs of the Proposed Franchising Scheme or any of the options considered in the Assessment. Instead, the Clean Air Zone Outline Business Case included these requirements and GMCA has made clear the requirement for the Government to provide financial support for these proposals.
- 7.6.4 Some local authorities raised concerns in response to the first consultation over the financial risks of the Proposed Franchising Scheme and the potential impact on the delivery of local priorities; whilst, incumbent operators, for the most part, considered that a partnership option would avoid the transfer of risk to the public sector.
- 7.6.5 The Assessment acknowledged that, allied to greater control, the Proposed Franchising Scheme would carry greater financial risks than other options, and in the event of a downside scenario, GMCA would retain policy levers to address such risks principally in relation to fares policy, network scale and funding. The proposed funding strategy set out for the first consultation also considered the ongoing sustainability of the Proposed Franchising Scheme during and after transition through the precept requirement which would provide an ongoing source of revenue funding.
- 7.6.6 Some incumbent operators also raised concerns in response to the first consultation over the ongoing availability and value of public funding from BSOG and concessionary reimbursements. Greater Manchester currently receives approximately £16.1 million of BSOG per annum which, as set out in the Assessment, was assumed to be retained at the current nominal value over the appraisal period under all bus reform options.
- 7.6.7 The Assessment acknowledged the availability of BSOG from Government is a risk, which, if the risk materialised, TfGM consider would very likely impact all options. As GMCA would face this risk more directly under the Proposed Franchising Scheme, the quantified risk assessment included a risk provision in the event there were an unforeseen reduction in BSOG. However, a reduction in value or withdrawal of this funding over the long term could

not be accommodated within the risk provision and would necessitate GMCA undertaking mitigating actions to achieve a balanced budget.

- 7.6.8 Similar concerns were raised in relation to funding for concessionary reimbursements and that a reduction in the value of this funding compared with the Assessment assumptions would represent a 'cost' or loss of Government funding to GMCA. However, TfGM considers that, whilst the English National Concessionary Travel Scheme (ENCTS) is a national mandatory scheme, in practice the risk of variation in concessionary reimbursement costs (and the associated funding) sits locally with GMCA, as the travel concession authority, and with local authorities who provide funding through the statutory contribution.
- 7.6.9 In relation to proposed funding, the Assessment set out a range of credible funding sources that could fund the additional net costs identified in the Assessment to implement the Proposed Franchising Scheme. GMCA, at its 7 October 2019 meeting, approved, for the purposes of the first consultation, a subset of the credible funding sources identified in the Assessment, for the reasons set out in the report, including that these sources are in the control of local decision-makers.
- 7.6.10 Under the funding proposal, the local authorities of Greater Manchester would provide a one-off contribution of £17.8 million for the additional costs to implement the Proposed Franchising Scheme. The Mayor's 2020-21 budget report to GMCA set out the individual local authority shares of the proposed contribution on a proposed population-weighted basis.
- 7.6.11 Some local authorities, whilst supportive of the Proposed Franchising Scheme more generally, made their support conditional on there being no further funding requirement from authorities after transition.
- 7.6.12 TfGM consider it relevant to note that, as set out in the Assessment, the value of required public sector funding was forecast to grow in cash terms under all bus reform scenarios; however, the funding proposal approved for the first consultation by GMCA included approximately £12.5 million of forecast cost escalation/indexation in current budgets over the transition period that was forecast to occur under all options, as well as the Do Minimum, and the requirement from the Mayoral precept would provide an ongoing source of revenue funds, providing a level of base funding for forecast escalation in funding beyond the transition period.
- 7.6.13 A number of consultees commented that it would be desirable if the Government provided additional funding. This was fully acknowledged in the 7 October 2019 report to GMCA and Government subsequently made a number of policy announcements in relation to the funding of bus services, including through the Spending Review 2020.
- 7.6.14 Whilst the immediate availability of additional Government funding would be welcome, it was not in itself a precondition of the Proposed Franchising Scheme being implemented, as the Assessment set out credible sources of funding that exceeded the transition requirement identified in the Assessment and the GMCA approved a funding proposal for the first consultation that did not rely on additional Government funding and that reflected sources of funding that were in the control of local decision-makers.
- 7.6.15 Incumbent operators, for the most part, raised a number of concerns in response to the first consultation over the funding proposal and associated matters, including the

availability of the identified funding sources; and the appropriateness of using, and the impact on, the Mayoral precept/council tax.

- 7.6.16 In the context of these concerns, TfGM considers it relevant to note that local sources of funding already make a significant contribution to the funding of bus services (currently up to £86.7 million per annum is funded by the local authorities of Greater Manchester), and this would continue to be the case under all bus reform options, not just the Proposed Franchising Scheme. In relation to the Mayoral precept, it should be noted that the majority of the proposed funding to implement franchising was provided from non-precept sources and that the contribution from local authorities to implement franchising is anticipated to not result in a net impact on local authority budgets.
- 7.6.17 In relation to funding, whilst an element of the identified earn back funding was already retained, the principal risk to the funding strategy, approved by GMCA in October 2019, was the release of the next five-year tranche of earn back covering financial years 2020-21 to 2024-25. The release of this funding was subsequently confirmed by Government and consequently mitigated this risk.

Second consultation

- 7.6.18 The Covid-19 Impact Report considered the impact of Covid-19 on the Financial Case of the Assessment, taking into consideration the uncertainties that now exist and a range of possible outcomes identified in the Scenarios.
- 7.6.19 The report identified, in particular, locally controlled options that could mitigate a reduction in farebox revenues over the transition period as a result of the increased uncertainty caused by Covid-19. The locally controlled mitigation options are payment of concessionary reimbursements over the transition period in line with actual rather than pre-Covid journeys; a reduction in transition costs; a reduction in the cost of operating the bus network, and; additional locally-controlled funding sources (Integrated Transport Block and incremental uncommitted earn back funding).
- 7.6.20 The report also noted that under the Proposed Franchising Scheme, GMCA's financial risk ultimately relates to impacts on net revenues. The report noted GMCA would likely have greater confidence over the impacts of Covid-19, the ability to adapt the network and a planning period to implement mitigations if required to achieve a balanced budget in relation to affordability risks after the transition period. The report also set out further funding mitigations that could be available after the transition period, including the proposed precept, which would provide an ongoing source of additional revenue funding and uncommitted earn-back funding which could be available up to 2045/46. At its meeting on 27 November 2020, GMCA approved the funding proposal as previously set out for the first consultation and the further mitigations.
- 7.6.21 Ipsos MORI's March 2021 Consultation Report found that a slight majority of members of the public made negative comments on the Financial Case: 327 members of the public made negative comments and 300 members of the public made positive comments. Further information on some of the specific comments and points raised responses from members of the public is set out at section 9 of Ipsos MORI's March 2021 Consultation Report.
- 7.6.22 Ipsos MORI's March 2021 Consultation Report also notes that 13 previous statutory consultees made positive comments on the Financial Case, whilst 12 previous statutory

consultees made negative comments; and 9 other stakeholders made negative comments, whilst 5 other stakeholders made positive comments.

- 7.6.23 In response to the second consultation, a number of affordability concerns in relation to the Proposed Franchising Scheme were raised. An incumbent operator considered that, despite the mitigations proposed, there was a financial ‘gap’ during the transition period and that ongoing affordability risk had not been adequately addressed. TfGM did not identify any funding gap as a result of these comments and noted in response how ongoing affordability risks had been addressed. It is also important to note that the Covid-19 Impact Report acknowledged that, whilst the mitigations identified could provide significant additional resources and resilience to offset a loss of farebox income, there was still a residual risk (for example, if the most adverse Scenario transpired) which GMCA would need to accept and underwrite with incremental local funding.
- 7.6.24 Whilst generally supportive of the aims of the Proposed Franchising Scheme, some Greater Manchester local authorities raised concerns or made their support conditional. A concern raised by some authorities related to the proposed network mitigation and that this should be a last resort. It is noted in response that network reduction was only one of the mitigations proposed and that similar choices would likely be faced by deregulated operators.
- 7.6.25 A further concern raised by some authorities was the impact of proposed precepts on residents, and Bolton Council made its support conditional upon there being no additional financial burden on the local authorities. Similar points were made in response to the first consultation. It is noted that the majority of the proposed funding, including the proposed funding mitigations identified in the Covid-19 Impact Report, are from non-precept sources and that the proposals were expected to not result in a net impact on local authority budgets. The Covid-19 Impact Report also proposed to defer the local authorities’ contribution until the end of any transition period in approximately 2025/26, which was approved as part of the funding proposals at GMCA’s November 2020 meeting.
- 7.6.26 Further concerns raised, particularly by incumbent operators, related to increased uncertainty and viability of the Proposed Franchising Scheme; a lack of detail on the impacts of the proposed mitigations; whether the proposed sources of funding were available and secured; and that there was a lack of consideration of alternative uses of this funding in the context of the financial pressures experienced as a result of Covid-19.
- 7.6.27 It was acknowledged in the Covid-19 Impact Report that there was and is significantly greater uncertainty as a result of Covid-19, which would likely impact all bus reform options, as well as the Do Minimum: this is the reason a scenario-based analysis was undertaken and that, as revenue risks would accrue to GMCA, rather than operators, more directly under the Proposed Franchising Scheme, mitigation options have been considered and previously approved by GMCA.
- 7.6.28 It is necessarily the case that the identified mitigations are options that GMCA would need to consider in light of prevailing circumstances in the future if the Proposed Franchising Scheme were introduced. Any proposed changes would be subject to due consideration by GMCA/TfGM having regard to the requirement of the public sector equality duty.
- 7.6.29 It remains the case that the proposed sources of funding, including those sources identified as mitigation options, have not been committed to another purpose and that, whilst significant financial pressures were acknowledged in the Covid-19 Impact Report, it is for

GMCA determine if it wishes to prioritise funding for the purposes of bus reform or other alternative uses.

- 7.6.30 Having considered the responses to the first and second consultations, TfGM considers that it remains the case that in light of Covid-19, there is now significantly greater uncertainty over future bus patronage and related factors. Whilst this uncertainty is not specific to the Proposed Franchising Scheme, and GMCA would still face risks under a Do Minimum or partnership, it would assume financial risks more directly under the Proposed Franchising Scheme. For this reason, it is important that GMCA notes this uncertainty and accepts the potential requirement to implement proposed mitigation options of the form and scale identified in the Covid-19 Impact Report. If this were the case, TfGM considers this would provide an acceptable balance of risks to achieve GMCA's objectives for bus services and that GMCA could afford to make and operate the Proposed Franchising Scheme.

8. Management Case

8.1 Introduction

- 8.1.1 The Management Case section of the Assessment considered how GMCA would make and operate the Proposed Franchising Scheme. Consideration was given to the proposed target operating models and risks, including for transition and implementation. Consultees were asked to consider three questions relating to the Management Case in the original consultation. These were:

Question 32: Do you have any comments on the approach to managing franchised operations under the Proposed Franchising Scheme as set out in the Management Case?

Question 33: Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, and the conclusion that TfGM would be able to manage franchised operations on behalf of GMCA, as set out in the Management Case?

Question 34: Do you have any comments on the proposed approach to the implementation and management of the partnership options; and the conclusion that TfGM would be able to implement and manage partnerships on behalf of GMCA as set out in the Management Case.

- 8.1.2 Ipsos MORI's June 2020 Consultation Report identified a number of themes from the consultees that were consistent with the TfGM analysis of responses received through the consultation. Key themes on managing the Proposed Franchising Scheme from Ipsos MORI's June 2020 Consultation Report from statutory consultees, although relatively few, tended to focus upon the costs and difficulties associated with securing sufficiently qualified staff for the relevant core and support teams. There were also concerns raised around the risks associated with additional management costs. Members of the public making favourable comments thought that the Proposed Franchising Scheme would create jobs, boost employment and/or lead to the recruitment of more staff and drivers and that the Proposed Franchising Scheme would give TfGM/GMCA more authority and control of bus services, "*Allowing Manchester to control its buses for the benefit of its residents and visitors is a huge improvement to the current inadequate system*".
- 8.1.3 For transition, a number of the statutory consultees focused their response on timescales and the apparent lack of time built in for evaluating and reviewing progress during the transition period. Others expressed similar opinions that the associated risks and costs of this transition had been underestimated. Less favourable comments from members of the public raised concerns regarding the proposed objectives and the feasibility of timescales, referring specifically to the length of transition and potential for delays to implementation and viewed the approach to transition management as overcomplicated.
- 8.1.4 Some non-statutory consultees agreed that TfGM would be capable of managing franchised operations throughout transition and implementation. More favourable comments were made by members of the public, with the majority agreeing with the approach and that risk would be inevitable in such a change.
- 8.1.5 The response below covers the key themes identified from Ipsos MORI's June 2020 Consultation Report and the consultation responses but also responds to comments from the first consultation relating to pensions and employee terms and conditions that were

not explicitly covered by Ipsos MORI. The key themes that had been identified and responded to were as follows:

- Theme 1: Management of the existing bus contracts;
- Theme 2: Cost and complexity of managing franchised operations;
- Theme 3: The difficulty of transitioning from a commercial to a franchised operation;
- Theme 4: Impact upon the employees and operators;
- Theme 5: Impact upon pensions as result of TUPE; and
- Theme 6: Confirmation statement on no changes to employee terms and conditions.

8.1.6 Section 11 of Ipsos MORI's June 2020 Consultation Report identified a number of further favourable and unfavourable comments, as well as suggestions, raised by consultees in respect to Questions 32 and 33, which did not relate to the Management Case. These are, therefore, addressed elsewhere in this document. These include:

- Unfavourable comments around increases to council tax and precept payments and the use of public funds for further subsidisation through taxation. This is covered at section 7.4 of this report;
- Consultees suggested that improvements could be made if there were more buses and they were more widely available with considerations being given to reorganising the routes and timings of the service and bus services running 24/7, 365 days a year. This is covered at section 8.6 of the Assessment. Franchising, however, creates the best opportunity to implement such investments but would have to meet VfM criteria. It is important for the start of franchising to minimise the network and service changes to avoid the risk of confusion for customers;
- Consultees suggested that consideration should be given to performance reviews of services and that poor performance should be penalised with fines, penalties or contract termination. The performance regime is discussed at section 25.3 of the Assessment. The Management Case for franchising identifies the resources (people and systems) to manage the performance regime and operator payments. A proportion of the operator payments are related to achieving operational performance targets. Performance improvement plans will be implemented where required; and
- Consultees suggested that there should be a simpler, single fare or oyster style system and that bus services should be run as 'not for profit'. The ticketing proposition is considered at section 7.3 of the Assessment. The proposal is that the commercial operators continue to operate the bus services and will be paid a service fee that includes an appropriate profit element. Profit margin is discussed at section 9.

Partnerships

8.1.7 Section 11.3 of Ipsos MORI's June 2020 Consultation Report notes that 168 responses were received, the majority of which 83 were favourable, with 69 unfavourable comments and a further 21 responses in the form of suggestions. Around a third of the unfavourable comments were specifically opposed to partnership options as they were supportive of the Proposed Franchising Scheme. A number of operators commented on GMCA costs for managing partnerships, stating that they were too high and could be managed with no

additional resources. A number of the unfavourable comments from members of the public were on the costs and TfGM's ability to manage the partnerships.

- 8.1.8 GMCA's response to Question 34 is covered in 4.10.16 to 4.10.18 of this report and addresses the comment around the costs associated with managing partnerships

Second Consultation Introduction

- 8.1.9 The Management Case section of the Covid-19 Impact Report considered how GMCA would make and operate the Proposed Franchising Scheme in the light of the potential impact associated with Covid-19. Consideration was given to the proposed operating model and transition and implementation to reflect the uncertainty and impact of the potential recovery scenarios as described at section 3 on Scenarios in this report. In the Covid-19 Impact consultation, consultees were asked to consider a single question relating to the Management Case:

Question 6: Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, including the proposed approach to managing the risks associated with Covid-19 (as set out in the Management Case of the Covid-19 Impact on Bus Franchising Report) and whether TfGM would be able to manage and implement a partnership on behalf of GMCA, notwithstanding Covid-19?

- 8.1.10 A total of 342 responses were received from the second consultation the majority (222) were positive while fewer (87) were negative.
- 8.1.11 Ipsos MORI found in its March 2021 Consultation Report that the majority of consultees agreed that Management Case proposals for the Proposed Franchising Scheme were appropriate in the light of Covid-19. Some participants felt that TfGM, on behalf of GMCA, would be able to transition, implement and manage the bus network and services with others expressing the view explicitly that they thought this would be the case for the Proposed Franchising Scheme specifically. Some participants made specific reference to the ability of TfGM to recruit and train additional or suitably qualified staff, TfGM's proven track record managing Metrolink and years of experience supporting public transport provision across Greater Manchester. Some participants made positive comments in relation to the management of risks, with others providing further detail that changes could be implemented quickly, financial risks could be managed, and workforce planning could take place. The Christie NHS Foundation trust suggested that: *"a better understanding of the risks and implications of Covid-19 should be understood at the implementation phase"*. Others also felt that it would allow for monitoring and evaluation of operator performance and flexibility to adapt to change. Bolton and South Lancashire Community Rail Partnership noted the benefits of franchising but highlighted the volatility and risk in the current environment. The Northern Care Alliance responded stating that any option should not create a disparity in service provision.
- 8.1.12 Fewer negative comments were received during the second consultation in response to the conclusion of the Management Case overall, but these were spread across a wider variety of themes. Some participants raised their general concerns about transition and implementation. Others were more specific, raising concerns about the ability of TfGM, on behalf of GMCA, to implement the Proposed Franchising Scheme, to manage bus services and (from a member of the public) *"their track record of running services poorly"*.
- 8.1.13 Some participants including Go North West and Transport Focus also expressed concern over the timeframe for transition and implementation as well as the lengthy transition

period and timing of any changes overall. Some participants expressed general disagreement with the conclusions of the Management Case, with a small number referencing the inability to manage risk and the potential impact that this could have on passengers. Stagecoach raised a specific challenge around the cost of transition to the Proposed Franchising Scheme not offering VfM.

8.1.14 A number of participants also made comments specifically about the partnership option, stating that TfGM would be able to manage and implement this option – further detail was provided that stated this would enable cooperation and collaborative working. Positive comments were received. Rotala stated that it *“agrees that it would be possible to effectively manage a partnership option, despite the impact of Covid-19. This is because a partnership would be much more dynamic and flexible than the Proposed Franchising Scheme, with significantly less cost and risk for GMCA/the public and the private sector operators.”* OneBus commented: *“The partnership proposal would not require the additional staff required to oversee the commercial performance of the network, develop, procure, and manage the contracts and the contractual relationship with franchisees. The partnership proposal would be more manageable and create less inconvenience for bus users”*. This is despite the fact that, as set out at section 10.8.3 of this report, OneBus commented in its response to the second consultation that its previous proposal is no longer valid and that it is not able at this stage to submit a detailed alternative proposal. Whilst GMCA notes that less additional resource would be required to manage partnerships as compared to franchising, this reflects the reduced scale of opportunity.

8.1.15 Four new themes emerged from the responses from both statutory consultees and other stakeholders during the second consultation. These were:

- Theme 7: GMCA has not adequately demonstrated in enough detail how the future operating model would be implemented by TfGM, particularly if Scenario 3 emerged at the likely recovery scenario.
- Theme 8: GMCA has underestimated the complexity of transition, has not allowed sufficient time and it will undoubtedly take longer due to risk and uncertainty surrounding the impact of Covid-19 leading to an even greater lag in patronage recovery and potential impact upon customers
- Theme 9: Treatment of risk under the Scenarios
- Theme 10: Transition expenditure is unrealistic and poor VfM.

8.1.16 There were a number of suggestions in the second consultation response provided by members of the public and other stakeholders who responded. These are summarised below with the TfGM consideration of each suggestion.

- Consultees suggested that TfGM should perform thorough due diligence and negotiation and plan and prepare properly. This would form a key part of the procurement of the franchises and the planning and implementation of the future operating model.
- Consultees suggested that GMCA should seek guidance from experts/TfL and follow the TfL/London model. Guidance was sought from a number of industry experts and would continue to be throughout the implementation. The transition to franchising would allow GMCA to adopt a similar type of model to bus operations to that in London.
- Consultees suggested that TfGM on behalf of GMCA should monitor and evaluate the performance and operations of existing operators. TfGM on behalf of GMCA currently

monitors the performance of all existing operators who currently run the existing tendered services.

- Consultees suggested that there should be recruitment and training of additional and suitably qualified staff. The proposed operating model articulated in the Assessment and considered in the second consultation would require the recruitment and training of appropriate qualified staff and the transition budget includes a provision for training where required.
- Consultees suggested the transition should be reviewed periodically and updated in response to developments. The transition plan in line with project management best practice would be continually monitored to ensure that the programme includes the impact of, and adapts to, emerging developments.
- Consultees suggested that there should be penalties and enforcement for failure to adhere to the standards of performance and operation. The proposed franchised contract would include a number of performance measures to ensure quality and service standards are maintained.

8.2 Theme 1: Management of the existing bus contracts

- 8.2.1 Question 32 of the original consultation asked whether TfGM would be able to manage the franchised operations on behalf of GMCA. Section 11.1.3 of Ipsos MORI's June 2020 Consultation Report notes that the most common suggestion received from the members of the public was that bus services should be *"run by a single operator and controlled by TfGM / GMCA"*. From a customer's perspective of franchising, the bus services would appear to be run by a single operator (livery, brand and interoperability of tickets). The approach to the design and implementation of franchises and the proposal to maintain market competition through the tendering of the packages are discussed at section 6.9 above.
- 8.2.2 OneBus drew attention to what they saw as TfGM's poor track record of awarding and managing the current small number of contracts and the management of the Metroshuttle / Free Bus.
- 8.2.3 The first issue cited by OneBus regarding the late award of the school contracts in 2019 (not 2018 as stated by OneBus) and not having sufficient time to register the services, recruit sufficient staff or acquire vehicles was driven by unprecedented levels of staff sickness where three of the four operational planners were absent at various points in the spring and summer. However, the contract letters were issued in May / early June in line with normal timescales and not during the summer holidays as stated. This would have allowed sufficient timescales to secure any additional vehicles required and to recruit drivers. The route specifications, however, were issued during the school holidays and some in early September. Since then, TfGM's Bus Services Team have implemented a number of measures within the existing Operational Service Planning Team to increase its resilience and flexibility.
- 8.2.4 The second issue raised by OneBus concerns Metroshuttle / Free Bus, which is a free bus service provided in Manchester City Centre (a separate Metroshuttle service operates in Bolton) to connect the major stations and commercial areas of central Manchester. This service also promotes a secondary, but important, objective, to support the tourist economy, by providing a free city centre bus.
- 8.2.5 OneBus stated that, following four years of significant passenger decline, changes were made to services in October 2018 with revised routes and an expensive rebrand. Overall patronage fell by 15.7% in 2018-19 and further radical changes nonetheless had to be made in October 2019. Since 2008, the cost per passenger has increased as patronage has declined, and service levels reduced. The management of this service, OneBus claims, *"is a matter of grave concern"*.
- 8.2.6 The four years of patronage decline coincided with the construction and subsequent opening of the Metrolink Second City Crossing (a new tram line through Manchester City Centre). During construction, all bus services in the city centre were severely disrupted, and customers would have sought alternate ways of making their city centre journeys including walking. After the opening of the new Metrolink line some customers will have switched to Metrolink and others will have continued to walk. The budget was reduced in 2017-18 and the TfGM Bus Services Team developed and implemented modifications to safeguard key elements of the services within reduced levels of funding.
- 8.2.7 As a result of the funding reduction the number of services were reduced, thus not serving all the same areas as previously. This resulted in a further decline which TfGM sought to address with additional changes. The team have also implemented extended evening

services to increase the service relevance in supporting evening economy. Patronage continues to be monitored and TfGM seeks to maximise the attractiveness of the service to customers with the significant financial constraints that exist. This is a unique service which Manchester City Council wish to continue to operate despite significant budgetary pressures and declining patronage. As a result of the patronage decline the cost per passenger has increased; however, it is worth noting that the cost per passenger is lower than the cost per passenger of the supported general services.

8.2.8 TfGM has over 30 years' experience of managing the supported and school services since deregulation. Despite a static budget since 2016-17 and the ongoing withdrawal of commercial services, TfGM continue to develop efficient and innovative ways to fill the gaps left by the commercial market deregistering services, where funding allows. The existing TfGM Bus Services Team currently manages over 500 contracts, which cannot be considered a small number. The annual spend on the subsidised network (including school services) reduced by £7.5 million between 2012-13 (£34.6 million net) and 2016-17 (£27.1 million net); since then the budget has remained static. These savings were delivered by seeking procurement efficiencies and service rationalisation where possible.

8.2.9 It is acknowledged that with the level of commercial de-registrations, TfGM is not always able to intervene. In the case of general commercial services, TfGM are given very little warning beyond the 70 days prenotification of a commercial operator's intention to deregister services. TfGM's Operational Service Planning Team will:

- Evaluate how it should respond to the proposed deregistration, including assessing:
 - The need;
 - The remaining network;
 - Access/population;
 - Demand;
 - Available budget;
- If it considers a need to intervene, how to meet the requirements achieving best VfM on behalf of GMCA and customers;
- Specify the required services and issue a tender for a supported service;
- Evaluate the responses;
- Seek internal and external approvals;
- Award a contract ready to commence mobilisation; and
- If required, support operators in the short notification application to the Traffic Commissioner.

8.2.10 Following contract award, TfGM's Network Performance Team ensures that the operators are both supported and held to account in delivering the requirements of the contract by monitoring performance to ensure operators comply with contractual requirements. The Network Performance Team:

- Works with the operators to address performance issues.
- Implements Performance Improvement Plans (PIPs) where operator performance issues are not resolved in a timely manner.

- Holds regular review meetings.
- Addresses queries or complaints raised by operators; and
- Runs a contract end date and performance tracker.

8.2.11 Given the funding constraints within which TfGM operates and the ongoing pressure of commercial deregistrations, it is considered that TfGM do award and manage their existing contracts effectively.

8.3 Theme 2: Cost and complexity of managing franchised operations.

- 8.3.1 This theme addressed Question 32 in the first consultation. Overall, Ipsos MORI reported that out of the 183 responses to managing franchised operations under the Proposed Franchising Scheme, 73 provided favourable comments while 56 were unfavourable. Of the 13 statutory consultee responses, 6 were favourable and 6 were unfavourable. Those which were unfavourable were mostly from bus operators. There were 62 favourable comments from members of the public with 47 unfavourable. The main favourable comments were: the Proposed Franchising Scheme would create jobs, boost employment and/or lead to the recruitment of more staff and drivers (7); and would give TfGM/GMCA more authority and control of bus services (3).
- 8.3.2 Of the 47 unfavourable comments towards the management of franchised operations, the most frequently cited comments concerned costs, affordability and VfM of the proposed approach (13).
- 8.3.3 Ipsos MORI's June 2020 Consultation Report noted that responses from statutory consultees, although relatively few, tended to focus on the costs and difficulties associated with securing sufficiently qualified staff for the relevant core and support teams. There were also concerns associated with additional management costs.
- 8.3.4 Comments from bus operators (Go North West, Rotala, First and Stagecoach) were generally unfavourable and operators agreed that the additional required full-time employees would be difficult and costly to attract, recruit and train and would not ultimately be sufficient to cover the necessary responsibilities. Go North West noted, critically, the proposed size of TfL operations compared with the additional resource proposed by TfGM. The members of the public making unfavourable comments were also concerned with costs, affordability and VfM of the proposed approach. The Chartered Institute of Logistics and Transport – North West Policy Group were of the view that the number of qualified staff required for TfGM to manage the bus network in Greater Manchester was underestimated, considering the intention to recruit.
- 8.3.5 The main points raised through consultees and Ipsos MORI's June 2020 Consultation Report were addressed below.

Operating resource required

- 8.3.6 The Assessment recognised the complexity in managing the delivery of the Proposed Franchising Scheme. The future-target operating model, with associated incremental resources, developed by TfGM on behalf of GMCA, has been designed to deal with these challenges and was created by using a combination of:
- A bottom-up view of the future requirements based around the development of new processes and capabilities required to plan and manage franchised operations;
 - Data modelling (e.g. customer contact resources driven by volume of calls);
 - Benchmarking with other organisations that manage franchises and have experience with Metrolink;
 - Input from advisors with significant bus operations experience; and
 - Benchmarking of salaries, including estimated market adjustments where salaries do not align to TfGM pay scales.

- 8.3.7 The Assessment identified that an additional 102 roles would be required to deliver the Proposed Franchising Scheme. This is made up of 71 management and supporting roles and 31 revenue protection roles. After taking account of roles that would transfer from the operators (25) and existing roles in TfGM that would no longer be required under franchising (20), the net impact anticipated was 57 additional roles. Section 46 and Section 47 of the Management Case of the Assessment identify that TfGM already have some of the existing capabilities. However, there would also need to be a significant organisational change to the way TfGM currently operate to manage or support franchised operations.
- 8.3.8 OneBus suggested that *“It is also very unlikely that there are 25 staff employed in roles by the operators that would TUPE to TfGM”*.
- 8.3.9 OneBus provided no further evidence to support this statement. TfGM have used operator information to assess the likely number of individuals that would transfer and therefore believe the figure contained in the Assessment was accurate.
- 8.3.10 Rotala considered that the bus operators will be unlikely to be willing to release the best qualified and most experienced employees and it is likely to retain staff as its Bolton depot services the whole of its North West region activities. If an operator’s bid was unsuccessful, they may choose to offer their best and most talented resources alternative roles within their existing organisation. If the *“principally connected”* rule applies (as set out below at section 8.5.2), then it is up to the individual to decide whether to transfer to the new operator or to remain with their existing employer if they are offered an alternative position. If an individual chose to stay with their existing employer, then the successful operator would need to recruit to fill the vacancy created by the individual not transferring. This is a risk that the successful operator will need to manage.
- 8.3.11 TravelWatch NorthWest suggested that Transport for London (TfL) could be looked at as a possible role model when setting up and managing new structures under the Proposed Franchising Scheme. In developing the Management Case, TfGM considered several organisations which manage franchised operations including TfL and the transit authority in Perth, West Australia.
- 8.3.12 A comparison was drawn by several consultees, including Go North West, between the proposed TfGM model and that of TfL bus, which employs 800+ people in non-operational roles and 200+ revenue protection officers, a total of circa 1000-1100 staff, suggesting that TfGM’s proposed staffing levels are not realistic.
- 8.3.13 As mentioned above, in addition to the 102 new roles this would be supplemented with the need for a significant organisational change. There are a number of existing roles across TfGM that currently support bus, and will continue to do so. As bus services transition to franchising a number of existing roles will have an increased focus on bus as a priority under franchising. When these roles are added (to the 102) then the size of the organisation supporting franchising increases to circa 150+ FTEs. In relative terms, the proposed number of resources identified in TfGM is commensurate with TfL for the following reasons:
- TfGM is between 10%–18% of the size of TfL (in terms of passengers, revenue and PVR) depending on which metric is used. The 150+ is approximately 15% of the size of TfL bus resource;
 - TfL has been set a 30% back and middle office efficiency target which will reduce the overall number of TfL non-operational roles;

- TfL manage the Intelligent Transport Systems (ITS) on behalf of the operators, whereas the TfGM model leaves the operational management with the operators;
- TfL buses run a semi-open network (two-door buses). The TfGM proposal is for a closed network (single door next to the driver) which reduces revenue protection requirements; and
- TfL has 500+ route-based contracts, whereas TfGM will have 10 large and 25 small franchise contracts.

8.3.14 Go North West suggested that GMCA may have underestimated the number of employees required to undertake direct monitoring of performance data and on-street monitors. This is not the case. The Management Case of the Assessment identifies additional people (12+) in TfGM to manage operator performance and a significant investment in systems to capture performance data and generate the required reports. Operational performance remains as it is today the responsibility of the operator and therefore on-street monitoring should be undertaken by the operators as it is at present. However, through real-time passenger information systems (or “RTPI”), TfGM will also be able to monitor and manage, where required, operational performance. TfGM bus station staff would be able to monitor some of the qualitative operational performance measures (such as external cleanliness of buses, driver appearance and displaying the correct destination blinds). TfGM have included a significant additional annual survey budget which makes provision for activities such as a ‘mystery shopper’ exercise which would provide feedback on the quality of service offered on the bus including driver behaviour and appearance.

Recruitment

- 8.3.15 Ipsos MORI’s June 2020 Consultation Report identified additional favourable comments from members of the public that were supportive of the Proposed Franchising Scheme as it would create jobs, boost employment and/or lead to the recruitment of more staff and drivers.
- 8.3.16 In their 2020 Consultation Report, Ipsos MORI reported that unfavourable comments were received about a lack of competency, expertise and poor track record of TfGM / GMCA who they said should “*leave it to the experts*”; ‘it’ meaning managing the running of the buses. Additional conditional supportive comments of TfGM’s ability to manage franchising from members of the public highlighted the need for:
- Openness, honesty and transparency (5);
 - TfGM/GMCA to possess the required competency and expertise (4);
 - Consideration of staff support and training (3).
- 8.3.17 Most bus operators responding to the original consultation provided unfavourable comments on the proposed recruitment plans. A number of operators including Go North West, Rotala and First commented upon the potential difficulties in recruiting employees. Stagecoach noted that individuals to fill a number of significant strategic level roles would have to be recruited from authorities (TfL and DfT) which have the necessary experience and expertise, that the talent pool for these roles is limited and that the individuals will have long notice periods. In its view, assembling the team halfway through tranche one is overly optimistic. There is also a risk that TfGM recruitment from the operators will damage delivery of the bus service, and that there will be over-reliance on contractors and

- consultants (who may themselves have limited experience) to fill crucial roles, increasing costs.
- 8.3.18 Go North West stated that TfGM will have to recruit individuals in an incredibly specialist area of expertise that exist only in TfL in the UK and it is not clear whether that is realistic. They also suggested that nine months is not a sufficient period for GMCA and/or operators to recruit and train the extra staff to deliver an effective scheme: recruitment processes can take months and some individuals may be subject to a three-months' notice period in leaving their current employer.
- 8.3.19 TfGM's HR Resourcing Department can demonstrate a successful track record in attracting quality talent to the organisation, including for senior leadership roles. TfGM have engaged with industry leading search and selection partners who have supported them in attracting quality candidates to senior leadership roles. TfGM have also completed high-volume recruitment campaigns, directly targeting the employment market for a wide range of skills, a highly successful apprenticeship recruitment programme and engaged short-term contractor resource where required. TfGM use a variety of leading and innovative sourcing and selection methodologies. In addition, the Project Management Services Team currently recruits assistant project managers, project managers and senior project managers to a talent pool. The people in the talent pool are then offered positions in TfGM when projects arise. This approach has worked very successfully for TfGM and could be expanded for other roles.
- 8.3.20 The business change costs in the Assessment includes additional and specialist resource to support the recruitment activity, acknowledging that the existing team may not have the capacity to recruit the volumes and calibre of people required in the short timescales.
- 8.3.21 During the transition period TfGM would need to employ a number of contractors and consultants to support these activities while concurrently recruiting to fill the permanent roles. TfGM's intention is to fill the permanent roles as soon as is practically possible but have costed (in the Management Case and in the risk register) the need for external support in the short term.
- 8.3.22 The Assessment acknowledged that the recruitment and resourcing will be challenging. There are a number of areas where TfGM will need to recruit specialist resource, including sales and marketing, procurement, asset management and finance. TfGM recognise that there are some skills shortages in the market more generally. TfGM would take and indeed already have relevant measures in place. For example, TfGM currently have 42 apprentices covering a range of disciplines including Commercial Procurement and Supply Chain, Transport Planning, Customer Services, Operational Management and Business Administration. The market for the key resources, however, is bigger than just the bus sector and local bus market. The following sections identify alternative sectors, as well as TfGM's own employees, from where the specialist resources could also be recruited. This approach would allow TfGM to get a blend of bus expertise with that of other sectors importing new thinking and best practice approaches.
- 8.3.23 With regards to Franchise Management, bus is one of many sectors which operate in a franchised environment. TfGM would not look to recruit the extra required resources exclusively from the bus market but would look to attract talent from other areas including rail, logistics and from other sectors such as retail or facilities management where suppliers are managed against robust service level agreements. TfGM already employ experienced contract managers with significant local knowledge and there is the potential to continue to build on current capabilities and develop a high-performing team and combine these

resources with the relevant experience and expertise from other commercial sectors. A capability development plan will be put in place to ensure that members of the existing team have appropriate opportunity to acquire additional skills and develop the right capabilities to drive impactful franchise management.

- 8.3.24 The second area is Network Planning. With the level of transport infrastructure investment nationally, the Assessment recognises that this resource is heavily in demand with market supplements where appropriate and a risk provision where higher salaries are required to attract people from the commercial sector. As with Franchise Management, TfGM would not just be seeking to recruit from the bus sector. With wider responsibilities for planning for both bus and trams, and potentially the rail network in the future, TfGM would be looking for wider transport experience. The pool for this resource could come from other transport sectors and transport planning consultancies. In addition, there is resource within the existing bus services team who, should they be successful in applying for these roles, would work with externally recruited network planners, blending wider network planning experience and perspective with bus experience and local knowledge.
- 8.3.25 Operators raised concerns that TfGM “*recruits from the operators themselves*” damaging current delivery. TfGM acknowledged that the recruitment of key resources could come from the operators. It is the right of the individual to apply for such roles. However, as previously discussed, TfGM believe the potential talent pool goes beyond the bus sector. By recruiting from a wider resource pool in other sectors TfGM increase the likelihood of securing resources locally. However, TfGM would not just be looking to recruit locally, and TfGM have experience in attracting talent nationally and from different sectors other than public transport. Individuals move between bus companies currently and the scale of the TfGM bus operations requirement in comparison with the scale of the whole bus sector is quite small. This combined with recruitment from other sectors should minimise the impact upon existing operators. It is expected that operators would be able to replace resource and should have sufficient resilience, if some staff successfully applied for TfGM positions, without adversely impacting existing operations.
- 8.3.26 Between six and nine months has been included in the programme for recruitment and the likely notice period for specialist and senior roles, experience of previous recruitments has shown that this is normally achievable. However, risk F026 includes a cost provision for the risk that there may be a delay in the recruitment of key resource.

Salary Costs

- 8.3.27 In the first consultation it was suggested by several operators that the salary costs may have been underestimated and that additional costs may be incurred to secure the right expertise. This included comments from the first consultation from Go North West and Rotala that indicated that they believe the required salaries “*are approximately 10% too low*” and therefore TfGM would not be able to attract staff with the requisite experience. Go North West note that given the specialist nature of the skills, there should be sufficient cost factored in to GMCA's estimates for attracting high-quality candidates.
- 8.3.28 In the second consultation Rotala reiterated the reference to perceived low contemplated salaries and the risk that this would not allow GMCA to attract the appropriately experienced resources.
- 8.3.29 The salaries that were included in the Assessment were developed by:
- Benchmarking with similar roles in TfGM;

- Developing and evaluating high-level role profiles for key and senior roles;
- Market comparisons for similar roles; and
- Applying market supplements to roles which are either specialist or a scarce resource.

8.3.30 Whilst a robust approach was adopted, and it is believed that the salary costs are not too low, it was recognised in the Assessment that higher salaries may still be required to attract key specialist resources. A provision was quantified and included in the risk register, see Risk F081 in the Assessment.

Revenue Protection

8.3.31 Stagecoach, Rotala and a member of the public commented during the first consultation on the scale of revenue protection stating that a) it is not sufficient and b) noting that the numbers drop down to 13 by 2027, which may potentially impact revenues.

8.3.32 The proposal increased the level of revenue protection to circa three times that of the current provision by the existing commercial operators to manage fare evasion. The Assessment did not include any fare evasion benefits associated with increased revenue protection. The introduction of significant additional resource reflects the need to bring a consistency in approach across the network which has seen a variety of approaches adopted depending upon the requirements of local operators. Currently, some parts of the Greater Manchester network have little or no revenue protection while other parts are better covered. This approach aims to bring in a consistent level across the network.

8.3.33 The subsequent reduction back to current levels reflected the need to assess future long-term revenue protection requirements and to ensure that there is a funding stream to support the higher level of revenue protection cover. There are a number of factors which would influence future approaches to revenue protection, including technological change and the opportunity for a joint bus and Metrolink approach. If a business case (post implementation of the Proposed Franchising Scheme) demonstrates that continuing with or increasing the proposed levels delivers financial and customer benefits, then the higher numbers would be retained or increased. This would be explored during the early phase of franchised operations and would need to be self-funding. At no point in the Assessment does revenue protection drop below today's existing levels.

TUPE and Other Costs

8.3.34 It was suggested by Stagecoach in the original consultation that transferred staff should be treated as an incremental cost as they formed part of the Do Minimum option. They asserted; therefore, that we have understated the costs.

8.3.35 This is not correct. The Assessment considers the incremental costs above the Do Minimum option. Therefore, to include any transferred resource as an additional cost in the Assessment would result in including the same costs twice, irrespective of whether the costs transfer from operators to TfGM and therefore this would overstate the costs.

8.3.36 Having reviewed the responses received in the first consultation and the evidence outlined above, it is considered that the approach to developing the future target operating model does not underestimate the cost and complexity of managing a franchised operation.

8.4 Theme 3: The difficulty of transitioning from commercial to a franchised operation

- 8.4.1 The Assessment recognised the scale and complexity of the transition and acknowledged the risks associated with it including the risk that it may not be delivered to the proposed timescale and budget. A number of considerations were taken into account in determining the most appropriate period for transition. These included the need to minimise the impact on customers by prolonging a transition period; enabling the market to manage the bid process; and enabling TfGM to reduce transition risk, including learning lessons from the procurement, and mobilisation of the initial tranche of procurement. The approach to transition and implementation detailed in the Assessment shows how the risks that the transition may not be delivered to the proposed time and budget were accounted for and how it was planned to mitigate them.
- 8.4.2 Question 33 of the first consultation asked for comments on the approach to the transition and implementation of the Proposed Franchising Scheme. Ipsos MORI's June 2020 Consultation Report notes that 130 comments were favourable, and 81 unfavourable, of the 258 comments that were received. Of the statutory consultees (13) who responded 5 provided favourable comments and 6 unfavourable. Of the non-statutory consultees (9) who responded 4 provided favourable comments and 1 an unfavourable comment. Of the members of the public who responded (236), 121 provided favourable comments and 74 unfavourable comments.
- 8.4.3 The most commonly cited favourable responses from the first consultation provided by members of the public were about general agreement/support for the approach to the transition and implementation period as set out by the Management Case (92). A further 13 members of the public were confident in TfGM/GMCA's competence and expertise to deliver the proposal, with nine members of the public stating that this transition is long overdue and should be implemented as soon as possible.
- 8.4.4 Around a third of those statutory consultees who provided comments in the first consultation made favourable ones while around a half made unfavourable comments. The main concerns were related to timescales and lack of time built in for evaluating and reviewing progress during the transition. Others expressed opinions that the associated costs had been underestimated. The feasibility of the timescales was the main point from unfavourable comments from members of the public. As Ipsos MORI's June 2020 Consultation Report noted, there were favourable comments from a non-statutory consultee, the University of Manchester, that agreed that TfGM (on behalf of GMCA) would be capable of managing franchised operations throughout transition and implementation; and favourable comments from members of the public agreed with the approach whilst accepting that there was a level of risk that would be inevitable in such a change.
- 8.4.5 In the first consultation, a number of bus operators focused their criticism relating on the proposed timescales. Arriva commented that the proposed timescales were highly ambitious and Arriva and Go North West specifically noted the lack of time built in for evaluating and reviewing progress. As noted in Ipsos MORI's June 2020 Consultation Report, the Oxford Road Corridor group stated their fundamental belief that the long-term benefits here would outweigh any short-term disruption that they acknowledged with implementation, recognising the potential challenges posed by transition.
- 8.4.6 A number of operators (including Stagecoach, Go North West, First) stated that GMCA may have underestimated the cost and complexity of the transition and as Ipsos MORI's June

2020 Consultation Report states, Stagecoach believed that the stated “£1.7m earmarked for business change could be better spent enhancing existing services”.

Customer experience during transition

- 8.4.7 This section addresses customer experience and risk management during transition. The implementation timescales challenges have been merged and responded to with a similar section 6.9 above, in the Commercial Case to avoid duplication of responses.
- 8.4.8 Ipsos MORI’s June 2020 Consultation Report identified that some members of the public have recognised that risk is inevitable with change and that there will be some initial challenges. Several operators indicated that TfGM may have underestimated the potential level of confusion for customers during transition and the inconvenience to them through journey disruption.
- 8.4.9 First emphasised that the complexity and confusion that bus users would experience should not be underestimated. The threat of franchising may lead operators to seek to maximise short-term profit on a temporary basis, removing the incentive for collaborative working, and they may also choose to cease service operation (which may require or warrant service replacement by GMCA).
- 8.4.10 In the first consultation, Go North West commented that the stability enjoyed by the existing market will be disrupted and may be subject to significant turmoil during transition. There is a risk that a lack of knowledge and experience could adversely affect the reliability and punctuality of services during transition and while a new operator mobilises. In Go North West’s view, the arrangements for transition would expose passengers and GMCA to an unacceptable risk that services would not be operated and that the new arrangements would be likely to lead to customer confusion, especially when travelling between the franchised and non-franchised network. Passengers would experience a change in the appearance and livery of buses and would also be affected by the new fare structures that would be inconsistent across the three Sub-Areas during transition. Go North West also said that in their view, GMCA did not appear to have given any sufficient consideration to passenger communications.
- 8.4.11 From a customer perspective it is important that the transition period is minimised in order to realise the full benefits of the Proposed Franchising Scheme as soon as is practically possible and to minimise the period of operating a mixed commercial and franchised environment.
- 8.4.12 As noted by First in the first consultation, there is a risk some operators would seek to maximise short-term profits, withdraw services (which may require GMCA to replace them) and withdraw cooperation for working collaboratively. Whilst the risk register recognises this risk and the risk register has provision against services withdrawals (Risk F003) TfGM envisage that operators would not act in way that unnecessarily impacts their customers by withdrawing profitable services and behaving in a uncollaborative way which might impact customer experience and their incomes.
- 8.4.13 It is not expected that operators would abandon the commercial networks as many of the routes are profitable and this would impact upon returns to shareholders. However, the

Assessment recognises this risk and the risk and mitigation plans in this regard are included at risk F003 of the risk register.

- 8.4.14 The Assessment recognised that there is a short-term risk of confusion to some customers during transition with the introduction of franchised services. A number of mitigating measures have been identified in the Assessment including:
- The use of the marketing and communications materials to inform customers of the change — this expenditure is included in the transition costs budget. University of Manchester suggested a need for timely communication material to be circulated with contact details for specific queries to support the transition. TfGM has significant experience in using marketing material (in all media, digital, paper, TV and radio) to engage with customers including the launch of new or changed Metrolink services and with the launch of the Metrolink Zonal Fare structure across Greater Manchester. TfGM would draw on this experience to support transition; and
 - The early recruitment of the customer contact resources.
- 8.4.15 The transitional ticketing arrangements will ensure that for customers who need to transfer between franchised and non-franchised services the additional costs are largely eliminated or significantly reduced. The detail of the transitional ticketing arrangements, in the event that the Proposed Franchising Scheme be made, would be developed in conjunction with the existing operators post a Mayoral decision.
- 8.4.16 The proposal to minimise network changes when procuring the first round of franchises will also minimise the impact upon customers and operators.

Risk Management during transition

- 8.4.17 Stagecoach stated in their response to the first consultation that the risk assumptions appear overly simplistic and favourable to franchising. It stated that two stood out: (i) no reference is made to the negative image already existing among passengers UK-wide regarding franchising, particularly passengers in the North, and (ii) there is a question whether the potential two-to-four-year delay from not being able to negotiate depot sales has been costed in a meaningful way. Further it claims that the cost of tendering, contracting and paying for any new depot has not been fully factored in.
- 8.4.18 The risk cost and mitigation plans were developed following a robust and rigorous process adopting best practice approaches (which is known as a Monte Carlo simulation). A significant number of risk workshops were undertaken by TfGM to identify and quantify the risks that needed to be managed; and detailed mitigation plans were developed for each of the risks where appropriate.
- 8.4.19 The mitigation plans were reviewed for deliverability; and sections 46.7 and 48.4 of the Management Case of the Assessment summarises how ongoing and transition risks would be managed under the Proposed Franchising Scheme. These sections contain a table summarising the risks and sets out the mitigations.
- 8.4.20 In the first consultation Stagecoach noted that TfGM made no reference to the negative image of franchising already existing among passengers UK-wide regarding rail franchising, particularly passengers in the North. However, this scheme proposes bus franchising and 4 members of the public who responded to the consultation management case questions suggested the transport systems should be based upon the TfL model which is franchised. In addition to London, bus franchising has also been successfully implemented in other

countries such as Singapore and Australia. There is no necessary reason to assume that there is a significant risk that attitudes to rail franchising will materially affect the prospects of bus franchising in Greater Manchester.

- 8.4.21 Stagecoach's challenges in the first consultation on whether the potential two-to-four-year delay on depots and the consideration of the costs of tendering and procuring depots are dealt with adequately in the Assessment are addressed at section 6.8 of the Commercial Case response above.
- 8.4.22 It is considered that the approach to developing risk costs and mitigations plans were robust and thorough and that the mitigation plans are deliverable.
- 8.4.23 The risk register includes a provision and contingency plans for any potential overruns, notably in relation to risks F003, F004, F008, F012, F020, F026, F027 and F041. In addition to the risk mitigations set out above, GMCA would be able to postpone any of the dates included in the Proposed Franchising Scheme (such as the dates for when GMCA would enter into a franchise contract and/or when services would start to operate for each Sub-Area). Section 123I of the Act makes provision for this and as already set out at section 6.7.11 above, GMCA would be able to postpone these dates after consulting bus operators and others. This means that, even though the Assessment believes that the implementation timescale is achievable, there would be a number of options available to GMCA to either minimise the impact of any delays and/or postpone implementation of the Proposed Franchising Scheme.
- 8.4.24 Having reviewed the responses received from the first consultation and the evidence outlined above, it was considered that the Assessment did not underestimate the scale, complexity and costs of transitioning from a commercial to a franchised operation.

8.5 Theme 4: Impact upon employees and operators

- 8.5.1 The areas below cover the main themes raised from consultees from the first consultation in relation to impact on employees and operators from the Management Case perspective.

TUPE

- 8.5.2 The Act envisages that, whether or not it would otherwise apply, the provisions of TUPE will apply to an organised group consisting of those employees of a former operator whose employment is “*principally connected*” with the provision of local services in a franchised Area or Sub-Area. A number of concerns have been raised by operators around the application and definition of “*principally connected*” and the impact that this may have upon the workforce. The Franchising Schemes and Enhanced Partnership Schemes (Application of TUPE) (England) Regulations 2017, provide that, in the absence of agreement, a person’s employment is treated as “*principally connected*” with the provision of affected local services if that person spends, on average, at least half of their working time assigned to the provision of affected local services assigned to activities connected wholly or mainly to the provision of affected local services.
- 8.5.3 Abellio thought that there would be no adverse impact on the employees of operators given these regulations. Arriva considered, however, that there may be employees “*left behind*” post franchise scheme commencement who may have to be made redundant. First considered that, while drivers and maintenance staff may have the opportunity to transfer to the new operator under the TUPE provisions, the same is far less likely to apply to its management and support staff. Go North West expressed concern about the potential for redundancies as a result of the Proposed Franchising Scheme. They are concerned that there will be persons working on the provision of services being transferred who are not ‘principally connected’ with them and will not be transferred but who may find that they are redundant, having lost part of their role. Go North West considered that an operator still operating commercial services outside Greater Manchester may have engineers and other staff who may never be principally connected with the services transferred while being directly affected by the loss of work who may be vulnerable to redundancy.
- 8.5.4 TfGM will work with the operators in detail, much of which will only emerge as the transfer approaches, to ascertain which employees may or may not transfer. TfGM’s approach is to procure the large franchises around the strategic depots. This means that, by and large, services operating from that depot at the point of transition would continue after the transition. As a result of this approach, it is envisaged that drivers and engineers based at the depot would be likely to be covered by TUPE if the incumbent operator was unsuccessful. TfGM cannot guarantee that there will not be redundancies but the risk to many drivers and engineers should be small. As a consequence of implementing the Proposed Franchising Scheme there could also be a small number of local management posts and roles such as engineers who may also serve operations outside of Greater Manchester that may not be required by the existing operator in the future and may not be covered by TUPE. In the event that these members of staff are made redundant by the incumbent employer it is assumed that the operators would act in accordance with the law and collective bargaining agreements. Any head office roles which are outside the scope of TUPE and do not transfer to TfGM, which are made redundant because the Proposed Franchising Scheme, would need to be addressed by the operator. Any redundancy costs would be incurred by the operator. It has been suggested by Arriva that, if an employee declines to transfer to the new operator, the incumbent operator will incur the redundancy

cost. This is not the case as, in the event that an employee chooses not to transfer, he or she will effectively have chosen to resign rather than work for the new operator.

Other effects on employees

- 8.5.5 OneBus stated that the allocation of contracts may mean staff not working from the depot nearest to their home. Transdev raised a concern that the planned use of strategic depots may require some employees to relocate, particularly employees that are currently located at non-strategic depots.
- 8.5.6 The current transition plan in the Assessment involves making use of the strategic depots and the intention, as noted above, is that franchise contracts replicate the services at the point of transition. Such service movements, therefore, are likely to be relatively limited in nature at the outset of franchising (to minimise transition risk). This will reduce the relocation issues rather than increase them.
- 8.5.7 First raised a concern about the uncertainty that the franchising proposal is causing to its workforce. Stockport Metropolitan Borough Council has raised a similar issue driven by the longer period until transition in the South and therefore a longer period of uncertainty for operators' employees. A similar comment was raised by Stockport Metropolitan Borough Council in the second consultation where they re-iterated their desire *"to work with TfGM to review the potential impact on bus companies and their employees before franchising comes into effect"*. Ipsos MORI's June 2020 Consultation Report highlighted that of the 13 conditional comments made by the public offering support, three respondents identified the need to provide staff support and training.
- 8.5.8 TfGM's intention is to procure the franchised network as quickly as is practically possible which in part is driven by the desire to reduce uncertainty. Staff support and training is important and should be provided by the operators.
- 8.5.9 Rotala expressed concerns about the lack of work stability under franchising, stating that *"in essence every member of staff would need to re-earn their position every five years"*, something inimical to job loyalty removing the sense that working for a bus operator can be a career for life, increasing concerns about job security considerably.
- 8.5.10 If an operator was unsuccessful in bidding, TUPE and the *"principally connected"* rules would apply to existing employees. They will not have to re-apply for their existing roles. The issue of having to *"re-earn their position every 5 years"* is no different from when there is a change in senior management or a director. In this case employees have to demonstrate the capabilities to a new manager. However, it is expected that operators managing franchises would have effective performance management systems in place and therefore employees during the life of a franchise would be given every opportunity to develop their skills and address any deficient areas. The transfer from one operator to another should be an extension of that system. Staff who have performed well during the duration of the previous franchise should have no concerns about performance related job security.

Effects on operators under local service contracts

- 8.5.11 In the first consultation OneBus stated that the operators would need to increase headcount, to:
- Ensure that data required by TfGM is collated and maintained; and

- Manage the punctuality and reliability of buses to provide the level of service as dictated by the contract and to ensure any operational penalties are avoided.
- 8.5.12 In the second consultation, OneBus reiterated this challenge stating: *“The Management Case has failed to build in the additional staff that operators will need to recruit to undertake their own control and management of operational compliance. This will be significant, and the cost will be included in the contract price.”*
- 8.5.13 TfGM agree that operators will have to factor these costs into their bids. However, some operators already employ resource to ensure the level of their performance, and the benefits this brings, in customer satisfaction and patronage. Consistent standards will only be achieved if effort is made in these areas. Some costs have been assumed. OneBus have not disputed or justified why they are not adequate. In due course levels of services and calibration of the performance regime will be refined and managed by TfGM and informed by increased insight in this regard.
- 8.5.14 Whilst revenue risk transfers to GMCA, the majority of operating risk will remain with operators and therefore the associated operational management will remain with the operator as it does at present. Although data in relation to punctuality and reliability will need to be collated and monitored, this is also the case under the current market. Additionally, the proposed new ITS systems should generate most of the required reports and should minimise the need for manual intervention by operators. It is not expected that a franchised environment would require operators to increase their costs as day-to-day operational management should form part of the existing operation.

8.6 Theme 5: Impact upon pensions as result of TUPE

- 8.6.1 Pensions issues were considered in the Assessment and a separate supporting paper – the Pensions Impact Supporting Paper (PISP). These considered impacts on incumbent operators; impacts on prospective operators; and, set out options for how pension arrangements could be delivered under franchising to meet the requirements of enhanced pension protection under the Act.
- 8.6.2 A number of comments were raised around pensions implications. It should be noted, however, that the concerns raised in relation to pensions matters are related to defined benefit arrangements. As set out in the PISP, TfGM understand that the vast majority of current pension provision is now through defined contribution schemes. TfGM are not aware of any specific concerns raised in the context of defined contribution arrangements. The PISP, however, acknowledges that, for the minority accruing benefits in defined benefit arrangements, the issues are inherently more complex.

Exit Debts / Covenant Impacts

- 8.6.3 OneBus stated that there will be implications for pensions liabilities which should not be considered lightly but gave no independent assessment of them. First considered that the pensions implications would vary considerably dependent upon the circumstances at the time of any market closure – including wider economic considerations. Stagecoach suggests in its response, however, that, as franchising weakens the business model for an operator, it may result in a more cautious, more conservative funding basis and will also increase the risk that a pension exit charge could arise as active members are forced to transfer to other operators. Thus, the Proposed Franchising Scheme could crystallise a Greater Manchester Pension Fund (GMPF) ‘exit debt’ that could be in the range of £30 million to £60 million for all current GM operators. In their response to Question 39 regarding any positive or negative impacts for existing operators, Stagecoach also refer to pensions as a cause for concern. As set out at section 8.6.28 of this report, Stagecoach raised a similar comment to this in its response to the second consultation.
- 8.6.4 As set out in the PISP, franchising does not introduce a new requirement that an incumbent operator should be liable for any of its past-service pension liabilities. The PISP acknowledges, however, there is a risk that incumbent operators who participate in defined benefit arrangements may lose flexibility as to how and when they may be required to fund any past service pension liabilities. Essentially the risk that Stagecoach highlight, and seek to estimate in their response, is one which could arise if a cessation event is triggered by the last active member employed by an operator leaving the scheme.
- 8.6.5 The PISP sets out at section 1.2.3 the factors that would influence the likelihood and scale of this risk. It also sets out TfGM’s understanding of the specific circumstances of the large operators who participate in the GMPF. In particular their schemes are closed to new entrants, have relatively low numbers of active members and do not have guarantors. When a scheme is already closed to new entrants, there will necessarily be a time when the last active member leaves.
- 8.6.6 The PISP considers these circumstances, the public information from GMPF’s Funding Strategy and the high contribution rates to GMPF paid by operators over the 2016 to 19 period. This was 30.4% of pensionable pay for Stagecoach plus a further £2.4 million per annum; and 31.4% of pensionable pay for First plus a further £5.17 million per annum. This indicates that these operators’ pensions costs are already assessed on a more conservative

- basis than an ‘ongoing’ employer. That would be likely to continue as their active members reduce and this would thus lessen any cessation impact.
- 8.6.7 Stagecoach notes its youngest active GMPF member is aged 45 and, absent franchising, they would expect to have active members in the GMPF for at least 20-25 years. They state that *“The Pensions Impact Supporting Paper wrongly alludes [at paragraph 1.4.7] that because there are relatively few active members employed by operators “there could be a cessation point in the near future” [leading to additional pension funding] – this is seeking to infer that the crystallisation of these punitive pension exit costs will not be caused by the franchising proposals. This is incorrect”*.
- 8.6.8 Section 1.4.7 of the PISP in fact only describes the GMPF’s Funding Strategy. TfGM’s understanding of the substantial point that Stagecoach seek to make is that they consider that, in the absence of franchising, they would have between 20 to 25 years, based on the retirement age of the youngest current member, to plan for the last active member leaving the GMPF. TfGM is not privy to an employer’s specific funding assumptions, but it would not normally be the case that GMPF or their actuary would use the age of the youngest member to assess the funding basis (as the member could leave the employer or retire early). It would be more usual for GMPF to use a basis, such as a weighted average of all the employer’s active members, which would be a shorter time frame than the age of the youngest member suggested by Stagecoach.
- 8.6.9 Absent franchising, however, it would be expected in any event the funding assumptions would increasingly tend towards a more conservative basis over time as active member numbers reduce. The effect of franchising may be to reduce the remaining active members that Stagecoach and other operators may employ, depending on the outcome of the competition for local service contracts, with the possibility that the trustees of the scheme may seek more prudent funding arrangements if it is considered an operator’s financial position has weakened. It was accepted in the PISP (at section 1.4.17) that franchising may increase the risk of an earlier date on which an operator’s last active member may leave a scheme as a result of TUPE transfers to a new franchised operator.
- 8.6.10 No supporting evidence has been provided by Stagecoach to justify the estimate that current operators in Greater Manchester could be faced by franchising with an exit charge in the range of £30 million to £60 million. No explanation of the basis for that estimate was provided. It would appear to require all of the participating operators to have ceased employing any GMPF active members for the risk to occur. Whilst this eventuality cannot be precluded, it is considered unlikely that it would occur across all participating operators and operators can themselves influence this risk, for example, by bidding for local service contracts.
- 8.6.11 Even if a cessation event were to arise, TfGM consider there would be options for an operator to mitigate the impact of any debt, including negotiation with the GMPF around the basis on which exit debts are calculated and the associated payment terms.
- 8.6.12 In this regard, GMPF states in its Funding Strategy that mitigations could involve the GMPF entering into an agreement with the exiting employer to accept appropriate security to be held against any deficit and to carry out the exit valuation on a less prudent valuation basis or recover the deficit over an agreed period. The form of security could potentially include a bond, indemnity or guarantee (for example, a parent company guarantee).
- 8.6.13 The Ministry of Housing, Communities and Local Government (MHCLG) has also consulted on proposals in 2019 which, if enacted, could formalise future flexibilities around exit

payments, including delaying triggering of exit debts when the last member leaves and the option to spread exit payments once crystallised.

- 8.6.14 In conclusion, franchising does not introduce a new requirement that an incumbent operator should be liable for any of its past service pension liabilities but, as acknowledged in the PISP, franchising may increase the risk of an earlier date on which the last active member may leave a scheme or, where the incumbent operator still continues to employ at least one active member, the possibility that the trustees of the scheme may seek more prudent funding arrangements.
- 8.6.15 Whilst TfGM cannot validate, or otherwise, the £30 million to £60 million exit debt estimate provided by Stagecoach, it is considered the likely extent of this risk has been overstated; and, even if an exit debt were to arise, GMPF's Funding Strategy sets out mitigations that an operator could seek to negotiate with it.

Future exit debts / pension costs for operators under the Proposed Franchising Scheme

- 8.6.16 OneBus (as set out in the Jacobs review) suggest that, if franchising is introduced, it is not clear which party would be responsible for meeting any potential pension deficits. Rotala raise a concern that a franchised operator could be left with exit debts or deficit payments at the end of its contract term, in particular should TfGM take the wage inflation risk. TfGM understand this concern is raised in the context of any franchised operators who become Admitted Bodies in the GMPF. No new prospective operators who responded to the consultation raised this point.
- 8.6.17 In response to these points, and the concern that a franchised operator could be liable for pension deficits, it should be noted that incumbent operators are liable for past service liabilities, and any associated deficits, built up to the point franchising is introduced. Furthermore, the pension liabilities and associated risks under franchising are expected to be much smaller compared with current arrangements as: i) there are relatively few active members of defined benefit schemes who could be in scope to transfer to a franchised operator and ii), on the basis incumbent operators are responsible for past service liabilities, liabilities under franchising would reflect future service.
- 8.6.18 A scheme actuary would set pension contribution rates with the expectation of fully funding liabilities. It is possible, however, that there could be a deficit or surplus at the end of a franchise term. The PISP sets out that, in circumstances when franchisees become Admitted Bodies and the administering authority requires financial security, the preferred approach would be the provision of a guarantee by TfGM/GMCA (for the reasons set out in the PISP at section 1.5.13) and that a contractual risk sharing arrangement would be put in place between the franchised operator and TfGM, in conjunction with the GMPF. The factors that would be expected to be included in the risk sharing arrangement are set out in the PISP at section 1.5.15, which specifically acknowledges exit and succession arrangements at the end of a franchise term.
- 8.6.19 Whilst the contractual allocation of risk is not formalised at this stage, the expected risk allocation principles are set out in the PISP at section 1.5.16. TfGM acknowledges that it would not be desirable, based on these principles, for a franchisee to bear risks (or opportunities) it cannot control or influence, such as a deficit (or surplus) at the end of a

franchise term. It considers that the guarantee and risk sharing arrangement, with appropriate safeguards, would address these concerns.

- 8.6.20 In relation to pension contribution costs, as noted, the current GMPF contribution rates paid by operators are high relative to the fund's average, which TfGM considers is likely to be reflective of the nature of their participation as 'closed' employers without a guarantee. These current high contribution rates would not be expected to be reflective of the costs an incoming franchised operator would incur. For example, putting in place security or a guarantee is likely to result in a stronger covenant assessment which could mean lower contributions.

Response from Unions

- 8.6.21 Unite, in its response, sought protection for bus workers' pensions and ideally the ability for workers to re-join the Local Government Pension Scheme (LGPS) or the setting up of a Greater Manchester specific bus workers scheme. The TUC, in its response, considered that access to the pension schemes set out in the Assessment, including the LGPS, would be a positive step.
- 8.6.22 In response to these points, it should be noted that the Act specifically provides for enhanced pension protection compared with TUPE and requires "*broadly comparable*" pension accrual for transferring employees. TfGM's understanding is that this pension protection is 'enduring' (i.e. it applies upon the introduction of franchising, and for any original transferees the protection would also apply on any subsequent transfers).
- 8.6.23 The PISP also sets out at section 1.5.10 that continued access to the LGPS for employees currently accruing benefits in these schemes is considered the most practicable approach to providing "*broadly comparable*" benefits; and the options for defined contribution provision include a Greater Manchester 'master trust' scheme.
- 8.6.24 There were relatively few comments on pension related issues in response to the second consultation.
- 8.6.25 Rotala considered in response to the second consultation that no account had been made for "*the costs of pension schemes/liabilities*" but did not set out any further reasoning for this statement. The response to the first consultation noted that where relevant the funding of past service liabilities was a responsibility for existing operators.
- 8.6.26 Stagecoach stated in its response to the second consultation: "*We are conscious that the management of pension risk (and managing the transfer of pension liabilities) is likely to be complex. It is not clear to us that this issue has been given sufficient thought.*" Whilst it did not state any specific reasons why it considered this had not been given sufficient thought, TfGM notes that the Assessment provided a separate supporting paper – the Pensions Impact Supporting Paper – which considered pension issues, both from the perspective of existing arrangements and options for how pension arrangements could be delivered under franchising to meet the requirements of enhanced pension protection under the Act.
- 8.6.27 In response to the first consultation, (at section 8.6.2) accepted that the issues involved in the provision of defined benefit arrangements were inherently complex but also noted TfGM's understanding that the vast majority of pension provision was through simpler defined contribution schemes. This is considered to remain the case.
- 8.6.28 Stagecoach also stated in the second consultation that: "*The GMCA has stated that historic pension costs will remain with the operators but those with defined benefit schemes may*

need to provide greater contributions to them if the Proposed Franchising Scheme is implemented. Whilst ongoing funding of liabilities would be calculated on a basis set by the local administering authority of the pension scheme, the magnitude of the funding step-up that could be required on a discontinuance basis even for one operator could be considerable.” This appears to be substantially similar to the points that Stagecoach made in response to the first consultation, where it stated that the Proposed Franchising Scheme may result in a more conservative funding basis and / or could crystallise an ‘exit debt’ that could be in the range of £30 million to £60 million for all current GM operators.

- 8.6.29 TfGM’s response to the first consultation set out a number of reasons, which are considered to remain valid (at sections 8.6.3 to 8.6.16), why it was considered the likely extent of this risk had been overstated. It was noted that, absent franchising, it would be expected in any event that operators’ funding of existing liabilities would increasingly tend towards a more conservative basis over time as active pension member numbers reduce and that operators themselves could influence and seek to mitigate this risk.

8.7 Theme 6: Confirmation statement on no changes to employee terms and conditions

8.7.1 This section addresses a TUC request in response to the first consultation that *“It would be important that there is a statement of intent from GMCA that cost savings from operators who bid for franchises would not come from staffing reductions or worsening terms and conditions”*. In the first consultation the point was also raised by Go North West that new entrants may use this *“race to the bottom”* approach to submit competitive bids.

8.7.2 In the second consultation Stagecoach also referenced an issue in New Zealand where *“tenders had been sought based on lowest cost, attracting Regional Operators with a rush to lower the cost of labour. In short, a number of older drivers then decided to leave the employment market and the rates offered were inadequate to attract a sufficient number of new properly trained drivers.”* Go Northwest re-iterated their concerns.

8.7.3 Set out below are extracts from a letter that Andy Burnham, the Mayor of Greater Manchester issued to Unite on 24 December 2019 — this addresses the TUC and Go North West’s concerns:

“However, I agree that in the event that bus franchising is introduced in Greater Manchester that should not lead to any worsening of Terms and Conditions of employment for staff working in bus companies that operate any franchise. Secondly, I would reiterate my commitment to ongoing and open dialogue with Unite and any other recognised Trade Unions to ensure that people working in the bus industry in Greater Manchester benefit from any improvements that franchising may bring.

In the event that the decision taken is to introduce bus franchising I am prepared to commit to the following actions at that time and I am happy for you to share these with your wider membership:

1. TfGM will provide, in advance of 5 January 2020, clarity on the additional protections that the Transport Act 2000 (as amended by the Bus Services Act 2017) provides with reference to transfers of staff and pensions under separate cover.
2. TfGM will enter into meaningful discussions with the bus operators and unions aimed at establishing a suitable minimum standards charter.
3. TfGM will discuss with the trade unions and bus operators the potential for establishing a Greater Manchester defined contribution pension for employees.
4. TfGM will set out the terms of reference of any steering group and confirm the mechanism by which consultation on the above items can take place.”

8.8 Theme 7: GMCA has not adequately demonstrated in enough detail how the future operating model would be implemented particularly if Scenario 3 emerged as the likely recovery scenario.

- 8.8.1 During the second consultation there was a particular focus on whether TfGM, on behalf of GMCA, could deliver a Proposed Franchising Scheme considering the uncertainty Covid-19 had created.
- 8.8.2 There was continued support from the Greater Manchester councils that responded to the question concerning the Management Case in the second consultation that they were satisfied that the proposed approach to delivering the future operating model was sufficient considering the risks associated with Covid-19. Manchester City Council responded that the measures set out in the Covid-19 Impact Report, such as workforce planning, seemed appropriate to manage any risk associated with the operating model. Oldham Metropolitan Borough Council was satisfied with the proposed approach to transition, implementation and managing the risks associated with Covid-19. Wigan Metropolitan Borough Council thought the principles for the future operating model were still relevant and allowed TfGM to be *“flexible when allocating resources which can be aligned to economic predictions at the point of any decision”*. Tameside Metropolitan Borough Council agreed with the approach to the transition and implementation of the Proposed Franchising Scheme, including the proposed approach to managing the risks associated with Covid-19. Stockport Metropolitan Borough Council were fully supportive of the opportunities franchising provided for communities to be more closely involved in decision making around bus services, and for local accountability to increase. Stockport MBC re-stated that: *“they would want to work closely with TfGM to identify mechanisms through which this can be achieved”*. Trafford Metropolitan Borough Council broadly supported the approach to the transition and implementation of the Proposed Franchising Scheme and expressed support for the measures outlined for managing risks associated with Covid-19. They were keen that any further efficiencies which can be made in relation to risk mitigation and flexing of the operating model to meet future requirements should be explored. The points raised by the GM councils that responded to this question are all valid and the efficiency and effectiveness of delivery underpin how the future operating model will be implemented and processes and workforce management will be tailored to the requirement of the delivery model, as described in the Management Case of the Assessment.
- 8.8.3 The responses from other local authorities outside of GM focused on the approach to transition and the impact on cross boundary services. Lancashire County Council responded that transition would need to be flexible to account for market conditions at the time. Both Liverpool City Region Combined Authority and West Yorkshire Combined Authority expressed a wish for collaborative working during implementation due to cross boundary services. The collaborative working with neighbouring authorities would be part of the implementation process, if any decision is taken to introduce the Proposed Franchising Scheme.
- 8.8.4 The Competition and Markets Authority (CMA) welcomed the Proposed Franchising Scheme creating a single point of contact for customer service in terms of passenger complaints and customer service enquiries (a key function within the future operating

- model). The CMA stated that this, if combined with the appropriate ability for TfGM to take remedial action, could be used to enforce better quality services.
- 8.8.5 There was also support from other stakeholders. The Oxford Road Corridor said that *“TfGM would be able to manage a franchising system irrespective of the Covid-19 impact (Oxford Road Corridor)”*. Other consultees such as Manchester Metropolitan University, Manchester UNISON Branch, The Caribbean and African Health Network and Manchester University Foundation Trust made similar comments in support. There was also strong support from Abellio who responded with *“Abellio agrees with the statement at paragraph 6.2.51 on page 114 that despite the level of uncertainty [created by Covid-19] the proposed approach outlined in the Assessment and the people, processes and system designs that underpin it, provide the correct organisational foundations for enabling TfGM to manage the Proposed Franchising Scheme (PFS) while mitigating potential cost risks”*. Abellio concluded by saying *“To summarise, in Abellio’s view, implementation and transition to a PFS has now become less risky for GMCA as a result of the -19 pandemic and, as such, the PFS has become even more attractive than partnership following the pandemic”*.
- 8.8.6 Rotala and Stagecoach suggested the Covid-19 Impact Report had not demonstrated in enough detail how the future operating model could be implemented, depending on the different outcomes of the Scenarios, particularly Scenario 3.
- 8.8.7 Rotala commented on GMCA’s ability to implement the future operating model particularly if Scenario 3 was the emergent recovery scenario. They stated that *“Rather than saying that GMCA may need to increase resources and modify the processes associated with the implementation of the proposed franchising scheme in the event of scenario 3, GMCA need to explain what this would look like and whether this would even be possible.”* The Covid-19 Impact Report notes that additional resource may be required in the short-term during transition due to the instability in the market. In the longer term as the network stabilises it is envisaged that the required resources would be at or a little above the current level in the TfGM Bus Services Team but with the additional capabilities required to manage franchising and therefore there would be a sufficient level of resourcing. The Covid-19 Impact Report sets out how GMCA would flex resources, using a mixture of permanent and fixed term contracts, to align resource requirements to emerging scenarios.
- 8.8.8 Rotala added that *“GMCA has not explained at all how the processes and capabilities would be modified in the event of scenario 3.”* In Scenario 3 it is envisaged that the process and capabilities largely remain unaltered but it would be prudent to review and determine if they could be delivered in a more cost-effective way with a much-reduced scale of operation. For example, GMCA could seek to consolidate a number of roles and their associated accountabilities into fewer resources. This may require an individual to be skilled in a number of different areas and a training plan would be developed to take on this multi-functional requirement if needed. The re-design of the future operating model will focus on aligning resources to the scale of operation and available budgets whilst ensuring that the processes and capabilities can continue to be delivered effectively and efficiently in managing the franchises.
- 8.8.9 Rotala queried whether the redesign of capabilities and process *“was even possible”*. It is envisaged that the type of re-design indicated above is possible and within relatively short timescales supported by the proposed organisational change programme and utilising the experience of the existing team. The mapped processes provide the blueprint to how flows of work will happen, so the framework is already available to undertake any required redesign of workflows to meet the required outputs. In terms of capacity and capability, the future operating model has been designed to flex between the existing capabilities and

capacity that exist within TfGM while providing a process to build the required new capacity into existing structures. If there is a need to adapt capacity to deal with peaks of workload, the processes can be reviewed and adapted to meet the requirements at that point. As is the principle of agile operating models, using workforce planning would allocate surge capacity as required and remove it when not necessary so that the operating model stays operational but also efficient. Rotala further contended that *“GMCA has not gone into sufficient detail as to how the implementation of the proposed franchising scheme would take place under each scenario.”* The report detailed how the future operating model would flex and adapt its requirements through process redesign and workforce planning depending on the requirements of delivery at that point in time. TfGM considers that this level of detail is appropriate and that should any decision be taken to introduce the Proposed Franchising Scheme, TfGM would supplement this by finalising the change management arrangements and plans and how change will be implemented within TfGM. The detailed design would include how TfGM would respond to the emerging scenarios including Scenario 3 to ensure that flexibility is safeguarded where required. However, any re-design would need to reflect the actual Scenario that emerged as it is unlikely to wholly reflect the Scenarios as described in 3 of this report.

- 8.8.10 Stagecoach has also raised the challenge of emerging alternative models such as DRT (Demand Responsive Transport) and noted that these changes *“could over time predicate a shift in the entire model of public transport delivery in Major cities”*. This risk, or potential opportunity, exists in all options for bus reform. TfGM’s Bus Services Team already manages DRT through services such as Local Link and Ring and Ride. The franchised operations will need to accommodate such a market shift. The advantage that franchised operations have over a commercial or partnership network is that in this specific it would be easier to take a network approach. This shift may require changes in the operating model which GMCA would need to accommodate as it or other market changes occur. The approach detailed in the Assessment and updated in the Covid-19 Impact Report provides the framework and flexibility to allow TfGM to accommodate changes in the operating model such as increased DRT.
- 8.8.11 In summary GMCA considers that the approach described in the Covid-19 Impact Report sets out a flexible approach with an appropriate level of detail on how GMCA would develop and adapt the operating model and address risks with any variant of the recovery scenarios. The proposed flexible recruiting approach articulates how GMCA would respond to emerging economic information and ensure the resources were aligned to the future requirements.

8.9 Theme 8: GMCA has underestimated the complexity of transition and has not allowed sufficient time; it will undoubtedly take longer due to the risk and uncertainty surrounding the impact of Covid-19, leading to an even greater lag in patronage recovery and potential impact upon customers

- 8.9.1 The Assessment set out a planned timetable of 21 months to deliver and implement the first tranche of franchises in the event of a decision to introduce the Proposed Franchising Scheme. This was not changed in the Covid-19 Impact Report. Go North West state in their response to the second consultation *“Transition to a franchising operation would be a very difficult and complex phase and the time period over which transition is implemented will be significantly longer than anticipated by GMCA. The uncertainty created by the Covid-19 pandemic is likely to make this an even longer period with the consequence of even greater uncertainty, resulting in an even greater lag in patronage recovery.”*
- 8.9.2 The implementation of franchising and activities around recovery should not be seen as mutually exclusive and it is expected that these activities should run concurrently. Recovery activity would be required in all options of Bus Reform. Rather than increase uncertainty, the implementation of franchising from a customer perspective helps reduce it as it provides the customer with a vision of a more stable future in terms of the network, a consistent brand and a simplified and integrated fares and ticketing offer.
- 8.9.3 The existing Bus Services Team in TfGM will continue to support on the recovery activities on behalf of GMCA. In addition GMCA identified resources in the Assessment to support the existing Bus Services Team during the transition period as part of operational continuity and to support the planning and specifying of the franchised Network. The existing Bus Services and proposed franchising teams would work together to ensure that the recovery activities and the future franchising requirements are aligned. It is therefore expected that *“an even longer period with the consequence of even greater uncertainty, resulting in an even greater lag in patronage recovery”* could be avoided.
- 8.9.4 Go North West also commented that: *“GMCA states the requirement for organisational change to support future franchising operations has not reduced, yet the level of uncertainty and risk that needs to be managed has increased. The organisation has started on a journey through the ‘Future TfGM’ initiative. This is again evidence of significant additional risk to the Proposed Scheme brought about by the Covid-19 pandemic”* The Assessment recognised the need for organisational change to support the implementation of the future operating model for franchising. The Covid-19 pandemic has accelerated a wider organisational change programme which will support the implementation of Bus Reform, Clean Air Plan and other strategic initiatives. The commencement of the *“Future Ready”* organisational change programme means TfGM will be more responsive to emerging challenges including those presented by the Covid-19 pandemic. The detail behind the Future Ready programme is only now starting to emerge. Should there be a Mayoral decision in favour of franchising the developing organisational change framework would provide the flexibility required to assist in supporting the franchising programme to meet the timescales for implementation of the franchising operating model.
- 8.9.5 Rotala argues for a partnership option stating that *“Manchester bus operators are better placed to deal with an uncertain and rapidly changing bus market due to their experience in the bus industry. As has already been demonstrated by the Manchester bus operators’ response to the impact of Covid-19 on the bus market, they are able to adapt quickly to ensure the continued operation of the bus network when unexpected events occur”*. It is agreed that local knowledge will be vital in the recovery process, which may stretch from

the near term to a period after the first tranche of franchising. However, TfGM would have a role to play in supporting recovery, both in the short term and through any transition phases. In addition, local knowledge would be retained where the local management teams of an operator which was unsuccessful in its bid were transferred to an operator which was successful through the TUPE process.

- 8.9.6 Stagecoach has stated that GMCA *“has greatly underestimated the complexities inherent in attempting to move Greater Manchester to a franchising model, with or without the impact of the pandemic, and has been overly optimistic as to its capability to deliver franchising and manage the risks associated with it.”* They further state, *“One stark example appears in paragraph 2.95 of the Consultation Document; GMCA’s view appears to be that it can meet future requirements no matter what happens in the market. That cannot be right”*.
- 8.9.7 GMCA recognises that transition to franchised operations would be a challenging process with or without the pandemic. This is reflected in the level of investment that GMCA has identified to ensure transition is effectively managed. The comment in section 2.95 of the Consultation Document stated, *“The report considers that TfGM can flex the operating model to meet the future requirements no matter what happens in the market. (higher or lower usage) because of different scenarios.”* This relates to the proposed approach to flexing the operating model which sets out in outline terms how GMCA would respond to changing resource requirements in light of a range of emerging recovery scenarios. TfGM considers that the flexible approach would allow GMCA to change the operating model responding to any of the variant of the recovery scenarios.
- 8.9.8 Stagecoach also state that: *“It is not clear to us that TfGM has the appropriate operational, contract management, and procurement skills and expertise in place to develop and mobilise a large number of franchises in the short period contemplated. It would be unwise to target operators for recruitment of those who do have these skills, as otherwise it could risk the operational delivery of the actual network”*. The Management Case in the Assessment sets out GMCA’s approach to transitioning to and the management of franchised operations. It clearly identifies the resources required to manage the transition to and management of franchised operations. TfGM already has experienced resources within the organisation with the appropriate operational, contract management and procurement expertise to manage existing business as usual operations. TfGM has significant experience of procuring the complex Metrolink Franchises and regularly tenders bus contracts. This resource is not sufficient and may not have all the right skills to meet all the requirements of bus franchising and the Management Case includes significant supplementary resources with the new capabilities that are required to plan the network and manage franchises. GMCA would immediately commence the recruitment of the additional resources with appropriate skills and capabilities for transition if there is a decision to introduce the Proposed Franchising Scheme. The implementation plan allows for a mixture of advisory, contractor and permanent staff during transition to support the procurement and implementation of franchises. The existing Bus Reform Programme Team would continue to support GMCA until all the transition resources are recruited to ensure timescales are maintained. Specialist temporary resources would be recruited to complement existing procurement resources. The recruitment of new temporary and permanent resources to support network planning, contract management and other supporting roles would also commence upon the introduction of franchising. It is envisaged that all roles required to support the first tranche of franchise management will be in post prior to commencement of operations of the first franchises for Sub-Area A and would also support the transition and mobilisation activities as well as future tranche procurements.

In addition to the new resource, TfGM would also implement a capability development plan to ensure existing staff would have the required skills to support franchising. In light of the uncertainty around the Covid-19 recovery scenario the operating model resources would be employed on a mixture of permanent and fixed term contracts. Stagecoach also stated, *“It would be unwise to target operators for the recruitment of those who do have these skills”*. As previously set out at sections 8.3.15 to 8.3.26 above GMCA would recruit from a number of sectors, and not just the bus sector, for resources to support franchise management. It is not TfGM’s intention to target operator resources, but it would remain open to individuals to apply for roles within TfGM if they wished.

- 8.9.9 GMCA also noted the challenges, articulated in the case study shared by Stagecoach, faced in New Zealand by the Regional Authority *“when appointing an independent international expert to design a completely new bus network for the City of Wellington”*. The outcome was a failure to implement the new network as result of several key issues including failing to consult effectively with operators and also undertaking a highly theoretical exercise which failed to understand passenger travel behaviours. At the start of franchising, TfGM would procure broadly the same network as was in place at the point of any Mayoral decision excepting any change resulting from Covid-19. There is no intention in the short term to build a completely new network as was the case in New Zealand. TfGM do, however, recognise the importance of local knowledge, good stakeholder engagement and people with the level of practical expertise which will be an intrinsic part of its approach to any network planning activity. Any significant planned changes that GMCA proposed to make to the network would be demand data and forecast driven and would include engagement with the public operators and the local authorities. All significant planned changes would require the appropriate supporting information to justify decisions that are being proposed and to ensure decisions can be made in a timely manner.
- 8.9.10 A number of operators also made reference to the implementation / transition period having a potential impact on passengers.
- 8.9.11 Go North West commented that *“an extended implementation period of uncertain length”* could adversely affect customers and businesses. They suggest that the impact of the scheme on operators would impact directly on passengers who could be faced with a less secure network and less innovation of the type which requires a longer payback period. They also comment that access to jobs, social care, education, tackling traffic congestion and improving health by getting people out of cars to walk while catching the bus – all depend upon stable bus services.
- 8.9.12 Although the start date is inevitably later than envisaged in the Assessment due to the need to consider the impact of Covid-19 on the proposals, the implementation period has not been extended and the time available for rolling out each of the tranches remains the same. Go North West separately suggests that Covid-19 makes the implementation programme looks *“even more optimistic”*, although no detail is provided to support this assertion. TfGM remains confident that the implementation timescale is appropriate for the reasons explained at section 6.9 of the Commercial Case section – nothing in the period since the Assessment, including the impact of Covid-19 has occurred that has changed TfGM’s previous conclusion regarding the achievability of the implementation programme.
- 8.9.13 OneBus also commented that the impact on passengers during the transition period that is described at section 48 of the Assessment will not be made any better by the impact of Covid-19. They suggest that in the event that *“service economies”* will have to be made on the commercial and supported networks at the same time that a potentially undeveloped Franchised operation commences will inevitably cause confusion. OneBus also notes that

concerns have been raised that when an operator is aware that they have not been successful in gaining a contract they could transfer the better assets away from their operation in GM and replace them with an older Euro VI-compliant fleet to the detriment of customers.

- 8.9.14 Careful consideration would be given to minimise any potential disruption during the transition period by TfGM. It is also worth noting that there are currently no proposals to reduce the size of the network when implementing the Scheme. Furthermore, as set out in the Management Case of the Assessment, during the transition period there would also be additional budgets for marketing and communications with the public during the mobilisation of franchises which will help minimise customer confusion.
- 8.9.15 Regarding the risk that if an operator has not been successful in gaining a contract, they could transfer their better assets away from their operation in GM and replace them with an older (Euro VI) compliant fleet to the detriment of customers, it is firstly worth noting that withdrawing fleet could harm the operators' own GM businesses so it may not necessarily be in their interests to do so. To address the risk of outdated buses and equipment being retained in Greater Manchester through the RV mechanism, TfGM has a series of mitigations summarised at section 6.8.37 of the Commercial Case section.
- 8.9.16 Transport Focus also commented that the prospect of network deterioration during the transition period raises questions about how opportunities to support 'recovery partnerships' can be put to best effect.
- 8.9.17 Section 13 on 'recovery partnerships' notes that the Proposed Franchising Scheme is not an alternative to a 'recovery partnership' and TfGM will work with operators to explore how this could work irrespective of the decision whether or not to proceed with the Proposed Franchising Scheme.
- 8.9.18 In summary TfGM considers that the approach articulated in the Assessment and in the Covid-19 Impact Report for the transition and the implementation of franchising should not result in increased timescales and further delay in patronage recovery and have potential impacts upon passengers. The approach proposed recognises that the implementation of franchising and recovery could happen concurrently and that a combined approach with the operators, existing Bus Services Team and the Franchising Team would be required.

8.10 Theme 9: Treatment of Risk under Covid-19 Scenarios

- 8.10.1 Stagecoach expressed surprise that *“in revisiting the Quantified Risk Analysis assumptions produced as part of the Original Assessment, the quantum was re-assessed but no new risks were introduced as various new risks have arisen since the Original Assessment was first conducted, some of which we have highlighted at section B on the impact of the pandemic.”* Section B identified the impact of the pandemic in particular around loss of patronage, the ongoing impact of lockdowns and highlighted future funding requirements identified by TfL and New York MTA.
- 8.10.2 Transdev have commented that *“Transition is a significant risk given the uncertainty of the future finance model for the bus industry. While this is acknowledged in the report, there is no solution suggested”*.
- 8.10.3 The issues raised by Stagecoach and Transdev are issues for the Do Minimum, partnerships and franchising and are not unique to franchising and therefore should not be addressed through the franchising risk register.
- 8.10.4 The risk register was reviewed as part of the preparation of the Covid-19 Impact Report and addresses risks associated with transition to and management of franchised operation as a consequence of Covid-19. The review concluded that in spite of the issues associated with Covid-19 the existing proposed risk mitigation and risk provisions remained appropriate for transition to and management of franchised operations. Many of the issues associated with Covid-19 from a transitional perspective were considered to be drivers or causes of existing risks rather than new risks per se. This is discussed in further detail at section 5.6.27 of the Economic Case.
- 8.10.5 The broader risks around funding are discussed at section 7 the Financial Case Response and section 13 on 'recovery partnerships'.

8.11 Theme 10: Transition expenditure is unrealistic and poor VFM

- 8.11.1 Stagecoach stated during the second consultation that the transition costs are: *“Unrealistic and poor value for money”*. They go on to state that *“We consider the £65m of the £134m that TfGM states it requires to manage the transition to franchising to be extremely poor value for money – effectively recruiting more people into TfGM without delivering any more buses or enhancements to the network”*.
- 8.11.2 When implementing a scheme of this nature which will generate long-term benefits over a significant period of time it is appropriate that there is a robust well-resourced implementation plan. It is accepted that the £134m is a significant investment. However, these costs include procuring the strategic depots (financing costs only), an 80% QRA risk provision, transition team costs, incremental operating costs during transition, IS Costs, On-bus Equipment and ETM/AVL. This is the investment that GMCA have assessed to be required to ensure that TfGM on behalf of GMCA are able procure, mobilise and manage the franchises. These costs have been put together with input from industry experts and the IS and ITS costs were recently validated through a market sounding exercise. The QRA costs were developed through best practice approaches to risk management and modelled using a Monte Carlo simulation.
- 8.11.3 Having stated that the costs are unrealistic, Stagecoach go on to say £65m of such costs are *“extremely poor value for money”*. This could be interpreted as contradictory. Of the £65m, £25m comprises the direct and indirect franchise management costs over the initial 5-year period. These costs include staff costs and other ongoing operating costs including systems operating costs. During the transition period there would be additional budgets for marketing and communications with the public during the mobilisation of franchises and survey costs to develop additional market insight. The operating budget during transition also includes customer service-related driver training costs.
- 8.11.4 Of the remaining £40m, nearly half (£19.6m) is for IS systems. This is the investment required in systems to support franchise management; this includes procuring new software, modifications required to existing systems and extensive integration with existing TfGM and ITS back-office systems and developing the ticketing proposition. The remaining £20.6m comprise the transition resources and business change budgets. These costs include provisions for; project and programme management, operational continuity and mobilisation resources, a Network Planning and Specification Team, a team to implement the future operating model, the Franchise Procurement Team, legal advice and other specialist advisors. This level of expenditure is commensurate with a change of this scale.
- 8.11.5 Stagecoach questioned *“whether it is appropriate to simply leave the £134.5m figure unchanged between the two Consultations.”* Having reviewed the costs it was considered appropriate that they remain unchanged because the transition activities and proposed implementation plan and timescales were considered appropriate notwithstanding Covid-19.
- 8.11.6 Stagecoach also stated: *“We also question where TfGM will be recruiting these people from and whether it considers any of these resources would transfer under TUPE arrangements from operators. We have no knowledge what these posts are and what they would do, to*

be able to establish if there would be TUPE implications and have not been consulted by GMCA upon this matter”.

- 8.11.7 The future roles that GMCA require have been clearly articulated in the Management Case of the Assessment. As previously stated at section 8.3.6 GMCA have identified up to 25 roles that could transfer through TUPE. These roles predominantly cover customer contact and revenue protection but with some sales and marketing and management roles. If any decision was taken to introduce the Proposed Franchising Scheme, GMCA would engage with the operators to discuss the potential TUPE implications between operators and TfGM. TfGM would need to consult with the operators to determine if staff were “*principally connected*” to franchised services.

8.12 Conclusions

- 8.12.1 In response to the first consultation overall there were more favourable than unfavourable comments on the approach to the transition, implementation and management of the Proposed Franchising Scheme. All responses from statutory and other consultees were reviewed carefully and in detail.
- 8.12.2 In response to the first consultation of the 183 responses to managing franchised operations under the Proposed Franchising Scheme, 73 provided favourable comments while 56 were unfavourable. Of the 14 statutory consultee responses, 6 were favourable and 5 were unfavourable. Those which were unfavourable were mostly bus operators. There were 62 favourable comments from members of the public with 47 unfavourable. Most of the concerns raised focus on the costs and difficulties associated with securing sufficiently qualified staff for the relevant core and support teams. There were also concerns associated with additional management costs. Comments from bus operators were generally unfavourable and operators agreed that the additional required full-time employees would be costly to attract, recruit and train and would ultimately be not sufficient to cover the necessary responsibilities. The members of the public making unfavourable comments were also concerned with costs, affordability and VfM on the proposed approach. Most of the favourable comments from members of the public were on the opportunity to boost employment and that the Proposed Franchising Scheme would give TfGM / GMCA more authority and control of bus services.
- 8.12.3 On the approach to the transition and implementation of the Proposed Franchising Scheme in the first consultation, of the 258 comments, 130 were favourable and 81 unfavourable. Around a third of those statutory consultees which provided comments made favourable ones while around half made unfavourable comments. The main concerns were criticism relating to timescales and lack of time built in for evaluating and reviewing progress during the transition. Others expressed similar opinions that the associated costs had been underestimated. The feasibility of the timescales was the main point from unfavourable comments from members of the public. Favourable comments from non- statutory consultees agreed TfGM would be capable of managing franchised operations throughout transition and implementation and favourable comments from members of the public agreed with the approach and accepted there was a level of risk that would be inevitable in such a change.
- 8.12.4 The Assessment acknowledged the complexity that would be involved during implementation, transition and management of the Proposed Franchising Scheme but also identified sufficient resource and existing capability and processes from which to build on and what was required to be added. Complex areas such as the transfer of staff, staffing requirements, current capability and the need to undertake a wider organisational change have all been planned for and allocated resources. Recognising the complexity of implementation, transition and management of the Proposed Franchising Scheme risk provisions and mitigation plans were included in the Assessment.
- 8.12.5 In conclusion, for the reasons given, there were no challenges arising from the first consultation that required alterations to the Management Case or would impact the ability to deliver the transition, implementation and management of the Proposed Franchising Scheme as outlined
- 8.12.6 In the second consultation overall, there were more positive than negative comments on the approach to the transition, implementation and management of either the Proposed Franchising Scheme or a partnership when considering the impact of Covid-19. Of the 342

participants who made comments about the Management Case the majority 222 made positive comments and 87 made negative comments. Of the 14 responses from previous statutory consultees, 8 were positive and 6 were negative. Most of the concerns raised were about detail on how the operating model would be implemented, particularly if Scenario 3 emerged as the recovery scenario and that the complexity of transition and transition risk had been underestimated. There were also challenges around VfM on the transition cost. The above responses address these concerns.

8.12.7 In the second consultation, there are several issues and comments from the first consultation that were re-iterated; however, the conclusions remain as per the first consultation. The issues raised and addressed were:

- Perceived low salaries
- No provision for additional operator on-street resources
- Reducing salaries and terms and conditions to submit lower-cost bids

8.12.8 In summary, GMCA recognises the risks and challenges resulting from the impact of Covid-19 when implementing and transitioning to any of the options. However, GMCA concluded that despite this risk and uncertainty it would be able to manage the transition and manage the Proposed Franchising Scheme or a partnership option.

8.12.9 In conclusion, for the reasons given, there are no challenges arising as a consequence of Covid-19 that require alterations to the Management Case, other than need for a flexible approach to recruiting resource, or would impact the ability to deliver the transition, implementation and management of the Proposed Franchising Scheme as outlined.

9. Challenges to the audit and assurance processes

9.1 Introduction

- 9.1.1 During the first and second consultation periods, some consultees made comments relating to the auditor's ("GTs") reports on both the Assessment and the Covid-19 Impact Report. This section considers those comments and sets out TfGM's response to the same.

9.2 Flaws in the audit of the Assessment

- 9.2.1 During the first consultation Stagecoach stated (see section 4.1.3 of the HSF legal paper) that there were flaws in the audit process. Section 4.1.3 (A) of the HSF legal paper states that:

"A major gap in the Audit Report is the failure to analyse the assumptions made by GMCA in terms of the transition costs. These are clearly key to affordability. It is unclear how Grant Thornton could have reached its conclusion on affordability without having considered those costs and the funding proposed for them. It is evident that the Act and DfT Guidance require such costs to be audited. This gap in the Audit Report is all the more pertinent given the observations in the Jacobs paper (see page 22) on potential underestimation of transition costs in the Assessment".

- 9.2.2 Stagecoach's response asserted that GT's report had failed to analyse the assumptions made surrounding transition costs but again failed to explain how that was thought to be so. GT's observations letter considered the funding and affordability aspects of the Assessment. It looked specifically at the transition costs and the funding proposed for them in the Assessment and explained how in their view the proposals met the requirements of the Guidance. Stagecoach identified no basis for their contention.

- 9.2.3 Section 4.1.3(B) of the HSF legal paper provides as follows:

"The Audit Report's approach to materiality is incomplete. In summary, Grant Thornton appears to have set the level of materiality for each issue and has considered whether those individual issues would affect its conclusion on the affordability and value for money analysis. While that may well be a reasonable approach, it is incomplete as Grant Thornton do not also carry out an analysis of how all these issues (which may conceivably be just under their materiality threshold) cumulatively impact their overall analysis on affordability and value for money. It is an example of statistical cherry-picking".

- 9.2.4 As required by the audit framework that applied to the engagement of GT as the auditor (the ISAE 3000 (Revised)) and TfGM's instructions, GT were required to consider *"whether uncorrected misstatements are material, individually or in the aggregate"*. GT's audit report confirmed that the Assessment was completed in accordance with the instructions of TfGM and that:

"We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) ...".

- 9.2.5 This means that if GT had considered whether any issues, when considered cumulatively, would have had an impact on its opinion then it would have explained so in its report.

- 9.2.6 For the avoidance of doubt and to provide GT with an opportunity to respond to this point, GMCA invited GT to respond to the issue raised by Stagecoach. The letter was published in

response to the first consultation period, and confirmed that GT did in fact consider the materiality of their findings both individually and in aggregate.

9.2.7 Paragraph 4.1.3 (C) of the HSF legal paper states that:

“The Audit Report omits key issues with the economic and financial cases. Stagecoach’s business response and, in particular, the Jacobs paper provide numerous examples of fundamental flaws in the economic and financial cases. The Audit Report does not appear to reflect these, and that undermines the auditor’s conclusions on both affordability and Value for Money”.

9.2.8 GT’s audit report and observations’ letter set out GT’s views on the Assessment. The fact that Stagecoach or Jacobs may have disagreed with those views does not show either that GT failed to consider anything material or that its opinion was not one that it was not reasonably entitled to reach.

9.2.9 Paragraph 4.1.3(D) of the HSF legal submissions states that:

“The Audit Report could not have legitimately reached the view that the information on which the proposal is based is of sufficient quality. It makes a legitimate observation that the data set used by GMCA is from 2016-17, but it appears to provide no reasons to justify its conclusion that GMCA has been reasonable in doing so (see page 113 of the Consultation Document). The Audit Report acknowledges that more recent information is available. It therefore appears that GMCA has acted unreasonably in relying on data that is nearly four years old. If the fundamental premise of the proposal is that bus patronage is declining, it is essential that GMCA relies on wholly up-to-date data. The DfT Guidance also considers this to be an important factor to be taken into account by the auditor when considering the quality of the data. As it currently stands, the Consultation Document paints an out-of-date picture that should not – and cannot – be the basis for such a major decision with wide-ranging impacts on bus users and operators. It is not relevant whether GMCA has acted ‘reasonably’ – s123D(2)(a) requires the auditor to confirm whether information is of sufficient quality. It cannot be right that an out-of-date data set is considered sufficient quality in a dynamic market”.

9.2.10 GT did consider this issue in its opinion. In its observations letter dated 26th September 2019 it stated that *“Whilst more recent information is now available, we are satisfied that TfGM has acted reasonably in using 2016/17 data given the constraints it faced in collating the information”*. GT had been aware of the process undertaken to obtain information from operators in accordance with section 143A of the Act.

9.2.11 During the second consultation Stagecoach commented that TfGM has failed to adequately respond to its previous representations (as set out above) on the age of data. Stagecoach commented that *“TfGM again characterises Jacobs’...and Stagecoach’s concerns as mere differences of view and fails to engage with all of the criticisms substantively”*. Stagecoach went on to comment that *“it is insufficient to simply note that Grant Thornton has considered it reasonable. This undermines confidence in TfGM’s engagement with consultation responses”*. When preparing its original response to this point in the June 2020 Consultation Report, it was considered important to note that GT had made an observation that TfGM had acted reasonably in using data from 2016/17. Stagecoach in its response to the first consultation had failed to consider this and no further explanation has been given in its response to the second consultation as to why GT was wrong to observe that the use of data from 2016/17 was appropriate.

9.3 Flaws in the assurance work done on the Covid-19 Impact Report

- 9.3.1 As part of Rotala’s response during the second consultation period, they instructed BDO to “carry out a review of the GT November 2020 Report and, where appropriate, provide an independent view of the challenges that can be made to GT’s findings”. BDO provided a report to Rotala (‘BDO’s report’), which was then submitted as an annex to Rotala’s consultation response.
- 9.3.2 Similarly, as part of Stagecoach’s response to the second consultation, Herbert Smith Freehills (HSF) raised in its paper which accompanied Stagecoach’s response (“HSF’s Report”) a number of concerns with GT’s report on the Covid-19 Impact Report. This included, amongst other things and as set out below, comments that GT’s report provided no meaningful assurance and should have been carried out in accordance with the audit requirements of the Act.
- 9.3.3 Both of these responses raise several challenges to the work GT performed, which are outlined in more detail below along with TfGM’s responses to these challenges.

Overall summary of the BDO Report and the HSF Report

- 9.3.4 In their executive summary, BDO summarise that “GT’s conclusions are necessarily subject to fundamental caveats regarding uncertainties and limitations (specifically regarding the impact on potential outcomes of Covid-19) and the scope of the work they have been able to carry out does not include updated financial models which we consider to be fundamental to any assessment of quality of information and analysis. For these reasons, it is not possible to draw any comfort that GT’s final conclusions are sustainable, supported by evidence or meaningful to the reader. We are therefore unable to say whether GT’s overall conclusions are correct or not.”
- 9.3.5 HSF’s Report summarises that “In failing to consider whether the GMCA had due regard to the Franchising Guidance, the GT Report fails to comply both with Grant Thornton’s instructions in the Request for Services and the standards set in s123D TA 2000. Had an auditor been asked to review both the Original Assessment and the Covid Impact Report together, it would have reached the ...conclusion ...that the information and analysis relied upon by the GMCA are of insufficient quality on which to base such a significant decision.”
- 9.3.6 In reviewing BDO’s Report and HSF’s Report, TfGM have identified a number of key issues that they raise with the work undertaken by GT in providing assurance on the approach taken within the Covid-19 Impact Report. TfGM sets these key issues out below and then responds to each in turn.
- 9.3.7 The challenges raised by Rotala and BDO, and Stagecoach and HSF, can be summarised as follows:
- Challenge 1: The scope of work required was not clear or adequate;
 - Challenge 2: Whether an assurance framework should have been used to perform the work;
 - Challenge 3: Whether the review work undertaken supported the conclusions drawn;
 - Challenge 4: Statements about updated financial model;
 - Challenge 5: Absence of specific comments on funding, affordability and risk, and recommendations made during the process have not been detailed; and

- Other points.

Challenge 1: The scope of work required was not clear or adequate

- 9.3.8 At section 3.21 of their Report, BDO state that *“in the absence of reference to legislative or other guidance, it is not clear what work GT was required to carry out and what assurances GT could reasonably have been expected to provide”*.
- 9.3.9 In response, TfGM considers that the scope of GT’s work was clear. The purpose of the Covid-19 Impact Report was (as stated at section 1.1.4) *“to consider the potential impact and effects of Covid-19 on the bus market in Greater Manchester, the options considered in the Assessment and how Covid-19 may impact on the recommendation made in [TfGM’s report on the first consultation] that the Proposed Franchising Scheme would be the best option for reforming the bus market in Greater Manchester.”* The scope of work GT were instructed to perform on the Covid-19 Impact Report was set out in GT’s letter of 19 November 2020 (‘GT’s Letter’), as follows:
- 9.3.10 *“Provide assurance and comment on the overall appropriateness of the approach taken to the Covid Impact Report, and, in particular;*
- whether the approach taken in the Covid-19 Impact Report in considering the affordability and value for money of the Proposed Franchising Scheme in light of the potential impact of Covid-19 is appropriate;
 - whether the information and analysis of that information as contained in the Covid-19 Impact Report on the affordability and value for money of the Proposed Franchising Scheme is of sufficient quality for the purposes of the report; and
 - provide any specific recommendations on how the approach, information or analysis of that information might be improved.
- We also report on those instances where, in preparing the Covid Impact Report, TfGM has departed from the guidance issued under section 123B of the Act on preparing the Assessment (as detailed by TfGM or identified by ourselves) and comment on whether any such departures are appropriate or not given the circumstances”*.
- 9.3.11 As GT stated, its review was not an audit as per the requirements of section 123D of the Transport Act. That is because the Covid-19 Impact Report was not, and did not claim to be, a new assessment prepared under section 123B of the Act.
- 9.3.12 Unlike the work GT performed on the Assessment, which was an assurance engagement in accordance with ISAE 3000 (Revised), the work GT performed on the Covid-19 Impact Report was not an assurance engagement in accordance with ISAE 3000 (Revised) or in accordance with any other formal assurance guidance. Nor was it claimed to be.
- 9.3.13 In summary, as part of the work done to assess the impact of Covid-19 on the conclusions of the Assessment, GT were instructed to provide an independent report on the approach taken by TfGM in preparing the Covid-19 Impact Report in particular with respect to affordability and value for money. TfGM therefore consider it was made sufficiently clear to the reader what work GT were required to carry out and what GT were asked to provide.
- 9.3.14 HSF claim that *“there should have been an audit of the GMCA’s assessment as a whole. In looking only at the Covid Impact Report, Grant Thornton failed to consider whether the*

Original Assessment could still be relied upon and whether there were any omissions in the GMCA's approach."

- 9.3.15 HSF themselves state (in section 4.3.1 of their report) that *"the conclusions of the Original Assessment are used as the starting point for the...analysis [in] the Covid Impact Report"*. Had GT considered that that approach in considering the affordability and value for money of the Proposed Franchising Scheme in the light of the potential impact of Covid-19 was not appropriate, it could not have reached the conclusion it did that the approach taken in the Covid-19 Impact Report was appropriate. Similarly, if GT had considered that there had been any material omissions in the approach in the Covid-19 Impact Report that made it inappropriate, it was able to say so, and was able to make specific recommendations on how the approach could be improved, within its terms of reference.
- 9.3.16 BDO state that: *"In our view, whilst a formal audit may not have been required, GT could, for example, have been instructed to revisit the conclusions drawn in the GT September 2019 Assurance Report and provide comment on whether those assurances were still valid in light of the Covid Impact Report"*.
- 9.3.17 GT stated that its report *"should be read in conjunction with our opinion of the Assessment dated 26 September 2019"*. GT was not asked to conduct a new audit of the Assessment or to revisit its conclusions on the preparation of that Assessment as it was not being amended. The Covid-19 Impact Report was considering *inter alia* how Covid-19 and the potential future scenarios for travel in Greater Manchester may affect the conclusions in the Assessment that the Proposed Franchising Scheme was good value for money and was affordable.

Challenge 2: Whether an assurance framework should have been used to perform the work

- 9.3.18 GT's work on the Covid-19 Impact Report was requested by TfGM in order to provide an independent report on the approach taken by TfGM in preparing the Report and quality of the information and analysis in it. GT were asked to express a professional opinion on those matters. GT were deemed qualified to express such an opinion based on their professional expertise and their experience of both the transport industry and the Bus Reform programme itself, given their previous involvement in the audit of the Assessment.
- 9.3.19 BDO's Report considers whether or not there was any other relevant frameworks that could have assisted GT with its review of the Covid-19 Impact Report. BDO state that *"In the absence of the instruction to carry out an audit on the same terms [as the Assessment], this guidance could not be referenced in relation to GT's work on the Covid Impact Report. No other guidance is referred to. In fact, GT specifically say that the GT November 2020 Report is not based on any formal guidance..."*. BDO therefore query whether, in the absence of following any formal guidance or assurance frameworks, *"It is implicit, therefore, that they [GT] cannot provide any assurance over the financial models referred to in the Covid Impact Report."* BDO go on to state that *"where there is no formal guidance to follow for the work to be carried out, had BDO been instructed, we would most likely consider it appropriate to undertake a non-assurance or Agreed-Upon-Procedures engagement"*.
- 9.3.20 HSF make similar comments in their Report, stating that *"It does not appear to have been conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000"*. They go on to say that in their opinion *"it is unclear why Grant Thornton did not seek*

to conduct its work in compliance with this standard for assurance engagements (or indeed any other)."

- 9.3.21 As noted above, GT did not imply that they had complied with any assurance or other frameworks, rather they explicitly stated that they did not comply with any such framework in their Letter:

"For the avoidance of doubt, our Report does not constitute a statutory audit under the Local Audit and Accountability Act 2014 nor is it either:

- an evaluation of the Covid Impact Report conducted in accordance with auditing standards issued by the Financial Reporting Council;*
- an audit per the requirements of section 123D of the Act; or*
- based on any other formal guidance."*

- 9.3.22 TfGM considers that GT's Letter is clear about the nature of their work and that GT have not sought to mislead the reader of their Letter over the scope and level of assurance they are providing. The conclusions represent its professional view.

- 9.3.23 As outlined above, GT were not required to follow any statutory guidance when reviewing the Covid-19 Impact Report. Whilst BDO state that in their opinion GT should have undertaken the report based on a *"non-assurance or Agreed-Upon-Procedures engagement"* and whilst HSF said that it was unclear why GT did not use the ISAE 3000 guidance, that does not mean that GT were not entitled to express its own professional view on the matters it did.

Challenge 3: Whether the review work undertaken supported the conclusions drawn

- 9.3.24 In its response during the second consultation period Rotala stated that *"Grant Thornton have given no indication of the criteria they have used against which they can measure the approach, information and analysis"*. BDO also challenge the approach taken by GT to the work that they did perform, notwithstanding the challenges around scope and formal guidance discussed above. BDO go on to outline their expectations of what steps it considers should have been undertaken at the outset by GT (para 3.23):

"(a) Agreement of criteria for measurement of appropriateness, sufficiency and quality with TfGM;

(b) Identification of any legal or accounting guidance to follow, reasons for not following any potential relevant guidance explained;

(c) Clarification of what is meant by "for the purposes of the Covid Impact Report";

(d) Agreement on the information that would be made available to GT and the analysis they would carry out."

- 9.3.25 BDO also propose several suggestions as to how they would have performed the assurance work differently, as well as highlighting what they believe to be key omissions from GT's Letter. Based upon the work performed by GT, BDO indicated that they were unsure how GT were able to reach the conclusion it did in their letter dated November 2020. BDO say that *"It is not clear on what basis GT have made these assurances. They have given no indication of the criteria they have used against which they can measure the approach, information and analysis..."*. BDO then say that *"In our view, in the absence of such*

information it is not possible to draw comfort that GT's conclusions are sustainable, supported by evidence or are meaningful."

- 9.3.26 The GT team was comprised of individuals with extensive expertise and experience in their respective fields, including in economic and financial appraisals of transport business cases. Also, the GT team that performed their work on the Covid-19 Impact Report were the same individuals that performed the audit of the original Assessment, and so they had direct knowledge and experience of the Bus Reform project in its entirety. TfGM consider that the team from GT had sufficient knowledge and experience to carry out their work to an appropriate professional standard. Any suggestions by BDO as to how they would have performed the work differently do not mean that what GT did was inappropriate or that GT thought it was inappropriate to undertake the work at all. It was a matter for GT whether it considered that, in the circumstances and having completed its work, it was appropriate for it to provide any conclusions on their work in their letter from November 2020
- 9.3.27 HSF state that GT's Letter *"can in no meaningful sense be said to provide "assurance" over the work which the GMCA has conducted and we have real concerns about the robustness of the process which Grant Thornton followed and the conclusions which it expressed."*
- 9.3.28 HSF go on to make comments on some of the specific conclusions drawn in GT's Letter. These comments include:
- *"The GT Report contains no analysis of whether the information relied upon by the GMCA is of sufficient quality to support the overall conclusion which it expresses on that issue."*
 - *"There is no discussion of whether it might have been possible for the GMCA realistically to procure higher quality information on which to base the findings in its report on affordability and value for money."*
 - *"Nor, contrary to paragraph 1.85 of the Franchising Guidance, is there any consideration of "whether the information used comes from recognised sources", "whether the information used is comprehensive", or "whether the information used is relevant and up to date"."*
 - *"The GT Report does not appear to consider those assumptions. Rather it simply states that "the approach of using scenarios is sensible" and accepts unquestioningly (and without testing) the scenarios which the GMCA has used and the probabilities that the GMCA has ascribed to each."*
- 9.3.29 HSF conclude by asserting that *"We are not aware of any good reason why these matters were not considered and the failure to consider these issues materially undermines the value of the GT Report in providing "assurance" on the GMCA's approach to affordability and value for money"*.
- 9.3.30 In response to HSF's specific comments about the conclusions drawn in GT's Letter, GT were fully aware of what information was used when the Covid-19 Impact Report was developed and the sources of the information used. It was also required to provide any specific recommendations it had on how the information or analysis of that information might be improved. GT came to the conclusion that *"the information and analysis of that information" was "of sufficient quality for the purposes of the Covid Impact Report"*, whilst

recognising the significant uncertainty. That was an opinion which it was qualified to form. The Scenarios were part of the analysis used.

Challenge 4: Statements about updated financial model

- 9.3.31 BDO raised concerns over the fact that GT commented they did not review any updated financial models. BDO say that *“GT have specifically said that it has not undertaken a review of the financial models included in the Covid Impact Report which we consider would be key in order to draw any meaningful conclusions on affordability and value for money”*. This point was also made by Rotala in its consultation response. BDO then acknowledge at section 3.7 of their report, however, that *“the financial models prepared for the Assessment in September 2019 were never, in fact, updated by TfGM”*. BDO conclude at section 3.10 that *“This potentially undermines the value of GT’s overall conclusions on the matters it has been instructed to address and the assurances it has provided.”*
- 9.3.32 BDO highlight the wording used in GT’s Letter that states GT have *“not undertaken any review of the financial models which have been updated to produce the Covid Impact Report”*. BDO assert that this *“suggests that they [GT] understood that the financial models had been updated for the Covid Impact Report, but were not reviewed by them.”*. This was not the case, as GT were made aware that no updates had been made to the financial models whilst they were carrying out their work, and which is also made clear at section 5.1.7 of the Report, which states that the work done was a *“high-level description, informed by impact analysis where possible and relevant, and do not constitute a specific reforecast of the income, cost and risks of the Proposed Franchising Scheme”*.
- 9.3.33 HSF make the same observation in their Report, noting the wording used in GT’s Letter that they have *“not undertaken any review of the financial models which have been updated to produce the Covid Impact Report”*, and comment that *“Despite this apparently clear statement that the financial models were updated in order to produce the Covid Impact Report, in the 31 December Annex the GMCA explained that they were not”*. HSF go on to state that *“It is regrettable that the GT Report does not appear to have considered the “mathematical and modelling accuracy” of that work (per paragraph 1.85 of the Franchising Guidance). Without doing so, the GT Report can provide no meaningful assurance of the accuracy and robustness of the work which the GMCA has undertaken.”*
- 9.3.34 TfGM set out at section 3.3.8, 3.3.10 and 5.1.7 of the Covid-19 Impact Report that the financial and economic models from the Assessment were not updated for the Report. In fact, a number of consultees, including Rotala (and their advisors Oxera with reference to the construction of scenarios) reference this in their responses. The reasons are explained at the same sections of the Covid-19 Impact Report noted above. GT accepted that this was an appropriate approach taken in the Covid-19 Impact Report considering the affordability and value for money of the Proposed Franchising Scheme in the light of the potential impact of Covid-19 was appropriate in the context, as it noted both in relation to affordability and value for money, of the information available. In particular GT stated, *“the approach taken to considering the affordability in the Proposed Franchising Scheme appears to be appropriate in the context of the limited amount of information available to TfGM on which to prepare detailed analysis”*.
- 9.3.35 In a note sent by GT to TfGM in December 2020, GT clarified that they were aware that the models had not be updated but wanted the reader to be clear that GT had not undertaken any financial model review beyond what they had undertaken during the original audit. They clarified the comment in their letter that that they had *“not undertaken any review of the financial models which have been updated to produce the Covid Impact Report”* by

stating that *“For the avoidance of doubt, we were not suggesting that the financial model developed for the initial assessment had been updated, rather that we had not performed any model audit or assurance on the logic or arithmetic integrity of either the financial model or any other spreadsheet analysis developed to assess the impact of the four scenarios on the financial and economic cases.”*

- 9.3.36 In response to HSF’s comment that GT have not considered the mathematical and modelling accuracy of the analysis done for the Covid-19 Impact Report, TfGM note that any mathematical analysis done for the Covid-19 Impact Report was simple spreadsheets with no complex modelling. Therefore, there was no value in GT auditing the mathematical accuracy of these spreadsheets, as noted in their December 2020 clarification quoted above.

Challenge 5: Absence of specific comments on funding, affordability and risk, and recommendations made during the process have not been detailed

- 9.3.37 BDO raised concern that GT have not outlined in their November 2020 letter the specific recommendations made to TfGM during the process of reviewing the Covid-19 Impact Report. BDO state at section 3.25 their report that *“With regard to the instruction to provide recommendations on the approach (as referred to in paragraph 3.7 (c) above), we note that GT have not provided any detail on recommendations made by them, if any in the GT November 2020 Report. Accordingly, at this stage, we cannot comment on the appropriateness of any recommendations made by GT and, therefore, the extent that GT have fulfilled the requirement of this instruction.”*

- 9.3.38 GT’s Letter states that *“Our review has been an iterative process and we have corresponded with TfGM over a number of versions of the Covid Impact Report and any suggestions and recommendations we have made have been reflected in the final version reviewed.”* This clearly explains that any specific comments and recommendations GT made during the process were reflected in the final published Covid-19 Impact Report, and it is therefore reasonable to assume that if GT had any remaining concerns with or recommendations on the Report, they would have expressed these in their letter from November 2020.

- 9.3.39 HSF also queried whether *“the other observations included in the GT Report are safe”* for a number of reasons.

- 9.3.40 First, they criticise GT for stating that there was no statutory guidance issued under section 123B of the Act which considered how an assessment should address the impact of a global pandemic. That is factually true. It was therefore correct for GT to note in their Letter that *“As there is no guidance that TfGM could follow, we have not been able to report in this regard”*. HSF say that *“the Franchising Guidance is intended to apply to all circumstances where a bus franchising scheme under the TA 2000 is being proposed, and it applies equally to assessments and to any updates to those assessments”*. TfGM does not consider that this is correct. Section 123B(5) of the Act provides that *“the Secretary of State must issue guidance concerning the preparation of an assessment under this section”*. Since the Covid-19 Impact Report was not an assessment of the proposed scheme prepared under section 123B of the Act, it follows that there was no statutory requirement to have regard to the guidance that had been issued when preparing the Covid-19 Impact Report.

- 9.3.41 HSF also assert that *“In a number of respects, the GT Report appears to accept unquestioningly the propositions put forward by the GMCA. By way of example, the section on risk in the GT Report records that the GMCA has updated “the probability of some of the risks occurring”. This appears to accept the GMCA’s premise that it is only the probabilities*

of the risks which would need to change, rather than, for instance, considering whether any new risks might need to be incorporated.”

- 9.3.42 The fact that GT may record something without criticising it or expressing its own view on it does not mean that it has unquestioningly accepted anything. In response to HSF’s comments on risk, for example, as part of the iterative process that was followed, GT did review and engage with the team who had undertaken the work to update the risk registers for the Covid-19 Impact Report. GT then reviewed the amendments in the risk registers, which included updates to both the probability and impact of each risk where necessary as opposed to HSF’s comment that only the probabilities were updated. If GT had any further recommendations or comments that hadn’t been addressed in the Covid-19 Impact Report, they would have outlined these in their November 2020 Letter.

Other points

Timing

- 9.3.43 Section 3.27 of BDO’s Report states *“More generally, we would also have expected GT to have provided recommendations on the appropriateness of the timing of preparing the Covid Impact Report given the remaining uncertainty associated with Covid-19. We are unable to say whether GT did make such a recommendation and that it was ignored by TfGM, or whether they made no comment on timing. GT do not comment on the rationality of the timing of the current process, which we understand to be the subject of separate proceedings.”*
- 9.3.44 GT’s Letter clearly states *“We note that TfGM has set out its rationale for why a decision to proceed with the scheme is still appropriate now, in this period of uncertainty. In summary, TfGM explains that the franchising scheme is a central pillar of the Greater Manchester Transport Strategy 2040 and a failure to move forward now would have longer term consequences on the delivery of this overall strategy. Whilst we accept this is a reasonable argument to make, we highlight here, and specifically in the sections below, that the Covid-19 pandemic has created significant uncertainty and therefore has not allowed for as accurate forecasting as was previously the case. TfGM accepts this principle and accepts that in choosing to proceed now the risk has increased that the outturn position may be materially different from the central case previously set out in the Assessment.”*
- 9.3.45 GT therefore did make a comment on the appropriateness of the timing of preparing the Covid-19 Impact Report, stating that they considered it is *“a reasonable argument to make”* by TfGM that the timing is appropriate even with the significant uncertainty created by the Covid-19 pandemic. It should also be noted that this did not affect GT’s conclusions that the approach taken in the Covid-19 Impact Report was appropriate and that the information and analysis of that information, whilst *“recognising the uncertainty and difficulty in forecasting in the current environment”*, was appropriate.

Mitigations

- 9.3.46 Section 3.35 of BDO’s Report states *“Similarly, no comment or assurance is given as to the accuracy of the mitigation calculations or the extent to which they would be sufficient to address revenue loss and under which specific scenarios.”*
- 9.3.47 GT’s Letter clearly states, *“we note that the potential value of the mitigations suggests that they would be sufficient to manage the farebox revenue downside in most scenarios, if implemented successfully.”* Whilst it is correct that GT (as noted at section 9.3.36 above) did not perform a check on the mathematical accuracy of the simple spreadsheet used to

sum the mitigations, they did review the approach to developing the mitigations, the assumptions made as to the levels and availability of such mitigations, and therefore the reasonableness of the approach taken.

Further information sought

9.3.48 As well as providing its findings, BDO set out at Appendix 2 of its report a list of further questions and information. These matters could have been raised by Rotala during the consultation period, in which case they would have been responded to by GMCA. Rotala did not request this further information or clarifications, despite the fact that BDO's report was dated 22 January 2021 (which was one week before the end of the consultation) and the fact that BDO do state that "*...and the latest information made available to us at the completion of our work on 18 January 2021*" (which was 11 days before the end of the consultation).

9.4 Conclusion

9.4.1 In conclusion TfGM do not agree that the respondees have shown either that GT failed to consider anything material or that its opinion was not one that they were reasonably entitled to reach when carrying out their audit of the Assessment. Further, with regard to the criticisms of the approach to the assurance review of the Covid-19 Impact Report made in response during the second consultation period, it is not accepted that a further audit report was required under s123D of the Act, but rather that reliance can be placed on the Covid-19 Impact Report and GT's assurance of it.

10. OneBus' Partnership Plus partnership offer

10.1 Introduction

Background

- 10.1.1 As required by the Act, in preparing its Assessment of a Proposed Franchising Scheme on behalf of GMCA, TfGM were required to compare the Proposed Franchising Scheme with other options. An extensive amount of engagement took place with OneBus and its members in order to consider what could be achieved under a partnership option. At the point the Assessment was completed, TfGM had held approximately 50 meetings with OneBus and its members. TfGM used the outputs of this extensive engagement (the Operator Proposed Partnership) to compare the Proposed Franchising Scheme against that partnership option). In their response to the first consultation, OneBus stated that they were not told at the time the Assessment was concluded and that this was being considered as their best and final offer. This claim has been addressed within section 4.10.4.
- 10.1.2 In the Assessment, TfGM also considered an "Ambitious Partnership" option which detailed TfGM's view of what more could be done under a partnership, albeit using an Enhanced Partnership Scheme (EPS). The Ambitious Partnership was therefore used to assess what theoretically, at best, could be delivered through a partnership.
- 10.1.3 Although the Assessment had been completed and been subject to an audit, at the time of the first consultation discussions with OneBus and its members on partnerships continued to take place in early 2020, with more than 40 meetings taking place with the operators after completion of the Assessment until early 2020. During this period, TfGM continued to engage with the operators in an attempt to develop their proposals further. That engagement included developing a number of key commercial principles for the VPA and considering how these would work in practice under a partnership. Engagement also continued with the respective parties' legal advisors, as the VPA drafting continued, to reflect discussions held with the operators.
- 10.1.4 As part of its consultation response to the first consultation, OneBus submitted an updated version of the partnership offer previously discussed with TfGM. This was described as "*an improved Partnership offer*" and referred to as "Partnership Plus". TfGM reviewed the Partnership Plus offer, and sought clarification on a number of matters, given that, in the main, the level of detail provided for the new commitments was relatively low and a number of the commitments could be described at best, as 'commitments to commit'.
- 10.1.5 The purpose of this section is to detail TfGM's review of the Partnership Plus proposal, which was put forward by OneBus in its response to the first consultation. In reviewing the Partnership Proposal, the same structure as the Assessment is used below.

Nature of the proposals

- 10.1.6 OneBus stated that its proposals for a VPA for an initial period of five years are "*designed to deliver the changes that communities, customers and politicians want to see, without the need for extra public funds and delays that franchising brings.*" The proposals highlighted in bold below (a consolidated summary of points taken directly from the Partnership Plus proposal) indicated that these are some of the additional proposals provided to TfGM as part of the first consultation response, which is therefore different to

the Operator Proposed Partnership that was considered in the Assessment. The remaining text re-confirms previous commitments.

- 10.1.7 To provide better journeys, operators would sign up to a performance regime and regular audits, with financial penalties for failure; work with GMCA and TfGM to allocate resources where they will best improve service; to review bus stops to ensure that they are as close to Metrolink and busy rail stations as possible; to identify congestion hotspots and interventions; provide 450 new buses in the first three years, maintain a seven-year average bus age, and add 30 extra buses to the network; recruit additional customer service staff to provide a single point of contact; give drivers further training on customer care; brand buses to identify where they can take a customer; and work with the authorities to make sure passengers receive information that is comprehensive, consistent and easily understood.
- 10.1.8 To provide better value for passengers operators would fund the staff needed to operate the refreshed bus network; set up a profit share scheme to allocate a share of the benefits to improving services; simplify multi-operator tickets, introduce a clear simplified fare structure and retain single operator tickets for those that require them; work with local authorities to deliver contactless payment technology, with daily and weekly capping, similar to London; and give those coming off Our Pass an opportunity to sign up for half-fare discounts for up to six months.
- 10.1.9 OneBus stated that their proposal, to be funded through “*operator revenue and public sector funding*” (but without any “*increase in council tax*”), would deliver simpler, “*more cost-effective ticketing systems across Greater Manchester; new, faster and more reliable routes; more convenient bus stops; better-equipped buses; less congestion; greener buses; better air quality; ticketing inspectors to reduce fare evasions and more staff to support passengers wherever they want to go*”. To maximise the benefits, OneBus said that they required “*measures to address congestion on the road network*”.
- 10.1.10 As noted above, the Partnership Plus proposal contained a mixture of commitments, some which were new proposals (at the time of the first consultation) and some of which were previous commitments. This section of the report will focus on the new, “Plus,” elements of Partnership Plus, or anything incremental to the partnership considered in the Assessment. Commitments that were previously discussed with TfGM and have not changed since the Assessment, are not considered in further detail in this section of the report.
- 10.1.11 In terms of the mechanism for delivery of Partnership Plus, there are no changes to what was understood at the time of the Assessment, i.e. the operators’ preferred delivery mechanism was via a VPA, initially for a term of five years. At the stage of expiration of the partnership it could be renegotiated, a new partnership agreed, or operators could choose to return to the previous, wholly unregulated market. The partnership would cover the whole of Greater Manchester, and as stated on the front of the Partnership Plus brochure, would be “*supported by bus operators including Arriva, Centrebus, D&G Bus, First, Go North West, High Peak Buses, Jim Stones Coaches* (note that they ceased trading on 18 April 2020), *Transdev, R. Bullock & Co, Rotala – Diamond Bus North West and Stagecoach*”.

Structure of document

- 10.1.12 The rest of this section will consider the Partnership Plus proposal and its implications on the five-case model used in the Assessment, i.e. Strategic Case, Economic Case,

Commercial Case, Financial Case and Management Case. It will also consider any legal considerations in relation to the proposal.

10.1.13 The sections are as follows:

- Section 10.2 – Strategic Implications;
- Section 10.3 – Economic Implications;
- Section 10.4 – Commercial Implications;
- Section 10.5 – Financial Implications;
- Section 10.6 – Management Implications;
- Section 10.7 – Legal and other considerations;
- Section 10.8 – Further review of proposal; and
- Section 10.9 – Conclusion.

10.2 Strategic Implications

Introduction

- 10.2.1 This section sets out the extent to which the aspects of the Partnership Plus proposal, which differ from those considered under the Operator Proposed Partnership in the Assessment, are likely to achieve GMCA’s objectives. GMCA’s objectives are derived from policies in the Local Transport Plan and other adopted policies, and, therefore, achieving these objectives illustrates the extent to which the Partnership Plus proposal would contribute to the implementation of these policies. This section follows a similar method to that shown at section 9 of the Strategic Case of the Assessment. Under each objective the relevant proposals from the OneBus Partnership Plus proposal are listed, the text then goes on to evaluate those that are considered “new” or have altered since the Assessment was finalised, i.e. the proposals that differ from those considered as part of the Operator Proposed Partnership in the Assessment.
- 10.2.2 It is worth noting that, at the time of the Partnership Plus proposal being put forward by OneBus in its response to the first consultation, the operators’ preferred mechanism for delivering the Partnership Plus was via a VPA for an initial period of five years. There was no guarantee that this would include all of the operators in the market, given it is a voluntary agreement and the operators within Greater Manchester would have a choice as to whether they would choose to sign up to the VPA or not. Therefore, across all of the objectives, the extent to which they would be met and continue to be achieved would also have depended upon the percentage of operators within Greater Manchester that would sign up to the VPA and what might happen after its five-year period. This was recognised by The University of Manchester in their response to Question 36 of the first consultation, as they stated that there is no guarantee that operators will stay in a partnership over a long-term period unless legally bound to do so.

Network

1. Reach and stability of the bus network
Objective
<ul style="list-style-type: none"> • Comprehensive network • Simple network • Frequent services • Direct services • Stable network • Responsive network <p>Accessibility improves by comparison with the scale of the network within three years; continued improvement to 2040.</p> <p>Improvement in simplicity of the network within three years of intervention.</p>

- 10.2.3 Relevant proposals, taken directly from the OneBus proposal and a supporting word document (which was provided by OneBus and considered as part of their first consultation response), stated that:
- The network would be planned with GMCA and, using a percentage of incremental profits from highway interventions that improve bus services, OneBus would work with TfGM to identify where this value could be used to meet agreed network deficiencies;

- This proactive, positive partnership would quickly deliver new, faster and more reliable routes;
- Operators would fund the staff needed to operate the refreshed bus network directly from existing revenue; and
- The bus operators have agreed to provide 30 extra buses, to be used on a mix of 'kickstart' style services and to reinforce the existing network, on a basis that would be agreed locally in each district. The stated intention is to improve connectivity by trialling new services and links that can be grown into new, self-sustaining services while improving connectivity across Greater Manchester.

10.2.4 New Proposals: The principle of a profit-share scheme mechanism to allocate a share of benefits back into improving services further and the provision of 30 extra buses were considered new proposals under Partnership Plus and are discussed further below.

10.2.5 Likely extent of network improvements: Performing a systematic review of the network to ensure sufficient deployment of bus resources (which may include delivery of new, faster and more reliable routes) was considered in the Assessment. Comments noted by consultees during the first consultation in relation to the network included Arriva, who noted that a partnership would improve the bus network in the most effective way possible while delivering VfM and significant benefits. First also stated in their response to the first consultation that assuming more change to the network can occur under franchising than under a partnership is speculative and that there are no restrictions on what could be agreed under a partnership. Go North West also stated in their first consultation response that the ways in which a partnership model could achieve the network objectives has been underestimated.

10.2.6 Since the finalisation of the Assessment, TfGM continued to engage with operators to refine the network review process, completing the proof of concept for services in the Tameside area. The fundamental principles of the network review have not changed since the Assessment. Nothing further in terms of specific new proposals have been provided as part of Partnership Plus in relation to the network reviews. Comments made by consultees in relation to the extent of network changes achievable under a partnership have been considered. Insufficient reason has been found, however, to change the implications and benefits appraisals included within the Assessment. Operators would still be facing competing commercial pressures under a partnership environment, and they may not be aligned in their views, therefore, on what changes are necessary, and there would not be any redistribution of resources between operators under a partnership.

10.2.7 Profit share schemes mechanism: Operators offered that a percentage of incremental profits derived by operators from specific interventions to improve the bus network, e.g. infrastructure, would be put back into the partnership, and there would be management of a partnership fund to further improve services. This may go some way to improving the network and meeting the objective noted above for reach and stability of the network by improving network deficiencies. However, the mechanics have not been worked through, and there are, therefore, a number of uncertainties around how the incremental profit arising from the specific interventions would be identified, measured, realised and used. This is considered further at sections 10.2.73, 10.3.51 and 10.5.17 below. When this would likely be achieved, and its anticipated value is not known.

10.2.8 Provision of 30 extra buses: It was proposed that operators would fund the additional buses based broadly on their proportion of market share. Whilst this would help GMCA

achieve their objective of a comprehensive network, potentially allowing for more frequent services, the proposal was unclear as to how the deployment of these 30 extra buses across the network would be monitored throughout the duration of the VPA. The operators have indicated that the agreed process for performing a network review would be used to facilitate the decision of where these buses would initially be deployed.

- 10.2.9 Whilst the deployment of the 30 buses could lead to passenger benefits, this exercise would be bound by the limitations of a commercial network run by individual operators and rules around competition. This is explained in more detail in the Network Supporting Paper. The operators proposed a mechanism to demonstrate that there would always be an incremental 30 additional buses across the Greater Manchester network. They have provided a very simple formula: the peak vehicle requirement plus 30 buses. No further detail was provided around how the peak vehicle requirement would be identified. Despite the intention that this would be fixed at the outset of the VPA, concerns were raised with the operators that there would inevitably be marginal changes in the overall fleet provided across Greater Manchester and that the new buses may merely replace the buses on services which will be deregistered. There is also concern that the requirement for new or improved services would not necessarily be in the same area as the operator willing to provide the new buses. For these reasons, there is difficulty in identifying the additional resource introduced over time, given the likely changes and competing commercial pressures in the market. It is therefore not possible to assume this commitment would lead to an improvement in the reach and stability of the network within three years.
- 10.2.10 During the first consultation, OneBus proposed that the VPA would be for an initial term of five years, and there would be some benefits recognised within this timeframe as a result of the additional 30 buses. However, noting the objective above of “continued improvement to 2040”, there is little assurance that this would occur under a VPA given there is further uncertainty beyond the initial five-year period.

Network Conclusions

- 10.2.11 The conclusions of the Partnership Plus offer in terms of GMCA’s objective to have a comprehensive and stable network are as follows:
- Potential reduced network change compared with franchising, leading to less progress towards achieving a comprehensive, simple, frequent, direct, stable and responsive network;
 - Limited potential benefits compared with the Proposed Franchising Scheme in respect of the objectives and continuation through to 2040; and
 - Potential value and realisation of profits under the proposed profit share schemes is uncertain.

2. Integration and efficiency
Objective
<ul style="list-style-type: none"> • Integrated within itself, planned as a single network within one year of intervention. • Efficient deployment of bus resources, with frequencies appropriate to demand levels • Integrated with other transport, particularly public transport
Improvement in measures of efficiency within three years of an intervention
Benchmarking of Greater Manchester network by 2040

10.2.12 Relevant proposals taken from the Partnership Plus offer included:

- Working with TfGM, bus services would be revised to call at new bus stops sited as close as possible to Metrolink stations and heavy rail stations to improve interchange and connectivity; and
- This proactive, positive partnership would quickly deliver more convenient bus stops.

10.2.13 New Proposals: The proposals under Partnership Plus in relation to bus stops were new and therefore were not accounted for under either the Operator Proposed Partnership or the Ambitious Partnership option in the Assessment.

10.2.14 More convenient bus stops: It is worth noting that TfGM works with the relevant highway authority to renew and improve the siting of bus stops, including those adjacent to the transport modes. Previous programmes and initiatives have seen work in this regard, and such work is likely to continue, irrespective of any regulatory model or regime. TfGM has a process in place for determining bus stop locations. This was explored with operators through the continued engagement with operators on developing the partnership option during the preparation of the Assessment, and operators confirmed that they felt the process was adequate. Operators’ input, whilst always welcome, is very limited as they do not have any powers in this regard.

10.2.15 Value of relocating bus stops to be as close as possible to Metrolink and heavy rail stations: Whilst this would go some way to improving the integration of the bus network with other public transport, the total benefit of such a proposal is unclear without simultaneous commitments to introduce multi-modal ticketing across different public transport services. Simply locating bus stops closer to other public transport stations would not in itself guarantee an increase in the use of these other public transport modes. The details of where the new bus stops would be located is also not provided, and operators indicated that the process and approach for this review would be picked up by the network working group under a partnership. Therefore, at this stage, there is not currently a process in place to perform this review, and any proposed changes would entail a cost-benefit analysis, additional resources and a separate business case.

Network Conclusions

10.2.16 The conclusions of the Partnership Plus offer in terms of GMCA’s objective to have an integrated and efficient network are as follows:

- The extent to which bus stops would be relocated and the value of the offer is unknown. The location of bus stops is only part of the solution when it comes to providing an integrated network, for example, planning and timing of services between modes

would also be a contributing factor that would not be met under partnership to the same extent they could be under the Proposed Franchising Scheme; and

- The extent to which integration with other transport, particularly public transport, would be increased over what would otherwise occur is not altered from the conclusions drawn in the Assessment. Given that the network would still remain composed of multiple networks under Partnership Plus, the objective of changing the integration of the network and its planning as a single network within a year would not be met.

3. Quality of service provided – reliability of the service
Objective
A high standard of reliability (whether the services run), punctuality (whether scheduled services are on time) and regularity (whether frequent services come at the stated intervals) is maintained across the network.
Reliability, punctuality, regularity of services improves within three years of an intervention; improvement continues year on year.
The bus service provides journeys that take as short a time as possible given the distance and the nature of the journey.
Speed of bus journeys stabilises or improves in each year; no deterioration within three years of intervention.

10.2.17 Relevant proposals taken from the Partnership Plus offer included:

- Introduction of a joint process to identify congestion hotspots with interventions to increase bus speeds;
- Consistent, comprehensive and easily understood information provision, with additional resources to monitor and manage performance;
- GMCA and TfGM would work together to allocate resources where they would best improve the service;
- Consistent service standards across all operators with regular audits;
- Operators agreed to sign up to a performance regime and regular audits. If the operators fail to perform, there would be financial penalties; and
- Introduction of some form of liquidated damages for significant breach by any party.

10.2.18 New Proposals: Other than the introduction of some form of liquidated damages, the above proposals are reconfirmations of commitments made in the Operator Proposed Partnership included in the Assessment and do not provide anything materially new. Under the Operator Proposed Partnership considered in the Assessment, the operators had welcomed the idea of having a performance regime in the form of “Measures of Success”. However, the details had not been finalised. Therefore, the Partnership Plus offer and the engagement with operators since the Assessment has further developed the idea of this and of there being regular audits to monitor performance.

10.2.19 The VPA would include key performance indicators (KPIs). Whilst operators included a performance regime as part of their Partnership Plus commitments, along with regular

audits of performance, the details of how the performance regime would work have not been agreed upon and finalised by operators. It would be up to operators to determine how to meet such targets, what the targets would be and how performance should be measured against the agreed targets. Operators have a commercial incentive to perform well in any event. It is unclear, therefore, whether this regime would provide for significant improvements that would not otherwise occur.

- 10.2.20 Liquidated Damages: as part of the Partnership Plus proposal, operators are proposing to use a liquidated damages mechanism to sanction any significant breach by any party and to incentivise and penalise operators for failure to perform against their commitments. It is likely to be used in conjunction with a broader KPI regime that would be primarily used to monitor performance as noted above. The details of the liquidated damages mechanism, including what performance issues it would be linked to, are not yet finalised and continue to be developed by operators. It is likely to be linked, however, to five or six key KPIs. Careful drafting would be needed in the VPA to ensure appropriate and effective assigning of responsibility or any failure to meet a KPI. Any penalties would negatively impact the operator's bottom line. Moreover, as discussed in the commercial implications section, there are legal difficulties in enforcing any terms which may be classified as a penalty. Liquidated damages and the associated legal limitations are discussed further in the commercial implications section below.
- 10.2.21 Overall, the introduction of liquidated damages does not alter the conclusion reached in the Assessment, which was that a great improvement in reliability, punctuality and regularity of services is unlikely to be achieved within three years of the introduction of the partnership and maintained thereafter. The conclusions made in the Assessment at section 9.2.20 in relation to punctuality remain unchanged.
- 10.2.22 The Ambitious Partnership in the Assessment considered a potentially stronger remedial process than the Operator Proposed Partnership. It was not clear at the time the Assessment was written what this would look like, but it is likely to be similar to that proposed under Partnership Plus and would therefore remain effectively voluntary.

Network Conclusions

- 10.2.23 The conclusions of the Partnership Plus offer in terms of GMCA's objective to have a reliable service are as follows:
- The nature of the proposals leads to uncertainty that there would be significant improvements beyond the current status quo given the limited impact and meaningfulness of a performance regime and of financial sanctions under a voluntary partnership agreement.

4. Harmful emissions from buses are reduced and CO₂ emissions from buses are reduced.
Objective
<p>Harmful emissions such as NO₂ and particulate matter together with CO₂ from buses are reduced.</p> <p>All buses are Euro VI standard or better sooner than the current predicted date of 2030 (including alternative fuel) across Greater Manchester, with an aim of achieving it by 2024 (the date Greater Manchester anticipates meeting the legal limits for NO₂)</p> <p>All buses should conform to any required standards of a Clean Air Zone to the extent that this is implemented.</p>

10.2.24 Relevant proposals taken from the Partnership Plus offer included:

- Operators would renew their fleets to maintain the seven-year average age with at least 450 new buses over the first three years of the partnership, and these would be the greenest ever seen on our roads. These buses would feature additional standard equipment as may be determined as part of GMCA’s clean air plan, which has recently been consulted upon by GMCA; and
- This proactive, positive partnership would quickly deliver greener buses.

10.2.25 New Proposals: The above proposals which form part of the Partnership Plus offer have been considered. However, they do not provide anything new compared with what had already been assessed under the Operator Proposed Partnership option in the Assessment. No reason has been found to change the appraisal given to these commitments in the Assessment. The Ambitious Partnership option went further than the Operator Proposed Partnership and considered that minimum standards for fleet or stronger commitments to invest in new vehicles to improve air quality or reduce CO₂ emissions could be included as part of an EPS.

Network Conclusions

10.2.26 The conclusions of the Partnership Plus offer in terms of GMCA’s objective to reduce harmful emissions are as follows:

- No further conclusions were drawn compared with what has been considered in the Assessment.

Fares and Ticketing

5. Integrated and simple fares
Objective
<p>The fares system is simple to understand and convenient to use:</p> <ul style="list-style-type: none"> • Period tickets should be valid on any bus service within one year of an intervention. • There should be equivalent period tickets covering bus and Metrolink within one year of intervention and, in time, local rail services in Greater Manchester. • Single fares should be standardised so that there are similar fares for similar journeys within one year of intervention.

10.2.27 Relevant proposals taken from the Partnership Plus offer included:

- All multi-operator period tickets (e.g. day or week) would be valid on all buses within Greater Manchester;
- Operator own tickets would be simplified to a single suite to offer better VfM;
- Introduce a clear, simplified fare structure;
- Universal ticket and fares structure across Greater Manchester and a significant reduction in the number of tickets available; and
- 1.5% of operator bus-only GMTL turnover be pooled promoting only 'all operator' (bus-only) products.

10.2.28 New Proposals: The first four proposals listed above do not differ from what has been assessed under the Operator Proposed Partnership option in the Assessment. With regards to the commitment to pool a percentage of turnover to be used for marketing multi-operator products, the amount considered in the Assessment was 1%. This commitment increased to 1.5% and is considered in further detail below. The Ambitious Partnership considered in the Assessment went further than the Operator Proposed Partnership and Partnership Plus such that the provisions under an EPS could be used to allow requirements as to the price of multi-operator tickets to be set.

10.2.29 Greater emphasis on an all-operator ticket: Through ongoing discussions with the operators since the finalisation of the Assessment, operators have indicated that, while their own tickets would continue to be available, more emphasis would be placed on the all-operator ticket by using 1.5% of operator bus-only GMTL turnover to promote multi-operator products. The marketing budget for GMTL products as at July 2019 was c. £385k and 0.86% of turnover. It is worth noting that OneBus and its members had previously committed to increasing the 0.86% marketing budget to 1% at the time the Assessment was finalised. Therefore, the increase of the commitment from 1% to 1.5% would result in an additional increase of c. £224k and a total budget of c. £672k. This increased marketing spend could encourage more people to purchase System One tickets. However, operators would retain and continue to promote their own period tickets at the same time.

10.2.30 In addition to the above proposals, TfGM have also considered any commitments developed further through the continued engagement with OneBus and its members since the Assessment. With the intention of providing an improved customer offer, OneBus developed a proposal to address the challenge that under the current contract conditions, operators of TfGM subsidised services are under no obligation to accept the time-based tickets of the commercial daytime operator of that same service, where it is provided by a

different operator. Operators believed that this could be an inconvenience to a small number of passengers who either purchase a single ticket for one-off journeys or purchase the multi-operator product where regular journeys are taken.

- 10.2.31 The proposal put forward by OneBus to address this was that, where a subsidised service is let as a supplement to an existing commercial service, for example, to enable that service to be provided later into the evening, the operator running that subsidised service would be able to sell a £1.00 add-on ticket to any customer using the daytime operator time-based product covering the same route but run by a different operator. Therefore, the subsidised service journey would cost the passenger £1.00 rather than the full fare of the subsidised service. Operators clarified that there would be no additional add-on fare if the subsidised service is run by the same operator as the commercial daytime service in this scenario. Operators would retain this charge for three years, after which there would be a review. OneBus indicated that the partnership would work together to ensure that customers and staff are aware of services or journeys to which this offer would apply. OneBus also proposed that TfGM should consider revising their contract conditions going forward to make acceptance of the daytime operator's products part of the bid.
- 10.2.32 This approach would reduce the impact under partnership of this interface between different operators running commercial and subsidised services on the same route. It would not, however, fully mitigate the impact, as it would still lead to an additional cost to passengers where they had to travel on buses of two different operators on the same route. This is discussed further in the Economic Implications section below.
- 10.2.33 Whilst TfGM have considered these benefits of the Partnership Plus proposal, there remain some outstanding concerns as to whether this proposal would be practically deliverable, which would require further exploration prior to implementation.
- 10.2.34 In letting secured services, TfGM (on behalf of GMCA) are required to have regard to the competitive effect of the proposed approach to tendering, applying the Part 1 Competition Test under Schedule 10 of the Transport 2000. As a transport authority, there is also a requirement to have regard to VfM. This proposed approach would appear to lead to a situation where there would be a continuing material benefit to passengers in letting this service to the incumbent operator, rather than awarding it to a third party, as, from a passenger perspective, an incumbent day ticket will still be £1.00 cheaper than making the same journey but returning on a competitor's bus that has been procured as a separate subsidised service. Therefore, whilst this proposal was intended to make the barriers between a daytime commercial service and an evening or morning secured service lower and allow for increased competition in the marketplace, this would still leave the incumbent with a significant advantage.
- 10.2.35 TfGM would need to consider whether a tender process that allowed for this distinction between the incumbent and competing operators satisfied their obligations under the Transport Act 1985 in respect of fairly tendering any service, or whether this proposal could lead to distortion of competition in the bus market. TfGM would also need to consider whether the benefits that would flow from this would be justified under the Part 1 Competition Test that applies to subsidised services. This decision would need to be made in respect of each service let, rather than generically, and it is difficult to identify in advance, therefore, the extent to which this proposal will bring material benefits.
- 10.2.36 Whilst OneBus' proposal has support from a broad range of operators in Greater Manchester, it is not clear that it is supported by all operators who would tender for such

add-on services, leaving a residual risk of challenge if they felt that this approach unfairly discriminated against them.

Fares and Ticketing Conclusions

10.2.37 The conclusions of the Partnership Plus offer in terms of GMCA’s objective to have integrated and simple fares are as follows:

- Some simplification may be possible, but the existence of multiple operators offering their own tickets means the overall ticket offering would remain relatively complex compared with ticketing under the Proposed Franchising Scheme;
- The approach to add-on fares for subsidised services would need further development and may add complexity to the customer proposition. It would require further detailed work with operators to confirm that it would work in practice and deliver the benefits proposed; and
- A greater emphasis on all-operator ticketing may provide some benefits to those not aware of the current multi-operator tickets available; however, this would not provide the same level of benefit as under the Proposed Franchising Scheme as operators would still retain and promote their own period products.

6. Fares should offer value for money
Objective
<ul style="list-style-type: none"> • Fares offer value for money to customers while supporting a balanced funding position for the bus market. • A framework approach is taken to consideration of any further discounted tickets within one year of intervention.

10.2.38 Relevant proposals taken from the Partnership Plus offer included:

- Operator own tickets would be simplified to a single suite to offer better VfM;
- Simplify multi-operator tickets, already valid across all Greater Manchester buses;
- No change to fares on discounted corridors;
- With agreement through GMTL, the operators would introduce a transitional arrangement for those young people coming off Our Pass, providing the opportunity to sign up to half-fare discounts for up to six months; and
- A price would be agreed for multi-operator tickets at £x per week from January 2021 with annual increases after a two-year price freeze. Single operator tickets retained to offer the customer choice.

10.2.39 New Proposals: In relation to the above proposals, the only new commitment was the offer to introduce a transitional arrangement for young people in the six months following the ending of their eligibility for Our Pass. The other commitments were considered under both partnership options in the Assessment. The conclusions drawn in relation to the appraisals of the other proposals listed above and their implications and benefits have been considered and remain unchanged since the Assessment. It is worth noting that Our Pass

was directly excluded from the Assessment in terms of its impact and consideration, given that it is currently being run on a two-year trial that began in September 2019.

- 10.2.40 Both the Operator Proposed Partnership and the Ambitious Partnership included a benefit to recognise the commitment to freeze System One ticket prices for two years and hence reduce the differential between the operator's own tickets and the multi-operator tickets. Under the Ambitious Partnership considered in the Assessment, it was considered that the potential reduction could be more certain, and the level of the operator fare could be fixed as part of an EPS, making the differential more stable.
- 10.2.41 Transitional arrangement for young people coming off Our Pass to sign up for half-fare discounts for up to six months: The commitment offered by OneBus was to work with TfGM to extend their current entitlement by a further six months offering half-fare discounts. The operators confirmed the mechanics of how the proposal would operate, but the associated costs are yet to be determined. It is suggested that, subject to how the back office would be set up, the Our Pass card would be converted to an 'igo' product with igo entitlements being available. (An igo card provides benefits and the opportunity to buy a range of additional bus and tram tickets for people aged 5 to 16 years old and who are either a permanent resident of or go to school in Greater Manchester). Operators confirmed that if Our Pass becomes permanent after the two-year pilot, this proposal would also continue. In order for this proposal to offer long-lasting benefits, it is therefore conditional on Our Pass becoming a permanent scheme. The potential for making it permanent is being reviewed by GMCA over the course of the pilot.
- 10.2.42 This proposal would provide a discount to young people for a relatively short period after the withdrawal of Our Pass, the intention being to continue to encourage them to use bus services. OneBus confirmed that their view is that this proposal would not require any surcharge payable by the customer, and no reimbursement would be sought as the discounts would be funded by the operators on a commercial basis. The extent to which this would provide a benefit to passengers is discussed further in the economic section below.
- 10.2.43 With regards to the back-office implications, a new card type would be required. Operators have not yet worked through the technical details of this or who would cover these costs. However, it is assumed that the same information provided for the existing Our Pass cardholder could be used to issue a new card to those Our Pass cardholders whose card would otherwise expire (i.e. 31st August after the cardholder's 18th birthday). The new card would be valid for a further six months.
- 10.2.44 It is recognised that there would be an administrative cost associated with issuing the new cards; for example, the igo product currently costs £10 (administration fee). It is unclear how OneBus would arrange and also fund this initiative, including the costs of issuing a new card and the marketing and promotion of the product.
- 10.2.45 It is assumed that the cardholders would have access to the GMTL products that are the same price as the junior products (i.e. half the adult price) and that, therefore, there would not be a need for a new set of products.
- 10.2.46 Discounts: Under Partnership Plus, there would be no change to fares on discounted corridors. Although this provides comfort that these discounted products would not be removed, the Partnership Plus proposal does not contain a framework approach for any consideration of further discounted tickets. Under a partnership, operators would continue to have control of their fares and be subject to the commercial considerations that would

lead them to offer discount fares on the current pattern. Therefore, the objective of having a framework approach to discounts would be unlikely to be introduced within one year of intervention.

10.2.47 Given that pricing decisions for single fares and daily, weekly and monthly tickets would still be made by the operators, the objective of achieving VfM would not be met to the same extent as could be met under the Proposed Franchising Scheme, whereby GMCA would have control over pricing decisions. Section 9.3.12 of the Assessment considers this point in further detail. The Assessment concluded that the Proposed Franchising Scheme would achieve the objective of VfM of fares to the greatest extent of the different options. The comments from consultees during both consultations in relation to VfM of fares, along with the proposals under Partnership Plus have been considered; however, insufficient reason has been found to change the conclusion reached in the Assessment that under franchising, the greatest level of VfM of fares would be achieved.

Fares and Ticketing Conclusions

10.2.48 The conclusions of the Partnership Plus offer in terms of GMCA’s objective to have fares that offer VfM to customers are as follows:

- Pricing would not necessarily offer any greater VfM for customers than is currently available in the market; however, there would be a benefit recognised for the price freeze on multi-operator tickets;
- Compared with franchising across the whole of Greater Manchester, GMCA would have limited scope to determine and carry through fares policies, only being able to partake in the discussions with partners;
- A framework approach to discounts is unlikely to be introduced within a year of a partnership being introduced; and
- The mechanics of the extension of the Our Pass proposal have not yet been confirmed; however, it is likely this would only benefit a relatively small number of people. Our Pass is also currently only being run on a trial basis.

7. Account-based smart ticketing introduced as soon as possible
Objective
<p>Quick introduction of account-based smart ticketing, enabling a ‘fair price promise’ for different modes.</p> <ul style="list-style-type: none"> • Whole bus network capped products for day and week tickets available as soon as possible, offering the lowest possible fare. • A multi-modal capped product introduced as soon as possible.

10.2.49 Relevant proposals taken from the Partnership Plus offer included:

- The partners commit to a TfGM or TfN-led ‘fair price promise’ scheme across all operators in Greater Manchester; and
- Operators are committed to working with local authorities to deliver contactless payment technology across all buses in the region, with daily and weekly capping, similar to London.

10.2.50 New Proposals: These commitments were considered within the Assessment under both partnership options. However, since the Assessment was developed, TfN announced in early 2020 that they would no longer be progressing an account-based back-office solution for bus services in the North of England. This was partly due to the fact that operators have been developing their own account-based solutions, and the UK bus industry have committed to introducing contactless, multi-operator, price-capped, daily and weekly tickets by 2022 in urban areas. At that time, the general consensus from operators, therefore, was that they believe they could work together to deliver a 'fair price promise' and overcome the technical barriers.

10.2.51 Given the wider commitment from the UK bus industry, these proposals would generally be delivered even if a VPA was not entered into. It is not clear whether those operators that do not currently deliver a 'fair price promise' in the way that others in the industry do would sign up to doing so under the VPA. If it was the case that they would be willing to sign up to the commitment under the VPA, this would represent a benefit under the partnership option compared with a Do Minimum scenario, such that there would be additional operators signing up to deliver a 'fair price promise'.

Fares and Ticketing Conclusions

10.2.52 The conclusions of the Partnership Plus offer in terms of GMCA's objective to have account-based smart ticketing are as follows:

- It is likely that account-based smart ticketing, enabling a 'fair price promise; would be delivered even if a VPA was not entered into, given the wider commitment from the UK bus industry; and
- There may be an additional benefit realised if there are operators who would not deliver a 'fair price promise under the Do Minimum option but would be willing to sign up to this commitment under the VPA.

Customer

8. Ease of understanding of the bus service is improved
Objective
<p>The ease of understanding of the bus service is improved for users, and there is a high quality of information available (at stops and stations; on buses; and on the web). Branding is clear and enhances improved perception of the service.</p> <ul style="list-style-type: none"> • Comprehensive information is put forward covering the whole of the public transport network, whether provided by GMCA or third party. • Accurate information is provided - information that is up to date, consistent, correct and where relevant, in real time. • Information presented in an easy to understand way on a number of channels. • All buses fitted with audio and visual communication systems to convey information to customers during journeys about stops and routes. • Branding and marketing - a unified brand is there for the bus network to ensure that the public transport network is simple to understand and easily recognisable, giving customers confidence in using the network. • Customer contact - a single point of contact for customers to make enquires. <p>Each of these should be achieved within one year of any intervention.</p>

10.2.53 Relevant proposals taken from the Partnership Plus offer included:

- Recruit additional customer service and revenue protection staff (to reduce fair evasions);
- A single point of contact for customers to resolve issues with the addition of operators retaining the direct link to maximise customer accountability with them;
- Consistent and comprehensive information provision, with an additional resource to monitor and manage performance; and
- Comprehensive unified livery with customer-focused route or corridor branding to identify where the bus is going.

10.2.54 New Proposals: Of the above proposals, the new proposals that were not considered under the partnership options in the Assessment are the additional customer service and revenue protection staff (which are discussed further below), and the customer-focused route or corridor branding. The proposal to have comprehensive unified livery is offering no more than what was previously considered in the Assessment.

10.2.55 Under Partnership Plus, operators proposed to introduce specific route or corridor branding. It is proposed that this would be *“in the form of an agreed high quality design.”* Operators clarified that it is likely that only routes with substantial PVR levels would be considered. However, there would be no minimum level imposed. Operators confirmed that it would be the decision of each operator to determine which services they would want the route or corridor branding to apply to in order to promote them in this way. However, they would follow the brand guidelines and would need to ensure that allocation of route or corridor branding to services was managed. At this stage, it is not clear how many routes in Greater Manchester this would apply to, or exactly what this route or corridor branding would look like other than the intention that it should be a consistent design across Greater Manchester.

- 10.2.56 There would be constraints as to how far this approach can go toward providing a unified brand for the network, given that the buses (and other marketing material) would still need to make it clear to customers who is accountable for a given service. Thus there could be buses that have up to three brands visible, i.e. the partnership branding (included as a commitment under the Operator Proposed Partnership in the Assessment and referred to as “*comprehensive unified livery*” in the proposals above), the operator’s own branding (if only to identify its buses on which its tickets may be used), and the specific route or corridor branding. This may cause confusion to the customer, although its extent would depend on exactly what the route or corridor branding looks like and how it was implemented on the buses. It may be that this benefits the routes on which it is implemented (although the number of these is not known). If many operators choose to implement it, there could be numerous different types of route or corridor branding, with a need to differentiate between the different routes or corridors, although as noted above, the operators would be required to follow the brand guidelines.
- 10.2.57 Operators provided an example of where such arrangements are in place elsewhere, although, in the example provided, there was a mutual acceptance of ticketing, therefore offering a greater level of benefit as passengers are able to use their ticket across more than one operator.
- 10.2.58 The objective of a unified livery could be partly achieved for individual routes or corridors; however, unification across the network is not possible under a partnership arrangement since some level of operator branding is required in order to allow passengers to identify which buses their ticket is valid on. The extent to which a unified brand would be achieved is, therefore, less than that which could be achieved under franchising. The objective of having a unified brand for the network is to enhance an improved perception of the service as a whole across Greater Manchester, giving confidence in using the network. This proposal would enable customers to better understand, or recognise, where a particular bus may be going but arguably would undermine the comprehensive, unified livery proposed with certain services having up to three brands visible, as noted above. It would not therefore, lead to a unified brand across the whole of Greater Manchester.

Customer Conclusions

- 10.2.59 The conclusions of the Partnership Plus offer in terms of GMCA’s objective to improve the ease of understanding of the bus service are as follows:
- Branding under a partnership is more complex than under the Proposed Franchising Scheme;
 - Route or corridor branding would enable a customer to more easily recognise where a bus may be going but does not result in a comprehensive, unified brand across the whole of Greater Manchester;
 - There was no consistency in the approach put forward by OneBus and its members to deliver this given that it would be up to each operator to decide which services they would want to apply route or corridor branding to in order to promote the service; and
 - The limitations under a partnership mean that it would not be able to show a unified offer to customers or to have the value of a unified brand across Greater Manchester.

9. Safety of travel is improved
Objective
<p>Safety is improved and incidents of crime or anti-social behaviour on buses are reduced. There is a perception of improved safety on the bus network, encouraging bus use within three years of intervention, and continued improvement after that.</p> <ul style="list-style-type: none"> • There is active management to improve safety in partnership with the police, and to reassure passengers and potential passengers that the bus is a safe form of transport to use. • All buses installed with CCTV within one year of intervention. • Off-bus safety – there are well-lit and maintained, easily navigable interchanges with appropriate staffing.

10.2.60 Relevant proposals taken from the Partnership Plus offer included:

- Additional customer service and revenue protection staff.

10.2.61 New Proposals: The operators agreed to provide 14 additional customer-focused staff at their own expense. The roles of the 14 additional staff would be split between customer service and revenue protection responsibilities. The operators have shared a suggested job description for these staff. This includes representing the company at any major incident or other event that occurs within their sphere of responsibility and liaising with staff of TfGM, other operators and third parties, including the emergency services, as required to resolve problems and ensure normal service operation would be resumed as rapidly as possible.

10.2.62 Their role would also include undertaking all aspects of revenue protection duties in a tactful, courteous, discreet and firm manner with due regard to the company's public image and the sensitivity of certain situations, and to assess and evaluate potential fraud or fare evasion and to undertake appropriate preventative and remedial action. This would contribute to reassuring passengers that the bus is a safe form of transport and increase the level of safety on the network, therefore adding value. However, it is also worth noting that given the scale of the Greater Manchester network and the reality of them working over a system that operates seven days a week, the number of additional staff deployed at any one time is modest. If the operators feel that the 14 additional staff would add value to the network, they could be provided regardless of whether a VPA is entered into.

Customer Conclusions

10.2.63 The conclusions of the Partnership Plus offer in terms of GMCA's objective to improve the safety of travel on buses are as follows:

- The proposal to provide 14 additional customer-focused staff would not make a significant change in itself to the safety of passengers across the entire network.

10. Improvement in on-bus experience
Objective
<p>Consistent high standards are achieved for the cleanliness of buses and for driver behaviour, and the quality of vehicles improves.</p> <ul style="list-style-type: none"> • Cleanliness - commitment to a high standard of cleanliness across all services. All buses to receive external clean daily; light interior clean pre-service; interior deep clean once a month within one year of intervention. • Bus drivers - continuous improvement in driver behaviour to improve customer experience. Appropriate professional standards and training of drivers. All drivers to have undertaken appropriate customer service training within the last year within three years of intervention. All buses fitted with Eco drive systems within three years of intervention • Quality of assets - improved vehicle quality and connectivity for passengers.

- 10.2.64 Relevant proposal taken from the Partnership Plus offer included:
- Improvements in driver training around customer care to encourage more people out of their cars and onto public transport and the aims of the partnership;
 - In-service cleaning which would involve the removal of rubbish and general sweep of the bus; and
 - Accelerated rollout of Wi-Fi and other equipment on board (better equipped buses).
- 10.2.65 New Proposals: The operators committed to provide in-service cleaning. The proposal to provide driver training is not new but has altered since the Assessment, and there is no change to the commitment in relation to Wi-Fi. Both the Operator Proposed Partnership and the Ambitious Partnership option considered in the Assessment recognised benefits associated with improvements to driver training and accelerated rollout of Wi-Fi. The operators were not specific about what other onboard equipment there would be but have confirmed that, within the first year of the partnership, the internal fittings that would be deemed as standard across all buses would be agreed upon. The commitment to provide driver training results in a reduction compared with the time assumed would be spent on driver training under both partnership options considered in the Assessment. Although the commitment to a cleaning regime was considered, the commitment to provide in-service cleaning was not specifically considered within the partnership options in the Assessment. These new commitments are considered in further detail below.
- 10.2.66 Under the Operator Proposed Partnership, operators indicated that they would commit to a cleaning regime for buses and standards of cleanliness as part of a partnership. Through continued discussions with the operators, in-service cleaning has also been discussed. This would entail a cleaning resource being available at bus interchanges that would involve the removal of rubbish from buses and a general sweep of the bus. It was agreed that a trial of one month at the start of a partnership would be carried out to confirm the cleaning times, locations and working practices.
- 10.2.67 Under the Operator Proposed Partnership, operators would commit to accredited driver training. Through continued discussions with the operators since the Assessment, they have confirmed that the driver training would form part of the annual Certificate of Professional Competence (CPC) driver training requirements (currently 35 hours over a five-year period, therefore a minimum of seven hours per annum on average). All drivers recruited in Greater Manchester would receive new driver training and an induction

provided by the operators. This would include customer service training and an update on what the Greater Manchester partnership is. It would form part of the operator’s current driver training induction. This would contribute towards meeting the objective that all drivers have had appropriate customer service training within three years. However, this is a reduction (both in terms of costs and benefits) in time spent on driver training included within the Assessment for the partnership options, which was that an additional one day, per driver, per annum would be spent on driver training, whereas under Partnership Plus it would form part of the current training provision.

Customer Conclusions

10.2.68 The conclusions of the Partnership Plus offer in terms of GMCA’s objective to improve the on-bus experience are as follows:

- Cleaning commitments may contribute overall to an improvement in on-bus experience; however, this would not be determined until the trial has been carried out. Providing an in-service minimal clean is unlikely to have a significant impact on the customer experience, given daily cleaning regimes already exist; and
- Driver training is likely to lead to benefits being provided in terms of improving the customer experience. However, the proposal is a reduction in the driver training assumed in the Assessment. Overall, therefore, this would reduce the costs and benefits associated with the partnership option.

Value for Money

11. Value for money for public investment
Objective
The best value for money for public investment into the bus market, specifically the options being considered as part of the Assessment to reform the bus market.
The best value for money for any other specific intervention in the bus market.
Both of these will be measured by (i) the social value of any public investment, taking into account all of the costs of the intervention, measured by a Net Present Value calculation (the benefits minus all of the costs), and (ii) the benefits of the investment with regard to the constrained budget of public sector investment (money available to the Mayor and GMCA), measured by a Benefit Cost Ratio of the benefits divided by the costs to that constrained budget.

10.2.69 Relevant proposals taken from the Partnership Plus offer included:

- In order to tackle congestion, operators would like to pool resources with TfGM to agree on interventions on congestion hotspots jointly to increase bus speeds and reduce variability;
- Operators would continue to take the revenue risk and decline the option of accepting a guaranteed publicly funded profit margin under the Proposed Franchising Scheme; and
- Profit share scheme where partnership interventions grow profit would be put back into the services rather than being passed to shareholders.

- 10.2.70 New Proposals: Under the partnership options considered in the Assessment, it was considered that some savings could be reinvested through an operator-based fund for innovative schemes; however, it was not clear how the amount of savings would be ascertained and verified. Operators continuing to take the revenue risk does not differ from the assumptions in the Assessment for the partnership options and is considered further below.
- 10.2.71 Tackling congestion: The proposal to work with TfGM to prioritise investment in highway infrastructure by identifying congestion hotspots to reduce the impact of congestion was not a new commitment – as this was included in the Assessment under the partnership options. However, comments made during the first consultation about congestion measures under a partnership have been considered, and the discussions with operators post Assessment completion have been taken into account. There is insufficient reason as a result of this to change the appraisal of the implications and benefits of this proposal. However, it is worth noting, in the context of VfM of public investment, that this proposal would be conditional on funding being obtained for the measures to tackle congestion. It is likely that implementing such measures would result in a passenger benefit if they were to reduce congestion and journey times, but, at this stage, it is not possible to determine the types of changes that might take place should the funding become available. For these reasons, no benefits in relation to highway infrastructure were modelled in the Assessment under either the Operator Proposed Partnership or the Ambitious Partnership.
- 10.2.72 Value for money across the Greater Manchester network: As noted in the Assessment, under a partnership the fundamental structure of the bus market in Greater Manchester would not change. The GMCA would spend money on supporting and monitoring the partnership. Improvement in VfM associated with the Partnership Plus proposals compared with the existing options contained in the Assessment has been reviewed further in the Economic Implications section below.
- 10.2.73 Partnership fund/ Profit share scheme: Operators indicated that profit share schemes would be set up to allocate a share of benefits derived from increased profits as a result of specific interventions into the bus network (e.g. infrastructure) back into improving services further. The identified gain would be shared on a 50:50 basis between the bus operator that realised the gain and the partnership fund. Of the 50% allocated to the partnership fund (which would be held and managed by OneBus), 50% of this would be available to fund schemes involving other operators and/or districts, and 50% retained for bus-based projects involving the operator that realised the gain. Therefore, the operator that realised the gain would essentially end up with 75% of the benefits derived from its use under the scheme (or potentially a share of this if it involved more than one operator). The proposal does not contain details around restrictions of its use by operators who realised the gain, for example, whether it would be required not to be distributed as profit to shareholders.
- 10.2.74 All operators would face pressure to improve margin earned, and for any operator currently operating at a low margin this pressure would be greater, which in turn may lead to a reluctance to share any gain amongst the partnership. Despite this, the operators agreed that there should be no lower level of operator margin before the benefits are shared under this proposal. It is not clear, however, how the amount of any gain would be ascertained or verified and how the governance of the partnership fund would work. For these reasons, along with the fact that the VPA would initially be for a term of five years, there is significant uncertainty about the likelihood that any significant profits would be reinvested into the partnership and how any that are will be used. Therefore, there remains

a need to ensure transparency and clarity over how the gain would be identified, measured and used. It is also of uncertain value, given it would be contingent on highway investments that would be dependent on GMCA’s funding contributions. This proposal is considered further in the sections below.

10.2.75 It is worth noting that under franchising, any increase in revenue resulting from public investment in infrastructure would go to GMCA. This would not be the case under Partnership Plus. The extent to which gains identified would be used for bus-related projects under Partnership Plus may differ from how GMCA would otherwise choose to use the additional revenues to maximise the benefits for Greater Manchester as a whole. Similarly, the extent to which revenues may be distributed to shareholders would differ under each option. For example, an operator might choose to distribute gains to shareholders, whereas under the Proposed Franchising Scheme it is proposed that the gains are instead used to further improve services.

Conclusions

10.2.76 The conclusions of the Partnership Plus offer in terms of GMCA’s objective to improve the VfM for public investment are as follows:

- Implementing measures to tackle congestion would provide a level of benefit if they were to result in reduced congestion and journey times. No change to conclusions drawn in the Assessment in relation to this proposal is warranted;
- The partnership profit share scheme/fund proposal would present VfM should gains be reliably identified, measured, realised and used; and
- Value for money would be reduced compared with franchising because of the reduced scope for action to make a change to network, fares and other factors. Under franchising, the long-term value of the use of public investment would be greater as an increase in revenues as a result of investment would go to GMCA.

12. Any market intervention is sustainable in the long-term
Objective
Any intervention in the market should be feasible in its commercial and management arrangements.
Any intervention in the market is long lasting, given the need to create a sustainable improvement in the Greater Manchester bus market. It should be still in place in 2040 at the least.

10.2.77 Longevity of a partnership: Partnership Plus would be mostly feasible in its commercial and management arrangements but would not necessarily be long-lasting. There is nothing further in the Partnership Plus proposal about longevity. As noted above, the initial term of the VPA would be for a five-year period, after which there would then be the option to either renegotiate the terms, agree on a new partnership or return to the previous wholly unregulated market. There is little assurance, therefore, that any benefits would continue

to be enduring and realised in the long term. There is no guarantee that the partnership would still be in place in 2040.

Conclusions

10.2.78 The conclusions of the Partnership Plus offer in terms of GMCA’s objective to ensure any market intervention is sustainable in the long-term are as follows:

- As with the partnership options tested in the Assessment, the longevity of the partnership is not certain and may well not be in place in future years.

13. Any market intervention is affordable
Objective
Any intervention in the bus market is affordable for GMCA over the long-term. Affordability in each year following intervention.

10.2.79 Partnership Plus has not added any further information regarding this objective.

Conclusions

10.2.80 The conclusions of the Partnership Plus offer in terms of GMCA’s objective to ensure any market intervention is affordable are as follows:

- The costs to GMCA of Partnership Plus would remain affordable to GMCA, given the onus would continue to be on the operators to implement network interventions.

10.3 Economic Implications

Introduction

- 10.3.1 A number of comments were raised by consultees during the first consultation in relation to the benefits associated with the partnership options considered in the Assessment, the value of branding under each option and the VfM of the partnership options. These have been considered in further detail in the Economic Case Response Themes section of this report.
- 10.3.2 This section considers the implications of the Partnership Plus proposal on the recommendations contained in the Economic Case of the Assessment. The Partnership Plus proposal was received by OneBus as part of their first consultation response. It is worth noting that the detail contained in the proposal is insufficient to undertake a comprehensive economic and financial appraisal of the type undertaken for the options contained in the Assessment. It is, however, sufficiently detailed to understand the likely performance of the option when compared with the three reform options described in the Assessment. The aim of this section, therefore, is not to create a new Economic Case. It is to assess the incremental performance of the option over those previously assessed and to determine whether the Partnership Plus proposal would deliver a significantly greater level of benefit than the Ambitious Partnership option and change the conclusion of the Economic Case in the Assessment.
- 10.3.3 GMCA remain of the view that implementing a partnership would lead to additional costs and that the costs set out in the Assessment are reasonable for the partnership options considered in the Assessment. The Financial Implications section below contains a discussion of the cost implications to GMCA of the Partnership Plus proposal.
- 10.3.4 The commentary below is divided into sections in line with GMCA's objectives (including the Vision for Bus) as set out in the Strategic Case – which includes simplified and integrated fares (including interoperability and VfM), customer experience and network (including fleet investment and congestion and service punctuality).

Simplified and integrated fares

- 10.3.5 Under the franchise option, it would be possible to unify tickets across Greater Manchester, and it is proposed that there would no longer be a premium for 'all operator' ticketing products. Nonetheless, no benefit was modelled for simplicity. For the partnership options in the Assessment, no benefit was assumed for simplicity. Individual operators would continue to be responsible for setting their individual fare scales, and there is no expectation that a single unified fares system could be introduced across Greater Manchester under any partnership option. The current System One premium for 'all operator' integrated ticketing products would also continue to exist, although the level of premium may be reduced by the commitment to freeze prices for two years.
- 10.3.6 Under the Partnership Plus proposal, there is no change in terms of the commitment offered in relation to simplification of fares or removal of 'operator own' ticketing products that are sold at a lower price than System One 'all operator' ticketing products. Partnership Plus, therefore, has not added anything that would change the conclusion in the Assessment.
- 10.3.7 The Partnership Plus proposal does not go any further in terms of transparency of fares and, therefore, the Assessment remains unchanged in relation to this.

Affordability and Value for Money Considerations for Passengers

- 10.3.8 The Assessment included a benefit under the Operator Proposed Partnership (as well as the Ambitious Partnership) in relation to the operator commitment that System OneBus only fares would be subject to a two-year price freeze, following a review of all ticket products and prices, subject to GMTL agreement. Under the Partnership Plus Proposal, the same commitment is referred to but with the addition that the price would be agreed for multi-operator tickets at a set amount per week from January 2021 (this date was proposed by OneBus when responding to the first consultation to show how the price for multi-operator tickets could be agreed by operators at that point in the future). This reinforces the benefits that were associated with this commitment in the Assessment. However, this equates to approximately half of the benefit realised under franchising (i.e. that System One tickets would be reduced to operator-own levels).
- 10.3.9 Under the Operator Proposed Partnership in the Assessment, the partners commit to a TfGM or TfN-led ‘fair price promise’ scheme across all operators in Greater Manchester. The Partnership Plus offer reiterates this by referring to the commitment that operators would work with TfGM to deliver contactless payment technology across all buses in the region, with daily and weekly capping. This has been discussed further in the Strategic Implications section above.
- 10.3.10 In relation to Our Pass, at the time the Assessment was written, this had not yet been implemented, but the intention was for it to be introduced on a trial basis for a two-year period beginning in September 2019, offering free bus travel at any time of day to 16–18-year-olds during the academic years of their 17th and 18th birthdays. No benefit was modelled for this in the Assessment due to the fact that it is currently being piloted as a two-year trial.
- 10.3.11 Partnership Plus included a new commitment in relation to Our Pass, such that young people who no longer benefit from Our Pass can sign up to half-fare discounts for up to 6 months, as discussed in the strategic implications section above (Section 10.2.42). This offers a further benefit in comparison to the Reference Case. However, there are already a number of discounted products available to young people such as the operator own student tickets (e.g. the Stagecoach unirider tickets available to students aged 16 and over) and the System One tickets available to 16–21-year-olds; there is also the ‘get me there 7-Day Any Bus Young Person’ ticket available for £14.00, which offers approximately a 28% discount on the ‘get me there 7-day Any Bus Adult’ ticket. Therefore, the additional benefit from this commitment and the number of people that would benefit from it, whilst welcome, is likely to be fairly modest. Further consideration has been given in the section below to the extent to which this provides a benefit.
- 10.3.12 Within the new Partnership Plus offer, there is a commitment to achieve better value for passengers and to help with that, as noted in the strategic implications section above, operators committed to providing 14 additional customer service and revenue protection staff. There was no commitment from operators to provide additional staff within the network at the time the Assessment was written, and hence no benefit was included for this within the Assessment.

Benefit Implications

- 10.3.13 In the Assessment, no benefit associated with the adoption of smart integrated ticketing in the form of a ‘fair price promise’ which was included for any reform option. The benefits accruing to this were considered to be similar under any type of market reform and not to

impact directly on the relative performance of any of the reform options. Under Partnership Plus, there is no reason to change these conclusions reached in the Assessment. Such a system would arguably be easier to implement, however, under franchising.

- 10.3.14 As noted above, within the Assessment, no benefit was attributed to commitments in relation to Our Pass under any model, although the proposal could be implemented under any reform option, or indeed under the deregulated market structure. To estimate approximately the impact that the additional six-month transitional discount might generate, consideration was given to the original Our Pass business case. The Our Pass business case estimated that there had been 8.3 million trips per annum made by the Our Pass cohort prior to its introduction and that this would increase to 23.7 million trips per annum with the introduction of the Our Pass scheme, generating £19.6 million per annum in benefits (largely user fare benefits). Assuming an equal spread across the two-year cohort, an additional six months could be assumed to benefit 2.1 million (one-quarter of 8.3 million) existing trips. The generation would be expected to be less since (a) the fare reduction is 50% rather than no cost; (b) many 18-19 year olds who would be eligible for the six-month extension may also be entitled to reduced fares regardless of this scheme, e.g. student fares or young person System One fares as noted above; (c) a number of young people would be likely to move out of Greater Manchester as they go on to university, further studies or seeking job opportunities; and (d) the number of trips made by the Our Pass cohort to date has been considerably less than expected, with the majority of journeys being made in the week when the 16-18 year olds are travelling to and from college. It is therefore reasonable to assume that the benefit would be less than one-eighth of that calculated for Our Pass (one quarter of passengers and less than half of the fare benefit), which would be less than £2.5 million per annum.
- 10.3.15 The additional revenue protection and customer service staff being offered by the operators is one of the soft factor interventions that is included in franchising but not partnerships in the Assessment, along with branding. Including this commitment within the benefits associated with the Operator Proposed Partnership option would marginally increase the partnership benefits. Under franchising, a willingness to pay (WTP) value was applied to recognise the benefit of 30 inspectors by year-three of franchising, which is then reduced to 13 by year seven and then remains constant thereafter. Applying 14 inspectors would, therefore, yield slightly less benefit than the franchising assumptions. In the franchising case, additional ticket inspectors adds approximately £10 million to £15 million to the PVB in the form of user benefits, plus a small additional benefit from decongestion and additional revenue (from additional trips, not through reduced fraud).

Interoperability

- 10.3.16 In the Assessment, under the Operator Proposed Partnership, it was concluded by operators that, although interoperability could be undertaken in principle, there were no corridors in Greater Manchester at present that met the appropriate criteria operators set out. Under the Ambitious Partnership, limited interoperability benefits were applied on two defined corridors.
- 10.3.17 As noted in the Strategic Implications section above, since the Assessment was completed, operators proposed an additional £1.00 add-on fare which would be aimed at passengers boarding a subsidised service run by a different operator to the daytime commercial service on the same route. This fare would only be available to passengers already holding a daily or weekly ticket issued by the commercial operator and is designed to avoid the

need for the passenger to pay an additional full single fare to the operator running the subsidised service. The £1.00 fare would be retained by the operator running the subsidised service.

- 10.3.18 The customer would not pay an additional add-on fare if it was the same operator running the subsidised service as the commercial service in the day. For example, if a customer had a Stagecoach ticket for a commercial day service, they would be able to use that ticket on the subsidised evening service covering the same route and would not need to pay the additional add-on fare. OneBus proposed that the price of the add-on fare would be reviewed in January 2021 and frozen in line with the freezing of GMTL products. The operators have not proposed any reimbursement mechanism, and the £1.00 would simply be retained by the operator running the subsidised service. Through further discussions with the operators on this proposal, they confirmed that it has not yet been thought through how this mechanism would work with concessionary fares such as a child fare. It is also not clear whether the smaller operators would sign up to this proposal given that they would only receive £1.00 from a passenger in this scenario as opposed to a full single fare and would not receive any revenue from GMTL that they would otherwise receive if passengers bought a GMTL product.

Benefit Implications

- 10.3.19 In relation to interoperability, the Partnership Plus offer does not go any further than the original commitment under the Operator Proposed Partnership.
- 10.3.20 In relation to the £1.00 add-on fare, it is reasonable to assume the benefits, whilst welcome, would be fairly minimal. Total patronage on all subsidised services between September 2018 and August 2019 was 19.4 million trips, of which 4.9 million were on school services, and a proportion of the remainder (approx. 25%) were ENCTS passengers who do not require a ticket. Hence the total potential pool of passengers who might benefit would be fewer than 11 million, representing less than 6% of the total annual bus trips in Greater Manchester of circa 190 million. Of these 11 million, many would not benefit due to:
- Many passengers using services that are run by the same operator day and night;
 - Some passengers would be taking trips only on the subsidised services and, therefore, the add-on fare would not be relevant for them;
 - Some passengers would have purchased a multi-operator ticket which would allow them to travel without the need to purchase an additional ticket; and
 - Some passengers would only be travelling in the evening or only travelling in the day.
- 10.3.21 In addition to the above, some further examples highlight different ticketing arrangements that would result in either little or no benefit of providing the add-on fare. Currently, a Stagecoach dayrider adult ticket is £5.00. If passengers travel in the evening on a subsidised service run by a different operator, they could purchase an add-on fare for £1.00, and their daily travel would cost them £6.00. This is the price of a System One get me there 1-day Any Bus Adult ticket. It would, therefore, offer no saving. It may offer a level of pecuniary benefit if they found themselves having to use a subsidised service in the evening when they did not anticipate having to do so as they would only have to buy the add-on.
- 10.3.22 In terms of daily and weekly tickets, the £1.00 add-on fare may offer a minor reduction in fares for some passengers who currently buy an additional single ticket, either because

that is cheaper than System One or because they did not know it was a different operator or they were later than expected travelling. However, if this happened more than a couple of times a week, it would become cheaper to buy a System One weekly ticket.

- 10.3.23 There may be a small number of passengers who would benefit from a reduction in fares in cases where they are travelling on a discount corridor and purchase a specific day ticket, for example, for a passenger purchasing a £4.00 Middleton day rider ticket, and then buying a £1.00 add-on fare. This would be a total cost of £5.00 and would, therefore, be cheaper than the System One day ticket. However, for this to be the case, there would presumably be no commercial service running in the evening in order for the passenger to purchase the add-on fare, which is unlikely given the discount corridors tend to be the busier corridors where evening services are run commercially.
- 10.3.24 As pointed out in the section above, this proposal would require further detailed work with operators to confirm that it would work in practice and deliver the benefits proposed, and it may add complexity to the customer proposition. For the reasons given above, it is reasonable to assume that any benefit in relation to the add-on fare for subsidised services would apply to only a very small number of trips. But this does, however, provide some benefit relative to the current partnership case in the Assessment. Moreover, it would provide some level of benefit in terms of the convenience aspect, such that customers are able to change their travel plans without a significant penalty.

Customer Experience

Bus service should be easy to understand

- 10.3.25 In relation to customer experience and the objective that the bus service is easy to understand, no benefits were modelled in the Assessment for the commitments offered under the Operator Proposed Partnership.
- 10.3.26 Under Partnership Plus, there was no change in relation to the partnership point of contact. A partnership point of contact would help, but ultimately it is the individual operators who would be responsible for the customer service, so passengers would need to be 'passed on' from the initial point of contact. Therefore, it is likely any benefits would be offset by some disbenefits of making the bus system more complex. The point of contact is only a subset of achieving the unification of Greater Manchester buses and achieving the objective noted above, that the ease of understanding of the bus service is improved.
- 10.3.27 Under Partnership Plus, the operators have proposed that there would be comprehensive unified livery with customer-focused route or corridor branding, along with operator own branding remaining. As noted above in the Strategic Implications section, the route or corridor branding may provide some level of benefit to the passengers which use the services to which it would be applied, such that they would be better able to recognise where a particular bus may be going. However, these proposals would not allow the simplification or the ease of use objectives to be achieved to the extent that there is a unified brand for the network that enhances improved perception of the service giving confidence in the network, nor help with the trust and accountability component of value.
- 10.3.28 Further, the creation of a single livery in Greater Manchester without the true unification and simplification of the system may create unintended consequences whereby passengers are confused about who is running the service, and who is responsible and accountable for the inevitable problems that will arise with any service from time to time. The overall value would be at a low intermediate level when compared with the benefits

attributed to unification of the system under a single brand under the franchise option, but slightly more than that attributed to the partnership options assumed in the Assessment.

- 10.3.29 In relation to having a collective marketing budget under a partnership, during discussions with the operators after completion of the Assessment, operators suggested that 1.5% of operator bus-only GMTL turnover be pooled, promoting 'all operator' (bus-only) products. The purpose of this marketing budget is to improve the perception of bus travel and to promote bus as a mode of travel. Operators suggested that there would be a joint customer and GMTL marketing group set up within the partnership as a working group, to ensure that the partnership and GMTL were aligned in respect of marketing campaigns. The marketing budget for GMTL products at present is c. £385k and 0.86% of turnover. As noted in the Strategic Implications section above the increase to 1.5% of operator bus-only GMTL turnover (from the previous commitment to increase the marketing budget to 1%) would therefore result in an additional increase of c. £224k and a total budget of c. £672k.
- 10.3.30 Some of this marketing budget would be used to promote multi-operator tickets. The additional marketing activity may lead to an increase in fare-paying patronage, which would provide a benefit. If people are unaware of System One, the additional marketing may lead to customers not having to otherwise buy two separate tickets, and therefore creates a benefit.

Benefit Implications

- 10.3.31 In relation to branding, also noted in the Strategic Implications section of this report, the overall value would be significantly below the franchise option. The unification of the system under a single brand is a significant advantage of franchising. Some separate operator-own branding would need to be retained for competition reasons under a partnership and because operator-own tickets are to be retained. Given that there would still be at least two brands present on the buses, i.e. the operator-own branding and the partnership branding, and in some cases three where the route branding is introduced, this could lead to further confusion amongst customers.
- 10.3.32 What was being offered under Partnership Plus is adding a level of complexity to the user experience of the bus system and would not create any change in the fragmented approach to decision making that creates complexity in the areas of fares, ticketing and customer service. It is unclear where the route or corridor branding would be applied, as it would be up to each operator to determine which service they would want to promote in this way. The extent to which the route or corridor branding would be provided and the benefits it would yield appear limited, and it is noted that route or corridor branding is something that could be introduced under all bus market options, including the existing deregulated market structure.
- 10.3.33 The increase in marketing spend noted above would provide additional benefit in relation to the Operator Proposed Partnership option considered in the Assessment. However, whilst it is not known precisely how many customers this would impact, the value might be expected to be at least equal to the spend, as has been assumed elsewhere within the Economic Case for similar interventions in the areas of contract management and customer service.

Improvement in on-bus experience

- 10.3.34 Under both the Operator Proposed Partnership and the Ambitious Partnership option in the Assessment, benefits were modelled for improvements to driver standards. These

benefits were based on costs that assumed one day of additional training per driver, per annum. This investment would be in addition to existing training undertaken within the industry.

- 10.3.35 Under the Partnership Plus offer and through discussions with operators after completion of the Assessment, OneBus confirmed that the driver training would form part of the annual CPC driver training requirements (currently 35 hours over a five-year period and therefore a minimum of seven hours per annum on average). Therefore, this is a reduction compared with what was previously considered in the Assessment for partnerships, i.e. the latest proposal results in on average one day training per year as opposed to two days per year which was assumed in the Assessment. Although the majority of the driver training would be wrapped up within the annual CPC driver training, there would still remain some costs to GMCA for driver training. These are discussed further in the Financial Implications and Management Implications sections below.
- 10.3.36 During discussions with the operators after completion of the Assessment, as noted in the Strategic Implications section above, there was a commitment to provide in-service cleaning. It has been agreed that TfGM would pay for and provide the facilities at bus interchanges for the removal of rubbish and would provide the cleaning staff. Operators would pay TfGM for the hours of the cleaning staff. The extent to which this would address a customer priority, and the resource required to change the perception of cleanliness on the network is not known. As noted at section 10.2.66 above, a trial of one month at the start of the partnership is proposed. Until the trial has been completed, the resources required, the potential scale of benefits and the deployment of resource in terms of a schedule of cleaning times, locations and working practices are not known. This intervention would provide benefits in addition to any of the options included in the Assessment but, because of the unknowns listed above, such as the resource levels to be deployed, it is difficult to be certain the impact this initiative may have.

Benefit Implications

- 10.3.37 Benefits were attributed to driver standards in the Assessment under both partnership options. The benefit in the Assessment is based on the additional training resource allocated to improving the customer service offered by drivers. As the Partnership Plus proposal appeared to eliminate that additional resource, it is clear that the benefits attributable to this intervention would no longer be applicable. Service quality improvements contributed £68 million to the PVB in generalised cost savings in both partnership options in the Assessment. Driver training represents 90%–95% of this, so driver training in total is worth approximately £61 million to £65 million of user benefit, plus a small additional non-user benefit from decongestion and extra revenue. This benefit would be foregone, but the majority of the cost would also be avoided. This is discussed further at section 10.5.16 of the Financial Implications section below.
- 10.3.38 No additional benefit has been modelled in relation to in-service cleaning, for the reasons noted above. There are no changes to the benefits associated with Wi-Fi in the Assessment and no additional benefits considered for the internal fittings that would become standard across all buses, mentioned in the Strategic Implications section above, given that these are currently undefined.

Safety of travel is improved

- 10.3.39 There have been no further commitments under Partnership Plus directly in relation to safety. However, the additional customer service and revenue protection staff may contribute to the perception of safety on the bus.

Network

Integration and efficiency

- 10.3.40 The Assessment recognised the work performed by the network working group, which progressed following completion of the Assessment to refine the process for performing network reviews under a partnership. No benefit was modelled under the Operator Proposed Partnership option for the network. Ultimately, under the Ambitious Partnership and under franchising, there is scope to go further than operators have currently indicated in relation to network changes.
- 10.3.41 The Partnership Plus offer included a new commitment that has not previously been discussed with TfGM, which is to perform a review of bus stops to ensure these are as close as possible to Metrolink and heavy rail stations to improve interchange and connectivity, as discussed in the Strategic Implications section above.

Benefit Implications

- 10.3.42 In relation to the review of bus stops, this is a commitment to perform a review (which would be predominantly led by the network working group), and the process for reviewing them has not yet been determined. The impact and changes that this would result in are not known at this stage, but these interventions do not require reform to implement and can be done under any option of reform or under the existing deregulated market structure. Therefore, no additional benefit is assumed.

Fleet Investment

- 10.3.43 In relation to the commitment to provide 450 new buses over the first three years of the partnership, there is no change in the offer being put forward; therefore, the assumption of applying no benefit to this remains.
- 10.3.44 As noted in the Strategic Implications section above, within the Partnership Plus proposal, the bus operators agreed to provide 30 extra buses.

Benefit Implications

- 10.3.45 Assuming the operators provide an additional 30 buses at the beginning of the partnership, this represents a 1.5% increase on the base year fleet size of 2002 buses assumed in the model base year in the Assessment. Also, assuming (a) that the additional 30 buses operate an average number of miles per annum which is in line with current fleet average; (b) that no other buses are removed from operation or their mileage reduced in lieu of these additional buses; and (c) that the elasticity of bus patronage to increasing vehicle kilometres/miles is between 0.6 and 0.7, then this increase in buses implies a welcome uplift in patronage of around 1% (0.9% to 1.05%) using a simple elasticity calculation.
- 10.3.46 The concern with this intervention is one of benefits realisation and the difficulty of identifying the additional resource introduced over time given the market dynamics

forecast. Over the course of the partnership, this would be likely to remain an unverifiable commitment.

- 10.3.47 As noted in the Strategic Implications section above, the redeployment of buses under the franchise option is not restricted in the same way that they would be under a partnership (given the limitations of a commercial network run by individual operators and rules around competition), which allows the process to be more efficient and customer-focused. This is explained in more detail in the Network Supporting Paper.

Congestion and Service Punctuality

- 10.3.48 Partnership Plus refers to the need to tackle congestion by pooling resources with TfGM to identify congestion hotspots and jointly agree on interventions to increase bus speeds and reduce variability. The proposal to improve congestion is not a new proposal and was considered in the Assessment under the Operator Proposed Partnership option. During the preparation of the Assessment, operators and TfGM worked together during their discussions on the partnership option to pool resources and develop an approach to review congestion issues and identify potential mitigations and improvements. This could now be used as an approach and performed as part of business as usual without the need for a VPA.
- 10.3.49 As noted in the Strategic Implications section above, the implementation of interventions identified, such as bus priority measures, is conditional on funds being available from GMCA or elsewhere to make the interventions. Although the proposed liquidated damages (if enforceable) could create some additional funds which could be used to fund congestion measures, the scale and likelihood of this funding becoming available is not known. If funds did arise from liquidated damages, some of the benefits associated with the additional funding would be offset by disbenefits associated with operators' non-compliance with their commitments, hence giving rise to the liquidated damages.
- 10.3.50 There are plans contained within the TfGM Delivery Plan to tackle congestion, and it is expected that TfGM and GMCA more generally will work closely with the bus industry over the coming years on this important issue, regardless of the outcome of bus reform. Although it is right to recognise that these 'Phase 2' measures may give rise to potential benefits, no benefit was modelled under either partnership or franchise options in the Assessment. Partnership Plus does not change the position of the Assessment in relation to benefits associated with these measures. These measures are not yet defined or funded, and although Partnership Plus recognises the agreed approach operators and TfGM have developed to identifying what measures may be put in place, it does not propose guaranteed delivery of such measures as this is conditional on funding being available. 'Phase 2' measures and the associated 'opportunity cost' are discussed further in the Strategic Case Response Themes at section 4.12.

Profit Share Schemes

- 10.3.51 Partnership Plus included a commitment in relation to *better value for passengers*, which included setting up profit share schemes. As discussed in the Strategic Implications section above, profit share schemes would be set up to allocate a share of benefits, derived from increased profits as a result of specific interventions into the bus network (e.g. infrastructure), back into improving services further. The Commercial and Financial Implication sections below discuss this in further detail. Whilst this may lead to additional benefits, there are a number of uncertainties around how this profit would be identified, measured, realised and used. The amounts arising from the profit share scheme would be

dependent on the level of funding available to make the specific interventions in the first instance. The scale of any resulting funding for improvements from the profit share scheme is unknown and could be non-existent if sufficient gains are not made. Further, how potential funds put into the partnership would be spent was not specifically defined, other than they would be put back into making further improvements to bus. Any estimate of benefits is not possible at this stage.

Conclusion

- 10.3.52 From the evidence above, the Partnership Plus proposal would increase the benefits in some areas compared with the Operator Proposed Partnership and the Ambitious Partnership. In particular, there are additional benefits from the additional revenue protection and customer service staff, the acceptance of an operator ticket on a subsidised service (for a £1.00 surcharge) and from the 30 additional buses which may be used for new services. There is nonetheless a significant offset in the form of the elimination of the resource required to deliver additional customer service benefits through driver training. The net benefits are expected to be small relative to the difference between the current franchising and the assessed partnership options.
- 10.3.53 For the three proposals listed above that would result in an increase in benefits, the costs associated with these would be covered by the operators. In terms of costs incurred by GMCA, there would be a reduction in driver training costs, offset by a slight increase in costs for providing rubbish bins for in-service cleaning and the system upgrade costs required for the partnership point of contact.
- 10.3.54 There are a number of other ideas and policies proposed but they are not specific or measurable to the point where a quantified benefit can be attributed to them. Even when making a reasonable allowance for their likely benefit, it is considered that they would not provide the Partnership Plus proposal with a higher NPV or significantly better BCR than the Ambitious Partnership previously considered.
- 10.3.55 The following interventions which were included in the Ambitious Partnership are not proposed under Partnership Plus:
- Interoperability on certain corridors with multiple operators running services (£5 million of user benefit in the Ambitious Partnership);
 - Enhanced driver training relative to the Reference Case (which attracted £61 million to £65 million of user benefits in the Ambitious Partnership); and
 - Network changes to the extent that there would be an intermediate level of resource reallocation, which was not to the same extent as franchising, reflecting the constraints of the market structure (£12 million of user benefit in the Ambitious Partnership).
- 10.3.56 Overall, the Partnership Plus proposal is not anticipated to deliver any greater benefits than the Ambitious Partnership modelled in the Assessment. These Partnership Plus proposals, therefore, do not change the overall conclusion of the Economic Case of the Assessment that supports the franchise option as the market reform best able to achieve long-term value for the use of public money to improve bus services in Greater Manchester, nor do they impact the relative costs and benefits of a partnership and franchising materially.

10.4 Commercial Implications

Introduction

- 10.4.1 Part 3 of the Commercial Case within the Assessment sets out the Commercial Case for the partnership options and within this it sets out an introduction to the partnership model, a description of the mechanisms and powers relating to the delivery of bus partnerships and a description of the proposed mechanisms to support the partnership proposals considered in the Assessment.
- 10.4.2 Given that the commercial mechanism for the delivery of the Partnership Plus option has not changed, the analysis in the Commercial Case of the Assessment for the Operator Proposed Partnership remains applicable for Partnership Plus, i.e. it would be delivered through a VPA initially for a term of five years. The Assessment outlined that an EPS would be more beneficial than a VPA in terms of the potential to deliver greater benefits. The operators preferred option was however, a VPA, and that is thought to still be the case
- 10.4.3 This section will consider the common assumptions of the partnership options considered in the Assessment and compare them with the Partnership Plus option which was put forward by OneBus during the first consultation. This section will also consider the key features of the Partnership Plus proposal with a focus on the commercial implications.

Common Assumptions

- 10.4.4 The three common assumptions noted in the Assessment were consistent with the Partnership Plus proposal. The common assumptions are as follows:
- The first assumption is that the partnership mechanism would cover the whole of the Greater Manchester area in order to ensure as much consistency across the bus network as possible under the different partnership models and that any partnership benefits apply across the whole of Greater Manchester;
 - The second assumption is that any partnership would be entered into by all commercial operators based within Greater Manchester and who operate local services within the area. Cross-boundary services will be subject to the partnership arrangements within Greater Manchester to the extent appropriate; and
 - The third assumption is that GMCA would procure tendered services to broadly equivalent service standards as those proposed under any partnership model. Additionally, one of GMCA's roles in the partnership would be to endeavour to ensure the appropriate integration of commercial and tendered services across Greater Manchester.

Key features of the Partnership Plus offer

- 10.4.5 The current drafting of the VPA addresses all aspects of the Operator Proposed Partnership (excluding Partnership Plus). The following sections below summarise the main commercial aspects of the "Plus" commitments:
- Profit share schemes would be set up to allocate a share of benefits derived from increased profits as a result of specific interventions into the bus network (e.g. infrastructure), back into improving services further;

- Young people who no longer benefit from Our Pass can sign up to half-fare discounts for up to 6 months as a transitional period;
- 30 extra buses to be provided by operators to allow for new routes;
- If an operator fails to deliver a commitment or potentially fail to meet an agreed set of KPIs, then there would be some financial consequences via a liquidated damages mechanism; and
- A review of the bus stops would be completed to ensure they are close to Metrolink and rail stations.

10.4.6 In relation to the profit share schemes, initial discussions began with operators in 2018 and continued through the partnership steering group meetings. Specific questions were raised by TfGM in relation to a profit-sharing scheme in November 2019, with further clarification questions being raised in response to the Partnership Plus proposal at the partnership steering group meetings in January and February 2020. OneBus responded to these in a summary note; however, mainly setting out the high-level principles of the proposal rather than the intricate details.

10.4.7 It is worth noting that the specific interventions are not yet known and would be subject to funding being available in order to implement them. Therefore, an understanding of the level of profits that might arise and may become available to share amongst the partnership is not known. The governance structure has also not been agreed or worked through. OneBus, on behalf of the operators, have suggested that this would be managed by an open book, paper exercise and audited by the Partnership Delivery Board. The ability of operators to provide open book information may be limited by competitive constraints. It is also not clear how the partnership fund would be governed and how disputes would be resolved.

10.4.8 There are a number of uncertainties in relation to this proposal. For example, how profits can be identified as attributable to, and as a direct result of, the specific intervention (in particular identifying the profits associated with the intervention where a specific operator is particularly successful benefitting from an intervention). It is not clear what mechanisms would be in place to generally prevent “free-riders” nor how the network as a whole may benefit if some operators never experience increased profits as a result of a specific intervention. Similarly, it is unclear how much it would change outcomes in the network as a whole if the beneficiaries are largely those that realise the profits/gains. As noted above, clarification questions on these matters were raised with the operators via the partnership steering group discussions.

10.4.9 In relation to the 30 additional buses that operators committed to provide, there would be limitations on how these 30 buses could be used under a partnership. The introduction of the 30 buses would be based broadly on each operators’ market share and therefore OneBus confirmed that the decision to introduce the 30 buses would either lie with the operator who may see the need to increase a frequency or commence a new link, or with the partnership network working group who may identify the requirement for the link and ask operators to consider covering it. For these reasons, the partnership would likely to be constrained by the operating areas of the individual operators who introduced those vehicles and restrained in how these could be used. Under franchising, there would be central control over the whole network and any deployment of resource could be assessed with the view of maximising benefit to the whole of Greater Manchester.

- 10.4.10 It is also difficult under a partnership to ensure transparency and longevity of the benefits associated with the 30 additional buses proposed. As noted in the sections above, it will be difficult to ensure there is always a net surplus of 30 buses within the network and given that the initial term of the VPA is proposed to be for a five-year period, there remains uncertainty about what happens beyond this.
- 10.4.11 As mentioned above, OneBus proposed that KPIs would be used primarily to measure performance. It is proposed that for the majority of the KPIs, non-compliance would lead to a remedial action plan, noting that the intention is to get operators to comply with the VPA rather than incurring a financial penalty for failure to comply with the commitments. There would be five or six key KPIs (to be agreed by the operators) for which it is proposed that liquidated damages would be payable in the event of non-compliance.
- 10.4.12 Under UK law, penalty clauses may be unenforceable. Simply calling a payment liquidated damages (which are intended to reflect a party's loss from a breach) does not guarantee that the courts would consider it to be so and for payment to be enforceable if, in reality, it is only a penalty. Where a liquidated damages clause is determined to be a penalty clause, the clause may not be enforceable beyond the non-defaulting party's actual loss. Careful drafting in the VPA and assessment of the sums included is therefore required if the parties want to include a liquidated damages clause for it to be enforceable.
- 10.4.13 TfGM engaged with operators on this matter on multiple occasions. TfGM issued a list of questions for operators to consider in order to inform the VPA drafting, these were shared with the operators at the Steering Group meetings held in December 2019. This was further discussed with operators throughout January and February 2020. However, it still remains unclear whether and how this mechanism would work and whether there is any risk of such a mechanism having a material adverse effect on competition in the way that it shapes operator behaviours, for example, it could potentially lead to operators seeking enforcement against another competitor via the performance regime mechanism which could negatively impact them financially.
- 10.4.14 In relation to the value of relocating bus stops to be as close as possible to Metrolink and heavy rail stations, this has been discussed in further detail at sections 10.2.14 and 10.2.15 above.

Conclusion

- 10.4.15 The above section has concluded that the commercial position in relation to Partnership Plus would:
- Involve a VPA mechanism, initially for a period of five years;
 - The implementation of the VPA would involve relatively short timescales given the work undertaken with operators over the past two years. The timescales in relation to the delivery of commitments, however, is unclear, and given the lack of clarity and detail around some of the commitments, the extent to which benefits may be realised is also unclear;
 - Operators are only willing to sign up to a limited level of remedies and liability; and
 - A number of the 'Plus' elements of Partnership Plus are more like 'commitments to commit' with the underlying detail having not been worked through or would be unknown until the point of signing the VPA.

10.5 Financial Implications

Introduction

- 10.5.1 This section considers the financial implications to GMCA of the Partnership Plus proposal submitted by OneBus during the first consultation. Overall, the commitments within Partnership Plus are not dissimilar to the Operator Proposed Partnership, and as discussed above, result in benefits greater than the Operator Proposed Partnership, but do not go beyond the Ambitious Partnership option considered in the Assessment.
- 10.5.2 The Assessment noted that partnerships would require additional resources from TfGM/GMCA to manage and to the extent partnership interventions increased demand (particularly concessionary demand) relative to status quo, then this would result in a requirement for increased concessionary reimbursement. The additional funding requirement for partnerships in the Assessment is up to £112 million. However, it should be noted this is not comparable to the £122 million funding requirement for the Proposed Franchising Scheme. The franchising funding requirement is over a five-year transition period, whilst the partnership requirement is ‘whole life,’ 30 years, and therefore amounts to a smaller annual requirement in the order of £2 million to £3 million per annum in current prices. In principle, the sources of funds identified for the Proposed Franchising Scheme could be applied to partnerships, particularly ongoing revenue funding such as earn back or Mayoral precept.
- 10.5.3 A number of consultees during the first consultation raised concerns over the costs included under the partnership options considered in the Assessment. For example, OneBus stated that they did not understand where the costs have come from and confirm *“the operators have always assumed that there would be no additional costs associated with managing the partnership however these have been assumed in the assessment”*.
- 10.5.4 The comments received by consultees during the first consultation in relation to the partnership costs assumed in the Assessment have been considered in further detail at section 4.10.12 of the Strategic Case Response Themes and the Financial Case Response Themes section of this report.
- 10.5.5 OneBus state that under their Partnership Plus proposal, the benefits would be financed by a combination of operator revenue and public sector funding and would not result in an increase in council tax for Greater Manchester residents. However, TfGM remain of the view that implementing a partnership would lead to additional costs and that the costs set out in the Assessment for managing and operating a partnership are reasonable.
- 10.5.6 This section includes a discussion on the key characteristics of a partnership in relation to the financial responsibilities. It also considers the advantages and disadvantages of the Partnership Plus proposal and considers any financial implications of the Partnership Plus commitments, noting that for many there is no direct impact on the cost implications to GMCA.

Characteristics of a Partnership

- 10.5.7 As set out in the Assessment, GMCA would have contrasting financial responsibilities under a franchising scheme and a partnership.
- 10.5.8 Under a partnership, GMCA would have similar financial responsibilities as under the status quo. The bulk of services would continue to be commercially operated, with GMCA

allocating funding to tender non-commercial services and reimbursing operators on a ‘no better, no worse’ basis for concessionary schemes.

- 10.5.9 GMCA would not control key decisions under a partnership and similarly would not assume direct financial risks in relation to farebox revenues. OneBus stated in their supplementary information to the Partnership Plus offer that, under a partnership, operators continue to take the revenue risk and decline the option of accepting a guaranteed publicly funded profit through franchise contracts. They believed that no excessive public funding would be required to provide the best possible service. However, it is worth noting that under franchising, there would be no guaranteed publicly funded profit for an operator.

Partnership Plus proposals

- 10.5.10 The below sets out the advantages and disadvantages of the Partnership Plus proposal and are informed by the financial characteristics of partnerships (versus franchising) set out above.

Advantages

- 10.5.11 The advantages and disadvantages in relation to Partnership Plus have not altered since the Assessment as the mechanism for delivery is no different from the Operator Proposed Partnership considered in the Assessment. As noted, under a franchising scheme, GMCA assumes control and also assumes direct financial risks. Under Partnership Plus, operators would retain revenue risks and as such, this option has the advantage of lower direct financial risks to GMCA.
- 10.5.12 The transition costs and associated funding requirement for partnership options as modelled in the Assessment is lower than the Proposed Franchising Scheme. This would still likely be the case under Partnership Plus. This is because a number of costs attributable to GMCA under franchising (such as depot provision) would still be avoided under Partnership Plus.
- 10.5.13 The Partnership Plus proposal did include some characteristics such as a profit share scheme and the provision of 14 additional staff, which were not specified in the Assessment partnership proposals and could potentially be advantageous in terms of creating additional funds that could be used to further improve bus services and improving the overall customer experience of bus use. These are looked at in more detail below and in the Economic Implications section above. Ultimately, these could have the effect of increasing patronage, and to the extent they do this, as noted above, this would result in a requirement for increasing concessionary reimbursement.
- 10.5.14 Under the Proposed Franchising Scheme, budgets would be set by reference to all sources of income (including farebox revenues and public funding) and network operating costs. GMCA could not pool its funding sources to the same extent under a Partnership Plus option. In particular if the partnership was successful in boosting demand (and concessionary trips), GMCA would need to reimburse and fund operators for these trips on a ‘no better, no worse’ basis.

Financial implications of Partnership Plus

Driver training

- 10.5.15 The interventions considered under the Operator Proposed Partnership in the Assessment are still valid for Partnership Plus in terms of the soft factors, and specifically the improved driver training. However, through discussions with the operators, this would now result in a reduction in costs to GMCA and associated benefits, compared with what was assumed in the Assessment. This is considered in further detail in the Strategic and Economic Implications sections above.
- 10.5.16 This would ultimately reduce the costs to GMCA compared with what was assumed in the Assessment, which was an additional day of driver training per driver per year, which instead would now be absorbed into the annual CPC and operator driver training programmes. Some costs would remain, however, as TfGM would be involved in developing the content for the training, the procurement activity to identify an appropriate training provider, and funding the external trainer (who would then train the operator trainer to deliver the course).

Profit Share Scheme

- 10.5.17 In relation to the commitment to set up a profit share scheme, as noted in the sections above, the governance structure and mechanism for these schemes has not been fully developed, and there are uncertainties around how much benefit there would be from such a scheme. For example, in order to make the specific highway interventions, this would initially depend on the level of funding available. GMCA would not directly benefit financially from this proposal. As noted above, it is suggested that 50% of the gains realised from specific interventions would be retained by the operator that realised them, and 50% would go into a partnership fund. It would take time for the performance and impacts of the highway interventions to be measured and any resulting profit share available is uncertain at this stage. The uncertainty is increased given that the initial term of the partnership is for five years and the Assessment applied a 30-year appraisal period for the partnership options. It is acknowledged that there could be advantages to GMCA as a result of a profit share scheme; however, for the reasons outlined, the magnitude of this, and the extent to which GMCA would have to sponsor interventions, is unclear.

Our Pass

- 10.5.18 As noted above in the Strategic Implications section, operators confirmed that the extension of Our Pass to offer half-price fares for a further six months, would not require any surcharge payable for the passenger. It has not yet been agreed whether TfGM or the operators would cover the card issuing costs.

Conclusion

- 10.5.19 As the operators would retain revenue risks under Partnership Plus, there would be lower direct financial risks to GMCA compared with franchising, and it will cost GMCA less. The Partnership Plus proposal has a handful of 'Plus' commitments that differ from the Operator Proposed Partnership in the Assessment. However, the majority of benefits noted within the Economic Implications section above are benefits or costs to the operator, and there are limited changes to GMCA's position. Most notably, the improvements to congestion measures and the profit share schemes would be dependent upon the level of funding available from GMCA and elsewhere in order to implement the relevant measures

and interventions. In relation to the risks and transition costs associated with the Partnership Plus proposal, there are minimal differences to those considered in the Assessment under the partnership options, Section 10.6.8 below considers the transitional costs under Partnership Plus.

- 10.5.20 Partnership Plus may result in some tangible improvement to GMCA's financial position. For example, the commitment around driver training would reduce costs to GMCA; however, in turn, the benefits associated with this within the soft factors in the Assessment, would also be reduced. The profit share scheme could be advantageous to the improvement of bus services, although the level to which it is, is unknown, and there would be no direct financial benefits received by GMCA (for reasons set out in the sections above).
- 10.5.21 Some of these commitments would impact on the resource implications to both TfGM and the operators, which in turn would impact the costs, and there would be costs involved in managing the partnership itself. This is considered further in the Management Implications section below.
- 10.5.22 Overall, there are no significant changes to the Financial Case conclusion in the Assessment. Partnership Plus, as an extension to the Operator Proposed Partnership option in the Assessment, is likely to remain affordable.

10.6 Management Implications

Introduction

- 10.6.1 The consideration of a partnership in the Management Case of the Assessment can be broken down into 3 elements:
- The future operating model people and other costs;
 - Transition Costs – Implementation Costs; and
 - Transition Costs – Systems Costs.
- 10.6.2 Given the above analysis and the conclusions drawn, this section focuses on the impacts that Partnership Plus has on the future operating model people and other cost assumptions made for the partnership option within the Assessment.
- 10.6.3 In response to the first consultation, there were a number of challenges raised by the operators around the costs included in the Assessment for the management of the partnership under both partnership options. This has been considered at sections 4.10.16 to 4.10.18 of the Strategic Case Response Themes section of this report. Under Partnership Plus, the operators agreed to provide 14 additional customer service and revenue protection staff, the costs of which will be covered by the operators.
- 10.6.4 To support the Operator Proposed Partnership, six resources were identified, as follows:
- One Head of Partnership;
 - Two officers/analysts;
 - Three network planners.
- 10.6.5 These resources were identified to support the partnership to ensure that it is enduring and that the benefits are sustained over the 30 years of the partnership. Further information can be found at section 52 of the Assessment on the level of resource and cost assumptions made for partnerships.

Future Operating model people and other costs

People Costs

Area	Partnership – OneBus Partnership Plus Offer
Partnership Leadership	There would be no change in Partnership Leadership Costs
Officers/ Analysts	There would be no change in the officer/analyst costs
Network Planning	There would be no change in the Network Planning Costs
Customer – Single Point of Contact	Current estimates assume 8 to 10 FTE. It is assumed, subject to further discussion, that the resource would transfer to TfGM. The overall funding of the additional FTE has not been agreed in terms of how much both operators and TfGM would contribute. Taking on the role of a partnership point of contact does increase TfGM's exposure to potential reputational risk as it takes on responsibility for addressing customer issues while not having the direct control to resolve them.
Customer – Sales and Marketing	The operators have proposed to increase the GMTL bus marketing budget from their previous offer of 1% to 1.5%, an increase of c. £224k resulting in a total budget of c. £672k per annum. This would allow a marketing specialist to be employed with a sales and marketing budget to promote the bus network. This should drive some additional benefits.

Other Operating Costs

Area	Partnership – OneBus Partnership Plus Offer
Customer – Driver training	The partnership proposal developed for the Assessment proposed an additional (above existing one day per annum CPC training) one day per annum, per driver, costing £500k per annum. The majority of the costs were driver salary costs to attend the additional days' training. The latest partnership offer proposes to absorb this into the existing CPC training and the induction programme. Whilst this saves the bulk of the costs to GMCA, it eliminates most of the benefits identified in the Economic Case associated with driver training.
Customer Point of Contact	There would be some additional CXP licence costs. There may be accommodation requirements within TfGM with the introduction of the additional 8 to 10 FTE. This could increase GMCA costs.
Customer in-service cleaning	There would be a small additional charge to TfGM to provide the bins and any additional refuse collection. It is estimated that the increase in costs to TfGM would be circa £21k per annum, with the operators incurring the cost of the cleaning resource. The proposed in-service

	cleaning would require approximately 9.5 FTE (based upon 19 bus stations and one cleaner per pair of bus stations). This would cost the operator c. £171k per annum.
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10.6.6 The commitment to set up the profit share schemes would require additional resource to manage and measure (both the baseline position and associated ‘gain’). However, the timescales of this commitment are not known as it is dependent on interventions in the first instance, for which the timescales are also unknown at this stage. It is also not clear how this mechanism would work in practice in order to identify, measure and monitor the ‘gains’. This commitment and the related uncertainties are discussed further in each of the sections above. It is, therefore, difficult to estimate the level of resource required at this stage.

Transition Cost Implementation Costs

10.6.7 It is not envisaged that there would be any changes in the transition implementation costs other than the transition systems costs mentioned below.

Transition Systems Costs

10.6.8 The customer proposition would require some systems investment for the partnership point of contact. It is assumed that this investment would be in the CXP system and that these costs would be incurred by TfGM. It is expected that the scale of these costs would be fairly modest; however, until further scoping and feasibility testing has been carried out it is difficult to precisely assess the scale of these costs.

Conclusion

10.6.9 The net impact of the proposal is that the Partnership Plus would likely reduce the costs to GMCA as considered under the Operator Proposed Partnership in the Assessment. The saving would come through savings in the customer service-related driver training, which would be slightly offset by the additional costs for investment in the CXP system for the partnership point of contact. The overall reduction in costs would also reduce the benefits in the Economic Case and could therefore impact on the BCR and NPV. However, as noted in the Economic Implications section above, this would not result in a higher NPV or significantly better BCR than the Ambitious Partnership previously considered in the Assessment.

10.7 Legal and Other Considerations

- 10.7.1 This section discusses the potential impacts of the Partnership Plus from a legal perspective. This includes consideration of what legal requirements would need to be satisfied and also includes further consideration of this option against the process already undertaken by GMCA as set out in the Act.

Requirements that Partnership Plus would need to satisfy

- 10.7.2 OneBus' Partnership Plus would involve entering into a VPA. This VPA would apply to the entirety of Greater Manchester. If a decision was taken to consider this option further, then due regard to the legal requirements of the proposal would need to be given.
- 10.7.3 As a VPA is a voluntary agreement, the Partnership Plus could be introduced without needing to comply with the same level of procedural requirements as the Proposed Franchising Scheme. However, the Part 2 competition test under Schedule 10 of the Act would apply. This would mean that consideration would need to be given to whether the agreement contributes to the attainment of specified bus objectives without imposing restrictions on, or eliminating, competition. By their nature a number of the proposals within the Partnership Plus proposal would impose further restrictions on competition between operators and, if the Partnership Plus option was to be developed further, GMCA would need to ensure that the final proposed agreement met the competition test. This could lead to certain elements of the partnership having their benefits reduced as commitments were reduced to meet the competition test. For the purpose of this section, we have assumed that whilst certain elements of Partnership Plus could lead to competition issues, they should all be capable of being resolved in a manner which is consistent with the Part 2 competition test under Schedule 10 of the Act, and we assume that the operators have put forward the proposals on that basis.
- 10.7.4 The proposal for a provision for liquidated damages would also need not to create an unenforceable penalty, as discussed above.

Scheme implications

- 10.7.5 In summary, the key implication of the Partnership Plus on the Proposed Franchising Scheme is that only one of them could be introduced at the same time. This is because the current proposals are that both of these options are proposed to apply to the entirety of Greater Manchester. The introduction of the Proposed Franchising Scheme would necessarily exclude the VPA proposed, and its introduction would be on the assumption that the Proposed Franchising Scheme was not immediately being introduced. This is why, when preparing its Assessment of a Proposed Franchising Scheme on behalf of GMCA, TfGM spent a significant amount of time with operators to consider alternative options to the Proposed Franchising Scheme, including partnership.
- 10.7.6 It remains open to GMCA and the Mayor to decide, following the consideration of the outcome of the consultations, whether or not to introduce the Proposed Franchising Scheme. Alternatively, a decision could be taken to enable a VPA to be explored further.

10.8 Further review of proposal

- 10.8.1 On 27 August 2020, TfGM wrote to OneBus and asked OneBus to confirm whether in light of the impact of Covid-19 on the bus market, its Partnership Plus proposal remained valid or whether it anticipated any changes being required to the commitments in that proposal.
- 10.8.2 As summarised from section 2.4.14 of the Covid-19 Impact Report, OneBus said that they remain committed to delivering bus reform through partnership. OneBus said that *“the key is to get people travelling on buses again by working together and promoting the positives of bus travel irrespective of how it is controlled. Only then will it be possible to determine the detail of the Partnership offer in a similar way to which you will be developing your own plans which we look forward to being involved in. In conclusion, our offer of Partnership still stands and when we all have a better idea of the market, we can both develop and share our plans”*. At that stage it was therefore considered that OneBus maintained its offer to enter into a partnership but that it could not then repeat the commitments contained in Partnership Plus.
- 10.8.3 In response to the second consultation, OneBus said that *“With the significant shortfall in operating revenues, the elements of the partnership offer that were funded by investments from profit and revenue growth could not be delivered and the partnership offer was no longer valid...”*. OneBus did not put forward a revised version of its Partnership Plus proposal as part of its response to the second consultation. This was confirmed by way of a separate letter from OneBus dated 15 February 2021 which said that *“due to the uncertainty created by the Covid-19 pandemic, OneBus no longer has a formal detailed proposal”*. OneBus said that this was due to the amount of uncertainty in the market.
- 10.8.4 Instead, OneBus responded to the second consultation by saying that the Partnership Plus option had not been reviewed *“in a fair and equitable manner”* and that no consideration had been to any 'recovery partnerships' option. TfGM does not consider that GMCA has failed to consider OneBus' Partnership Plus proposal in a fair and equitable manner. Further information about 'recovery partnerships' and TfGM's consideration of what consultees said during the second consultation on those partnerships is considered at section 13 of this report.

10.9 Conclusion

- 10.9.1 In preparing its Assessment of a Proposed Franchising Scheme, consideration was given by GMCA on how the Proposed Franchising Scheme would compare with other courses of action. That led to the development of two partnership options. TfGM determined that those discussions had reached a stage in which they could be appropriately compared with the Proposed Franchising Scheme.
- 10.9.2 The Act and statutory guidance do not provide any specific guidance to how GMCA may consider alternative options which are received during the course of a consultation. However, conscientious consideration must be given to any such response. This section of this report details the work undertaken by TfGM in reviewing the Partnership Plus proposal, which includes consideration of that option against each of the five cases to the Assessment.
- 10.9.3 TfGM is confident that sufficient consideration has been given to Partnership Plus to come to the view that, overall, it is expected that the proposal would deliver no greater benefits than the Ambitious Partnership modelled in the Assessment. This proposal, therefore, does not impact our overall conclusion in the Assessment of the relative benefits and costs of a partnership and franchising. This conclusion has not changed as a result of Covid-19, and OneBus has now confirmed to TfGM that, due to the current levels of uncertainty, its partnership offer is no longer valid and that it no longer has a detailed partnership proposal to put forward.
- 10.9.4 Section 17.2 of this report considers whether, in the absence of any detailed partnership proposals from operators at this stage, it would be appropriate to make a decision whether or not to introduce the Proposed Franchising Scheme. At this stage and in response to the second consultation, OneBus commented that a 'recovery partnership' should be considered as a short-term option. This is considered separately at section 13 of this report.

11. Stagecoach South Manchester Partnership Proposition

11.1 Introduction

- 11.1.1 In response to the first consultation, GMCA received a proposal from Stagecoach (submitted alongside its response to the consultation) in which it proposed a partnership in the South of Greater Manchester that “*would complement any decision to franchise the North*” (page 8 of the proposal).
- 11.1.2 Stagecoach developed the proposal following engagement with TfGM that focused on GMCA’s objectives as set out in the Vision for Bus and how it might be possible for Stagecoach to help further these. TfGM engaged with Stagecoach to understand what could potentially be achieved, to answer queries that Stagecoach had during the development of their proposals and to provide feedback as required to help Stagecoach clearly articulate its proposals and develop them to better fit in with GMCA’s objectives and potential alternative franchising proposals.

Stagecoach’s proposal

- 11.1.3 During the first consultation, Stagecoach put forward 35 initiatives over the key areas of network, fares, fleet investment and customer and a governance structure to coordinate the market. Stagecoach anticipated that the partnership could be set up by June 2020 using a Voluntary Partnership Agreement (VPA) similar to OneBus’ Operator Proposed Partnership and Partnership Plus proposals and making use of Advanced Quality Partnership Schemes (AQPS) on key routes/corridors to enforce and maintain certain standards. Stagecoach proposed that the partnership should last for 10 years, with a number of their proposals being delivered over the first three years to ensure that there are some key initial outputs from the partnership.

Geography

- 11.1.4 Stagecoach’s proposal was that it, “*if the GMCA were to decide to pursue franchising in the North of the region, would deliver a complementary offering in the South*”. It was Stagecoach’s intention that other commercial operators in the South of Greater Manchester (defined as Sub-Area C in the Proposed Franchising Scheme) might also enter into the South Manchester partnership. Stagecoach confirmed that they had received initial support from Arriva, who also have operations in the South of Greater Manchester.
- 11.1.5 Stagecoach summarised the benefits of its proposal in these terms:

Benefits for Greater Manchester and its authorities:

- 11.1.6 It would provide politicians with improved transparency and greater control over the bus network, through a new performance regime and involvement in network development;
- 11.1.7 It would provide a targeted approach to addressing any specific challenges in the bus network which are not uniform across the region;
- The mixed-model approach would unlock significant investment to deliver cleaner air and reduced road congestion in the region, through a greener bus fleet and more attractive services which would help generate modal shift from the car;
 - It would assist politicians in making good on their promise to the electorate to deliver a step-change in transport connectivity to underpin the region's economy and make it the best place to grow up, get on and grow old;

- Improvements to the bus network and the wider public transport offer would be delivered more quickly and at lower cost than a franchise model;
- The proposals would deliver a key political objective of delivering better value for the taxpayer, by the participating partnership operators providing the majority of investment to deliver the benefits; and
- It would reduce the significant risk to the taxpayer from a full franchising of the region's entire bus network, which is known to be a concern of local taxpayers.

Benefits for customers, communities and employees:

- Investment: £142 million Stagecoach investment over the period of the partnership;
- Cleaner air: Investment in new greener buses and associated infrastructure will build on the £16.5 million investment already made on the purchase of 32 electric buses (and infrastructure) being introduced by Stagecoach on two key, high-frequency services connecting Manchester city centre, Manchester Airport, five hospitals and two universities from March 2020;
- Simpler, better value fares: London-style price-capped tickets;
- Seamless, easy-to-use services: One unified brand and customer contact point for all bus services in Greater Manchester;
- More influence over the network: Enhanced consultation and a new performance regime to drive consistent high standards;
- Efficient integrated journeys: A better-integrated bus, tram and rail network and congestion-busting measures to deliver more reliable journeys;
- Improved accessibility: 'Talking bus' audio-visual systems fitted to all vehicles to improve accessibility;
- Improved information and transparency: Clear journey planning and bus tracking information for customers, plus open data on operational and financial performance and customer complaints;
- Better-skilled and rewarded employees: Investment in employee training and new apprenticeships, with a commitment to pay staff the Real Living Wage; and
- More inclusive and sustainable communities: Recycling and other environmental commitments, as well as community benefit initiatives, such as breakfast clubs for children.

11.1.8 In considering Stagecoach's proposal it is important to note that, as GMCA's objectives apply to the whole of Greater Manchester, it is necessary to consider the implications of Stagecoach's proposal for the Greater Manchester as a whole, that is, the combined potential benefit of having a franchised scheme in the North of Greater Manchester alongside partnership in the South.

11.1.9 Combining a partnership in the South of Greater Manchester with a different partnership in the North of Greater Manchester with different parties involved and a different structure in each would be more complicated than a Greater Manchester-wide partnership from the customer perspective and for TfGM to manage.

11.1.10 OneBus' Partnership Plus proposal (as considered in detail at section 10 of this report) reflected the output of discussions involving operators in the North as well as the South and therefore *is* the combination of a partnership in the South and the North. Given that this scenario has been analysed above and it was concluded that this would offer less benefit than the Ambitious Partnership option that was modelled in the Assessment, the remainder of this section focusses on the additional scenario proposed by Stagecoach, that is, a potential partnership in the South alongside a franchising scheme in the North.

Structure

11.1.11 The following sections describe and consider the implications of the proposals from the perspective of each of the five cases to understand how likely the proposals are to deliver on GMCA's objectives (Section 11.2 Strategic Implications), whether there is likely to be any economic benefit (Section 11.3 Economic Implications), and whether there are any other Commercial Implications (Section 11.4), Financial Implications (Section 11.5), Management Implications (Section 11.6) or Legal and Other Considerations (Section 11.7) to consider. Section 11.8 concludes on whether the conclusions reached in the Assessment remain valid when taking into account Stagecoach's recent proposal.

11.1.12 The remaining sections are as follows:

- Section 11.2 Strategic Implications;
- Section 11.3 Economic Implications;
- Section 11.4 Commercial Implications;
- Section 11.5 Financial Implications;
- Section 11.6 Management Implications;
- Section 11.7 Legal and Other Considerations;
- Section 11.8 Further review of proposals; and
- Section 11.9 Conclusion.

11.2 Strategic Implications

Introduction

11.2.1 This section analyses the extent to which the proposed scenario is likely to achieve GMCA’s objectives. It follows a similar method to that shown at section 9 of the Strategic Case of the Assessment. As explained above, as GMCA’s objectives apply to the whole of Greater Manchester, each of the sections consider the implications of taking Greater Manchester as a whole (that is, the combined potential benefit of having a franchised scheme in the North alongside a partnership in the South).

Network

1. Reach and stability of the bus network
Objective
<ul style="list-style-type: none"> • Comprehensive network • Simple network • Frequent services • Direct services • Stable network • Responsive network <p>Accessibility improves by comparison to the scale of the network within three years; continued improvement to 2040.</p> <p>Improvement in simplicity of the network within three years of intervention.</p>

11.2.2 Relevant proposals taken from Stagecoach’s proposal offer included:

- D.1 – Consultation & Stability of Route Changes: Stagecoach proposed increasing the minimum notice period for route changes by an additional 28 days for the purpose of consultation; sharing the schedule for route changes with TfGM, and develop a good-practice guide on how consultations should be conducted;
- D.3 – Provide Route Performance Data on Unprofitable Routes quarterly; and
- D.4 – Commercialise the Equivalent of Today’s Current Tendered Services: Stagecoach will operate without subsidy a proportion of any current tendered route, which would in effect extend a Stagecoach service.

Key Issues

11.2.3 Likely extent of network improvements: Under a franchise scheme in the North of Greater Manchester, TfGM would have the ability to control the network planning process for routes in the North of Greater Manchester, whereas, in the South of Greater Manchester, operators would retain the responsibility for network design and planning, working with TfGM in partnership. This may enable TfGM to have more influence over the bus network than it currently has, particularly as Stagecoach is proposing to establish a ‘Network Planning Board’.

- 11.2.4 It is worth noting that the network in the South is mostly already planned by a single operator, so there may be fewer possible changes that would need to be made anyway. In the South of Greater Manchester, it is possible that the network would remain more similar to the current network, as TfGM could not direct changes to be made.
- 11.2.5 For the North of Greater Manchester, the network design work presented in the Economic Case of the Assessment showed what could be done under franchising to make the network more comprehensive, simple, frequent, direct, stable and responsive. This could still be carried out for the North of Greater Manchester, but the amount of change that could be achieved in the North of Greater Manchester may be lower than for that area than under the Proposed Franchising Scheme because TfGM would not be able to redistribute resources across the whole of Greater Manchester.
- 11.2.6 Thus, the ambitions to make the network more comprehensive, simple, frequent, direct, stable and responsive will not be fully met.
- 11.2.7 This proposal would also create a boundary between the North and South of Greater Manchester, which would need to be managed (see Section 11.4 below) and may make it more challenging to achieve GMCA’s objectives in relation to simplicity and directness of routes. It is also unlikely to be easy to agree further changes to services (especially North / South services where there would be revenue implications).
- 11.2.8 Due to the requirements of the Act and the need to consider whether such services would have an ‘*adverse effect*’ on a franchised service, it is unclear whether or not such services would be able to obtain a service permit in the North of Manchester. For franchised services in the North running into the South of Manchester, they would need to comply with the usual registration requirements and would need to be secured by GMCA under non-franchising powers. This may, therefore, create issues for Stagecoach’s proposal, as it may limit the ability for services to operate across the entirety of Greater Manchester, which would not help towards GMCA’s objective of a comprehensive, simple network across Greater Manchester with direct services.
- 11.2.9 Consultation on route changes and performance data: Stagecoach proposed to extend the period of notice given for route changes by 28 days and to provide performance data for routes that are “*not covering marginal costs and are at risk of revision*” (p51 of Stagecoach’s proposal). This information could then be discussed in the Network Planning Board working group proposed by Stagecoach, providing TfGM with a much more detailed understanding as to the challenges being faced and an opportunity to act where possible to minimise or reduce the impact. It is worth noting, however, that this approach may not change the commercial decision-making process itself about whether to change a route, particularly where reductions are being contemplated.
- 11.2.10 Commercialisation of existing services: In the South of Greater Manchester, Stagecoach proposed to commercialise a portion of the currently subsidised services and have calculated that this would represent a saving of approximately £1.8 million in terms of today’s current tendered services. This could release some funding from the tendered services budget and potentially represent a saving or could be used to offset any funding required to support other aspects of Stagecoach’s proposals. Alternatively, potential savings could then be invested into the network to help towards improving the reach and stability of the network, which would help to achieve GMCA objectives outlined above.
- 11.2.11 It is worth noting that there are some reasons why not all of this saving may be delivered for each of the 10 years during the partnership. There is no mechanism proposed to

measure the level of savings achieved by GMCA. For there to be a saving achieved, it would need to be shown that services remained unprofitable and that TfGM would still be willing to subsidise it in the absence of the proposals. There also remains a risk that Stagecoach may make a commercial decision to scale back some of the services if they remain unprofitable, and, in that case, TfGM may need to take a decision whether to subsidise these routes again.

11.2.12 Furthermore, Stagecoach requested that GMCA contribute an amount equal to the savings generated into a ‘*South Manchester Partnership Investment Fund*’ with the majority being reinvested into the South of Greater Manchester. This would effectively lead to a potential constraint on GMCA’s ability to determine where the funding could be used across Greater Manchester, given that 66.6% of the fund is proposed to be used in the South of Greater Manchester only. This is considered further at section 11.2.82 below.

Conclusions

11.2.13 Conclusions are as follows:

- There would be a reduction in the level of network change that could be achieved compared with when franchising the whole of Greater Manchester and, therefore, less progress towards the integration objectives;
- Network planning would be more difficult for the South of Greater Manchester compared with the proposition to franchise the whole of Greater Manchester, and there may be boundary planning issues and a restriction on which services could operate into the North of Greater Manchester; and
- The commercialisation of a portion of tendered services is of value, but any ongoing value to Greater Manchester has a degree of uncertainty.

2. Integration and efficiency
Objective
<ul style="list-style-type: none"> • Integrated within itself, planned as a single network within one year of intervention. • Efficient deployment of bus resources, with frequencies appropriate to demand levels. • Integrated with other transport, particularly public transport. <p>Improvement in measures of efficiency within three years of an intervention benchmarking of Greater Manchester network by 2040.</p>

Relevant proposals taken from Stagecoach’s proposal offer include:

- D.1 – Consultation & Stability of Route Changes described above;
- D.2 – Performance Accountability: quarterly meetings of those involved in the partnership and bus users to review published performance metrics and to discuss the findings of the trend analysis, identifying remedial actions for any identified area of poor performance; underperformance against metrics would incur a penalty;

- D.3 – Provide Route Performance Data on Unprofitable Routes quarterly; and
- C.7 – TfGM to sell Stagecoach single operator bus tickets through its digital channels and Stagecoach to promote multi-operator tickets including the tram and, once in place, trains.

Key issues

- 11.2.14 Network integrated within itself and planned as a single network: In the North of Greater Manchester, the network planning process would look to balance objectives including meeting social and economic need as well as developing a more efficient network. Resources could be redistributed to better match supply and demand and therefore benefit passengers. It is likely that the benefits for this area would be lower than the benefits for the same geographical area when franchising the whole of Greater Manchester, given that it would be more difficult to make a broader set of changes.
- 11.2.15 In the South of Greater Manchester, a network review process with TfGM along with the provision of additional financial/performance information has the potential to enable operators in the South of Greater Manchester and TfGM to work together to improve the integration and efficiency of the network (with itself and other modes).
- 11.2.16 As explained in the section above, there would be issues to work through at the boundary between the North and South of Greater Manchester. The reality of having two regulatory frameworks for running the bus network in Greater Manchester would inevitably mean that there would not necessarily be the “*seamless integration*” that Stagecoach intend, and GMCA would therefore not be able to fully achieve its objectives on integration, in particular, that the network is “*integrated within itself, planned as a single network within one year of intervention*”.
- 11.2.17 However, taking Greater Manchester as a whole, the network would not be planned as a single network, so the objective of changing the integration of the network and its planning as a single network within a year would not be met. Any improvements that could be agreed would take time to work through and discuss among all of the different operators and TfGM.
- 11.2.18 Efficient deployment of bus resources: As set out above, the extent of network changes to achieve efficiencies and improve the network would be limited. Whilst Stagecoach would take part in a set of consultative processes and publish information, TfGM would still not be able to determine changes to the network in the South and may be restricted in introducing changes close to the boundary if such network changes would require changes to any Stagecoach services south of the boundary, given that Stagecoach would have no legal obligation to accept these changes under the proposed partnership in the South of Manchester. Stagecoach may also be restricted in what network changes it would be able to make to services that operated into the North of Greater Manchester as they would need to satisfy the requirement of not having an adverse effect on a franchised service to successfully obtain a service permit.
- 11.2.19 The proposed system for performance accountability might lead to improvements in the deployment of bus services in South Manchester and might enable operators who may be members of the partnership to be more responsive to emerging needs. But it would not fundamentally change the decision-making process.
- 11.2.20 Network integrated with other transport, particularly public transport: Stagecoach alluded to the fact that they consider the implementation of the partnership in the South of

Greater Manchester will enable better integration of the Greater Manchester public transport network in the future, including integration of the bus network with other modes of transport such as rail and Metrolink. However, within their detailed proposals, this is only specifically addressed in the C.7 proposal for extending ticket retail channels, where they state that they would eventually introduce multi-modal ticket types. Given the lack of detail on how this would be delivered under a partnership in the South of Greater Manchester, it is not possible to determine whether this would offer any improvement in introducing an integrated public transport network above the Do Minimum option.

Conclusions

11.2.21 Conclusions are as follows:

- Network integrated within itself and planned as a single network: Reduced network change compared with franchising the whole of Greater Manchester, and therefore less progress towards integration and other objectives, particularly efficiency. This would reduce the effectiveness of the franchising intervention in the North;
- Efficient deployment of bus resources: Planning would not necessarily lead to a change in how new services were evaluated by Stagecoach and potentially other operators;
- Publication and sharing of data in respect of the South of Greater Manchester would not make the decision-making process a ‘mutual’ one, as the key decisions would still be made by Stagecoach and potentially other operators that are part of the partnership in the South; and
- Network integrated with other transport: the lack of specific proposals relating to integrating the bus network in South Manchester with other transport, including other public transport, means it is not possible to determine there would be any benefit from the proposals in achieving this objective.

3. Quality of service provided – reliability of the service	
Objective	<ul style="list-style-type: none"> • A high standard of reliability (whether the services run), punctuality (whether scheduled services are on time) and regularity (whether frequent services come at the stated intervals) is maintained across the network. • Reliability, punctuality, regularity of services improves within three years of an intervention; improvement continues year on year. • The bus service provides journeys that take as short a time as possible given the distance and the nature of the journey. • Speed of bus journeys stabilises or improves in each year; no deterioration within three years of intervention.

11.2.22 Relevant proposals taken from Stagecoach’s proposal offer included:

- D.2 – Performance Accountability: described above; and

- A.4 – Initiatives to Tackle Congestion: set up a Congestion and Traffic Management Working Group and fund an additional signal engineer and an additional inspector within TfGM UTC.

Key Issues

- 11.2.23 Extent of likely improvement in the quality of service provided: In the North of Greater Manchester, consistently high standards of reliability and punctuality would be incentivised through each franchise’s performance regime, which would financially incentivise the achievement of targets for reliability and punctuality. The contractual enforcement mechanism would be more effective than a partnership in raising reliability standards. However, without further resource dedicated to reliability, it is unlikely that the Proposed Franchising Scheme alone would make a dramatic difference to reliability. It is also worth noting that, as explained in the Legal and other considerations section below, any delay to the introduction of a franchise scheme in the North (due to the need to assess a new scheme) would mean a delay to when any such improvements could occur in the North of Greater Manchester.
- 11.2.24 In the South of Greater Manchester, it is likely that the VPA agreement would include KPI targets as Stagecoach has proposed under initiative D.2. at section 1.4.3 of their proposal, Stagecoach noted that they would *“welcome a Partnership Performance Regime, that would ensure a consistent level of quality across the South Manchester Partnership”* and note on page 51 that *“underperformance against these measures would incur a penalty”*. It would be up to Stagecoach and other operators in the South to determine how to meet such targets, their level of commitment to them, and whether to commit to any financial sanctions. If they did, that would raise questions about whether they would be enforceable and effective.
- 11.2.25 It is also worth noting that there could be issues at the boundary between the North and South of Greater Manchester (explained above), and these may impact on service reliability, for example, failure to obtain a service permit in a timely manner could have an effect on reliability of services.
- 11.2.26 Congestion: Stagecoach has proposed to set up a congestion and traffic management working group. It is possible that this could help to prioritise schemes in at least a similar way to that proposed under the multi-operator partnership (albeit mainly focusing on the South). Given that making any interventions that were proposed would rely on funds being available, and Stagecoach identified that these would originate in part via the partnership fund proposed, the potential benefit of this proposal is considered at section 11.2.82 below.
- 11.2.27 Stagecoach has separately proposed to fund two more individuals to be included in the Urban Traffic Control Room (an additional signal engineer and inspector). As this is a specific proposal, it is considered in the Economic Implications section below.

Conclusions

- 11.2.28 Conclusions are as follows:
- The performance accountability proposal, which includes operators working towards a set of KPIs in the partnership agreement, could lead to increased reliability of services. It is unclear, however, how these KPIs would be enforced and how far this commitment, therefore, would go in practice towards meeting the objective of improved reliability;

- The congestion working group proposed by Stagecoach could go some way to improving reliability of services; however, any implementation of improvements would be down to Stagecoach and the other operators in the South of Greater Manchester to complete and would depend on funds being available. There is potential for improvement relative to the Do Minimum option given the potential for additional funding released due to the commercialisation of a portion of the tendered services in the South of Greater Manchester by Stagecoach; and
- Monitoring and publication of data may allow better decision making on infrastructure in a similar way to under the Operator Proposed Partnership option and the Partnership Plus proposal.

4. Harmful emissions from buses are reduced and CO₂ emissions from buses are reduced.
Objective
<ul style="list-style-type: none"> • Harmful emissions such as NO₂ and particulate matter together with CO₂ from buses are reduced. • All buses are Euro VI standard or better sooner than the current predicted date of 2030 (including alternative fuel) across Greater Manchester, with an aim of achieving it by 2024 (the date Greater Manchester anticipates meeting the legal limits for NO₂). • All buses should conform to any required standards of a Clean Air Zone to the extent that this is implemented.

11.2.29 Relevant proposals taken from Stagecoach’s proposal offer included:

- A.1 – Reduce Fleet Age from 8.03 to 7 years, replacing older buses with new, more environmentally friendly vehicles, acquiring 174 buses in the first 3 years in addition to 32 electric vehicles planned, maintaining a maximum fleet age of 15 years; and
- A.3 – Euro VI Compliant, Ultra-Low & Zero-Emission Vehicles: Euro VI compliance by September 2021 will be met by new vehicles and retrofitting 328 buses subject to Defra funding and agreed terms for retro-fit.

Key issues

11.2.30 Value of vehicle age improvements: In the North of Greater Manchester, there would be a maximum age for buses to operate and a maximum average age for the fleet used by operators. This would mean that the rate of replacement would need to be kept up, ensuring newer technologies (especially Euro VI) were introduced and that the average age of the fleet would not increase over time.

11.2.31 In the South of Greater Manchester, Stagecoach proposed that they could reduce their average vehicle age from 8.03 years to 7.0 years. The level of benefit of a marginal change in the fleet age for Stagecoach only is likely to be limited (but still meaningful) and is considered in the Economic Implication Section below.

11.2.32 Clean air proposals: In the North of Greater Manchester, TfGM would apply as the operator for this funding on behalf of GMCA for the whole of the North of Greater Manchester.

TfGM would establish a roadmap for the move to alternative fuel vehicles that would have zero or ultra-low emissions.

- 11.2.33 In terms of Stagecoach's proposal in respect of Euro VI compliance by September 2021, as the commitment is caveated as being subject to Defra funding for retrofitting the existing fleet to be Euro VI compliant (page 34 of the proposals document in the dependencies section), it would not necessarily deliver more than that which could be achieved under the Do Minimum option.
- 11.2.34 Stagecoach proposed to ensure that 45% of its fleet would be "*better*" than Euro VI-compliant in September 2021. When considering how much benefit this brings relative to the Do Minimum option, it is important to note that at the first consultation, Stagecoach's current fleet profile contained over 100 hybrid vehicles, which once retrofitted, would fall into the category of "*better than Euro VI*". Stagecoach's proposal to achieve 45% of their fleet being better than Euro VI is, therefore, achievable only by virtue of the Euro VI compliance proposal. It is possible that any new fleet purchased between then and September 2021 would fall into the "*better than Euro VI*" category, but as Stagecoach has only committed to purchasing "*a balance of new vehicles (which are Euro 6, ultra-low or zero-emission*" (p38), taken together, these proposals only amount to a firm commitment on Euro VI (which is subject to agreed funding from Defra as explained above).
- 11.2.35 Over the longer-term, TfGM would not have the same degree of control over the specification of buses in the South of Greater Manchester (compared with franchising the whole of Greater Manchester), which may hinder its ability to deliver further change beyond that agreed with Stagecoach in the initial years of partnership.

Conclusions

- 11.2.36 Conclusions are as follows:
- The value of a reduction in the average age of the fleet is likely to be marginal, and some of this would need to be developed by Stagecoach anyway to stop its fleet age rising further;
 - Euro VI commitment is dependent on funding coming forward and agreed terms for retrofitting so is subject to the same terms as likely under the Do Minimum option; and
 - There is uncertainty as to how much CO2 emissions would be reduced versus the Do Minimum option, given the proposals outlined do not bear a significant difference to what could be achieved in terms of low emission fleet as outlined above.

Fares and Ticketing

5. Integrated and simple fares
Objective
<p>The fares system is simple to understand and convenient to use:</p> <ul style="list-style-type: none"> • Period tickets should be valid on any bus service within one year of an intervention. • There should be equivalent period tickets covering bus and Metrolink within one year of intervention and, in time, local rail services in Greater Manchester. • Single fares should be standardised so that there are similar fares for similar journeys within one year of intervention.

11.2.37 Relevant proposals taken from Stagecoach’s proposal offer included:

- C.1 – Simplified Fares & Ticketing: a reduction in fare bands from five to four and a reduction in the number of period tickets to three (daily, weekly, monthly);
- C.2 – Carnet Ticketing: Five unlimited day tickets valid for three months;
- C.4 Fare Capping: ability to take unlimited journeys to an agreed daily or weekly limit on Stagecoach buses and commitment to participate in any future Greater Manchester multi-operator fare capping system;
- C.5 – Reduced Maximum Fare for use on buses between 7pm and midnight and midnight and 4am;
- C.3 – Change Ticket Acceptance Policy: TfGM to allow buyer of a commercial operator ticket to use it on a largely similar tendered service provided at different times by a different operator; and
- C.7 – Extend Retail Ticket Channels: TfGM to sell Stagecoach single operator bus tickets through its digital channels and Stagecoach to promote multi-operator tickets including the tram and, once in place, trains.

Key Issues

11.2.38 Value of simplification: in the North of Greater Manchester, GMCA would take full and sole responsibility for setting and delivering policy on fares and ticketing. GMCA would simplify the current fares and ticketing offer: period products (such as day and weekly tickets) would be valid throughout the whole of the Proposed Franchising Scheme area (which under Stagecoach’s proposal would be the North of Greater Manchester). Single fares would be simplified, and there would be a reduced and simplified number of fare bands. TfGM would also be able to determine the scope and pricing of multi-modal tickets covering bus and Metrolink. GMCA would also have the ability to ensure that discounts and concessions were integrated into the overall fares offer to passengers.

11.2.39 In the South of Greater Manchester, Stagecoach proposed to reduce the number of fare bands to four, to create a single suite of period tickets for its services by January 2021 (which would have the effect of removing some geographical variants to ticket prices), to extend the introduction of carnet ticketing and to introduce a flat fare in the evenings.

These measures would increase the simplification of fares in the South of Greater Manchester (on Stagecoach services) to an extent.

11.2.40 It is necessary, however, to consider the fares and ticking proposition at a Greater Manchester-wide level in order to understand whether the overall picture would be significantly simplified relative to the Do Minimum option. At the Greater Manchester-wide level, there would be the following main categories of tickets:

- A range of individual operator tickets in the South of Greater Manchester (the number of different ranges would depend on the number of operators in the South in the future);
- A range of franchise tickets covering the North of Greater Manchester; and
- A range of tickets covering the whole of Greater Manchester, which Stagecoach propose is governed by a 'Multi-Operator Board', which would broadly replicate the current GMTL Board.

11.2.41 At the Greater Manchester-wide level, therefore, there would be three main types of tickets, i.e. one more main category than under the Do Minimum option. Whilst Stagecoach proposes to promote the multi-operator ticket better, there is no mechanism proposed to reduce the existing price premium between the individual operator tickets and the Greater Manchester-wide ticket, nor any mechanism proposed by which individual operator tickets could be linked to franchise tickets. Taking Greater Manchester as a whole, franchising in the North of Greater Manchester would make the fares and ticketing proposition less complex in that area, whereas the partnership in the South would not necessarily improve overall complexity in that area given there will still be multiple operators running services. Having two separate ticketing arrangements, one in the North and one in the South of Manchester, would create further complexity for customers, particularly those who travel between the North and South of Manchester. This could mean that, should franchising in the North and Stagecoach's proposal of a partnership in the South be implemented, there could potentially be more overall complexity across the Greater Manchester network as a whole than in the Do Minimum option, meaning that GMCA would be unable to meet objectives on simplicity and integration.

11.2.42 It is also worth noting that there would potentially be additional complexity for customers at the boundary between the North and South of Greater Manchester. Agreements would need to be reached on permitting (including service permit conditions) and ticket acceptability – considered further in the Commercial Implications Section 11.4 below.

11.2.43 Fare capping: as part of their proposal to implement fare capping across their South Manchester bus services, Stagecoach stated this would allow customers to take unlimited journeys across these services to an agreed daily and weekly limit, stating customers will be able to use contactless payment methods and that they would be appropriately charged up to the maximum price. Whilst this would reduce the complexity of physically paying for tickets (by using contactless payments), and while Stagecoach will automatically cap fares up to a maximum daily or weekly amount, the proposal does not in itself reduce the complexity of the ticket offering for customers using contactless payment methods. Instead, it simply removes the need for customers to choose which type of ticket to purchase when travelling; however, it is recognised this could lead to contactless-paying customers paying less than if they had made an initial ticket choice that would have proved more expensive. Without more detail, it is difficult to see how fare capping would work without contactless payment methods being used.

- 11.2.44 Ticketing acceptance policy: this would require TfGM to change its current arrangements for tendering services and, as noted on page 48 of Stagecoach’s proposal, this would result in higher contract prices (i.e. additional costs) in some instances for TfGM. The level of benefit that this may bring is considered at section 11.3 Economic Implications below.
- 11.2.45 Extend Retail Ticket Channels: Stagecoach has proposed that TfGM sells Stagecoach individual operator tickets on TfGM digital channels. (It is assumed that TfGM would likely therefore need to offer this to other operators that may enter into a partnership in the South). It also proposes to promote multi-modal arrangements better. TfGM would expect that Stagecoach would welcome their tickets being marketed by TfGM under the Do Minimum option (given that this may be in Stagecoach’s commercial interests) and, in the absence of any price change to reduce the premium between multi-operator and individual operator tickets, there would be limited fares benefits to customers.

Conclusions

- 11.2.46 Conclusions are as follows:
- Some simplification is possible, but the overall position would not be substantially simplified – it could be more complex; and
 - The extent to which greater emphasis on all-operator ticketing would benefit customers it not clear given that there is no price reduction proposed.

6. Fares should offer value for money
Objective
<ul style="list-style-type: none"> • Fares offer value for money to customers while supporting a balanced funding position for the bus market. • A framework approach is taken to consideration of any further discounted tickets within one year of intervention.

- 11.2.47 Relevant proposals taken from Stagecoach’s proposal offer included:
- C.1 – Simplified Fares & Ticketing: a reduction in fare bands from five to four and a reduction in the number of period tickets to three (daily, weekly, monthly);
 - C.2 – Carnet Ticketing: five unlimited day tickets valid for three months;
 - C.4 – Fare Capping: ability to take unlimited journeys to an agreed daily or weekly limit on Stagecoach buses and commitment to participate in any future Greater Manchester multi-operator fare capping system;
 - C.5 – Reduced Maximum Fare for use on buses between 7pm and midnight and midnight and 4am; and
 - C.6 – Concessionary & Socio-Economic Needs: Stagecoach will continue to participate in existing schemes and cooperate on any broader Greater Manchester scheme initiatives.
- 11.2.48 Fare pricing: In the North of Greater Manchester, the pricing decisions for single fares and daily, weekly and monthly tickets would be made by GMCA. As reflected in the Assessment, the expectation is that network period products would initially be priced at the lowest price

for an operator-own period product from a major incumbent. However, it is worth noting that there is a risk that the revised franchised area is commercially weaker on its own and requires additional ongoing funding (see Section 11.5 Financial Implications) which could affect the ability of GMCA to ensure tickets are VfM in this area.

- 11.2.49 In the South of Greater Manchester, Stagecoach and potentially other operators would set the prices of their individual operator tickets (as they currently do under the Do Minimum option).
- 11.2.50 There would be a third ticket type covering the whole of Greater Manchester, which is currently (and would likely still need to be) priced at a premium above individual operator tickets. This leads to there being three main types of tickets in Greater Manchester offering different VfM.
- 11.2.51 Discounts for socio-economic needs / future concession schemes: In the North of Greater Manchester, GMCA would introduce a framework approach to looking at fare discounts to take account of different factors including increasing patronage overall (rather than on one operator’s buses) and helping the socially disadvantaged. Stagecoach agreed to work with any discounts that they currently offer and “*evaluate each scheme to determine whether it could support it commercially or on a Local Concessionary Scheme basis*” (p49) – i.e. ‘no better and no worse off’. Depending on the nature of a concession, they would not necessarily be obliged to work on this basis. This would effectively ensure that GMCA would be no better or worse off, so existing issues with agreeing concessionary reimbursement would still apply, potentially increasing cost of Greater Manchester-wide introduction of such schemes relative to under a Greater Manchester-wide franchising scheme.

Conclusions

- 11.2.52 Conclusions are as follows:
 - Pricing in South Manchester would not necessarily offer any greater VfM for customers than is currently available in the market; and
 - Compared with the Proposed Franchising Scheme, GMCA would have less scope to determine and carry through fares policy.

7. Account-based smart ticketing introduced as soon as possible
Objective
Quick introduction of account-based smart ticketing, enabling a ‘fair price promise’ for different modes. <ul style="list-style-type: none"> • Whole bus network capped products for day and week tickets available as soon as possible, offering the lowest possible fare. • A multi-modal capped product introduced as soon as possible.

- 11.2.53 Relevant proposals taken from Stagecoach’s proposal offer include:
 - C.4 – Fare Capping: ability to take unlimited journeys to an agreed daily or weekly limit on Stagecoach buses and commitment to participate in any future Greater Manchester multi-operator fare capping system.

Key issues

- 11.2.54 In the North of Greater Manchester, TfGM would embrace electronic means of payment (cards, mobile phones etc.) for the bus network as has been done on Metrolink, but as there would be a delay to the introduction of a franchising scheme in the North of Greater Manchester due to the legal process that would need to be followed (see Section 11.7 Legal and Other Considerations below) it may take longer for this to be rolled out compared with when franchising the whole of Greater Manchester under the Proposed Franchising Scheme.
- 11.2.55 In the South of Greater Manchester, Stagecoach proposed to introduce fare capping by the summer of 2021 with the intent to support TfGM in rolling this out across Greater Manchester (see Section 11.2.43 above – operators have made national commitments on this as well). Stagecoach also intended to support a capped product between Stagecoach and Metrolink.
- 11.2.56 There are a number of potential issues in terms of achieving GMCA’s objectives:
- Stagecoach’s proposal applied to their own services so it is not certain that other operators in South Manchester (particularly any future entrants to the market) would participate;
 - It may take longer to roll out smart capping across the whole of Greater Manchester under two different operating models compared with franchising the whole of Greater Manchester given there would be two competing markets of franchising in the North and partnership in the South, and also given the necessary interfaces required between systems and back-offices in the North and South of Greater Manchester; and
 - Any Greater Manchester-wide capping product may not be at the price of period tickets in the franchised area due to competition issues, which could retain some complexity for customers, as the pricing would likely have to exceed operator own tickets (or at least not act as a price constraint on their tickets). This would result in some customers paying a premium for being able to travel Greater Manchester-wide.

Conclusions

- 11.2.57 Conclusions are as follows:
- Under the Stagecoach proposals, introducing account-based smart ticketing would be more complex than under the Proposed Franchising Scheme both to administer and from a user perspective;
 - Taking the South of Greater Manchester alone, there could potentially be speedier fare capping than would be envisaged under the current partnership proposals (at least on Stagecoach services), but there may be a delay to the implementation of this in the North of Greater Manchester for the reason explained above; and
 - Any Greater Manchester-wide capping product may not be at the price of period tickets in the franchised area due to competition issues, which could retain some complexity for customers and may result in some customers paying a premium for being able to travel Greater Manchester-wide.

Customer

8. Ease of understanding of the bus service is improved
Objective
<p>The ease of understanding of the bus service is improved for users and there is a high quality of information available (at stops and stations; on buses; and on the web). Branding is clear and enhances improved perception of the service.</p> <ul style="list-style-type: none"> • Comprehensive information is put forward covering the whole of the public transport network, whether provided by GMCA or third party. • Accurate information is provided - information that is up to date, consistent, correct and where relevant, in real time. • Information presented in an easy to understand way on a number of channels. • All buses fitted with audio and visual communication systems to convey information to customers during journeys about stops and routes. • Branding and marketing - a unified brand is there for the bus network to ensure that the public transport network is simple to understand and easily recognisable, giving customers confidence in using the network. • Customer contact - a single point of contact for customers to make enquires. <p>Each of these should be achieved within one year of any intervention.</p>

11.2.58 Relevant proposals taken from Stagecoach’s proposal offer included:

- B.1 – Brand Strategy: all Stagecoach buses would be repainted using TfGM branding guidelines but would retain a small Stagecoach identifier to enable customers to identify buses on which a Stagecoach ticket may be used; prominence for multi-operator tickets in marketing messages on buses; some joint-branded items on Stagecoach’s independent staff uniform design; aim to create unified app and website with TfGM with interim co-branding to Stagecoach’s digital channels; support for open data digital service providing real time information;
- B.2 – Seamless Digital Experience: Stagecoach would make elements of its existing digital technology available to provide a shared Greater Manchester Bus app and website;
- B.3 – Customer Information Sharing: Stagecoach would provide open data to improve information provided to bus users;
- B.4 – A Single First Point of Customer Contact: TfGM digital app and website should provide a single point of contact for first contact;
- B.5 – Customer Commitments Pledge: Stagecoach would set out annual commitments to inform decisions on customer-related initiatives and targets which its performance can be measured against; and

- A.2 – Fit/Retro-Fit Audio-Visual information systems to all vehicles: these systems share real time next stop information and the bus’s destination.

Key Issues

- 11.2.59 Branding: Stagecoach has proposed to adopt appropriate TfGM led branding and, so long as this is implemented by other operators in the partnership area, this would go towards meeting GMCA’s objective of a single unified brand.
- 11.2.60 There inevitably may be constraints as to how far this brand can go given that the buses (and other marketing material) would still need to be clearly distinguished compared with the brand in the North of Greater Manchester to signify differing ticketing arrangements and also to make it clear to customers who is accountable for a given service. This inevitably means that the network may not feel fully integrated and, despite Stagecoach’s willingness to participate, there could still be some confusion given the various limitations on achieving one unified brand noted above.
- 11.2.61 There may be some confusion for customers at the North/South boundary where buses run by operators under the franchise scheme in the North of Greater Manchester and buses run by operators from the partnership area in the South of Greater Manchester run close to one another where such services have a service permit to operate in the North.
- 11.2.62 Single point of contact & single information provision: in terms of information sources, in the North of Greater Manchester, there would be a single comprehensive and real time source. This would be easy to understand and on a number of channels (including the web and on-board buses), and every effort would be made to ensure that it is up to date, consistent, and correct.
- 11.2.63 In the South of Greater Manchester, Stagecoach proposed that it would work with TfGM to develop a managed service and proposes that the TfGM digital app and website should provide customers with the single first point of contact. Subject to a VfM test, this could help to set up a single comprehensive source of information although it is worth noting that, unlike under franchising the whole of Greater Manchester, there would still exist partial sources of information run by individual operators that may add to confusion – as noted by Stagecoach in the discussions with TfGM when preparing their proposal, this is likely to be required in order to meet competition requirements in respect of not colluding with other operators and GMCA.
- 11.2.64 Customer Commitments Pledge: Stagecoach proposed to publish an annual commitments pledge to inform decisions on customer-related initiatives and targets which its performance can be measures against. These commitments will aid in the understanding of the bus service for customers which would help towards GMCA’s objective of information presented in an easy to understand way on a number of channels. However, no further detail has been given on what these commitments would potentially involve, and it is therefore not possible to say with certainty that this proposal would help to improve the ease of understanding of the bus service for customers given they cannot be assessed without further detail.
- 11.2.65 Real-time information and audio-visual equipment: in respect of real-time information, TfGM would make sure that, in the North of Greater Manchester, the information provisions in the Act were taken forward in a way most useful to external providers of information, promoting the best use of this to make Greater Manchester more navigable. It is assumed that operators in the South of Greater Manchester would also do this (given

that it would be a legal requirement), although the format of the type of data available may vary.

11.2.66 For its operations in the South of Greater Manchester, Stagecoach proposed to adhere to the DfT’s Open Data regulation and expect to go beyond this. They also propose to fit audio-visual equipment to all fleet by December 2023. As it is likely that the provision of data and fitting of audio-visual equipment will be required by law, there may be a short-term improvement compared with under the Do Minimum.

Conclusions

11.2.67 Conclusions are as follows:

- There would be an improvement in information provision and the signposting of a single place to go, but there would still exist partial sources of information; and
- Introducing a common brand while at the same time having different parties accountable for the services run and differing fares and ticketing arrangements may lead to confusion for customers.

9. Safety of travel is improved
Objective
<p>Safety is improved and incidents of crime or anti-social behaviour on buses are reduced. There is a perception of improved safety on the bus network, encouraging bus use within three years of intervention, and continued improvement after that.</p> <ul style="list-style-type: none"> • There is active management to improve safety in partnership with the police, and to reassure passengers and potential passengers that the bus is a safe form of transport to use. • All buses installed with CCTV within one year of intervention. • Off-bus safety – there are well-lit and maintained, easily navigable interchanges with appropriate staffing.

11.2.68 Relevant proposals taken from Stagecoach’s proposal offer included:

- E.8 – TravelSafe Scheme: Stagecoach will maintain its current level of support, four employees on a part time basis, to patrol bus and tram services.

Key issues

11.2.69 Stagecoach committed to maintaining its current level of support throughout the partnership and confirmed that Stagecoach would continue to work with TfGM and Greater Manchester Police to maximise the benefit of the TravelSafe Scheme over the next 10 years. As this is a scheme already in place that Stagecoach already supports, this proposal in itself does not likely bring more benefit than that under the Do Minimum option.

Conclusions

11.2.70 Conclusions are as follows:

- The proposal to continue supporting the TravelSafe Scheme over the next 10 years would not on its own bring additional benefit relative to the Do Minimum.

10. Improvement in on-bus experience
Objective
<p>Consistent high standards are achieved for the cleanliness of buses and for driver behaviour, and the quality of vehicles improves.</p> <ul style="list-style-type: none"> • Cleanliness - commitment to a high standard of cleanliness across all services. All buses to receive external clean daily; light interior clean pre-service; interior deep clean once a month within one year of intervention. • Bus drivers - continuous improvement in driver behaviour to improve customer experience. Appropriate professional standards and training of drivers. All drivers to have undertaken appropriate customer service training within the last year within three years of intervention. All buses fitted with Eco drive systems within three years of intervention. • Quality of assets - improved vehicle quality and connectivity for passengers.

11.2.71 Relevant proposals taken from Stagecoach’s proposal offer included:

- B.5 – Customer Commitments Pledge;
- B.6 – Mid-Journey Cleaning: mid-journey cleaning for all main corridor services with TfGM’s cooperation;
- B.8 – Additional Customer Experience Staff: this would enable every bus station to have an inspectorate presence during peak periods;
- B.9 – High-Quality Training: to be maintained;
- B.10 – Deliver Training to Small and Medium-Sized Operators: to be offered at an appropriate commercial rate;
- B.7 – Free Wi-Fi on Buses: Stagecoach would retrofit 127 older buses;
- E.1 – Real Living Wage: Stagecoach is committed to providing a fair wage to their employees and promoting responsible employment;
- E.2 – Workplace Engagement and Voice: continue to maintain and promote a culture of openness and accountability across the business;
- E.3 – Health & Wellbeing: Stagecoach would continue to promote initiatives to ensure the workforce feel supported and part of a wider community, such as health and wellbeing champions, a counselling service, employee interaction platforms and local recognition schemes;
- E.4 – Recycling: Stagecoach would continue their partnership with Waste Services suppliers so they can recycle 100% of the waste from Stagecoach vehicles;

- E.5 – Support for the unemployed: continue to support and promote jobseekers in Greater Manchester by continuing to offer a scheme that allows customers who present their Jobcentre Plus card to receive half-priced single fare tickets. Additionally, Stagecoach would continue to work with TfGM on their offer of providing free journeys to unemployed people or the recently employed;
- E.6 – Community Engagement: Stagecoach would continue to partner with charities who work within Greater Manchester; and
- E.7 – Breakfast Clubs: Stagecoach would participate in the Greggs Breakfast Club programme in Manchester, funding a portion of partner school breakfasts. They would also visit primary schools that we have funded with breakfast to talk about using buses and general bus safety.

Key Issues

- 11.2.72 Customer experience: Stagecoach proposed to deliver a customer commitments pledge from day one of the partnership, introduce additional customer experience staff and introduce mid-journey cleaning. There are proposals within the multi-operator partnership proposal on these areas. Stagecoach’s proposals on community and employees could help to further improve staff morale and on-bus experience for customers. However, most of these commitments are commitments to continue doing things that Stagecoach is already doing and so are a feature of the Do Minimum option. Under the Proposed Franchising Scheme, there are proposals that would improve customer experience above the Do Minimum option, such as a unified branding across Greater Manchester, improved passenger waiting facilities, and a modernised bus fleet to reduce harmful emissions and improve air quality.
- 11.2.73 Driver standards: For the South of Greater Manchester, Stagecoach’s commitments to maintain its standards and continue improvement would not necessarily bring additional benefit relative to the Do Minimum option. The partnership may not guarantee that there are improved training standards for all operators given that new operators could also enter the market and not offer these standards. Under the Proposed Franchising Scheme, there would be standardised driver training across all franchise operators to a high level of quality as specified in the franchise contracts, ensuring that all drivers across the network would have had the appropriate training and would all work to the same high standard.
- 11.2.74 Quality of assets: In the North of Greater Manchester TfGM could specify the quality of assets required and monitor these on an ongoing basis. Stagecoach proposed to introduce Wi-Fi on its fleet within one year of the partnership. The likely benefit associated with this is considered in the Economic Implications Section 11.3 below.

Conclusions

- 11.2.75 Conclusions are as follows:
- Cleaning commitments could improve the customer experience;
 - Further commitments are unlikely to be of great benefit to passengers and it is not clear if there is a material shift from the status quo; and
 - Some potential benefit from a faster roll-out of Wi-Fi.

Value for Money

11. Value for money for public investment
Objective
<ul style="list-style-type: none"> • The best value for money for public investment into the bus market, specifically the options being considered as part of the Assessment to reform the bus market. • The best value for money for any other specific intervention in the bus market. • Both of these will be measured by (i) the social value of any public investment, taking into account all of the costs of the intervention, measured by a Net Present Value calculation (the benefits minus all of the costs), and (ii) the benefits of the investment with regard to the constrained budget of public sector investment (money available to the Mayor and GMCA), measured by a Benefit Cost Ratio of the benefits divided by the costs to that constrained budget.

11.2.76 Relevant proposals taken from Stagecoach's proposal offer included:

- Stagecoach's profits, in excess of a target level of profit, are to be shared 33.3% GMCA, 33.3% South Manchester Partnership Investment Fund, and 33.3% for Stagecoach; and
- Create a South Manchester Partnership Investment Fund: any savings to GMCA from initiatives proposed by participating operators to be used (a) by GMCA to invest in initiatives across Greater Manchester to benefit bus user experience and encourage a modal shift to bus (33.3%); and (b) for initiatives that benefit bus user experience and encourage a modal shift to bus in South Manchester (66.6%).

Key issues

11.2.77 Profit sharing mechanism: As Stagecoach's central case profit forecasts show that there would be no profit share to distribute in the first five years of partnership, it is likely that GMCA would not receive any profit share in the first five years of the partnership.

11.2.78 Stagecoach presented some potential scenarios to TfGM in which revenue could rise if investments were made that had the effect of improving Stagecoach's profitability. However, there is no clear plan as to how these scenarios would be achieved or which parties would sponsor the investment that would enable these scenarios to be realised. Potential downside risks to Stagecoach's profitability may also offset any increases in profitability as a result of measures, thereby further reducing the chance of GMCA receiving a profit share.

11.2.79 Due to uncertainties around longer-term forecasting, Stagecoach proposed that after year five of the partnership, the target level of profit would be renegotiated. This may yield higher contributions to the profit share following the target profit level being renegotiated; however, this would be entirely dependent on the successes of all of Stagecoach's proposals noted and analysed in this report, and any possible change in the target profit level is therefore not able to be accurately forecasted based on the current information.

11.2.80 It is worth noting that, under the proposal, effectively only 66% of the revenue from the profit share mechanism would certainly be used for investment in the network, as 33%

would go back to Stagecoach. Of the 66% to be invested, half of this would be in effect for investment in the South of Manchester, which would predominantly benefit Stagecoach as it is the largest operator in this area, and some of the remaining investment in the rest of the network will also indirectly benefit Stagecoach by providing a more efficient bus network as a whole with the aim of increasing patronage across Greater Manchester.

- 11.2.81 By contrast under the Proposed Franchising Scheme for the whole of Greater Manchester, any potential increase in profitability would flow directly back to GMCA via either increased revenue (as GMCA takes revenue risk) or reduced franchise payments in the longer term.
- 11.2.82 Partnership fund: Stagecoach proposed that some savings from the partnership could be reinvested through an operator-based fund for innovative schemes. The key saving identified is a potential £1.8 million per annum saving to GMCA due to Stagecoach commercialising a portion of the tendered services budget in the South of Greater Manchester. Notwithstanding the issues identified above, which mean that any savings may not be sustained, Section 11.3 Economic Implications below considers how any funds available could be used / the likely level of economic benefit.
- 11.2.83 Value for money for public investment: in the North of Greater Manchester, it is expected that beyond the margin that operators would take for operating the service and taking the operation and cost risk that this implies, any surplus generated by fares or other revenues would be able to be reinvested in the bus network. This reinvestment would be aimed at improving the bus service, whether through reductions in fares, improvements to the network or other changes.
- 11.2.84 It is likely that there would be reduced benefit for any public investment in the North of Greater Manchester compared with franchising the whole of Greater Manchester under the Proposed Franchising Scheme, given that some of the benefits (e.g. network savings) are reliant on being able to redistribute resources across the whole of Greater Manchester (i.e. with no constraints on geography). Moreover, as the franchised area would be smaller in size, it may be more challenging to attract the same level of interest from bidders as would be possible when franchising the whole of Greater Manchester (given that admin/compliance costs would still need to be incurred but operators would not be able to bid for as many contracts as they could do when franchising a larger area). This creates a higher risk that TfGM may receive bids that are lower VfM, as is considered at section 11.4 Commercial Implications below. Additionally, the implementation of franchising would be delayed due to the need to undertake a new assessment (see Section 11.7 Legal and Other Considerations below), which would delay any benefit that can be delivered from franchising in the North of Greater Manchester, as is considered further at section 11.3 Economic Implications below.
- 11.2.85 In the South of Greater Manchester, GMCA would spend money in supporting and monitoring the partnership (see Section 11.6 Management Implications below). Any improvement in VfM would arrive from investment by Stagecoach and other firms in partnership measures. The level of benefit that the initiatives may bring is considered at section 11.3 Economic Implications below.
- 11.2.86 'Phase 2' interventions: As explained in the Assessment at section 8.8, the opportunities for implementing 'Phase 2' measures may be more limited under a partnership because it would not be able to undertake some of the interventions under a partnership – these limitations would mostly apply to the South of Greater Manchester under the scenario proposed by Stagecoach. Whilst the profit share / partnership fund proposed by Stagecoach may provide funds that could be used to carry out 'Phase 2' interventions, the

level of these funds is not certain given the profit share is dependent on Stagecoach’s performance in the South of Manchester, and the extent to which any ‘Phase 2’ interventions could be implemented would be limited in the South of Manchester due to there being a voluntary partnership with operators as opposed to GMCA having control such as they would in the franchised North.

11.2.87 Stagecoach proposed that GMCA use a series of AQPSs to maintain standards (e.g. vehicle quality) on key corridors (considered further at section 11.7 Legal and Other Considerations below).

Conclusions

11.2.88 Conclusions are as follows:

- The partnership fund is of uncertain value given the contingent nature of any contribution, relying on identified savings being realised and depending on the level of profit made by Stagecoach which would feed into the profit share arrangement;
- Value for money for public investment would be significantly lower compared with franchising the whole of Greater Manchester because of the reduced scope for action to make a change to network and fares and other factors; and
- Opportunities for implementing ‘Phase 2’ measures may be more limited in the partnership area.

12. Any market intervention is sustainable in the long-term
Objective
<ul style="list-style-type: none"> • Any intervention in the market should be feasible in its commercial and management arrangements. • Any intervention in the market is long lasting, given the need to create a sustainable improvement in the Greater Manchester bus market. It should be still in place in 2040 at the least.

Key issues

11.2.89 Longevity of franchising in the North: as explained in the Assessment, franchising under the Proposed Franchising Scheme would represent a long-term intervention and the same applies for franchising being introduced in the North of Greater Manchester. However, any instability in the South of Greater Manchester could impact the whole of Greater Manchester given the necessary interface between the North and South of Greater Manchester under the proposal.

11.2.90 Longevity of a partnership: For the South of Greater Manchester, it would be expected that any partnership would be agreed for around 10 years as per Stagecoach’s proposals. At that stage, it could be renegotiated, a new partnership agreed, or operators could choose to return to the previous, wholly unregulated market. There would be no assurance that the benefits would continue over the long-term particularly as Stagecoach notes that: *“There is, however, a clear level of uncertainty today, of what post 10-years will entail”* (p34).

11.2.91 Whatever the governance arrangements that might be assumed, any partnership that could be agreed carries the risk that improvement would not be sustained over the long-term. Operators in a deregulated market would have different and potentially divergent objectives and the potential to sustain a partnership over the very long-term in this environment is low. It is therefore unlikely to still be in place in 2040 without significant change. Whilst it may be the case that successive partnerships would continue to deliver benefits to passengers, partnership arrangements can break down, and the experience of some other partnerships is that initial commitments are not always sustained, for a variety of reasons. It is also possible that not all operators in the South of Greater Manchester would agree to enter into a partnership or may agree less ambitious standards.

Conclusions

11.2.92 Conclusions are as follows:

- As with the partnership options tested in the Assessment, the longevity of the partnership in the South of Greater Manchester is not certain.

13. Any market intervention is affordable	
Objective	
	<ul style="list-style-type: none"> • Any intervention in the bus market is affordable for GMCA over the long-term. • Affordability in each year following intervention.

Key issues

11.2.93 Cost implications for franchising: the Proposed Franchising Scheme proposed a smoothing out of the EBIT margin earned by operators across Greater Manchester. Although the total quantum of risk taken on by GMCA may be lower if franchising was limited to North Manchester than under the Proposed Franchising Scheme (given that it would only take revenue risk for the North of Greater Manchester), as the North achieves lower EBIT margins than in the South it is possible that the North could require additional subsidies to achieve the outputs that could be possible if franchising was introduced across the whole of Greater Manchester. Additionally, TfGM would incur costs of administering the partnership. This is considered further in the Section 11.5 Financial Implications and Section 11.6 Management Implications below.

11.2.94 Ongoing financial pressures: operators in the South of Greater Manchester would need to respond to financial pressures that may arise (e.g. by increasing fares or cutting the network) in a similar way to how TfGM might under franchising in the North of Greater Manchester. However, the range of tools available to operators to deal with such pressures are more limited – GMCA may be able to take a longer-term view and subsidise the running of buses more easily to avoid increasing fares or cutting the network if GMCA made such a decision. It is also worth noting that, given the proposal was for a voluntary partnership agreement, the enforceability of the contract would therefore depend on its terms and what remedy is sought for any breach, the details of which are not included in Stagecoach’s proposal. Therefore, if the terms of the VPA are not stringent enough with sufficient remedial actions included, operators may be able to exit the agreement at any time, so one way for Stagecoach or other operators to make running the services affordable could be to exit the partnership agreement or choose not to honour some of its commitments given

difficulties in their enforcement by TfGM. This may mean that the interventions are not enduring. Alternatively, operators could focus on meeting the commitments made and reduce commercial mileage to reduce costs, which could have a detrimental effect on the scope of services run in the South of Greater Manchester.

Conclusions

11.2.95 Conclusions are as follows:

- This may make a franchising scheme that applies only to the North of Greater Manchester relatively costlier and less financially sustainable; and
- In the South of Manchester, any interventions would need to be agreed between the parties of the partnership agreement which could delay their implementation and reduce the benefits to Greater Manchester as a whole given the separate process to implementing interventions in the North of Manchester.

Strategic Implications – Conclusion

11.2.96 It is recognised that there are potentially competition issues with the proposals, which would need to be resolved in order to implement the proposal legally, and so Stagecoach and TfGM would propose to undertake discussions on these with the CMA if it was considered appropriate to do so. For the purposes of this report, however, it is assumed that these issues will be resolved should the proposals be accepted.

11.2.97 Stagecoach intended that its proposal would aim to create a ‘seamless’ market in Greater Manchester where GMCA takes less risk and has lower costs than with the current franchising proposal as there will be a smaller market to franchise. However, the level of benefit that the proposal may bring is likely to be moderate due to the difficulties inherent in having two regulatory frameworks and the constraints that this imposes on what can be achieved, making it unlikely that GMCA would achieve the Vision for Bus as part of its Greater Manchester Transport Strategy 2040 if the option suggested by Stagecoach was pursued. There remains a risk that the partnership breaks down (given that it is voluntary in nature) and a risk that the partnership is not renewed / no longer relevant after 10 years.

11.2.98 Stagecoach’s financial proposals are of note as these included a profit-sharing mechanism, but this would be of limited value given that Stagecoach’s central forecasts show that there would be no profit share over the first half of the partnership and after this point the target level of profit would need to be renegotiated with Stagecoach.

11.2.99 Stagecoach’s proposal to commercialise some tendered services would enable GMCA to achieve savings, but for the reasons set out above, there is a risk that the realisation of this saving is not enduring over the term of the partnership. Stagecoach’s request that this amount is then invested by GMCA into a partnership fund has the effect of constraining GMCA’s ability to choose where to spend this money and any contribution to the partnership fund via the profit share mechanism is likely to be limited given that the profit share mechanism is likely to deliver no value for the reasons explained.

11.2.100 Stagecoach’s proposals on fleet investment provided a clear commitment to ensure that their South Manchester fleet is Euro VI compliant by September 2021. However, as this is subject to agreed funding from Defra (as is the case currently) it is not certain that this would lead to any significant benefit relative to the Do Minimum option. This is considered further at section 11.3 Economic Implications below.

11.3 Economic Implications

Introduction

- 11.3.1 This section considers the economic implications of Stagecoach's proposals from the first consultation. The aim of this section is to comment on the level of benefit that is likely to be achievable across Greater Manchester and therefore determine whether the proposals could change the conclusion of the Economic Case in the Assessment. The Financial Implications section below contains a discussion of the cost implications to GMCA, that are also of relevance. References in bold are references to Stagecoach's 35 initiatives.

Simplified and integrated fares

Simplicity

- 11.3.2 To recap, Stagecoach proposed to reduce the number of fare bands to four , create a single suite of period tickets for its services by January 2021, extend the introduction of carnet ticketing and continue to offer flat fares for adults travelling on buses between 19:00 – 23:59 and 00:00 – 04:00.
- 11.3.3 The Strategic Implications section above explains why when taking the Greater Manchester as a whole, despite Stagecoach's proposals in respect of the South, the fares and ticketing offer across Greater Manchester would potentially be more complex than under the Do Minimum.

Value for Money

- 11.3.4 In contrast to the Operator Proposed Partnership, Stagecoach did not propose to reduce the existing premium between the multi-operator and individual operator tickets.
- 11.3.5 Stagecoach's proposal to create a single suite of period tickets would mean that some discounts are removed (unlike under the franchising proposals) so this may lead to some disbenefits.
- 11.3.6 In terms of concessions and targeting socio-economic needs Stagecoach proposed to continue to participate in existing schemes it is currently part of and align on the implementation timelines of any future schemes set out by GMCA.

Fare capping

- 11.3.7 Stagecoach proposed to introduce fare capping on their services by the summer of 2021, introduce a capped product between Stagecoach and Metrolink by the end of 2021 and work with TfGM on an ongoing basis to deliver fare capping that works for both the franchised and partnership areas. This means that capping could be introduced more swiftly on Stagecoach's own services, but as explained in the Strategic Implications section above, there are a number of potential issues in terms of achieving GMCA's objective of Greater Manchester-wide capping.

Supported services

- 11.3.8 Stagecoach requested that customers who purchase a commercial operator ticket can use their ticket on largely similar tendered services in the South of Greater Manchester. This may have some benefit but, as Stagecoach has noted, the level of this benefit may be mitigated by Stagecoach's separate proposal to commercialise some of the tendered

services (as these would no longer be supported services but a component of Stagecoach's network).

- 11.3.9 There may be some benefit in rolling out fare capping for the South of Greater Manchester more swiftly than may be possible under the Proposed Franchising Scheme. Taking Greater Manchester as a whole, however, it is likely that the benefit provided under this option would be substantially lower than under the Proposed Franchising Scheme and would lead to individuals potentially paying a premium over the price of an individual operator ticket to travel across Greater Manchester. It is also worth noting that the effect of Stagecoach's proposal to commercialise some of the services in the South of Greater Manchester could in fact reduce the take up of the Greater Manchester-wide ticket.

Fares – Interoperability

- 11.3.10 Under the proposal, there would be a smaller size franchised area that interoperability benefits would be modelled over, significantly reducing the interoperability benefits that could be achieved.
- 11.3.11 Whilst Stagecoach proposed to better promote a GMTL multi-operator style ticket covering the whole of Greater Manchester there is a limit to how much Stagecoach could market a ticket that is more expensive than its own without a mechanism that would enable the premium between the tickets to be significantly reduced. The impact of this marketing activity on the uptake of a Greater Manchester-wide ticket would, therefore, be very limited and would not necessarily offer much additional benefit relative to the Do Minimum option. There may be improved acceptance of tickets on certain routes, as modelled under the Ambitious Partnership option in the Assessment.

Customer experience

- 11.3.12 Stagecoach proposed that they could adopt appropriate TfGM-led branding and the proposal sets out how this would work in terms of bus livery, ticket marketing, uniform/badges and digital channels.
- 11.3.13 As noted in the Economic Case Supporting Paper published alongside the Assessment, unifying the bus system under a single brand will create benefits in the areas of simplicity in the areas of fares, network and the interface between customers and the industry. It would also provide greater confidence and assurance amongst passengers regarding the accountability of decision making and may also result in wider non-user placemaking benefits (such as in the case of the London transport brand which is known globally). It is the unification and not the single livery that is of importance.
- 11.3.14 Under the Proposed Franchising Scheme, a single brand goes alongside a simplified fares and ticketing proposition (removal of individual operator tickets), a single interface between the providers and users of the bus services, and increased accountability for service performance.
- 11.3.15 The proposal by Stagecoach inevitably faces constraints as to how far it can go given that the buses and other marketing material would still need to be clearly distinguished between operators given the different ticket arrangements proposed and different parties taking accountability for running the services.
- 11.3.16 Stagecoach's proposal to make the buses look similar without changing the underlying ticketing proposition (and potentially making it more complicated as explained at sections 11.2.40 to 11.2.42 in the Strategic Implications section above), however, could lead to

disbenefits relative to the Do Minimum option. Stagecoach also proposed that a TfGM digital app and website could provide customers with a single point of contact and propose to work with TfGM to potentially provide a managed service (to provide some of the back-office infrastructure). Whilst this is a meaningful proposal, unlike under franchising the whole of Greater Manchester, operators would still likely need to promote their own tickets on their own platforms so there would still exist separate, partial sources of information.

- 11.3.17 The branding benefit modelled under the Proposed Franchising Scheme would not be achieved.

Improvement in on-bus experience

- 11.3.18 Stagecoach proposed to deliver a customer commitments pledge from day one of the partnership and introduce mid-service cleaning. There are proposals within the multi-operator partnership proposal on these areas. It is likely that there could be some marginal benefit.
- 11.3.19 Stagecoach’s proposals on community and employees could help improve staff morale and on-bus experience for customers. However, as highlighted by Stagecoach in their proposals, most of these are commitments to continue doing things or improving things that Stagecoach is already doing. It is reasonable to assume that under all options operators would initiate a range of similar initiatives to varying degrees as part of their desire to stimulate goodwill and contribute to the community that they serve.
- 11.3.20 Stagecoach proposed to begin to provide additional customer experience staff, enabling every bus station in the area to have an inspectorate present during peak periods. Stagecoach’s forecast for additional expenditure during the partnership period does not include a provision for additional customer experience staff, meaning that their proposal would be achieved by either redeploying existing staff or replacing current staff.

Safety of travel

- 11.3.21 Stagecoach committed to continue to support the TravelSafe Scheme over the next 10 years. It is assumed that Stagecoach would also do so under the Do Minimum option and therefore it is not clear whether this commitment offers any additional benefit.

Information

- 11.3.22 Stagecoach proposed to begin to provide real-time information from month three of the partnership. This could enable customers to better plan journeys, but the Act include provisions that will in due course require such information provision which would mean that the majority of this benefit will arise without intervention.

Training

- 11.3.23 Stagecoach proposed to continue to maintain high-quality training offered to drivers / continue to enhance course materials, continue to deliver engineering technical and driver apprenticeships throughout the duration of the partnership and have proposed to offer to provide driver training to SMEs at a commercial rate. Stagecoach’s commitments to maintain their standards / continue improvement would not necessarily bring additional benefit relative to the Do Minimum option, nor necessarily exceed that which could be achieved under other reform options. Stagecoach’s proposal to sell training might be helpful to other operators, particularly SMEs.

Wi-Fi

- 11.3.24 Stagecoach proposed to introduce Wi-Fi on all buses in their South Manchester fleet by the end of year one of the partnership (quicker than under the Proposed Franchising Scheme). It is possible that there could be some additional benefit incremental to the Operator Proposed Partnership, and this is considered amongst other potential benefits in the conclusion section of the Economic Implications below. The impact, however, is very small.

Network

Integration and efficiency

- 11.3.25 GMCA would have the ability to control the network planning process for routes in the North of Greater Manchester, whereas in the South of Greater Manchester, operators would retain the responsibility for network design and planning working as they choose with GMCA in partnership.
- 11.3.26 The network design work presented in the Economic Case of the Assessment showed what could be done under the Proposed Franchising Scheme to make the network more comprehensive, simple, frequent, direct, stable and responsive. This could be carried out for the North of Greater Manchester, but the amount of change that could be achieved in the North of Greater Manchester may be lower than for the same area when franchising the whole of Greater Manchester because GMCA would not have the benefit of being able to redistribute resources across the whole of Greater Manchester.
- 11.3.27 In the South of Greater Manchester, it is likely that the network would remain similar to the current network, and as operators would continue to compete in some areas, the network would not be significantly simplified or made more integrated. Thus, it may be challenging to agree changes that would enable the network to be more comprehensive, simple, frequent, direct, stable and responsive.
- 11.3.28 Stagecoach proposed a network working group and whilst there has not been a proof of concept conducted on how the working groups proposed by Stagecoach would work in the South of Greater Manchester, TfGM assumes that at a minimum, it would be capable of operating in the way explored for the multi-operator partnership. This would not enable GMCA to make direct changes to the network as it could under the Proposed Franchising Scheme meaning that the extent of benefits is limited.
- 11.3.29 Stagecoach did intend to make some improvements to their route change consultation process and provide route performance data for unprofitable routes which would provide TfGM with more visibility over the reasons for changes being made to services than it currently has, but as there would be multiple actors making decisions, it would be more difficult for GMCA to fully integrate the network than when franchising the whole of Greater Manchester under the Proposed Franchising Scheme.

Commercialisation of tendered services

- 11.3.30 Stagecoach proposed to commercialise a portion of the current tendered services and have estimated that this would provide GMCA with an annual saving of £1.8 million per annum once the current contracts expire. This would release some funding for GMCA. Section 11.2.10 in the Strategic Implications section above identified significant issues in terms of realising this saving and the durability of the saving over the appraisal period. Nevertheless, Section 11.3.40 to 11.3.44 below consider potential uses for any saving generated.

Network – Fleet Investment

Fleet investment

- 11.3.31 Stagecoach proposed to reduce the average of their fleet age from 8.03 years to 7.0 years by December 2023 and maintain a maximum age of 15 years and to fit Audio-Visual on all its buses by December 2023. Stagecoach also proposed to deliver a Euro VI compliant fleet by September 2021 subject to funding and agreed terms for retro-fit.
- 11.3.32 Stagecoach’s proposal in respect of Euro VI compliance by September 2021 would not necessarily deliver more than that which could be achieved under the Do Minimum option, as the commitment is caveated as being subject to Defra funding for retrofitting existing fleet to be Euro VI compliant (page 34 of the proposals document in the dependencies section).
- 11.3.33 Stagecoach also proposed that 45% of their fleet would be ‘better’ than Euro VI compliant by September 2021. However, when considering how much benefit this brings relative to the Do Minimum option, it is important to note that Stagecoach’s current fleet profile contains over 100 hybrid vehicles that once retrofitted would fall into the category of “*better than Euro 6*”. Stagecoach’s proposal to achieve 45% of their fleet being better than Euro VI is therefore achievable only by virtue of the Euro VI compliance proposal. It is possible that any new fleet purchased between now and September 2021 would fall into the better than Euro VI category, but as Stagecoach has only committed to purchasing “*a balance of new vehicles (which are Euro 6, ultra-low or zero emission*” (p38), taken together, these proposals only amount to a firm commitment on Euro VI (which is subject to agreed funding from Defra as explained above).
- 11.3.34 Over the longer-term, TfGM would not have the same degree of control over the specification of buses in the South of Greater Manchester (compared with when franchising the whole of Greater Manchester) which may hinder its ability to deliver further change beyond that agreed with Stagecoach in the initial years of partnership.
- 11.3.35 Having two different regulatory regimes in Greater Manchester may make it challenging to implement future clean air measures given the differing policy levers that would be available.
- 11.3.36 If there were a reduction in average fleet by virtue of these proposals it is difficult to see the marginal difference this would make at fleet level being of benefit to passengers.

Network – Congestion and Service Punctuality

Network working group and performance accountability

- 11.3.37 Stagecoach proposed to create a working group from the start of the partnership including franchise operators, operators in the South of Greater Manchester, the highways authority and TfGM (on behalf of GMCA). Stagecoach proposed to implement quarterly performance meetings and are willing to be held accountable for its performance to monitor performance metrics. This group would work together to reduce journey time variability, increase reliability and reduce congestion.
- 11.3.38 Whilst the details of the working groups have not been discussed, it is likely that there could be a process set up in a similar way to that envisaged under the multi-operator partnership, with some potential additional accountability due to Stagecoach’s willingness to be held accountable for its performance. Stagecoach’s separate proposal to fund an

additional signal engineer and an inspector within UTC may help to improve the communication between TfGM and operators.

11.3.39 It is important to note that no benefit in relation to potential highway infrastructure investment has been modelled in the Assessment for any of the options of reform given investment cases are considered on a case by case basis as under the Do Minimum. However, there is a significant amount of Quality Bus Corridor infrastructure investment planned under the GM Transport Strategy 2040 and the associated Delivery Plan, and there is no reason why this proposal would not be progressed in either the Do Minimum option or under the Proposed Franchising Scheme. Nevertheless, as Stagecoach’s suggestion that GMCA invests some savings generated (as a result of Stagecoach commercialising some tendered services) effectively amounts to incremental funding for infrastructure improvements, the potential benefit associated with doing so is considered below (see Section 11.3.40 in the financial proposals section below).

Financial proposals

Profit share mechanism

11.3.40 As explained earlier, Stagecoach’s central profit forecast would not lead to a profit share in the first five years of the partnership. Whilst Stagecoach presented some potential scenarios to TfGM in which revenue could rise if investments were made that had the effect of improving Stagecoach’s profitability, there is no clear plan as to how these scenarios would be achieved / which parties sponsor the investment that would enable these scenarios to be realised. After year five of the partnership, the target level of profit would be renegotiated. Potential downside risks to Stagecoach’s profitability may also offset any increases in profitability as a result of measures, thereby further reducing the chance of GMCA receiving a profit share.

Partnership fund

11.3.41 As explained earlier, the partnership fund would include any saving that GMCA generated as a result of Stagecoach commercialising some tendered services and a contribution from the profit share mechanism.

11.3.42 Section 11.3.30 above explains why the value of any saving from the commercialisation of tendered services is uncertain and as noted above, it would not be reasonable to assume any contribution from the profit share contribution to the fund.

11.3.43 Notwithstanding this, the partnership fund could be put towards the following initiatives as suggested by Stagecoach:

- Zero-emissions vehicles on a specific route;
- New routes;
- Kick-start initiatives;
- Social & economic;
- Infrastructure changes;
- Night services;
- Congestion solving measures; and
- Expediting roadworks to avoid congestion.

11.3.44 As the only saving identified by Stagecoach is a potential saving due to Stagecoach commercialising some tendered services (which has issues noted at section 11.3.30) and Stagecoach request that the majority of these funds are invested back into the South of Greater Manchester, there may be some limitation in GMCA achieving VfM. Nevertheless, there would likely be some benefit, and this is considered (together with other benefits noted) in the conclusion.

Potential delay to making an intervention in the North of Greater Manchester

11.3.45 As set out at section 11.7 Legal and Other Considerations below, it would be necessary to undertake a new assessment of a franchising scheme in the North of Greater Manchester if GMCA wanted to consider a franchising scheme applying to the North of Greater Manchester only. This would delay the level of benefit associated with franchising (in the North) and would lessen the present value of any interventions due to this delay and the discounting for the delay period.

'Phase 2' interventions

11.3.46 As set out in the Assessment at section 8.8, the opportunities for implementing 'Phase 2' measures may be more limited under a partnership because it would not be able to undertake some of the interventions under a partnership. Having two different regulatory regimes covering Greater Manchester means that there would be different policy levers available for different areas of the city, which could potentially lead to unforeseen negative consequences.

Costs

11.3.47 Section 11.5 Financial Implications below explains how the proposals would affect affordability. Although not repeated here, as the conclusions on affordability have economic implications (in terms of costs of the scenario), the conclusions of the Financial Case are taken into account when concluding on the Economic Implications – see below.

Economic Implications – Summary

11.3.48 The Assessment concluded that franchising offers better overall value to GMCA than the Operator Proposed Partnership as it offered the highest NPV and a broadly comparable BCR to the partnership options. It also provides a much more durable reform and a better platform for further investments in the industry.

11.3.49 In order to determine whether or not the conclusions of the Assessment remain valid it is therefore necessary to consider what level NPV/BCR the proposal could deliver, its durability and its effects on 'Phase 2' vision. Below is a summary of the benefits achievable (from the above analysis) and the impact that these are likely to have on these issues, taking into account the impacts on costs as outlined in the Financial Implications section below.

Benefits achievable

11.3.50 Below is a summary of the likely benefits achievable under Stagecoach's proposal:

Network

11.3.51 Network benefits account for 14% of the user benefits modelled under the Proposed Franchising Scheme. As explained in the analysis above, any network benefits would be substantially lower compared with the Proposed Franchising Scheme as the area over

which GMCA could make the changes to the network would be smaller in size and operators would decide what to do in the South (there may even be disbenefits at the boundary of the North and the South for customers). There may be some benefit from Stagecoach commercialising £1.8 million of tendered services but this saving is uncertain for the reasons set out earlier.

Fares and ticketing

- 11.3.52 Fares benefits make up 16% of the user benefits modelled under the Proposed Franchising Scheme. This is due to the reduction that current System One ticket holders would experience as all fares were unified at the operator own price level. As Stagecoach does not propose a reduction in the existing premium between the multi-operator ticket and individual operator tickets, TfGM cannot assume this benefit would be delivered.
- 11.3.53 Interoperability benefits make up 15% of the benefits modelled under the Proposed Franchising Scheme. This would only be partly achievable for the North of Greater Manchester and whilst there may be improved ticket acceptance on some tendered services within the South, this may only offer limited benefit (particularly as Stagecoach is commercialising some of the tendered services in the South).

Quality

- 11.3.54 Quality benefits make up 55% of the user benefits modelled under the Proposed Franchising Scheme, and benefits of unification of the system under a single brand make up around half of this. For the reasons explained earlier, this element of the benefits modelled under franchising would not be achieved under the split-Greater Manchester solution and there may even be disbenefits if a unified livery was introduced without unification of the service offer and core 'brand', as this would create a confusing and complex ticketing and customer service arrangement. As noted, some of the quality benefits may be delivered sooner and to a higher standard for the South of Greater Manchester alone (e.g. the introduction of Wi-Fi, fare capping on Stagecoach buses in the South, ticket acceptance on tendered services, mid-journey cleaning, some additional staff proposed). However, the quality benefits would likely not be higher in total compared with under franchising when taking into account the reduction in benefit from branding.
- 11.3.55 Overall, benefits would be substantially lower than under the Proposed Franchising Scheme and potentially even lower compared with the Ambitious Partnership option modelled (given that the Ambitious Partnership option included the assumption that the premium between multi-operator and individual operator tickets could be reduced, but this proposal is not contained within Stagecoach's proposal).
- 11.3.56 In addition, the ability to further invest in bus under the 'Phase 2' vision is limited in the same way as under the other partnership arrangements for the South of Manchester.
- 11.3.57 There are also the following strategic issues with the proposals, discussed at section 11.2 Strategic Implications above, that inevitably may further impact on the deliverability of benefits referred to above:
- As the VPA is a voluntary agreement there is a limited degree of enforceability;
 - There is a risk that the partnership is not renewed after the initial ten-year term;
 - Having two regulatory frameworks for buses would mean differing policy levers between the North and South and may lead to unforeseen consequences and make it more challenging to introduce 'Phase 2' measures; and

- There would be a delay (as noted in the Legal and other considerations section below) in implementing any franchising scheme in the North of Greater Manchester given that this would need to be assessed again – thus delaying the impact of the benefits that could be delivered in the North.

Costs

11.3.58 Section 11.5 Financial Implications and Section 11.6 Management Implications below conclude that although the franchised revenues and operating costs would relate to a smaller geography and it is likely that the scale of the financial risks would reduce in proportion to revenues and operating costs (compared with the Proposed Franchising Scheme), the overall funding requirement would likely not reduce in proportion to the scaled-down revenues and costs in a franchised area, as (a) there would be costs to manage the partnership, and (b) whilst some franchising costs would potentially reduce in line with revenues and operating costs (depots and on bus equipment), other costs are likely to be fixed or reduce to a lesser extent (management systems, resources). As explained at section 11.5 Financial Implications below, it is also worth noting that as Stagecoach is commercially the most successful and profitable operator in Greater Manchester, there is thus a risk that the revised franchised area is commercially weaker and requires additional ongoing funding as a result.

Conclusion

11.3.59 The combination of significantly lower benefits compared with when franchising the whole Greater Manchester under the Proposed Franchising Scheme and costs that are likely to be proportionally higher for each of the constituent parts that make up the whole means that the NPV and BCR of Stagecoach's proposal are both likely to be substantially lower than the Proposed Franchising Scheme. There is even a possibility that the NPV and BCR could be lower than that reported for the Ambitious Partnership option given that there are key areas where Stagecoach's proposal does not deliver – e.g. there is no proposed reduction in the premium between the Greater Manchester-wide ticket and individual operator tickets (explained above). It is also worth noting that the effect of Stagecoach's proposal to commercialise some of the services in the South of Greater Manchester could in fact reduce the take up of the Greater Manchester-wide ticket albeit to the benefit of some passengers.

11.4 Commercial Implications

Partnership in the South of Greater Manchester

- 11.4.1 Part 3 of the Commercial Case within the Assessment sets out the Commercial Case for the partnership option and, within it, sets out an introduction to the partnership model, a description of the mechanisms and powers relating to the delivery of bus partnerships and a description of the proposed mechanisms to support the partnership proposals considered in the Assessment.
- 11.4.2 Stagecoach proposed that the partnership in the South of Greater Manchester is governed by a VPA in a similar manner and so many of the assumptions made in the Assessment as to how this would operate are similar, but there are the following key differences:
- There would likely need to be an overarching VPA with common commitments and individual VPAs setting out individual commitments with each of the individual operators in the South of Greater Manchester (at least those willing to participate);
 - Stagecoach has proposed that there would be Advanced Quality Partnership Schemes (AQPS) covering key corridors/routes to establish and then uphold standards agreed. TfGM would need to consult on any proposed AQPS and these would need to pass the relevant competition tests (see Section 11.7 Legal and Other Considerations below); and
 - Technicalities would need to be worked through in terms of agreeing how the profit share and partnership fund would work in practice. This may also require further discussion to establish protocols for the allocation of costs (if Stagecoach has operations in the North as well as the South) and agreement administering the fund.

Franchising in the North of Greater Manchester

- 11.4.3 As explained at section 11.7 Legal and Other Considerations below, TfGM would need to undertake a new assessment of a franchising scheme and consult on a new scheme covering the North of Greater Manchester given that the currently Proposed Franchising Scheme covers the whole of Greater Manchester. The franchising scheme itself may differ in nature to the one assessed, and this would need to be determined.
- 11.4.4 There are the following key commercial implications on the franchised areas in particular:
- As explained at section 11.7 Legal and Other Considerations below, there would likely be a delay of around 18 months to introduce a franchising scheme in the North of Greater Manchester compared with the current timetable, and this means that there may be a delay to delivering benefits;
 - As set out at section 11.6 Management Implications below, the incremental operating costs of running combined partnership and franchising networks could be less than operating the network under the Proposed Franchising Scheme, but it is likely that the overall scenario would be less efficient to manage as TfGM would be effectively monitoring the bus network in Greater Manchester under two different regulatory frameworks; and
 - As Stagecoach is commercially the most successful and profitable operator in Greater Manchester there is a risk that the revised franchised area is commercially weaker and

requires additional ongoing funding as a result (discussed below at section 11.5 Financial Implications).

Cross-boundary issues

- 11.4.5 The issues set out at section 33 of the Assessment in relation to cross-boundary services for the Proposed Franchising Scheme would be similar at the boundaries of a franchising scheme for a North of Greater Manchester and a partnership in the South of Greater Manchester; however, there would also now be an ongoing boundary across the centre of Greater Manchester which would introduce new impacts not considered in the Assessment.
- 11.4.6 Given the clear customer need for services that cross the North and South boundary, there would need to be arrangements in place to enable buses to run across the boundary as seamlessly as possible.
- 11.4.7 There would need to be arrangements in place to enable services from the South of Greater Manchester to enter the franchised area. The likely considerations as to how this would operate are similar to those at section 33 of the Assessment. This means that operators would need to obtain a service permit to operate in the North of Greater Manchester and this would create an additional administrative burden on operators in the South of Greater Manchester. To obtain a permit, operators would need to pass the relevant legal tests set out in the Act, the focus of which will likely be on whether the services would have an “*adverse effect*” on a franchised service. If so, it is unlikely that the service would be able to obtain a permit and therefore could not operate in the North of Greater Manchester.
- 11.4.8 There would also need to be arrangements for franchise services to run into the partnership area in the South. These, however, will be less onerous, as services operating into the South from the North would not require a service permit to run. They would instead need to comply with the usual registration requirements and would need to be secured by GMCA under non-franchising powers (as GMCA would only be able to exercise its franchising powers under the Act to run services in the North of Greater Manchester), and they would be secured in the same procurement as the local service contract for the part of the service in North Manchester, thereby not significantly adding to the administrative cost for GMCA.

Competition

- 11.4.9 There may be some impacts on the level of competition resulting from the proposal with associated commercial implications.
- 11.4.10 As the franchised area would cover only the North of Greater Manchester, it may be more challenging to attract the same level of interest from bidders as would be possible when franchising the whole of Greater Manchester. This creates a higher risk that TfGM receives bids that are lower VfM compared with when franchising the whole of Greater Manchester. Potential bidders may (rightly or wrongly) believe that Stagecoach and any other operators that enter partnership in the South have an advantage in bidding, reducing the perceived attractiveness of the franchises.
- 11.4.11 Stagecoach is the largest single operator in the South of Greater Manchester and, following the introduction of franchising in the North, there would not in all likelihood be a similarly sized competitor in Greater Manchester with access to the relevant assets (mainly depots) to run services from in this area.

- 11.4.12 Stagecoach also proposed to use AQPSs to maintain standards (e.g. vehicle quality) on key corridors. Whilst it is plausible that the AQPSs could pass the relevant competition tests, there would still likely be a negative impact on competition – the same standards could potentially be introduced under franchising without the associated negative impact on competition.

Commercial Implications – Conclusion

- 11.4.13 Whilst Stagecoach’s proposals result in a combination of two options already considered, the proposal would mean allowing two different regulatory frameworks for the bus network in Greater Manchester and as explained above this leads to some complications. The ring-fenced area for franchising in the North of Greater Manchester may also be less attractive to market entrants and creates risks in terms of achieving VfM.

11.5 Financial Implications

- 11.5.1 As set out in the Assessment, GMCA would have contrasting financial responsibilities under a franchising scheme and a partnership.
- 11.5.2 Under a franchising scheme, GMCA would have control and accountability around key decisions over fares, routes, service quality and funding. In line with this control and accountability, it would also assume direct financial risk in relation to farebox revenues and operating costs.
- 11.5.3 Under a partnership, GMCA would have similar financial responsibilities as under the Do Minimum option or status quo. The bulk of services would continue to be commercially operated, with GMCA allocating funding to tender non-commercial services and reimbursing operators on a ‘no better, no worse’ basis for concessionary schemes. GMCA would not control key decisions under a partnership and similarly would not assume direct financial risks in relation to farebox revenues.
- 11.5.4 The Assessment notes partnerships would require additional resources from GMCA to manage and to the extent partnership interventions increased demand (particularly concessionary demand) relative to status quo then this would result in a requirement for increased concessionary reimbursement.

Stagecoach’s South Manchester Partnership Proposal

- 11.5.5 Based on the characteristics of the Proposed Franchising Scheme compared with the partnership options considered in the Assessment, it is considered likely that Stagecoach’s proposal to have a mixed franchising and partnership Greater Manchester network would have the following financial advantages and disadvantages.

Advantages

- 11.5.6 As noted, under a franchising scheme GMCA assumes control and also assumes direct financial risks. As the franchised revenues and operating costs would relate to a smaller geography it is likely that the scale of these financial risks would reduce, in proportion to revenues / operating costs, compared with the Proposed Franchising Scheme.
- 11.5.7 Whilst some franchising costs would potentially reduce in line with revenues and operating costs (depots and on bus equipment), other costs are likely to be fixed or reduced to a lesser extent (management systems, resources). Therefore, the transition costs and associated funding requirement is likely to reduce in absolute terms, but the requirements

would likely not reduce in proportion to the scaled-down revenues and costs in a franchised area. This is considered further at section 11.6 Management Implications below.

- 11.5.8 The Stagecoach proposal includes a profit share mechanism, but for the reasons explained earlier, the profit share available might be limited.
- 11.5.9 Stagecoach's request that GMCA reinvests any savings from the tendered services budget that are realised due to Stagecoach commercialising a portion of the tendered services would have the effect of constraining GMCA's ability to choose where to spend this money but may have some limited benefit as explained at section 11.3 Economic Implications above.
- 11.5.10 The investment figure of £142 million quoted by Stagecoach is not a cost borne by GMCA so is not directly relevant to the costs of the scheme from the perspective of GMCA.

Disadvantages

- 11.5.11 GMCA is likely to have to undertake a new assessment for the revised proposals for franchising in North Manchester (which would be considered alongside a partnership in South Manchester) and a further independent audit and consultation on the revised proposals, resulting in additional scheme development costs for GMCA.
- 11.5.12 Under the Proposed Franchising Scheme budgets would be set by reference to all sources of income (including farebox revenues and public funding) and network operating costs. Stagecoach is commercially the most successful and profitable operator in Greater Manchester and there is a risk the revised franchised area is commercially weaker and requires additional ongoing funding as a result.
- 11.5.13 Whilst noted as advantageous that the transitional funding requirement could reduce in absolute terms, GMCA is still likely to need to invest significant transitional funding for a partial franchise scheme without having full Greater Manchester-wide control.
- 11.5.14 As noted, GMCA could not pool its funding sources to the same extent under a mixed approach, in particular if the partnership area was successful in boosting demand (and concessionary trips), GMCA would need to reimburse and fund operators for these trips on a 'no better, no worse' basis.

Financial Implications – Conclusion

- 11.5.15 Stagecoach's proposal for a partnership in the South of Manchester, coupled with a franchising scheme in North Manchester, will result in less financial risk and cost to GMCA than the Proposed Franchising Scheme for the whole of Greater Manchester. The overall funding requirement would not be likely to reduce in proportion to the reduction in the franchised area. There would be costs to manage the partnership and, whilst some franchising costs would potentially reduce in line with revenues / operating costs (depots and on bus equipment), other costs are likely to be fixed or reduce to a lesser extent (management systems, resources). There is also a risk that the smaller franchise area remaining would not be as financially viable as the North is commercially weaker than the South currently. Stagecoach's financial proposals are of note, but the profit share mechanism may not provide a profit share (reasons set out at section 11.2.77 of the Strategic Implications section above) and Stagecoach's offer to commercialise some tendered services providing GMCA with some savings is of uncertain value.

11.6 Management Implications

- 11.6.1 This section discusses the potential impact of Stagecoach’s proposal from a management case perspective as a consequence of operating a partnership in the South (around 40% of the market in Greater Manchester) and a franchising scheme in the North.
- 11.6.2 The aim of the Proposed Franchising Scheme is to create a seamless network. In practice, however, Stagecoach’s proposal has two adjoining and overlapping regulatory frameworks. There are a number of issues to be addressed such as service permits into the franchised areas and dealing with future entrants to market or exits from the partnership. All of this will be difficult to manage and will incur costs. This results in TfGM having to oversee three different types of services (franchised services, partnership services and subsidised services).
- 11.6.3 The remainder of this section discusses the impact of Stagecoach’s proposal, with around 40% of the market being operated as a partnership instead of being included under the Proposed Franchising Scheme, and the impact upon the partnership operating model.
- 11.6.4 The Management Case in the Assessment can be broken down into three elements:
- The future operating model people and other costs;
 - Transition Costs – Implementation costs; and
 - Transition Costs – Systems Costs.

Future Operating model – people and other costs

- 11.6.5 The Assessment considered the incremental resource requirements for GMCA to oversee franchising and partnership and identified resource requirements covering the following areas: leadership, management, network planning, customer contact, revenue protection, sales and marketing, stakeholder management and finance. Other operating costs would be incurred for planning the network, customer and sales and marketing.
- 11.6.6 Noting that Stagecoach’s proposals for the South of Greater Manchester are in some respects more ambitious than the Operator Proposed Partnership (and may therefore require more monitoring from GMCA), it is likely that the TfGM resource costs for overseeing a partnership area in the South of Greater Manchester would be lower than under the partnership models assessed in the Assessment given that the partnership area proposed is smaller.
- 11.6.7 In a similar way, the cost of running a smaller franchised area would be lower compared with when franchising the whole of Greater Manchester under the Proposed Franchising Scheme as there would be a smaller network to franchise. This would result in some savings compared with if introducing the Proposed Franchising Scheme.
- 11.6.8 Taking Greater Manchester as a whole, it is therefore likely that the overall TfGM resource cost would fall in absolute terms, providing a saving to GMCA compared with if operating the Proposed Franchising Scheme.
- 11.6.9 However, it is important to note when taking each of the areas individually, there would not likely be a 1:1 reduction in the costs – some costs are fixed in nature (e.g. systems costs). This means that the cost of running a smaller partnership area would be proportionately higher than running a Greater Manchester-wide partnership, and the

resource cost of running a smaller franchise area would be proportionately higher than running a Greater Manchester-wide franchise.

Transition Cost Implementation Costs

11.6.10 The implementation costs would reduce in areas where the costs are related to the number of franchises to be procured and the duration of the implementation activity. However, this would be offset partly by the cost of implementation of the partnership in the South of Greater Manchester. The areas where reductions will be achieved in the combined costs of implementation are:

- Transition PMO;
- Procurement Activities (note that some costs will be fixed);
- Stakeholder Management; and
- Operational Continuity (circa 40%).

11.6.11 The following costs are not envisaged to change because a proportion of these cost are fixed in nature:

- Business Change Costs;
- Legal;
- Specification;
- Modelling; and
- Project Management ETM/AVL/Driver Radio/CCTV/Wi-Fi.

Transition Systems Costs

11.6.12 The implementation of on-bus equipment (which forms part of the Commercial Case) are likely to reduce i.e. 60% of the volume of on bus equipment would be required. However, much of the costs of the ITS implementation would be fully incurred – there are systems costs which are largely independent of the scale e.g. payment calculation engine or Network Planning. It is assumed there would be some savings in the partnership cost as the systems required for franchising would also serve partnerships e.g. Network Planning.

Management Implications – Conclusion

11.6.13 In summary, whilst the incremental operating costs of Stagecoach’s proposal of operating a partnership alongside a franchising scheme in the North of Greater Manchester could be less than operating the Proposed Franchising Scheme, it is likely that the overall scenario would be less efficient to manage as TfGM would be effectively monitoring the bus network in Greater Manchester under two different regulatory frameworks. The reduction in savings are not likely to be in line with the scale of the benefits decline of the combined operations.

11.7 Legal and Other Considerations

- 11.7.1 Should franchising be confined to North Manchester, the changes to the Proposed Franchising Scheme involved would require changes to the area, and the services, to which the scheme would ultimately apply. This may involve changing when some services become subject to regulation and also excepting some services (other than scholars services) from regulation ultimately under the scheme which cross between the area subject to franchising and the remainder of Greater Manchester. These changes to the area and services to which the scheme would ultimately apply would be so fundamental in themselves as to require a new assessment of that revised franchising scheme, its audit and further consultation, particularly given that the proposal would be coupled with a different approach to the provision of services in South Manchester. That would represent overall a course of action in respect of bus services in Greater Manchester not considered in the current assessment nor consulted upon. The procedure set out at sections 123B to 123G of the Act would have to be started again. The need to start a new statutory procedure would inevitably result in delay.

11.8 Further review of proposal

- 11.8.1 On 27 August 2020, TfGM wrote to Stagecoach and asked Stagecoach to confirm whether in light of the impact of Covid-19 on the bus market, its proposal remained valid or whether it anticipated any changes being required to the commitments in that proposal.
- 11.8.2 As summarised from section 2.4.18 of the Covid-19 Impact Report, Stagecoach said that it would need to undertake a further review of its proposal in the future and that they were not in the position to *“offer a fully developed alternative”*. In its response to the second consultation Stagecoach also confirmed that *“Operators would clearly like to develop a long-term proposal. However, the passenger demand uncertainty and the wider economic impact both locally and nationally in light of Covid-19 (which TfGM itself acknowledges) is such that developing any reliable partnership is impossible at this time”*. This is also consistent with OneBus’ response to the second consultation (as set out above at section 10.8.3) which shows that operators at this stage are clearly not able to propose detailed alternative partnership proposals due to the current uncertainty.
- 11.8.3 Instead, Stagecoach made the point in the second consultation that GMCA should consider 'recovery partnerships' as a short-term option which would *“ensure immediate certainty and sustainability of the bus network and at the time same to realise passenger and city region benefits much more quickly than bringing in franchising at this stage”*. Further information about 'recovery partnerships' and TfGM’s consideration of what consultees said during the second consultation on those partnerships is considered at section 13 – of this report.

11.9 Conclusion

11.9.1 During the first consultation, TfGM received a proposal from Stagecoach to set up a partnership in the South of Greater Manchester that “*would complement any decision to franchise the North*”. In its proposal, Stagecoach put forward 35 initiatives over the key areas of network, fares, fleet investment and customer, and a governance structure to coordinate the market.

11.9.2 The proposals can be summarised as follows:

- Operations & fleet investment – Investment in fleet to deliver a reduction in the average age of Stagecoach’s fleet in the South of Greater Manchester to seven years, investment in fleet to deliver Euro VI compliance by September 2021 (subject to funding from Defra), as well as a target to ensure that 45% of Stagecoach’s fleet in the South of GM is “better” than Euro VI compliant by the same date.
- Network planning & performance – Improved consultation on changes made to services including the provision of additional data on unprofitable routes and the establishment of KPIs including a performance regime. Stagecoach notably also propose to commercialise a portion of the currently subsidised services in the South of Greater Manchester and have calculated that this would represent a saving of approximately £1.8 million to GMCA per annum.
- Customer – Various initiatives to improve customer experience (eleven in total) including a proposed unified brand and a proposed single point of customer contact.
- Fares, Ticketing & Retail – Initiatives aimed at simplifying the fares and ticketing proposition including reducing the number of fare bands to four on its services, the creation a single suite of period tickets for its services in the South of Greater Manchester by January 2021, extending the introduction of carnet ticketing, introducing a flat fare in the evenings and rolling out fare capping on its services in the South of Greater Manchester by the summer of 2021.
- Financial proposals – A proposed profit-sharing mechanism that would split any profit generated by Stagecoach above an agreed “*target level of profit*” between GMCA, a ‘South Manchester Partnership Fund’ and Stagecoach. The money received by GMCA could be spent across the whole of Greater Manchester on initiatives that benefit the bus user experience and encourage modal shift to bus. Stagecoach proposes that the money in the partnership fund would also be spent on initiatives that benefit the bus user experience and encourage modal shift to bus, with two thirds specifically for reinvestment in the South of Greater Manchester.
- Community & Employee – Stagecoach intends to continue to enhance the role that it plays in the community throughout the duration of the partnership.

11.9.3 Stagecoach anticipated that the partnership would be set up using a VPA, making use of AQPSs on key routes and corridors to enforce certain standards. Stagecoach’s intention was that other commercial operators in the South of Greater Manchester may also enter into the South Manchester partnership and confirm that they have received initial support from Arriva. Stagecoach proposed an initial partnership term of 10 years.

11.9.4 The sections set out above analyse the implications of the proposals from the perspective of each of the five cases to understand how likely the proposals are to deliver on GMCA’s

- objectives (Section 11.2 Strategic Implications), whether there is likely to be any economic benefit from Stagecoach's proposals (Section 11.3 Economic Implications), and whether there are any other commercial (Section 11.4 Commercial Implications), financial (Section 11.5 Financial Implications), management (Section 11.6 Management Implications) or legal (Section 11.7 Legal and Other Considerations) issues to consider for GMCA.
- 11.9.5 Section 11.2 Strategic Implications, above, analyses whether the proposals would have enabled GMCA to achieve the Vision for Bus as part of its Greater Manchester Transport Strategy 2040. The Strategic Implications section finds that overall, whilst Stagecoach intends that its proposal will create a 'seamless' market in Greater Manchester, under the scenario proposed, it would not be possible for GMCA to achieve all of its objectives on simplicity, integration and in a number of other key areas, including network, for Greater Manchester as a whole.
- 11.9.6 There remains a risk around the longevity of any partnership in South Manchester (one of GMCA's objectives) as the partnership is voluntary in nature. This is an important consideration given that GMCA is seeking to achieve its Greater Manchester Transport Strategy 2040.
- 11.9.7 In respect of a franchise scheme in the North, there is also the fact that, as explained at section 11.7 Legal and Other Considerations above, the need to assess a new franchise scheme covering the North (alongside assessing a partnership in the South) of Manchester and follow all relevant statutory procedures will inevitably result in delay to the introduction of any franchise scheme, and delivery of the associated benefits, in the North. Therefore, while potentially accelerating the introduction of some initiatives in the South, there would be a delay to when any franchise scheme in the North of Greater Manchester could be delivered.
- 11.9.8 The implications of the proposals from a commercial perspective are considered at section 11.4 Commercial Implications above. The Commercial Implications section explained that whilst Stagecoach's proposals would result in a combination of two options already considered in the Assessment, the proposal would mean allowing two different regulatory frameworks for the bus network in Greater Manchester and this would lead to some complications (particularly for services at the boundary between the North and South of Greater Manchester) and potential inefficiencies in managing the network. This means that, as Section 11.6 Management Implications explains, whilst the incremental operating costs of operating a partnership alongside a franchising scheme could be less than operating the Proposed Franchising Scheme, it is likely that the overall scenario would be less efficient to manage, as TfGM would be effectively monitoring the bus network in Greater Manchester under two different regulatory frameworks.
- 11.9.9 The impact on affordability for TfGM is considered at section 11.5 Financial Implications. The Financial Implications section analyses how the overall funding requirement would be likely to change and finds that it would not reduce in proportion to the scaled down revenues and costs in a franchised area, as there would be costs to manage the partnership. It is also worth noting that as Stagecoach is commercially the most successful and profitable operator in Greater Manchester, there is a risk that the revised franchised area would be commercially weaker and require additional ongoing funding as a result.
- 11.9.10 Section 11.3 Economic Implications concludes that there would likely be significantly lower benefits associated with Stagecoach's proposal when compared with the Proposed Franchising Scheme (partly due to some of the strategic issues noted at section 11.2 Strategic Implications). Combined with costs that are likely to be proportionally higher for

the partnership and franchise areas (compared with when introducing either of these proposals across the whole of Greater Manchester on their own), Section 11.3 Economic Implication concludes that the NPV and BCR of both networks under Stagecoach's proposal are likely to be substantially lower than the Proposed Franchising Scheme. The NPV may even be lower than the Ambitious Partnership option, as Stagecoach's proposal would not result in the existing premium between the individual and multi-operator tickets being reduced, as was assumed possible.

- 11.9.11 Overall, given that GMCA would not be able to achieve its objectives as set out in the Assessment under Stagecoach's proposal to have a partnership in the South and a franchising scheme in the North of Manchester, the conclusion that the proposal would deliver an NPV that is likely to be substantially lower than the Proposed Franchising Scheme and the other matters referred to above, the conclusion in the Assessment that the Proposed Franchising Scheme is the best option for reform of the bus market remains valid in comparison to Stagecoach's proposal.
- 11.9.12 This conclusion has not changed in light of Covid-19. As set out at section 11.8, Stagecoach's proposed partnership was reviewed again in the context of Covid-19 and the changes that has had on the bus market in GM. Stagecoach has confirmed that it would like to develop a long-term proposal, but that it is not in a position to "*offer a fully developed alternative*", given the passenger demand uncertainty and the wider economic impact both locally and nationally in light of Covid-19 which is such in its view that developing any reliable partnership is impossible at this time.
- 11.9.13 Stagecoach has also suggested that, once restrictions start to be lifted and passenger demand and wider behaviour starts to reset, local authorities, central government and bus operators should collaborate and deliver an interim 'recovery partnership' as a bridge to a situation when central government funding is no longer required and the future environment is clearer. This is considered separately at section 13 of this report and, in the context of whether, in absence of any detailed partnership proposals from operators at this stage, it would be appropriate to make a decision whether or not to introduce the Proposed Franchising Scheme at section 17.2.

12. First Proposal

12.1 Introduction

Background

- 12.1.1 As part of their response to the first consultation, First wrote a letter addressed to Eamonn Boylan, Chief Executive of GMCA, dated 7 January 2020. The letter set out the concept of a proposal to adopt a pilot-based approach for both franchising and partnership in Greater Manchester. More specifically, the letter contained their proposal that a local partnership (LP) should be run as a trial in one area, in parallel to any new franchising or similar scheme being piloted in another. First considered that the LP approach would be “*particularly amenable*” to the local circumstances in Oldham where First have their operational base and depot in Greater Manchester.
- 12.1.2 Given that there was limited detail provided, TfGM engaged with First and offered them the opportunity to expand on their proposal in order for TfGM to appropriately consider it as part of the consultation response process. First (Ian Humphreys, Managing Director of First and John Birtwistle, Head of Policy First UK Bus) delivered a presentation containing their “*Local Partnership Proposal*” to TfGM in February 2020 during which TfGM asked a number of clarification questions in order to understand First’s proposition.
- 12.1.3 Go North West have also raised the principle of running a trial. In their response to the first consultation, they have proposed that franchising should be trialled in sub-area A (or a smaller area), for at least a year, following which there would be a period of reflection and consultation to assess the performance of the Proposed Franchising Scheme to date. This would be done before any decision is made to implement franchising in sub-areas B and C and it could therefore result in a decision to not introduce the Proposed Franchising Scheme.
- 12.1.4 It is worth noting that, in both instances, the proposal to run a trial of franchising is not comparable with any of the options considered in the Assessment. Further information on this, including why such a trial is unnecessary and how it is thought unlikely that any such trial would be a realistic alternative to achieve GMCA’s objectives, as set out at section 16.2.13 of this report. This section only addresses First’s proposed LP.

Nature of the proposal

- 12.1.5 First acknowledged and strongly agree that some form of change in the way that bus services are provided is desirable. However, they considered that the Proposed Franchising Scheme offers an extreme solution, moving from a deregulated free market to a “*rigid gross cost franchising system*”. Therefore, they believed that an LP approach is the best option to take, offering reduced risk, lower costs and rapid realisation of benefits, and should warrant a trial.
- 12.1.6 First proposed that an LP would be set up in Oldham with “*immediate start and rapid progress*” underpinned by a “*simple legal framework agreement*” ideally in the form of a voluntary partnership agreement (VPA). First saw this as being a partnership that would develop over time but could be established within a matter of weeks or months.
- 12.1.7 In terms of the length of the pilot, First considered that five years would be a reasonable period. There would be annual measurement of performance within the five years. The

- intention would be to review the performance at the end of the third year of the proposed five-year term. If performance is deemed to have made good progress against the aims and objectives of the LP, there would be a renewal of the LP for a further five years. If the LP is not achieving the agreed objectives, then this review would result in the LP being dissolved at the end of its initial five-year term.
- 12.1.8 First confirmed that their proposal does not form part of the Partnership Plus proposal put forward by OneBus (and considered in detail at section 10 of this report). However, given that First are a part of OneBus, they confirmed that they would continue to support the Partnership Plus such that if that proposal was accepted by the Mayor to be implemented across the whole of Greater Manchester, they would stand by their commitments under that proposal. Similarly, should the LP proposal be implemented alongside Partnership Plus, First recognised the potential to work alongside OneBus and would continue to play a role in that partnership.
- 12.1.9 Given that First proposed that the LP would sit alongside a piloted franchising scheme, it is important to note that, as set out at sections 16.2.13 to 16.2.23 of this report, introducing franchising on a pilot basis has not been considered by GMCA and, as such, an approach would likely require GMCA to follow the process set out in the Act to develop, consider and, thereafter, introduce such an option.
- 12.1.10 In terms of First's proposal, there is very little detail provided, and that is why a proportionate approach has been taken to consider the proposal under the four areas of GMCA's objectives (Network, Fares and Ticketing, Customer and Value for Money). This proposal would, therefore, require a significant amount of further engagement with First to elicit the details of what is being offered. It is, therefore, only possible to review at a high level, what marginal benefits this may deliver over and above what the Partnership Plus might deliver, if combined with it or implemented alongside any new franchising or similar scheme being piloted in another area of Greater Manchester.
- 12.1.11 First envisaged that the LP would be established by First, TfGM and Oldham Council. Others would be invited to join either at the outset or by means of a Deed of Accession once underway.
- 12.1.12 A VPA that is limited to Oldham would likely give rise to a number of issues in respect to how this interacts with any other arrangements put in place across Greater Manchester. There are a small number of services that operate wholly within Oldham District, but the vast majority run into one or more of the other districts. For example, the core pattern of service consists of radial routes between Oldham and Manchester City Centre, most of which are run by First but one of which (at the time of writing this report) is run by Stagecoach, which creates a further complication. This problem is replicated in other directions out of Oldham district, with a key example being service 409, which runs from Rochdale District into Oldham District and then into Tameside district.
- 12.1.13 It is difficult to see how Oldham District alone could be treated in a partnership environment. There are currently a number of services running from Oldham to Manchester, Rochdale and Tameside, and the loadings on these services are likely to be much higher than the local Oldham-only services. It is not clear how ticketing arrangements would be dealt with for any 'cross-border' services (being services which would operate from the LP in Oldham and into any scheme applicable to the rest of Greater Manchester), or those services ran by operators other than First. There are likely to be customers who would want to transfer between a local service in Oldham onto services going out of Oldham, or vice versa, including customers who may want to transfer onto Metrolink. It is

not clear how this would be dealt with not only from a ticketing arrangement perspective but also in relation to which partnership commitments are applicable for each service.

- 12.1.14 First suggested that their proposed pilot could run alongside a franchising pilot or alongside the Partnership Plus proposal put forward by OneBus but have given no further detail as to how this would practically operate. OneBus has not indicated that Partnership Plus could operate alongside other partnerships in Greater Manchester and in an area less than the whole of Greater Manchester. Combining different partnerships, or even different market reforms with different parties involved and different structures would be more complicated from a customer perspective, than the Partnership Plus proposal or the Proposed Franchising Scheme.
- 12.1.15 In considering First's proposal, it is important to recognise the implications on Greater Manchester as a whole. GMCA's objectives apply to the whole of Greater Manchester, and, therefore, should this proposal be implemented alone, it is highly unlikely, if at all, that these objectives would be achieved by 2040. First did not make it clear how any other operator in the Oldham geography would participate in this proposal, nor have they made it clear how this would fit around the proposal of Partnership Plus or a trialled franchising scheme, if that were to be in operation across the rest of Greater Manchester. Should an LP in Oldham operate alongside Partnership Plus, this would result in Greater Manchester managing more than one partnership which will increase the cost of managing partnerships. The objectives of achieving coherence across Greater Manchester would not be met with more than one partnership operating in Greater Manchester.
- 12.1.16 The proposal put forward by Stagecoach, and analysed at section 11 above, considers the implications of operating two different regulatory frameworks and concludes that the level of benefits would be substantially lower than under the Proposed Franchising Scheme. The Partnership Plus proposal has been analysed at section 10, and this represents a Greater-Manchester-wide multi-operator partnership. The conclusion drawn was that it would offer less benefit than the Ambitious Partnership option that has been modelled in the Assessment. The potential scale of benefits from the LP and Partnership Plus would likely be less than those that would arise from a reform to the market that is uniformly applicable across the whole of Greater Manchester, although the costs would likely remain similar should there be two different partnerships that TfGM would need to manage.
- 12.1.17 The remainder of this section focusses on the proposals put forward by First that differ from the Partnership Plus proposals and those put forward by Stagecoach.

12.2 First's Local Partnership Proposal

- 12.2.1 First indicated that the LP pilot in Oldham would be delivered via a VPA. This is similar to Stagecoach's offer to deliver a partnership in the South of Manchester. However, First proposed a pilot partnership in a geographically defined area, on a much smaller scale. The extent to which other operators would agree to this and sign up to it, should it be successful and applied to other districts, is not known as there has not been any engagement with other operators to date with regards to this proposal.

Network

- 12.2.2 Relevant proposals included:

- The Mayor would have greater involvement in the decision-making of network changes – First's preferred approach would be to commence a joint network review upon launch of the partnership, with option to continue the current network for an initial period of three years, with continuous open book monitoring of patronage and viability. Any changes proposed by the operator to reduce routes and/or frequencies would be approved through TfGM/GMCA, and there would be consideration given to continue to run routes that are not commercial, making use of the partnership funds. The operator remains free to enhance and experiment with growth initiatives where it is believed that an opportunity exists. Unmet demand identified by TfGM or market research could be 'quick-start' funded through agreed partnership arrangements;
- Tendered services – greater integration with commercial services and opportunity to provide links at lower or no cost using de-minimis provision where required;
- A ring-fenced time-limited 'emergency' tender fund to provide cover in circumstances of disagreement about existing service viability pending identification of a permanent solution;
- Integration between commercial and tendered services and other modes to deliver a best-value approach to demand-responsive and local link services delivering a complete network;
- Fleet investment of a minimum of 22 new vehicles per annum for 3 years; and
- Examination of fleet electrification opportunities.

- 12.2.3 Likely extent of network improvements: In relation to the first bullet point noted above, the aspect of performing joint network reviews does not differ from that considered under the Operator Proposed Partnership in the Assessment. First confirmed that they would consult with TfGM/GMCA on any detrimental service changes or withdrawals. If they were not accepted by the TfGM/GMCA, First would not make the change and would continue to support the service for a period of time. However, it is not clear how long they would continue to support the service and whether this is dependent on using a profit-sharing mechanism resulting from a partnership fund similar to that proposed under Partnership Plus.

- 12.2.4 The open-book monitoring of patronage and viability would consist of First sharing information with TfGM/GMCA on individual route performance where a route is planned to have a significant reduction in operation or cancellation. This would include details of what would be required in financial and/or operational/infrastructure terms to resolve the

- situation on both a short-term basis (to maintain operation during the review period) and on a longer-term basis.
- 12.2.5 First clarified that a ring-fenced time-limited “*joint funded emergency tender pot*” would be available for use in such circumstances. Use of the joint fund would be determined on a case-by-case basis. It is not clear exactly the extent to which the fund is time-limited. First clarified that they would expect this emergency tender pot to be jointly funded by First and GMCA, and it would be seen as an insurance policy, to be used to support services that would otherwise be unable to continue. It is reasonable to assume that the benefit arising from this would at least be equal to the value of money invested. It would also provide additional benefit from a customer perspective such that it would allow services to continue in operation that may otherwise be cut. There may be limitations in GMCA achieving VfM, given that these funds are to be ring-fenced specifically to support tendered services.
- 12.2.6 The first four bullet points listed above may all contribute to reducing the number of services that are needed to be withdrawn from the network and may keep routes running for longer; however, this is also subject to a joint emergency tender fund being available. The amount of funding available is unknown, and it is not clear how much GMCA might have to contribute. Given that this would be delivered as a pilot in Oldham and, even if it was operating alongside Partnership Plus, these proposals have not been made under Partnership Plus, and, therefore, it would not contribute to ensuring an integrated and efficient network across the whole of Greater Manchester. The extent to which this would be achieved in Oldham is likely to be slightly greater than that expected under Partnership Plus if there was less unexpected removal of services and the ability for GMCA to approve those services which resulted in significant change/withdrawal. However, this would not go as far as what could be achieved under the Proposed Franchising Scheme. It is not clear how the proposed approval process would work and what would happen in the instance that there is disagreement between GMCA and First.
- 12.2.7 Under the Partnership Plus proposal, OneBus committed to providing 450 new buses over the first three years of the partnership. It is not clear who has committed to what on an individual operator basis. It is assumed that, given First have confirmed they stand by the commitments made under the OneBus proposal, the 22 new buses per year for three years would be in addition to First’s contribution to the 450 new buses provided across the whole of Greater Manchester. These additional buses would help contribute to achieving a reduction in the average fleet age, with First claiming that the fleet age average would fall from 8.4 years in April 2020 to 6.8 years in April 2023. This would not necessarily achieve more than that which could be achieved under the Do Minimum option. As noted in the analysis performed in the Assessment, it was estimated that an additional 50 buses per year (on top of the 150 proposed by operators), would be required to bring the average age to below seven years over a five-year period. Capital investment is required to meet customer needs and replace life-expired vehicles. It is not expected that this proposed investment would be a significant step change in investment compared with what would be expected outside the introduction of an LP.
- 12.2.8 The proposal to examine fleet electrification opportunities would also not go beyond what could be achieved under the Do Minimum option and would presumably be subject to funding being available.

Fares and Ticketing

- 12.2.9 Relevant proposals included:

- Pricing – operator to continue the process of fares simplification – from 2 January 2020, there are only four standard single fares. Previously stated commitments to the two-year price freeze on multi-operator products would still apply subject to GMTL approval;
- Ticketing Technology – in addition to the Partnership Plus, commitments to be enhanced by early adoption of tap and cap; and
- Where more than one operator is involved in overlapping provision, a commitment to examine best value through TfGM support for a qualifying agreement.

12.2.10 In relation to the simplification of fares, this does not go beyond what has been proposed under the Partnership Plus offer.

12.2.11 Fare capping: First clarified that there would be flat fares with EMV model 2 capping within six months and would involve tap-on rather than tap-on and-off (hence the flat fare). There would be daily capped rates, as well as weekly and monthly. This would go some way to achieving objective seven of *“account-based smart ticketing introduced as soon as possible”*. However, under a partnership, operators would still retain their own products and, therefore, this would not achieve *“whole bus network capped products”*. Although this may provide some level of benefit to those passengers regularly using First services, it would not offer the same level of benefit as could be achieved under the Proposed Franchising Scheme whereby a capped product could be introduced that would be valid across the whole of Greater Manchester.

12.2.12 The proposal to explore and use a qualifying agreement where appropriate does not differ from what has been offered under the Operator Proposed Partnership considered in the Assessment.

Customer

12.2.13 Relevant proposals include:

- Livery/branding – a localised livery would be applied following local agreement. A similar concept to Vantage would be applied that is sympathetic to the Greater Manchester corporate transport design.

12.2.14 First suggested that all buses could be painted in the same colour, *“all buses orange – or yellow – or whatever TfGM decides; can retain route/corridor branding (or not)”*. Having all buses in the same colour may provide some level of benefit to the customer. However, unless this was applied consistently across the whole of Greater Manchester, as proposed under the Proposed Franchising Scheme, it could lead to greater confusion from a customer perspective. The value accredited to brand has been discussed further at sections 5.4.6 to 5.4.9 of the Economic Implications section above. It is not yet known if all operators across Greater Manchester would sign up to this. As mentioned above, First have not considered how this would operate alongside OneBus’ Partnership Plus proposal, and although some of the proposals are aligned, the proposal has not been tested with the other operators. There are a number of commitments that are not aligned with Partnership Plus, and, therefore, other operators would not be familiar with, such as painting all buses the same colour and the additional fleet investment. Under a partnership approach, operators would presumably still want to ensure that their own operator branding remains

clear and visible to avoid confusing the customer as they would continue to offer their own individual products.

Value for Money

12.2.15 Relevant proposals included:

- Profit growth generated by partnership interventions would be reinvested into services.

12.2.16 This does not differ from what has been offered under Partnership Plus. This proposal has been considered in further detail at section 9 above as part of the Partnership Plus considerations.

12.3 Further review of proposals

- 12.3.1 On 27 August 2020, TfGM wrote to First and asked First to confirm whether, in light of the impact of Covid-19 on the bus market, its proposal remained valid or whether it anticipated any changes being required to the commitments in that proposal.
- 12.3.2 As summarised from section 2.4.21 of the Covid-19 Impact Report, First said that they *“still believe that in principle, the local partnership offer for Oldham remains valid”* but that *“it is yet unknown as to how long it will take for patronage to return to a level which is commensurate with the commercial operation of the business”*.
- 12.3.3 As part of its response to the second consultation, First said that it would prefer a partnership approach. It stated that events during 2020 have only served to strengthen the argument that partnership proposals can be agreed and implemented more quickly and that there have been many good examples of partnership working as service levels and tender specifications have been constantly changed and updated to reflect the different needs of society. However, as set out at section 7.5.68 of this report, given that bus services have been and continue to be supported by Government subsidy, and service changes have required TfGM sign-off, this is a clear example of TfGM and operators working efficiently to agree and implement changes to respond to changing demand levels. In addition, franchising would enable a coordinated network approach rather than an operator by operator patchwork response.
- 12.3.4 In response to the second consultation, they also said that the process of reaching agreements on service level provision between operators and local authorities mandated by the DfT has generally worked very well. First also stated that the local partnership set out in its letter dated 7 January 2020 remains the best option going forward based on the principle of Mayoral control of the network, best value, relative simplicity, low cost to introduce and rapid realisation of public benefits. No further detail was provided by First during the second consultation as to how a local partnership would work, and as explained above, it is still considered that such an option would not provide any greater benefits than OneBus’s Partnership Plus proposal. It would also potentially cause other difficulties in terms of how any partnership would work alongside other markets, such as a franchising scheme.

12.4 Conclusion

- 12.4.1 This section of this report details the work undertaken by TfGM in reviewing First's proposal to introduce a pilot LP in Oldham. There remains a risk around the longevity of any intervention given that the partnership is voluntary in nature and is currently being proposed to be run on a trial period, initially for a five-year term with a review of performance after three years. There was little detail provided on each of the proposals, and no further detail was provided by First as part of its response to the second consultation, although First reiterated that they believe that it "*remains the best option going forward*".
- 12.4.2 In broad terms, there were a handful of commitments contained within this proposal that did not feature in Partnership Plus, such as the additional fleet investment of 22 vehicles per year, the time-limited emergency tender fund and the localised livery. However, given there are also a number of Partnership Plus commitments that were not present in the First proposal, and the ability for Partnership Plus to be applied across the whole of Greater Manchester, providing a greater opportunity for the objectives being met, it is concluded that First's proposal would not provide any greater benefits than Partnership Plus. There is also uncertainty about extending the pilot across Greater Manchester, should it be successful in Oldham, given that it has not been tested with any other operators.
- 12.4.3 TfGM is confident that sufficient consideration has been given to First's pilot LP proposal to come to the view that overall it is likely that the proposal would deliver (when implemented in parallel with any new franchising or similar scheme being piloted in another area of Greater Manchester), no greater benefits than the Partnership Plus proposal operating across the whole of Greater Manchester and significantly less benefits than the Ambitious Partnership modelled in the Assessment. This conclusion has not changed as a result of Covid-19.

13. 'Recovery Partnerships'

- 13.1.1 During the second consultation, Stagecoach, Go North West, First, Transdev and OneBus commented that GMCA should consider a 'recovery partnership'. A number of these referred specifically to a brochure published by the Confederation of Passenger Transport (CPT) in October 2020 which set out high-level proposals for 'recovery partnerships', in a brochure entitled "*post covid-19 delivering a passenger led recovery*" (the "*CPT Recovery Partnership Document*"). The term 'recovery partnership' is promoted by CPT within this brochure to reflect "*an agreement between a bus operator(s) and local transport authority and [which] will be entered into once the current Coronavirus Bus Service Support Grant (CBSSG) comes to an end*". CPT state that it "*will provide a local framework for agreeing the new network, distribution of funding to support it in the short term and the rapid mobilisation of bus priority measures to sustain it for the long term*". As the industry body representing bus operators, this brochure sets out CPT's preferred approach to the period post CBSSG.
- 13.1.2 The CPT Recovery Partnership Document sets out three priorities for delivering "*the bus services of tomorrow*." These are:
- "short term ringfenced funding to get recovery partnerships off the ground. In year one this will need to be £500m, declining thereafter as networks become self-sustaining";
 - "the current support mechanism [assumed to be the current levels of CBSSG-R (or equivalent) paid by central government, and payment of concessionary travel payments at pre-Covid rates] to remain in place until all three tests for moving to recovery partnerships are met"; and
 - "Ensuring that local transport authorities have the resources and skills required to play an active role and deliver their goals and targets."
- 13.1.3 The CPT Recovery Partnership Document also sets out that "*it is important that recovery partnerships are delivered at the right time... three tests need to be met before recovery partnerships are implemented*:"
- removal of social distancing... to be able to fill a bus to capacity;
 - positive messaging on using public transport ... a significant pro-public-transport message from the Government is needed to help encourage people back onto the bus; and
 - passenger numbers have returned in significant numbers."
- 13.1.4 On 24 November 2020, Stagecoach wrote to TfGM to outline its belief that bus would play a crucial role in helping the country to recover from Covid-19 and in also helping the country in moving towards a green recovery. Stagecoach attached the CPT Recovery Partnership Document, summarised at sections 13.1.2 to 13.1.3, to that letter.
- 13.1.5 In response to the second consultation, some of the comments made by consultees on 'recovery partnerships' included the following:
- As set out above at section 11.8.3, Stagecoach made the point that GMCA should consider recovery partnerships as it would "*ensure immediate certainty and sustainability of the bus network and at the time same to realise passenger and city region benefits much more quickly than bringing in franchising at this stage*".

Stagecoach also commented that they “do not envisage a recovery partnership approach as a long-term solution”. Stagecoach’s response also attached the CPT Recovery Partnership Document.

- Go North West commented that it is important “that we prioritise passenger recovery (without regulatory distraction) to help ensure a sustainable network that then forms a viable franchising proposition for the longer term”. Go North West also submitted a proposal for “an amended Three-Stage process” that starts with an “economic recovery partnership” and commented that this partnership would “provide GMCA with a stronger input in the planning of bus services and enable a more viable bus network to enter the franchising process”.
- OneBus commented that “all parties are likely to be impacted by the effects of Covid-19 and will continue to be until there is certainty about the economy and patronage find its new level. This will take time and in the interim it would be more beneficial to all parties if the option of a Recovery Partnership was considered in the interim... we are also concerned that little if any recognition has been made of the Recovery Partnership proposals being discussed at a National level as a way forward for the industry”.
- First commented that “as the Govt decides upon its approach to ending CBSSG and what it requires from the industry going forward. As things stand, other local areas will be visibly pressing ahead at speed with partnership working, while GM uniquely could be held back by debate and uncertainty.”
- Transdev commented that “It is imperative that we work on a short-term recovery plan at an early opportunity.”

13.1.6 Abellio, however, stated that “It is Abellio’s clear view that, following Covid-19, GMCA is the appropriate body to make decisions about how and when to align the network to the market and that franchising rather than any form of continuing CBSSG Restart is the optimum method for doing this in order to ensure competition as soon as possible.”

13.1.7 TfGM requested to meet with OneBus to seek clarification about aspects of their response to the second consultation in relation to ‘recovery partnership’ proposals. This meeting took place on 23 February 2021, and OneBus attended with two of the operators that they represent, Stagecoach and Transdev. This meeting clarified that, in the view of OneBus, Stagecoach and Transdev:

- A ‘recovery partnership’ approach was critical regardless of what happened in the future with the bus network in Greater Manchester i.e. it was independent of any decisions made around the Proposed Franchising Scheme as the focus of a ‘recovery partnership’ is much more on the short-to-medium-term recovery of the bus market.
- The key objectives of a ‘recovery partnership’ should be to:
 - provide stability in the network and to operators; and
 - to encourage passengers to return to using the bus network.
- A ‘recovery partnership’ would:

- Require ringfenced local funding that allows TfGM and the Greater Manchester operators to form a strategy for recovery that targets growth in passenger numbers.
- Need to provide a degree of certainty and allow operators to be able to make some level of commercial return to, in turn, allow operators the ability to invest in CAPEX and get back into a cycle of investment in assets.

13.1.8 OneBus and the operators also indicated a number of key areas where they see that the ‘recovery partnership’ could deliver particular benefits, and whilst none of these have been worked up in detail, they include:

- Adaption of the network post-Covid-19 in a jointly designed way to make the best use of any Government funding;
- Interoperability of tickets between operators; and
- The rebuilding of the passenger base in support of certain areas, such as the night-time economy.

13.1.9 OneBus and the operators stated that adaption of the network in a jointly designed, dynamic way and at an appropriate level of detail, would require TfGM and the Greater Manchester bus operators to work together to ensure that the network best meets passengers’ needs. It would also need to make best use of available Government funding, and de-risk any potential bus reform going forwards.

13.2 TfGM response

- 13.2.1 It should be noted that, whilst CPT has promoted a ‘recovery partnership’ as part of the CPT Recovery Partnership Document, this reflects the operator community proposals to DfT for the period when CBSSG (including CBSSG Restart (CBSSG-R) and any future Government funding allocation(s) that may replace CBSSG) ceases or is reduced in scale and is dependent on Government funding.
- 13.2.2 Similarly, the Urban Transport Group, representing transport authorities including TfGM, has also been in discussions with the Department for Transport about the same phase of recovery.
- 13.2.3 To date, the Department for Transport’s National Bus Strategy that is expected to set out a roadmap for bus recovery post-CBSSG has not yet been released, and it is currently unknown what this will say in regard to ‘recovery partnerships’ or similar. Therefore, the references to ‘recovery partnerships’ from the operators set out at sections 13.1.5 to 13.1.9 are the operators current notion on how recovery from Covid-19 could take place.
- 13.2.4 TfGM agrees with the comments raised by the various stakeholders that interim arrangements are required to help the local bus network in Greater Manchester to transition from the current arrangements based on CBSSG-R. Furthermore, the recovery objectives set out by the operators at section 13.1.7 around stabilising the network, attracting passengers back onto buses and facilitating investment in assets are also aligned with TfGM’s objectives.
- 13.2.5 TfGM also agrees with operators when they stated that any such ‘recovery partnership’ would not be an alternative to a long-term arrangement such as the Proposed Franchising Scheme, and would instead aid the short- to medium-term recovery of the market. TfGM disagrees, therefore, with Abellio’s comment that “*franchising rather than any form of continuing CBSSG Restart is the optimum method*” as the two (or any ‘recovery partnership’) are not mutually exclusive.
- 13.2.6 While ‘recovery partnership’ type arrangements would be put in place irrespective of the decision to implement the Proposed Franchising Scheme, TfGM consider that a process that saw a combination of a period of a ‘recovery partnership’ followed by the implementation of the Proposed Franchising Scheme would be beneficial for the bus market in Greater Manchester. By contrast the current uncertainty as to what a partnership arrangement might deliver in the medium to long term, noting that this is likely to take time to clarify, means that the Proposed Franchising Scheme would provide GMCA with better levers to support recovery and certainty.
- 13.2.7 To this end, TfGM agrees that a coordinated local response is critical. Throughout the Covid-19 pandemic, TfGM has worked closely with bus operators and would expect this to continue as the network recovers, including areas of recovery from Covid-19 set out by operators – such as network design, ticketing arrangements etc. Some of this dialogue has already commenced and will be further developed when there is a greater level of clarity from the Department for Transport of the arrangements to follow CBSSG-R.
- 13.2.8 Go North West’s proposal for “*an amended Three-Stage process*” that starts with an “*Economic Recovery Partnership*” is considered in section 14.

13.3 Conclusion

- 13.3.1 To date, the Department for Transport's National Bus Strategy, which is expected to set out a roadmap for bus recovery post-CBSSG, has not yet been released. It is also currently unknown what this will say in regard to 'recovery partnerships' or similar.
- 13.3.2 TfGM has engaged with OneBus to understand its proposals in relation to 'recovery partnership' in more detail. Those discussions have clarified that interim arrangements involving a coordinated local response are required to help the local bus network in Greater Manchester to transition from the current arrangements based on CBSSG-R.
- 13.3.3 TfGM agrees that interim arrangements are required to help the local bus network in Greater Manchester to transition from the current arrangements based on CBSSG-R. TfGM and OneBus also discussed and agreed that any such 'recovery partnership' would not be an alternative to a long-term arrangement such as the Proposed Franchising Scheme, and would instead aid the short- to medium-term recovery of the market.
- 13.3.4 To this end, TfGM agrees that a coordinated local response is critical. Throughout the Covid-19 pandemic, TfGM has worked closely with bus operators and would expect this to continue as the network recovers. Some of this dialogue has already commenced and will be further developed when there is greater level of clarity from the Department for Transport of the arrangements to follow CBSSG-R.

14. Go North West alternative three-stage proposal

14.1.1 As set out at section 13.1.5, in response to the second consultation, Go North West submitted a proposal for “*an amended Three-Stage process*”. The written response largely concentrated on Phase One (“*economic recovery partnership*”) and Phase Two (“*a package of Direct Award ‘franchise’ contracts*”). This set out that Go North West propose that:

- The “*economic recovery partnership*” would consist of a voluntary partnership lasting 12 – 18 months starting from the cessation of the current Covid-19 Bus Services Support Grant (CBSSG) arrangements. The voluntary partnership would be based on a mutual agreement of scope, based on existing agreements where possible, and Go North West suggest that this could include:
 - A passenger growth plan.
 - Allowing single operator Greater Manchester (GM) wide day tickets to be used free of charge on any participating operator’s services (with no pooling of revenue).
 - Joint working to assess the impacts of Covid-19 on demand for travel in Greater Manchester.
 - Increased number of zero and low emission buses.
 - Identification of critical infrastructure projects designed to improve the reliability of buses.
 - An updated assessment of the viability of the different options post-Covid-19.
 - Plan for gradual transition towards a single brand for GM.
 - Securing continued funding for the current level of bus services across GM as the economy recovers post-Covid-19 paid via GMCA, but ringfenced for the purpose of the partnership.
- The “*package of Direct Award ‘franchise’ contracts*” would extend beyond the initial recovery period and, according to Go North West, would help achieve GMCA’s ambition for the bus market whilst avoiding the time delay, financial and operational dangers otherwise inherent in transition. Go North West propose that such Direct Award contracts could include:
 - A simplified transition.
 - A more predictable timetable for change.
 - Dramatically reduced costs of transition for GMCA.
 - Agreement on the transfer of employees, bus depots and vehicle fleets to the franchising authority at the end of the Direct Award period.
 - Committed investment programmes allowing residual value to be recognised and transferred at the end of the initial period of Direct Award.
 - Stability in the agreed network and service levels for a defined period.
 - Agreement on fares, including contactless capping (introduced more quickly than might otherwise be the case) network change procedures and future concessionary payments.

- Better integration with the rest of Greater Manchester’s public transport network.
- More certainty for front line staff and more stability of their terms and conditions.
- Ability to learn from the operation of such contracts to optimise the commercial and management arrangements for a future delivery model.
- Commitment from both operators and transport authority to an orderly, collaborative transition process.
- Phase Three (“*A further review of the case*”), as per their written response to the second consultation, indicated that they envisaged that the period of “*Direct Award ‘franchise’ contracts*” would effectively act as a pilot scheme to determine whether competitive franchising contracts should be entered into.

14.1.2 TfGM subsequently asked to meet Go North West to seek clarification about aspects of its proposal for “*an amended Three-Stage process*”. This meeting occurred on 17 February 2021. This meeting clarified in relation to ‘recovery partnerships’ that:

- Go North West propose that the “*amended three-stage process*” would consist of:
 1. An Economic Recovery Partnership
 2. A package of Direct Award ‘franchise’ contracts
 3. A further review of the commercial case
- The process would start with an ‘Economic Recovery Partnership’ that itself would be split into three phases:
 1. Continuation of the current arrangements with operators supported by CBSSG-R (or equivalent).
 2. A second phase that commences from the cessation of CBSSG-R (or equivalent) funding.
 - This phase would also be reliant on Government funding and would utilise some of the £300m that was announced to drive transformation of bus service in in 2021/22 as part of the Government’s Spending Review 2020.
 - However, it would allow some risk transfer back to the private sector and therefore allow a margin to be made on that risk and enable operator investment in assets.
 - Go North West indicated that this phase could include a number of mutually agreed areas of focus, and, whilst none of these have been worked up in detail, Go North West consider that they could cover issues such as:
 - Joint working between TfGM and the Greater Manchester operators to assess the impact of Covid-19 on the network;
 - The interoperability of tickets between operators;

- A commitment to an ongoing reduction in carbon emissions; and
 - A gradual transition towards a single brand in Greater Manchester.
3. A third phase that further builds on the partnership.
- This would utilise some of the funding announced by Government to enable investment in at least 4,000 new zero-emission buses.
 - This would enable operators to take on more risk and could cover aspects such as network, zero-emission investments and bus-related infrastructure etc.
 - This phase would last until whatever enduring model (such as the start of the first direct awarded franchise under the proposed Go North West “*amended three-stage process*”) is adopted.

14.1.3 The meeting also clarified:

- In relation to the ‘package of Direct Award ‘franchise’ contracts’ that Go North West would:
 - Intend for the Direct Award franchises to be subsequent to any Mayoral Decision in favour of the Proposed Franchising Scheme, i.e. it would be a way of transitioning to franchising and ultimately to franchises being let in an open competitive environment.
 - Propose that the Direct Award contracts would be let based on a package of routes per depot, rather than the route by route franchise model that they have proposed as an alternative to the TfGM packaging strategy in their main consultation response (in the event direct awards were not implemented). This is considered further at sections 6.9.89 to 6.9.98.
 - Propose that the broad commercial approach set out in the Assessment would be the basis of the letting of Direct Award contracts, e.g. revenue and cost risk approach, use of a performance regime etc.
 - Propose that the Direct Award contract would last for c. seven years.
 - Propose that this would allow a way of agreeing that at the end of that franchise contract the depots and vehicles are transferred at a fair price to GMCA.
- In relation to “*A further review of the case*”, that Go North West would:
 - Envisage that the final phase of their proposal would be to review commercial lessons learnt from the Direct Award contracts.
 - Propose that this would enable TfGM to update their commercial model for franchising for the next round of franchising.
 - Not propose that it would be a review of whether franchising is the right model and that they were not proposing that a new assessment (as required by section 123B of the Bus Services Act 2017) would be required.

- 14.1.4 It was also agreed at this meeting on 17 February 2021 that a subsequent follow-on meeting would be held between the legal representative of both parties to understand the basis on which Go North West are proposing that Direct Award contracts would be permissible.
- 14.1.5 This meeting was held on 25 February 2021, and Go North West clarified its understanding of how direct awards would assist GMCA in transitioning to the Proposed Franchising Scheme, as well as what legal powers may be used for the Direct Award contracts.

14.2 TfGM response

- 14.2.1 TfGM agrees with Go North West that there are a number of benefits that could be achieved through the use of Direct Award contracts to facilitate transition.
- 14.2.2 In its response to the second consultation, Go North West commented that “*Direct awards are permissible in procurement law where there is only one supplier with the expertise to provide the services required or with the capacity to provide them on the scale required*”. Go North West confirmed this analysis in their meetings with GMCA, highlighting that in their view, the complexity of transition to franchising would be difficult without the use of direct award contracts, and that an ability to use direct award contracts would mitigate a number of transition risks due to the capacity and capability of the current operators.
- 14.2.3 TfGM understands that Go North West’s view is that direct award of contracts is possible due to this falling within one of the exceptions in regulation 50(1)(c) of the Utilities Contract Regulations 2016, on the basis that there is only one economic operator who could provide the service.
- 14.2.4 Whilst, if it were the case that only one operator could provide the services, either for technical or competition reasons, it is correct that it would be possible to direct award on these grounds, the Commercial and Management Cases of the Assessment considered that GMCA would be able to make and operate the Proposed Franchising Scheme without the need to directly award local service contracts. TfGM remains of the view that whilst there are a number of challenges to such an approach, this remains achievable. It is accepted that, if permissible, direct awards would assist with the transition to franchising: however, TfGM does not agree with Go North West’s analysis that there “*is only one supplier with the expertise to provide the services required ...*” either specifically in respect of Go North West or more generally for the services to be franchised across Greater Manchester. For that reason, TfGM does not believe that GMCA would be able to rely on the exceptions under regulation 50(1)(c) of the Utilities Contract Regulations 2016 to directly award all the franchise contracts as proposed by Go North West.

14.3 Conclusion

- 14.3.1 TfGM has considered Go North West’s alternative three-stage proposal, and has engaged with Go North West to understand its proposal in more detail. Those discussions have clarified how it is important that operators continue to have access to additional funding whilst restrictions are eased and the market recovers from Covid-19.
- 14.3.2 TfGM and Go North West also discussed the benefits of direct awards and whilst it is accepted that directly awarding franchise contracts during transition would assist with mitigating some of the risks of transition to the Proposed Franchising Scheme, TfGM does

not believe that GMCA would be able to use the exceptions under regulation 50 of the Utilities Contract Regulations 2016 to direct award all of the franchise contracts during transition as proposed by Go North West.

- 14.3.3 However, as set out as sections 13.3.3, TfGM agrees that interim arrangements are required to help the local bus network in Greater Manchester to transition from the current arrangements based on CBSSG-R.

15. EQIA Response Themes

15.1 Introduction

- 15.1.1 Under the Equality Act 2010 (s. 149), GMCA and the Mayor are subject to the public sector equality duty, which requires them, in the exercise of their 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.
- 15.1.2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that is connected to that characteristic;
 - Take steps to meet the needs of persons who share a relevant protected characteristic that is different from the needs of persons who do not share it;
 - Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 15.1.3 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice and promote understanding.
- 15.1.4 *“Relevant protected characteristics”* are age, disability, gender reassignment, pregnancy and maternity, race; religion or belief; sex; and sexual orientation.
- 15.1.5 TfGM uses a standard questionnaire to undertake an Equality Impact Assessment (EqIA) of any significant policy, intervention or change for which it is responsible. That questionnaire is used for internal purposes only. However, for the purposes of the first consultation, to allow consultees to comment on equality issues, an initial screening EqIA was published by TfGM in draft form on behalf of GMCA in addition to the consultation materials required by section 123E(2) of the Act. The focus of the initial screening was to identify any potential adverse impacts so that those potential adverse impacts could be addressed and minimised moving forward.
- 15.1.6 The EqIA published for the first consultation did not anticipate that the Proposed Franchising Scheme would have any adverse impacts on those with protected characteristics and there would be positive impacts of varying degrees on certain groups.
- 15.1.7 Question 44 of the first consultation asked consultees for any comments on the potential impacts identified through the EqIA. All comments received in response to that question were reviewed in full by TfGM.

- 15.1.8 Ipsos MORI's June 2020 Consultation Report shows that the vast majority of those who responded to the question on the EqIA were members of the public and that only 14 statutory consultees commented.
- 15.1.9 In the second consultation, consultees were not asked to comment on the EqIA again, but the consultation questions were of a sufficient scope to permit comments relating to matters consultees considered relevant, including impacts or potential impacts on those sharing protected characteristics. As a result, many comments received during the consultation mentioned or discussed matters relating to protected characteristics. TfGM undertook a full review and assessment of these comments.
- 15.1.10 The EqIA has been updated to reflect comments received during both periods of consultation.
- 15.1.11 Through review of the responses and the Ipsos MORI reports for both consultations, a number of themes have been identified as follows:
- Language and format of the EqIA;
 - Benefits not included in the EqIA;
 - Involving protected characteristics in the development and provision of bus services;
 - Vehicle specifications;
 - Driver awareness and training;
 - Concern over those without access to or ability to use technology being disadvantaged;
 - Importance of personal safety and security;
 - Simpler pricing and ticketing;
 - Additional safety concerns as a result of Covid-19;
 - Comments on considering the needs of passengers during the proposed transition period; and
 - Potential mitigations and future decision making.
- 15.1.12 Through the first consultation, there was a wide range of support from consultees on the findings of the EqIA. This can be seen at section 13 of Ipsos MORI's June 2020 Consultation Report, which found that during the first consultation 130 of the 244 members of the public who responded to this question made a favourable comment about the consideration of the impacts of the Proposed Franchising Scheme on persons with protected characteristics. Ipsos MORI also reported positive comments from Abellio who agreed with the findings of the EqIA. Ipsos MORI also identified favourable comments by other non-statutory consultees, such as The University of Manchester, The Church of England, Manchester Metropolitan University and Manchester Friends of the Earth.
- 15.1.13 Before considering the key themes listed above, it is also important to reflect on some of the other comments made by consultees in the first consultation in response to the question on the EqIA. Go North West did not have any comments on the EqIA, other than to say that its focus was *"on bus users rather than employees"*. As explained above, the purpose of the EqIA is to illustrate GMCA's consideration of the Proposed Franchising Scheme in the light of its public sector equality duty, including the duty to have regard to

the need to advance equality of opportunity between persons who share a relevant protected characteristic, and persons who do not share it.

- 15.1.14 First did not have any comments on the EqIA but said they “*do not believe that there are any material differences between the Franchising proposals and a partnership-led approach in respect of their impact on persons with protected characteristics*”. This may be correct in so far as the partnership options would be unlikely to cause any adverse effects on persons with protected characteristics, but to clarify, the EqIA has been undertaken on the Proposed Franchising Scheme because that was the preferred option from the Assessment.

15.2 Theme 1 – Language and format of the EqIA

- 15.2.1 During the first consultation, some consultees found that the language and format of the EqIA was a barrier to understanding it. This is probably because, as explained above, the EqIA pro forma is intended for internal use by TfGM only. The preface to the EqIA has been updated to reflect this.

15.3 Theme 2 – Benefits not included in the EqIA

- 15.3.1 Some consultees suggested during the first consultation that some benefits of the Proposed Franchising Scheme had not been included in the EqIA. For example, one respondent pointed out the benefits of a stable network for autistic people.
- 15.3.2 A small number of consultees found the EqIA insufficiently detailed but did not specifically identify any adverse impacts of the Proposed Franchising Scheme on people with protected characteristics. One respondent, who agreed with the Assessment, thought the benefits of the Proposed Franchising Scheme to people with protected characteristics could have been described in more detail.
- 15.3.3 Rochdale Borough Council thought the EqIA failed to address impacts relating to the affordability of fares, although they did not elaborate on what these impacts might be. This point is addressed at section 15.12 below. Rochdale Borough Council also thought the EqIA neglected to consider the impact of the Proposed Franchising Scheme on people with mental illnesses, although this is in fact was considered under Question 8 of the EqIA.
- 15.3.4 HCT Group thought that the EqIA considered the impact of franchising on people with protected characteristics “*a little narrowly*” and that, for example, it ignored the fact that women use buses more than men and would be disproportionately affected by the changes to the bus market. When considering the requirements of the public sector equality duty in relation to the proposed reform of bus services, we have not identified any adverse impacts on women as a group
- 15.3.5 HCT Group also commented that “*GMCA does not appear to consider the impact on essential life skills that bus reform could have e.g. increased independence, confidence, particularly on younger and older people and those with a disability*”, and also felt that “*Compared with the depth of the rest of the assessment, the Equality Impact Assessment is lacking*”. When considering the requirements of the public sector equality duty in relation

to the Proposed Franchising Scheme, TfGM has not identified any adverse impacts on the groups noted by HCT Group.

15.4 Theme 3 – Involving protected characteristic groups in the development and provision of bus services

- 15.4.1 Consultees in both consultations emphasised the importance of understanding the needs of people with protected characteristics and of involving them in the development and provision of bus services.
- 15.4.2 In her response to the first consultation, Kate Green MP urged ongoing monitoring of the impact of franchising on protected characteristic groups, including passenger feedback and engagement with stakeholders and representative groups. Additionally, Greater Manchester Disabled People’s Panel advocated a carer’s pass and felt it should be involved in the process of commissioning services. TfGM and GMCA will continue to comply with the public sector equality duty, which is an ongoing duty, through conducting ongoing self-evaluation and review.
- 15.4.3 As set out above, the public sector equality duty is an ongoing duty necessitating the need for ongoing self-evaluation and review. This means that if implemented, the effects of the Proposed Franchising Scheme will be carefully monitored to ensure ongoing compliance with GMCA’s duties under equality legislation. It should be noted that GMCA already has advisory panels representing disabled people, ethnic minorities, the LGBT community and women and girls, as well as an Ageing Hub and the Youth Combined Authority. A faith panel is also being considered. These are separate from any consideration of consultation responses and operate irrespective of any decision on whether or not to make the Proposed Franchising Scheme but could potentially be utilised for further engagement on potential impacts of the proposed Scheme.

15.5 Theme 4 – Vehicle specification

- 15.5.1 Some consultees made comments in both consultations broadly related to the specification and operation of vehicles. Some emphasised the importance of physical accessibility and space for wheelchairs, prams and buggies. Other points raised were the benefits of audio-visual announcements and automatic ramps, the safety benefits of centralised access to live CCTV, and the importance of destination blinds being as visible as possible. Several people thought the introduction of rear doors would make it easier for wheelchair users since passenger flow would be better and people would not block the entrance. Several people also thought Wi-Fi and/or 5G would promote accessibility. One respondent to the second consultation stated that region-wide standards of accessibility for disabled users could be introduced. A respondent to the first consultation thought money should be spent on making bus stops accessible before spending it on the Proposed Franchising Scheme.
- 15.5.2 In the first consultation, TravelWatch NorthWest said that they broadly agreed with the findings of the EqIA but did say that the opportunity should be taken to address the problem that passengers often have to compete to use the limited space on buses for wheelchairs, prams and pushchairs.

- 15.5.3 In their response to the first consultation, the Guide Dogs for the Blind Association noted the estimated 77,100 people living with sight loss in Greater Manchester, who have a disproportionately high rate of unemployment and whose numbers are expected to increase by 23% by 2030. They considered that without audio-visual technology, buses are not accessible to people with sight loss and that the Proposed Franchising Scheme would offer an opportunity for such technology to be mandated across Greater Manchester.
- 15.5.4 Vehicle specification would be considered in the design of contracts and plans for quality monitoring, and continued consideration of the public sector equality duty shall be given to how such vehicle specifications may impact on those with relevant protected characteristics. Contracts will have mechanisms that will enable the specifications to be adapted during the franchise period if they are necessary for the purpose of meeting reasonable adjustments. There are also legal obligations in respect of the physical accessibility of vehicles and ongoing consultation in relation to audio visual announcements, as detailed at 15.13.4 Where it is a requirement of the law TfGM will respond accordingly, beyond this any other changes that might be beneficial to those with protected characteristics will be considered.
- 15.5.5 None of the comments alter the conclusion of the EqIA that the Proposed Franchising Scheme would not have any adverse impact on those with accessibility requirements.

15.6 Theme 5 – Driver awareness and training

- 15.6.1 Several consultees in both consultations highlighted the importance of drivers being aware of, and trained to deal with, the needs of all passengers, particularly those who are vulnerable or have special needs.
- 15.6.2 In their response to the first consultation, TravelWatch NorthWest commented that driver awareness and training was important but did not explain how this would impact on those with protected characteristics.
- 15.6.3 As with vehicle specifications, this point would be considered in the specification of contracts and in plans for quality monitoring. Cost implications and practical considerations are less likely to be as significant as for vehicles. Under a franchising scheme, standards would be set for driver behaviour (for example) and minimum expected levels of training.
- 15.6.4 Again, none of the comments alter the conclusion of the EqIA that the Proposed Franchising Scheme would not have any adverse impact on those with accessibility requirements.

15.7 Theme 6 – Concern over those without access to or ability to use technology being disadvantaged

- 15.7.1 In both consultations, consultees raised this issue in relation to smartphones or access to the internet, stating (for example) that phone-based ticketing was unsuitable for some disabled people. In addition, some consultees felt that bus travel should not require people to have a bank account or smartcard.

- 15.7.2 These points would be considered as plans for fares, ticketing and information are developed and any proposed changes would be subject to separate EqlAs. For example, should a proposal be made to introduce a new ticketing product for use across all franchised services, a separate EqlA will need to be undertaken by TfGM to consider whether the introduction of that product would meet its equality duties. There are currently no plans to withdraw cash fares.

15.8 Theme 7 – Importance of personal safety and security

- 15.8.1 In both consultations, some people noted the importance of personal safety and security – from crime, hate crime and antisocial behaviour – and particularly at night, for women, vulnerable people and members of the LGBT community.
- 15.8.2 In their response to the first consultation, the University of Manchester Students’ Union raised the issue of hate crime and said that TfGM should be a third-party hate crime reporting centre. The Union also suggested a help system for people who might feel threatened and that GMCA should consult and collaborate with different community groups to make buses safer (and more accessible). In their response to the first consultation, the Proud Trust was concerned about the hidden costs arising from hate crime and fear of hate crime, such as having to pay for taxis rather than use public transport. Hate crime was also an issue raised by the Greater Manchester Disabled People’s Panel in their response to the first consultation.
- 15.8.3 These important issues, properly considered, are not specifically related to the Proposed Franchising Scheme and the Assessment recorded in the EqlA does not find that the Proposed Franchising Scheme would increase the risk of such personal safety and security issues. TfGM already actively addresses the issue of personal safety and security on public transport. Safety and security would be fully considered in the development of plans for the Proposed Franchising Scheme and could be informed, amongst other things, by engagement with GMCA’s advisory panels referred to above.

15.9 Theme 8 – Simpler pricing and ticketing

- 15.9.1 Some people who responded to the second consultation noted that the standardisation of the bus system through the Proposed Franchising Scheme would remove often confusing types of tickets and provide a simpler fare structure, which would be helpful to everyone but especially those with learning disabilities or cognitive impairments. This is because the Proposed Franchising Scheme would lead to the removal of individual operator tickets, greatly simplifying the fares structure. GMCA agree with these conclusions, and this has informed the decision to proceed with consideration of the Proposed Franchising Scheme.
- 15.9.2 Under the current system, fares and ticketing are complex – there are more than 150 types of ticket. A simplified and integrated fares system is a key outcome for GMCA’s Vision for Bus, and the Proposed Franchising Scheme would enable simpler and integrated fares and ticketing for customers than under any partnership options. This is because the structure of the current bus market does not allow bus operators to fully integrate fares and ticketing.

15.10 Theme 9 – Additional safety concerns as a result of the Covid-19 pandemic

- 15.10.1 Some respondents in the second consultation emphasised the heightened importance of cleanliness, social distancing and increased ventilation on buses as a result of the Covid-19 pandemic. They felt it should be a priority to make buses safe and accessible for older people, people with disabilities and other vulnerable groups.
- 15.10.2 If it is decided to implement the Proposed Franchising Scheme, it will not be operational immediately from the point of Mayoral decision. At the time of implementation, any specific requirements in relation to Covid-19 will be taken into account. There is therefore no resulting change to the impacts as outlined in the EqIA.

15.11 Theme 10 – Comments on considering the needs of passengers during the proposed transition period

- 15.11.1 In the first consultation, two statutory consultees noted the importance of considering the needs of vulnerable and disadvantaged people during the transition to the Proposed Franchising Scheme. Stockport Metropolitan Borough Council said that *“There is a need to ensure the changes and the interim stages of the process are clearly communicated to the public and that all bus providers are supportive of the needs of the vulnerable members of society who will be most affected by the changes”*. Trafford Council also said that the EqIA should *“consider the impacts on people during the phasing in of the Franchising Scheme factoring in the potential loss or reduction of bus services during this time. This could have a significantly negative effect on people, particularly on specific groups”*.
- 15.11.2 The public sector equality duty is an ongoing duty necessitating the need for ongoing self-evaluation and review during any transition period. Should the Proposed Franchising Scheme be made, communication about any changes to the bus system will be clear and accessible to all.

15.12 Theme 11 – Potential Mitigations and Future Decision Making

- 15.12.1 Some respondents in the second consultation raised concerns in relation to the potential mitigations that GMCA may need to consider in the future to ensure that the Proposed Franchising Scheme remained affordable and provided VfM to GMCA in the event that bus revenues and net revenues were lower than forecasted in the Assessment. These mitigation options were set out at section 5.3 of the Covid-19 Impact Report and included the following:
- Paying concessionary reimbursement based on actual usage as opposed to pre-Covid-19 levels;
 - Reducing transition costs;
 - Using other sources of funding available to GMCA; and
 - Making reductions to the network.

- 15.12.2 Specifically, the comments in response to the second consultation mentioned that any increase in fares or reduction in services could impact on those with protected characteristics, particularly older people and those with disabilities.
- 15.12.3 In their response to the second consultation Stagecoach stated that: *“Any steps which result in higher fares or a reduced network will disproportionately impact citizens on lower incomes who do not have access to a car and rely on buses to access employment and public services. This would in turn impact their life opportunities, counter to the stated objectives of GMCA”.*
- 15.12.4 Stagecoach also stated that: *“Any reduction in services or network size as a mitigation measure would also cause problems for passengers, in particular those with protected characteristics who are more likely to rely on buses and may not have access to a car. This in turn will impact their ability to participate in the jobs market and secure equal life opportunities. Given the wider economic impacts of Covid-19, such changes would compound the negative impact on passengers”.*
- 15.12.5 No specific analysis was provided by Stagecoach in relation to the potential problems referenced.
- 15.12.6 GMCA recognise the possibility of adverse impacts that could follow in the event that any of the mitigation options (as set out in Covid-19 Impact Report) were put in place but it is difficult to say at this stage whether they are likely to occur or to what extent. Any proposed changes would be subject to due consideration by GMCA/TfGM of the public sector equality duty and to the extent that any of these mitigations may impact on those with protected characteristics, they would be analysed in further EqlAs as required.

15.13 Conclusion

- 15.13.1 As considered above, there are no aspects of the EqIA which would require significant changes at this stage. This means that the revised form of EqIA published following the second consultation is not materially different to the EqIA published for the purposes of the first consultation.
- 15.13.2 Several useful points were raised during the consultations, which has also provided additional insight into the concerns of passengers. These points and concerns have been considered, as detailed above and nothing has emerged which would alter the EqIA or call into question the benefits of the Proposed Franchising Scheme.
- 15.13.3 The importance of accessibility was emphasised in several responses to the first consultation, including the University of Manchester Students' Union, who suggested driver training, audio cues at bus stops and a second door on buses as ways of improving accessibility. Additionally, Greater Manchester Disabled People's Panel identified 11 priorities for bus travel by disabled people, including audio-visual real-time information at stops and on buses, improved signage and driver training.
- 15.13.4 The Bus Services Act gives the Secretary of State for Transport the power to create, "*for the purpose of facilitating travel by disabled persons*" regulations governing the standards of information provided by bus operators, including audio-visual announcements. Following a public consultation on this by the Department of Transport in the summer of 2018, it had been expected that these regulations would be made in 2019. Although the regulations have yet to be made, it is expected that they will be in due course and that thereafter those operating bus services will be required to provide information on-board buses in compliance with those regulations. It is anticipated that these measures would improve the accessibility of buses for those with physical disabilities and those with communication or sensory impairments.
- 15.13.5 As stated above, GMCA recognise any future proposed changes would be subject to due consideration by GMCA/TfGM of the public sector equality duty and the impact on those with protected characteristics, and they would be analysed in further EqIAs as required.
- 15.13.6 Following a review of the responses to the consultations, it is not anticipated that the Proposed Franchising Scheme would have any adverse impacts on those with protected characteristics and there would be positive impacts of varying degrees on certain groups. The EqIA has been updated to reflect comments from both consultations. A full Equality Impact Assessment is not required as no adverse impacts have been identified within the screening process.

16. The Proposed Franchising Scheme: Legal and other considerations

16.1 Introduction

16.1.1 This Section 16 is split into two parts. The first part sets out TfGM's analysis of the responses from both consultations in relation to particular questions on the Proposed Franchising Scheme. The second part focuses on some of the other challenges raised by consultees from a legal and procedural perspective.

16.1.2 In relation to the questions asked during the first consultation:

Sections 16.2.1 to 16.2.6 considers TfGM's analysis of responses received from consultees on the corrections and changes made to the Proposed Franchising Scheme (Question 1);

Sections 16.2.7 to 16.2.23 considers TfGM's analysis of the responses to the proposal to introduce the Proposed Franchising Scheme across the entirety of Greater Manchester (Question 2), including how some consultees thought that the Proposed Franchising Scheme should apply to a smaller area or in some cases should be introduced only as a trial;

Sections 16.2.24 to 16.2.33 considers TfGM's analysis of comments concerning the services that are proposed to be franchised under the Proposed Franchising Scheme (Question 3);

Sections 16.2.34 to 16.2.45 considers TfGM's analysis of comments concerning the proposed division into three Sub-Areas and the arrangements for transition (Question 4);

Sections 16.2.46 to 16.2.50 considers TfGM's analysis of comments concerning services proposed to be excepted from regulation (Question 5);

Sections 16.2.51 to 16.2.57 considers TfGM's analysis of comments relating to the proposed date for making the Proposed Franchising Scheme (Question 6);

Sections 16.2.60 to 16.2.72 considers TfGM's analysis of responses concerning plans for consulting on how well the scheme is working (Question 9). This analysis also considers the two proposed options that TfGM has considered for adjusting the Proposed Franchising Scheme in relation to this aspect of future consultation;

Sections 16.2.75 to 16.2.89 considers TfGM's analysis of responses concerning changes to improve the Proposed Franchising Scheme (Question 46); and

Finally, 16.2.90 to 16.2.95 considers TfGM's analysis of responses concerning the effect of suggested changes (Question 47).

16.1.3 In addition to this, 16.2.96 to 16.2.100 considers TfGM's analysis of the question in the second consultation, which asked whether consultees considered that the Proposed Franchising Scheme would not require any further modification beyond those already contemplated after the first consultation and included in the draft Proposed Franchising Scheme.

16.1.4 Consideration has also been given to Ipsos MORI's findings from both consultations. For those questions set out at section 16.1.1 above this can be found at section 6 of Ipsos MORI's June 2020 Consultation Report. The outputs of the second consultation are contained at section 13 of Ipsos MORI's March 2021 Consultation Report, which has also

been considered and reported on against each consultation question, if and where appropriate. Questions 7, 8, 10 and 11 of the first consultation have been considered in the Commercial Case section of this report at section 6.

16.1.5 The second part of this section 16 focuses on some of the other challenges raised by consultees from a legal and procedural perspective. These issues have been divided into key themes, namely:

16.4 provides TfGM's analysis in relation to comments from consultees about the lawfulness, propriety and/or reasonableness of the process followed by GMCA;

16.5 provides TfGM's analysis in relation to comments from consultees that any decision to implement the Proposed Franchising Scheme at this time would be irrational; and

16.6 provides TfGM's analysis in relation to comments from consultees about potential impacts on operators (including consideration of the responses to Questions 38 and 39 of the first consultation).

16.2 TfGM's review of consultation questions

Question 1: Do you have any comments on the corrections and changes made to the Proposed Franchising Scheme?

- 16.2.1 The first consultation question in the first consultation asked for comments on the corrections and changes that were intended to be made to the version of the draft Proposed Franchising Scheme, which was sent to GT. Those changes included correcting some typographical errors, inserting a clearer map and removing some markings and/or services from the lists set out in Annex 1 and Annex 4. Both versions of the Proposed Franchising Scheme were made available to consultees. Consultees were told that those changes would have no practical effect if made and that GT had also agreed that those changes would have no effect on its opinion, or its observations, on the Assessment.
- 16.2.2 As it appears from section 6.1 of Ipsos MORI's June 2020 Consultation Report, 323 consultees responded to this question during the first consultation. The vast majority of the comments received were from members of the public who in broad terms, made favourable comments on those corrections and changes.
- 16.2.3 There were, however, some comments made by members of the public in this question that were not about the proposed corrections and changes but on other matters. For example, some consultees said that the Proposed Franchising Scheme would allow for integration with other modes of transport and that the proposals were not ambitious enough. Whilst these comments have been considered, and the scope for greater integration between modes of transport is consistent with GMCA's objectives, they do not relate to the corrections and changes made to the Proposed Franchising Scheme.
- 16.2.4 Very few statutory consultees commented on the corrections and changes. Of those statutory consultees who did, such as TravelWatch NorthWest and Bolton Council, none of them made any unfavourable comments.
- 16.2.5 OneBus said that they had "*no comments as we were not given access to the original draft*". However, both the original and revised draft versions of the Proposed Franchising Scheme were published and made available alongside the consultation document. Other consultees, as explained above, were able to correctly identify that two versions of the Proposed Franchising Scheme were published during the first consultation. At no point during the first consultation did OneBus express concerns that they had not been given access to both draft versions of the Proposed Franchising Scheme.
- 16.2.6 Go North West agreed that the corrections and changes proposed were minor and would have no impact on the Proposed Franchising Scheme.

Question 2: Do you have any comments on the proposal that the Proposed Franchising Scheme should apply to the entirety of Greater Manchester?

- 16.2.7 Section 6.2 of Ipsos MORI's June 2020 Consultation Report examines the comments received from consultees during the first consultation on the proposal that the Proposed Franchising Scheme should apply to the entirety of Greater Manchester. It notes how the majority of consultees (695 of those 818 who commented on this question during the first consultation), and many of the statutory consultees, made favourable comments in support of the proposal for the Proposed Franchising Scheme to apply to the entirety of Greater Manchester. OneBus, for example, said that "*it is logical that the Proposed Franchising Scheme should apply to the entirety of Greater Manchester ...*". In particular, it

- appears that the majority of the public were generally supportive of the Proposed Franchising Scheme applying to the whole of Greater Manchester.
- 16.2.8 Some consultees went on to explain why. For example, some said that this would help better integration of bus services into the wider public transport network and could also help to facilitate a simplified ticketing system.
- 16.2.9 Two members of the public suggested that the Proposed Franchising Scheme should apply to a smaller area of Greater Manchester. One said, *“I believe that if franchising is the preferred option it should only apply to sub sections A and B. Area C should remain on a deregulated basis or in a partnership model”*. No reasons were given as to why the Proposed Franchising Scheme should not apply to Sub-Area C. The other person appeared to express broad opposition to the proposals, commenting that *“Given my stated view of the wrong-headedness of the entire proposal my suggestion would be that the Proposed Franchising Scheme be confined to the route between the offices of the Mayor of GMCA and the offices of the Leader of Manchester City Council, in effect Mount Street”*.
- 16.2.10 During the first consultation, Arriva commented that *“if a franchising scheme is the preferred option of GMCA we feel that it could be restricted to those parts of Greater Manchester in which there is clear evidence of market failure and therefore a case for such significant local authority intervention”*. As set out below at section 13.2.16, the Assessment considered why it was appropriate for any intervention to be introduced across the entirety of Greater Manchester. Arriva did not respond to the second consultation.
- 16.2.11 Whilst Transdev did make a comment during the first consultation that the proposal was sensible, they said something similar to Arriva by suggesting excluding certain corridors which provided cross-boundary services so that those services would not need a service permit to operate. No specific corridors were suggested by Transdev, and it is unclear how this would work practically. Notwithstanding this, during the second consultation, Transdev commented that the Proposed Franchising Scheme would not require any further modification. Section 4.8 of this report also addresses the comments received in relation to the proposed service permit scheme and explains how the majority of cross-boundary services should be able to successfully apply for a permit without any significant changes needed to their services.
- 16.2.12 Section 6.2.3 of Ipsos MORI’s June 2020 Consultation Report notes how some members of the public also made some other suggestions to the Proposed Franchising Scheme. The example provided by Ipsos MORI said, *“I think it should apply entirely within Greater Manchester with connecting services running out of the region to border towns”*. It was already the case that the Proposed Franchising Scheme would apply to a number of cross-boundary services in so far as they operate within Greater Manchester. Other cross-boundary services would be still able to operate in Greater Manchester if they obtained a service permit. Another suggestion which some consultees appear to have made, that the Proposed Franchising Scheme should be extended beyond the boundary of Greater Manchester, would not require the agreement of other neighbouring authorities to franchise, and in many cases would not be possible without the consent of the Secretary of State for such other authorities to consider a franchising scheme.
- 16.2.13 There were a few suggestions made during the first consultation that the Proposed Franchising Scheme should be introduced initially on a trial or pilot basis to determine whether franchising would work in a smaller area of Greater Manchester before rolling it out further. Go North West said that *“it would be unreasonable to roll it out to the whole*

- area without a genuine trial followed by a staggered and gradual implementation”, before going on to propose how they believe franchising should only be introduced on a trial basis for one year in Sub-Area A, following which GMCA would assess the performance of the scheme and undertake another consultation to ask consultees whether that trial should be extended to another Sub-Area or not.*
- 16.2.14 Go North West repeated this suggestion in its response to the second consultation by stating that *“if franchising were to be implemented on the basis of sub-areas, it should be implemented on a staged basis starting with a trial in sub-area A which is followed by a meaningful period of consultation, after which the Proposed Scheme may be adapted and improved for roll-out to sub-area B or C”.*
- 16.2.15 First also suggested a similar approach *“where Franchising ... is tested in a ring-fenced location within Greater Manchester, alongside a partnership led approach”.* First then went on to explain why a trial would be appropriate as they said *“Once there is a commitment to Franchising the effect on the provision of local bus services is immediate and significant as it changes operators’ future plans irrevocably. The proposals... does not offer a credible opportunity to learn, reflect and amend, and will result in the region being irrevocably committed to Franchising, without opportunity to reassess this decision if it proves not to be in the interests of passengers and the wider community.”*
- 16.2.16 During the second consultation, First reiterated the comments it had made to the first consultation and said that *“we believe the Local Partnership...remains the best option going forward and certainly warrants a trial”.* A similar point was also made by a member of the public who said that the Proposed Franchising Scheme should be introduced *“only for a small amount of years to see if benefits are there”.*
- 16.2.17 TfGM does not consider that a trial would be necessary. This is because, as set out in the Assessment, the benefits from the Proposed Franchising Scheme (particularly around network and integration etc.) come from the fact that it would apply to the entirety of Greater Manchester and that it would be a long-term, enduring model. The Assessment concluded that the entire bus market in Greater Manchester was not performing as well as it could be and that in order to achieve GMCA’s objectives and to promote consistent change and improvement across Greater Manchester, any option to intervene in the market should apply to the entirety of Greater Manchester.
- 16.2.18 Both Go North West and First suggest that franchising could be trialled within a smaller, specific area of Greater Manchester. No specific areas were identified as being suitable to be ‘ring fenced’ as such and it is not clear how this would work in practice, particularly in considering how services crossing the boundary of the ‘ring-fence’ would operate and what exceptions would apply to services within that trial area. It is unlikely that any such option would deliver the same passenger benefits as expected under the Proposed Franchising Scheme as customers would continue to face the same challenges in relation to the current complex fares and ticketing offer, while also needing to purchase an additional product to travel within the trial area and having to deal with the complexity introduced by cross-boundary travel between different parts of Greater Manchester.
- 16.2.19 Franchising is not a novel system for regulating bus services but would be a significant change to the bus market in Greater Manchester as it would change the nature of how the market operates in the long-term. The Assessment considered in detail how the Proposed Franchising Scheme would work across the whole of Greater Manchester, what effects it would be likely to have, how it would contribute to the policies of GMCA and other neighbouring authorities and other factors. A significant amount of work was also

undertaken to compare the proposal against other realistic courses of action and without repeating the contents of this report or the Assessment, this followed extensive engagement with operators. Detailed consideration has therefore been given to the proposal, and there would be no reason to initially trial any of the options considered in the Assessment because they would not be expected to provide the same benefits as a wider franchising scheme, such as the Proposed Franchising Scheme.

- 16.2.20 First made the point during the first consultation that the Proposed Franchising Scheme *“does not offer a credible opportunity to learn, reflect and amend, and will result in the region being irrevocably committed to Franchising, without opportunity to reassess this decision if it proves not to be in the interests of passengers and the wider community”*. As set out from section 16.2.60 of this report, it was proposed after the first consultation that GMCA would modify its plans on consulting on how well the Proposed Franchising Scheme is working. That would allow GMCA to get feedback from users sooner than originally proposed.
- 16.2.21 The argument that there should be a *“trial”* of franchising with subsequent staggered and gradual roll out across the remainder of Greater Manchester is, in effect, that the transitional period should be extended to provide a greater opportunity to learn from experience as franchising is introduced. This appears to be similar to the comment made by Go North West during the second consultation that there should be a *“a meaningful period of consultation”* after franchising is introduced in Sub-Area A. This argument was also made from section 6.9.22 of the Commercial Case response section.
- 16.2.22 It should also be noted that the Act also allows for the Proposed Franchising Scheme to be varied and/or revoked, so clearly GMCA would not be *“irrevocably committed to Franchising”* if it was found that there were significant problems with the Proposed Franchising Scheme that could not be resolved or other reasons for going back to a deregulated market. It is, however, accepted that there would be a significant amount of complexity that would need to be considered and overcome should any decision be taken to revoke the Proposed Franchising Scheme, for example, in relation to any facilities being provided by GMCA.
- 16.2.23 The majority of consultees agreed with the proposals that the Proposed Franchising Scheme should apply to the entirety of Greater Manchester, and while some suggestions of a trial or pilot approach were raised by some of the bus operators, as explained above such an approach would not be necessary.

Question 3: Do you have any comments on the local services that are proposed to be franchised?

- 16.2.24 Question 3 to the first consultation asked for comments on the services that are proposed to be franchised under the Proposed Franchising Scheme. Section 6.3 of Ipsos MORI’s June 2020 Consultation Report notes that 512 consultees responded to this question and that out of the 293 favourable comments made, 128 of those were from members of the public who were generally supportive of the proposal. Only a small number of statutory consultees provided any comments during the first consultation.
- 16.2.25 Go North West was concerned that services operating from its Queens Road depot (which is in Sub-Area B) would be required to obtain a service permit in order to operate in Sub-Area A if franchising becomes effective in that area. As explained in the Commercial Case at sections 6.9.53 to 6.9.54, TfGM has reviewed the classification of the services proposed to be franchised and proposes that a number should be given different classifications in

- any franchising scheme which is made. They are incorporated into the scheme proposed by this report.
- 16.2.26 Some other consultees (such as local authorities and members of the public) said that cross-boundary services should be included in the Proposed Franchising Scheme. This point was also made by consultees to the second consultation, including Go North West, who said that *“Any franchising scheme should include cross-boundary services”*. The Proposed Franchising Scheme does, in fact, include some services which would cross the Greater Manchester border, but they are only identified in the Proposed Franchising Scheme to the extent that they operate in Greater Manchester. That is because those services cannot operate under a franchise contract outside of Greater Manchester, as those other areas would not be franchised, and it would, therefore, be unlawful for them to operate in those other areas under a local service contract. To the extent that they operate outside of Greater Manchester, then that portion of the route would need to be permitted under other powers. Annexes 1 and 4 of the Proposed Franchising Scheme list the services which would be franchised, and those services are currently listed above at section 4.8.25 of the Strategic Case response section of this report.
- 16.2.27 Section 6.3.3 of Ipsos MORI’s June 2020 Consultation Report notes how the majority of the public who responded to the question were generally supportive of the proposal.
- 16.2.28 One member of the public suggested in the first consultation reinstating services which had been previously withdrawn as they commented *“I think it would be good to look to reinstate lost bus services...”*. Another person made a similar point and commented *“The proposals list only existing services. It should also cover services that there should be but that do not exist, either because they used to exist but were dropped, or that are needed but never existed in the first place...”*. Similar comments were made by some consultees during the second consultation, including Robert Langan MP and the Friends of Mill Brow group, who suggested the reinstatement or re-routing of existing services.
- 16.2.29 Given the scale of change involved in introducing the Proposed Franchising Scheme and changing how the market operates, it was considered in the Assessment that making service changes during the implementation period would not be appropriate and would create further risk to GMCA and potential confusion to staff and the public. Most consultees were in support of the proposal that only existing services would be franchised at the outset, and an example of this can be seen when one person commented during the first consultation *“I presume this is all existing services – it should be”*.
- 16.2.30 Taking into account the considerations in the Assessment and the few suggestions that other services should either be introduced or reinstated, the proposal to franchise existing services only is still considered appropriate. Including other services would instead be an issue which GMCA could consider after transition as GMCA would be able to make network changes in the future, for example, if making any changes as part of any ‘Phase 2’ measures.
- 16.2.31 Some consultees also suggested introducing express services. A similar view was expressed by those participating in the deliberative research sessions for the first consultation with Ipsos MORI, as set out at section 3.7 of Ipsos MORI’s June 2020 Qualitative Research Report. If there are express services currently running, then they would be included in the list of services identified in Annex 1 of the Proposed Franchising Scheme, albeit that list does not identify which services may be express services. As set out above, the Assessment concluded that introducing new services under the Proposed Franchising Scheme would not be appropriate on day one due to the size and scale of change that would already be required and because the Proposed Franchising Scheme should instead reflect the

commercial network at that time. This means that it is not proposed that any new express services would be franchised upon the introduction of the Proposed Franchising Scheme. However, consideration could be given to matters once franchising was properly established and running smoothly, as, under the Proposed Franchising Scheme, TfGM would be able to enhance its network of franchised services in order to respond to customer need and demand. This could include provision of more express services.

- 16.2.32 Section 123A(3)(a) of the Act requires an authority to “*identify the local services that they consider appropriate to be provided...*”. The services in the Proposed Franchising Scheme have been identified based on their routes. Describing the times at which each bus might run or how swiftly any journey might be completed under the Proposed Franchising Scheme is not necessary for the purposes of section 123A(3)(a), and it would be over-prescriptive. It would also require GMCA to vary the Proposed Franchising Scheme in accordance with section 123M of the Act before making any change. Identifying services with such detail is not required under the Act and would involve unjustified expense and delay.
- 16.2.33 It is, therefore, proposed that the services to be franchised should continue to be identified in the current manner proposed subject to the changes mentioned above (if a decision is taken to make the Proposed Franchising Scheme).

Question 4: Do you have any comments on the proposal that the Proposed Franchising Scheme would be split into three Sub-Areas and on the other arrangements for the purposes of transition?

- 16.2.34 Section 6.4 of Ipsos MORI’s June 2020 Consultation Report shows how those who commented on the proposed arrangements for transition during the first consultation, including the proposal to split Greater Manchester into three sub-areas. There was a fairly even split between those who made a favourable comment and those who made an unfavourable comment, with 192 and 173 comments, respectively.
- 16.2.35 Many consultees agreed with the proposed arrangements. OneBus said that “*the splitting into sub areas is sensible however this increases the challenges where services in one area are either de-regulated (operating commercially or with TfGM support) or within the franchise or operate on a service permit basis*”. This is exactly why GMCA has proposed to except some specified services from regulation temporarily (which are set out in Annex 4 of the Proposed Franchising Scheme) for the purposes of transition. The purpose of those exceptions is to ensure that those existing commercial services can continue to operate in and out of those sub-areas without needing a service permit. Taking an example, this would allow the Wythenshawe – Sale – Stretford – Eccles service in Annex 4 to operate from Sub-Area C and to go into Sub-Area A and to be excepted from the Proposed Franchising Scheme until franchising becomes effective in Sub-Area C when that service could be replaced by a franchised service.
- 16.2.36 The view that the proposed arrangements were sensible was also shared by the members of the public during the first consultation. The majority of the favourable comments received from members of the public were generally supportive of the proposals. For example, one person said that “*I believe this phased approach is the only way to ensure there is a smooth transition*”.
- 16.2.37 However, Ipsos MORI also found that 83 of the 202 suggestions made by the public during the first consultation were that the Proposed Franchising Scheme should be introduced uniformly across Greater Manchester with no sub-areas. Section 6.4.3 of Ipsos MORI’s June 2020 Consultation Report highlights how 28 comments were received from members of

- the public who said it would be unfair to make changes in one area before rolling it out to other areas. For example, one person said, *“No, I don’t think this should happen; just get on with it the whole of Greater Manchester should be treated as a whole and equally and by setting up sub-areas that just leaves it open for delays and potential unfair treatment of different areas”*.
- 16.2.38 The consultation document for the first consultation explained that the reason for introducing Sub-Areas was to allow the bus market to move smoothly and efficiently to a new way of operating, meaning that one area has to go first and one area has to go last. It is unavoidable that the phased introduction of the Proposed Franchising Scheme will mean that some passengers will enjoy the benefits of franchising before others. The way phasing is being introduced has been structured exclusively around operational and other practical considerations designed to make the transition as effective as possible. There has been no preferential consideration given to one segment of the travelling public being allowed to benefit before any other segment does so. The alternative would be to introduce the Proposed Franchising Scheme across the entirety of Greater Manchester at once, which would not be appropriate due to the size and scale of change. Ipsos MORI’s June 2020 Consultation Report found that this seems to have been supported by many of the statutory consultees, including Go North West, who said, *“in order to manage risk and minimise disruption, it is paramount that any franchising scheme is implemented in a staged manner”*.
- 16.2.39 Section 6.4.2 of Ipsos MORI’s June 2020 Consultation Report notes a suggestion that *“Interim compensatory arrangements (for example in relation to fares) would be desirable in those areas which come later in the scheme”*. No reasons were given as to why compensation should be given to those travelling in Sub-Areas before the Proposed Franchising Scheme takes effect, and it is also unclear what this could include and how it would work.
- 16.2.40 Salford City Council suggested including Irlam and Cadishead into Sub-Area A instead of Sub-Area C. This appears to be so all services operating in and out of Salford would be in the same sub-area; however, as set out in this sub-section, it is not proposed that the Sub-Areas or any of their boundaries would change.
- 16.2.41 Go North West did, however, say that *“the timeframe for the implementation of the Scheme in sub-areas A, B and C does not represent a genuine trial...”*. This is correct because it is not proposed that the Proposed Franchising Scheme, if made, would be introduced only on a trial basis. Whether it should be has been addressed above.
- 16.2.42 One of the main challenges that consultees raised during the first consultation was that the timescales for implementing the Proposed Franchising Scheme were unrealistic. Similar comments were made during the second consultation, and all of these have been considered elsewhere in the Commercial Case response Section 6.9 of this report. As that section sets out, it is thought that the original proposals were appropriate at the time and that such dates would be changed depending on if and when any decision is taken to introduce the Proposed Franchising Scheme. Some consultees also suggested that GMCA should instead consider a route-by-route franchise model and those suggestions are considered at sections 6.9.83 to 6.9.98 of this report.
- 16.2.43 In addition to this, there were some comments made by consultees that the map used in Annex 5 of the Proposed Franchising Scheme lacks sufficient detail. As far as we are aware, no statutory consultees sought provision of a more detailed map during the first

consultation, and no statutory consultees said that they were unable to understand the Proposed Franchising Scheme owing to lack of detail in the map itself.

- 16.2.44 In June 2020, it was proposed by TfGM that, in light of the responses to the first consultation, a more detailed version of the map would be published online and also made available by TfGM on request. This was made clear within the Proposed Franchising Scheme itself and in particular, in the footnote of Annex 5 which provided that *“Please note that a more detailed version of this map will be made available online and copies will be made available upon request to TfGM”*. A more detailed version of the map was published online and made available as part of the other consultation materials.
- 16.2.45 In response to the second consultation, Go North West commented that the *“map delineating the boundaries of the sub-areas A, B and C is unclear and these boundaries are significant for operators”*. As set out at section 6.9.52 of the Commercial Case section of this report, TfGM does not accept that the boundaries of the sub-areas should present any problems for operators provided that appropriate provision is made for services operating in more than one Sub-Area. TfGM have reviewed the time at which services listed in Annex 1 to the Scheme are to be franchised in the light of these comments and are proposing changes as explained in the Commercial Case section of this Report: see sections 6.9.53 and 6.9.54. These changes will also have consequential effects on the services temporarily exempted from regulation under the scheme listed in Annex 4. In order to render the boundaries clearer and to avoid any ambiguity as to whether the map that defines the Sub-Areas is that attached to the Proposed Franchising Scheme or available elsewhere, however, it is proposed to amend the Proposed Franchising Scheme to specify that the map in Annex 5 is for illustrative purposes only and that the map that defines the Sub-Areas is a larger scale version that will be deposited at TfGM’s offices at 2 Piccadilly Place, Manchester, M1 3BG. It will also be available for inspection online.

Question 5: Do you have any comments on the services which have been excepted from regulation under the Proposed Franchising Scheme?

- 16.2.46 A small number of consultees answered Question 5 during the first consultation, which asked for comments on the services which are proposed to be excepted from regulation under the Proposed Franchising Scheme. For those who did comment, it appears that there was a focus on Scholars Services, which are the only class of services that would be excepted permanently under the Proposed Franchising Scheme. This is different to the services listed in Annex 4 of the Proposed Franchising Scheme, which consultees did not express any concerns about, which would only be excepted for the purposes of transition and to minimise the disruption of services operating between sub-areas.
- 16.2.47 Section 6.5 of Ipsos MORI’s June 2020 Consultation Report notes how 105 of the 249 responses to this question were favourable comments, 58 of which were from members of the public who were generally supportive of the proposals. In addition, 60 of the 121 members of the public who commented on the question suggested that all bus services should be included in the scheme, with no exceptions. Assuming that the public means all local bus services, then that would appear to be largely consistent with the current proposals that the entire existing commercial network of services run by operators would be franchised. Any other services which GMCA did not want to include in the Proposed Franchising Scheme but which an operator may want to provide in the future would need to obtain a service permit from GMCA to operate.
- 16.2.48 Eleven consultees also commented that Scholars Services should not be excepted. The proposal for excepting Scholar Services is based on the fact that those services are not

registered local services, which are open to the public for use, and are instead closed services usually arranged privately on by the school or college. It was, therefore, considered that it would therefore not be appropriate to franchise those services.

- 16.2.49 During the first consultation, Go North West again queried how services would operate during transition between sub-areas. In order to avoid the need for services to obtain a service permit during the transitional period before they are to be franchised, some services have been temporarily excepted and listed in Annex 4. The list of these services has again been reviewed in the light of Go North West's response to the second consultation and corrections proposed, as explained in the Commercial Case section of this Report at 6.9.53 to 6.9.54.
- 16.2.50 In summary, many consultees agreed with the proposals and no material comments were raised by consultees during either consultation, which gave rise to the need to consider any other services being excepted. As a result of this, it is proposed that the services which were proposed to be excepted from regulation, i.e. Scholars Services and those excepted temporarily, as listed in Annex 4, would continue to do so should the Proposed Franchising Scheme be made and the additions referred to in the Commercial Case section of this Report would be added.

Question 6: Do you have any comments on the date on which the Proposed Franchising Scheme is currently proposed to be made?

- 16.2.51 During the first consultation, consultees were also asked for any comments about the date on which the Proposed Franchising Scheme was proposed to be made. Section 6.6 of Ipsos MORI's June 2020 Consultation Report notes how the majority of comments to this question were favourable. This appears to be primarily from members of the public who were generally supportive of the proposed date and said that the Proposed Franchising Scheme was long overdue.
- 16.2.52 A small number of members of the public (19 of the 337 responses) did say, however, that this date would be too soon. This was a view shared by some of the bus operators (such as Go North West and Arriva) who commented that the proposed date of 6 March 2020 would be too early. Go North West said that the date would be too early because *"GMCA cannot meaningfully take into account response to this consultation and make any changes necessary to the Scheme in less than two months ..."*, before saying that *"GMCA does not appear to have taken into account the obligations and associated timescales for Greater Manchester bus operators to comply with CAZ (Clean Air Zone)"*. The CAZ is an entirely separate proposal, which is subject to its own requirements and will be developed irrespective of whether or not the Proposed Franchising Scheme is introduced. It is therefore not accepted that GMCA and the bus operators would be required to focus on any CAZ obligations before any decision can be taken to make the Proposed Franchising Scheme.
- 16.2.53 Rotala expressed a similar concern on the amount of time available to GMCA to consider the consultation responses because they said, *"it would be premature for GMCA to take the decision on the Proposed Franchising Scheme as early as 6 March 2020 – unless of course GMCA has been persuaded that the Proposed Franchising Scheme is not the best option"*. It is accepted that it is important to ensure that sufficient time is given to consider the consultation responses, regardless of whether any decision is taken to make the Proposed Franchising Scheme. Supporters of the proposals have an equal right to ensure that their voices are duly heard before any final decisions are made. Accordingly, Rotala's

point that the proposed date of 6 March 2020 would have been acceptable only if there was a decision not to make the Proposed Franchising Scheme is not accepted.

- 16.2.54 The first consultation proposed that the Proposed Franchising Scheme would be made on 6 March 2020. That indicative date was identified in the consultation document and included in the Proposed Franchising Scheme to inform consultees about how GMCA intended, at that point, to reach its decision concerning whether or not to make the Proposed Franchising Scheme and how the Proposed Franchising Scheme would work. The date of 6 March 2020 was the earliest possible date for any Mayoral decision, based on GMCA's understanding of how long it might take to consider the consultation responses following closure of the consultation period. The consultation document explained that this date may change, and that sufficient time would be allowed for full consideration of all the consultation responses to be given before any decision could be reached. Ipsos MORI note at section 6.7.2 of their June 2020 Consultation Report how OneBus acknowledged how that date may change and is consistent with TfGM's proposals.
- 16.2.55 No decision has yet been taken to introduce the Proposed Franchising Scheme, and after the first consultation, TfGM concluded that all dates should be removed from the Proposed Franchising Scheme. During the second consultation, a modified version of the Proposed Franchising Scheme was published, and that version did not specify any of those dates. Instead, a covering sheet was inserted to the Proposed Franchising Scheme, which described what those dates would be if a decision was made to introduce the Proposed Franchising Scheme on 2 April 2021. As explained in that covering sheet, those dates were simply provisional and were included only for the purposes of consultation.
- 16.2.56 During the second consultation, some consultees agreed with the reasoning behind the dates being removed from the Proposed Franchising Scheme. For example, Manchester University NHS Foundation Trust said that *"we agree with the agreed modifications in the consultation, including the removal of any specific dates on the launch of the bus franchising scheme due to the ongoing pandemic"*. OneBus also said that *"it is accepted that the dates are provisional"*.
- 16.2.57 In summary, it is therefore proposed that dates are only included if a decision was taken to introduce the Proposed Franchising Scheme with the dates inserted consistent with the timing of that decision.

Question 7: Do you have any comments on the dates by which it is proposed that franchise contracts may first be entered into?

- 16.2.58 Sections 6.9.7 to 6.9.21 of the Commercial Case response section of this report considers the responses from consultees on this question. In a similar manner to the date for making the Proposed Franchising Scheme, those dates were removed and would instead only be specified in the Proposed Franchising Scheme if a decision was taken to introduce franchising.

Question 8: Do you have any comments on the nine month period that is proposed will expire between entering into a franchise contract and the start of a service under such a contract?

- 16.2.59 Sections 6.9.56 to 6.9.69 of the Commercial Case response section of this report considers the responses from consultees on this question.

Question 9: Do you have any comments on the proposals for how GMCA would consult on how well the Proposed Franchising Scheme is working?

- 16.2.60 Question 9 of the first consultation asked for comments on the proposals for how GMCA would consult on how well the Proposed Franchising Scheme is working.
- 16.2.61 Section 123A(9) of the Act provides that a franchising scheme must include a description of an authority's plans for consulting such organisations appearing to the authority to be representative of users of local services as they think fit in order to seek their views on how well the scheme is working once it is operational. Consideration was given to this in the Assessment where it was proposed that GMCA would consult such organisations immediately after the expiry of the first franchise contracts, and as appropriate thereafter. In broad terms this meant that the first consultations on how well the Proposed Franchising Scheme was working would take place in 2031.
- 16.2.62 Section 6.9 of Ipsos MORI's June 2020 Consultation Report notes that the majority of the comments received to this question were suggestions (254 of the 397 responses received) and this appears to be broadly consistent across both statutory consultees and non-statutory consultees. Section 6.7 of Ipsos MORI's June 2020 Qualitative Research Report also found that some participants were keen to express their thoughts that the Proposed Franchising Scheme should be reviewed as it progresses.
- 16.2.63 Some consultees did not comment on this question during the first consultation. This included Rotala, Stagecoach and OneBus. Bus Users UK also did not comment on the proposals, although they did challenge the timing of this consultation and also said that it thought *"a detailed passenger and potential passenger consultation to identify the specific needs of local people"* would improve the Proposed Franchising Scheme, which is partly what we understand the primary purpose behind this consultation would be.
- 16.2.64 Some consultees commented that GMCA should consult sooner, possibly as early as a few weeks after implementation, and should not wait until all the first franchise contracts had expired. This included comments from Arriva and Cheshire West and Chester Council, whom Ipsos MORI also identify at section 6.9 of their June 2020 Consultation Report as having raised these concerns. One of the primary reasons behind this was that there may be lessons that GMCA may be able to learn sooner, for example, during the introduction and transition of the Proposed Franchising Scheme, which if consulted upon may inform the rollout of services during transition and beyond. First made a comment that GMCA should consult sooner because the plans did *"not offer a credible opportunity to learn, reflect and amend and will result in the region being irrevocably committed to franchising, without opportunity to reassess this decision if it proves not to be in the interests of passengers and the wider community"*.
- 16.2.65 Other consultees said that any consultations should be simpler, particularly in light of how complex this consultation was TfGM agrees with that view.
- 16.2.66 Having considered the responses to the first consultation, TfGM considered two options which would allow GMCA to consult sooner on how well the Proposed Franchising Scheme was working. After the first consultation it was proposed that the original description of GMCA's plans to consult within the Proposed Franchising Scheme would be modified so that GMCA would first consult within 12 months of franchising being operational in all sub-areas, as opposed to only consulting after the expiry of the first franchise contracts. These changes were made to the version of the Proposed Franchising Scheme which was reported to GMCA on 26 June 2020 and consulted upon during the second consultation.

- 16.2.67 During the second consultation one member of the public said that *“Franchising problems are going to happen some predictable some not. Therefore consultation when operational is vital”*. This is consistent with the proposals in that the plans would allow GMCA to consult when the Proposed Franchising Scheme was operational in all sub-areas.
- 16.2.68 In response to the second consultation, Wigan Council said that *“As in our response to the previous consultation, it is imperative that Wigan Council is consulted ... Ward Members should also be involved as they will have a good feel for bus service issues within their Wards, a situation replicated throughout GM”*. Similar comments were made by some consultees during the first consultation as they suggested that others, not just organisations appearing to represent users of local services, should also be consulted. Ipsos MORI’s June 2020 Consultation Report notes that TravelWatch NorthWest said that it believes it should be consulted. TravelWatch NorthWest said, *“as a statutory consultee to this consultation, TWNW would expect to be consulted on how well the scheme is working”*. Bolton Council also asked how such consultations were to be conducted and whether any support would be required from local authorities.
- 16.2.69 TravelWatch NorthWest made a similar comment during the second consultation as they said that *“We cannot find any specific reference to passenger representation in the consultation other than in connection with consulting user organisations on how well the franchising scheme is working throughout its life. In this connection there is a requirement to consult organisations “representative of users of local services”...TWNW would, subject to appropriate funding, be well placed to undertake this role on an ongoing basis. Under this regime, TWNW would also be able to seek passenger views and contribute to any changes to services, fares etc., as and when they occur”*.
- 16.2.70 TfGM can see the value of making any consultation as wide in practice as is reasonable in the circumstances and to determine who to consult in addition to organisations representative of users in the light of the circumstances prevailing when the consultation takes place. It is, however, not proposed that the Proposed Franchising Scheme is modified to identify specific organisations to be consulted. This is because the Act simply requires a *“description of the franchising authority’s or authorities’ plans for consulting such organisations appearing to the authority or authorities to be representative of users of local services as they think fit...”* to be provided as the relevant organisations may change over time, it would be better for GMCA to consult those whom it considered to be representatives of users at the time of any consultation, instead of specifying those organisations now.
- 16.2.71 During the first consultation, Ipsos MORI also found that one of the main suggestions by members of the public was that passengers should also be consulted. There are ways in which GMCA could obtain feedback from passengers and that includes engaging with customers shortly after new services start, potentially through the use of surveys and online channels, where passengers could provide feedback on matters such as fares and ticketing and how effectively the incoming operator has taken over the service. This learning from passengers would be fed back into future tranche mobilisations and would be in addition to any consultation undertaken by GMCA with those organisations who appear to be representative of users of local services.
- 16.2.72 As a result of this it is proposed that the description of those plans for consultation, as proposed to be modified after the first consultation, remain appropriate as they would allow GMCA to consult sooner than originally proposed and at an appropriate time when lessons can be learnt from the roll out of the Proposed Franchising Scheme.

Question 10: Do you have any comments on GMCA’s plans for allowing small and medium- sized operators the opportunity to be involved in the Proposed Franchising Scheme?

16.2.73 Sections 6.9.111 to 6.9.164 of the Commercial Case response section of this report considers the responses from consultees on this question.

Question 11: Do you have any comments on the proposal that it would be appropriate for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme?

16.2.74 Section 6.3 of the Commercial Case response section of this report considers the responses from consultees on this question.

Question 46: Are there any changes that you think would improve the Proposed Franchising Scheme? Please provide further details as to the changes you think would improve the Proposed Franchising Scheme

16.2.75 Question 46 of the first consultation asked for comments on whether there were any changes that consultees thought would improve the Proposed Franchising Scheme.

16.2.76 The majority of those who answered this question said that they either did not know if there were any changes which could improve the Proposed Franchising Scheme or said that there were no changes that they thought could be made.

16.2.77 Around a quarter of responses to the first consultation did propose changes that consultees thought would improve the Proposed Franchising Scheme. Section 5.1 of Ipsos MORI’s June 2020 Consultation Report summarises those suggestions and explains how the majority of them were suggestions which had already been proposed or considered. For example, Warrington’s Own Buses suggested how SMEs should be able to bid for large franchise contracts. These type of suggestions have been considered by TfGM in reviewing the consultation responses but are not proposed to be adopted and, in this example, Section 6.9.146 clarifies that SMEs are not restricted from being able to bid for large franchise contracts but would instead have to meet certain financial tests to provide it would be able to operate a large franchise.

16.2.78 In response to the first consultation Abellio suggested delaying the proposed timetable to give GMCA enough time to provide depots for large franchises. This is considered in detail at section 6.7.10 to 6.7.11 of this report.

16.2.79 Arriva also suggested that *“more should be done to ensure operators do not suffer significant financial harm as a result of the introduction of franchising ... and that the timescales proposed should be re-considered as they seem somewhat unrealistic given the unprecedented change a scheme would require, if it is to be successful”*. There is no requirement to compensate operators under the Act and the impact of the Proposed Franchising Scheme on operators is considered below.

16.2.80 Go North West suggested during both consultations that the Proposed Franchising Scheme should include cross-boundary services. As set out above from section 16.2.24, that is what has been proposed in many cases insofar as such services are operated within Greater Manchester. It was also suggested by Go North West that the Proposed Franchising Scheme should operate on a route-by-route basis, that GMCA should not provide large depots and that the proposed timetable should be changed to allow for depot provision. All of these matters are considered at section 6 of this report. Go North West also suggested during the first consultation that the Proposed Franchising Scheme could be

limited to franchising routes which *“in GMCA’s view are in need of the additional 30 bus resource”*. Given the failures affecting the bus market as a whole, the view that any intervention should apply to the whole of Greater Manchester to promote consistent change and improvement, the difficulties in route franchising referred to above and the delay involved in progressing a new franchising scheme, it is not clear what the benefits to or effects of that approach would be nor is it likely to bring the same benefits as the current proposal and it is not recommended.

- 16.2.81 Go North West also suggested, again in response to both consultations, that the Proposed Franchising Scheme should be implemented on a trial basis only for Sub-Area A and that following a further consultation it could be determined whether the Proposed Franchising Scheme should be rolled out to other areas. This was considered above, at sections 16.2.7 to 16.2.23, in response to the comments on Question 2 of the first consultation.
- 16.2.82 During the first consultation Belle Vue suggested that grants or subsidies should be provided to smaller to medium-sized operators. Such support is considered to be unnecessary and could in any event raise state aid and/or procurement issues, which would be avoided under the Proposed Franchising Scheme. As set out at sections 6.9.111 to 6.9.164 of this report, the Proposed Franchising Scheme has been structured in a way that allows those operators to participate should they wish.
- 16.2.83 Other suggestions from consultees during both consultations have been considered. Some of those suggestions have been considered and adopted, whereas others have not been adopted. For example, Cheshire East Council’s suggestion that any future consultations on how well the Proposed Franchising Scheme is working should take place during and before the expiry of the first franchise contracts was considered alongside other similar suggestions at section 16.2.60 of this report.
- 16.2.84 During the first consultation Blackburn and Darwen Borough Council suggested that it should be involved in the decision-making process for the service permit scheme. This point was repeated by the Council in its response to the second consultation as it said that *“The Council would want to be part of the decision making process (under the 2000 Act) in relation to permitting, and the granting of a permit, either through a benefit to passengers making journeys within the Franchise Area or not impacting adversely on local Franchised services...”*. However, while the Assessment considers how GMCA could engage with applicants before a service permit is applied for, the Act requires any decisions on whether or not to grant a service permit to rest with GMCA only. For this reason it would not be appropriate for Blackburn and Darwen Borough Council, or any other local authority, to be part of the decision making process because section 123P of the Act provides that those decisions are for the franchising authority only to take.
- 16.2.85 The second most cited suggestion of those made by non-statutory consultees to the first consultation as set out at section 5.1.3 of Ipsos MORI’s June 2020 Consultation Report relates to providing free travel to particular groups (such as young people). This was also a key theme which came out of Ipsos MORI’s qualitative research findings (see section 5.5 of Ipsos MORI’s June 2020 Qualitative Research Report). This was also expressed by some academic institutions and by other consultees during the second consultation. For example, the Caribbean and African Health Network said, *“Please make free travel passes for kids under 16 years old in full time education”*. Such a concession could be introduced under all options although it may be easier to implement under the Proposed Franchising Scheme. It could be delivered in the future alongside other ‘Phase 2’ interventions.

- 16.2.86 There were some suggestions to allow bicycles on buses and to increase the provision of cycle lanes. Such proposals would also not affect the content of the Proposed Franchising Scheme.
- 16.2.87 It was also suggested during both consultations that more consideration should be given to cross-boundary services. Such services were considered in the Assessment and again in this report. It is considered that sufficient consideration has been given to them for the purposes of considering whether or not to make a franchising scheme, given the final impact on them will depend on further actions, including the operation of the service permit regime.
- 16.2.88 Introducing more express routes and/or services which operated 24 hours a day has been considered above and would also not impact on the Proposed Franchising Scheme insofar as they operate on the routes already identified in the Proposed Franchising Scheme. Introducing new express services on routes not currently included in the Proposed Franchising Scheme would require the Proposed Franchising Scheme to be modified now or varied if the Proposed Franchising Scheme was made. This would be possible but, as already discussed at section 16.2.31, it was considered that introducing new services under Proposed Franchising Scheme would not be appropriate on day one due to the size and scale of change that would already be required.
- 16.2.89 During both consultations some consultees also suggested that bus companies should be publicly owned and/or nationalised. However, this is not what franchising involves and would require further legislation.

Question 47: If you oppose the introduction of the Proposed Franchising Scheme, how likely would you be to support it if the changes you suggested in your answer to the previous question were made?

- 16.2.90 Having asked consultees during the first consultation whether there were any changes that they thought would improve the Proposed Franchising Scheme, this question asked if they had opposed the Proposed Franchising Scheme, how likely they would they be to support it if the changes they suggested were made.
- 16.2.91 Section 5.2 of Ipsos MORI's June 2020 Consultation Report shows how a total of 485 consultees responded to that question and that consultees were broadly split in their view. This is because nearly 35% of consultees said that they would be either extremely likely or quite likely to support the Proposed Franchising Scheme if their suggested changes had been made, whilst 37% of others said that their view would not (or would be unlikely) to change.
- 16.2.92 In summary, and looking at some of the responses from the bus operators, Stagecoach did not directly address the substance of question 47 in its response to the first consultation. Rotala simply said that they *"would support the introduction of a partnership option"*. OneBus also said they would still be unlikely to support the Proposed Franchising Scheme because *"the suggested changes above would be unaffordable"* but it is unclear they were referring to and is not accepted that, as OneBus suggested, the Proposed Franchising Scheme fails to achieve GMCA's objectives and would not be affordable to GMCA (even in light of Covid-19 as considered in the Financial Case section of this report at section 7.5). Go North West also said something similar, albeit they did also submit that *"if the improvements suggested in the answer to Q46 above were made (as set out by TfGM at*

sections 16.2.80 to 16.2.81 of this report), *GNW would consider the further proposal of GMCA carefully ...*".

- 16.2.93 By contrast, First did answer the question during the first consultation but commented that they were neither likely nor unlikely to support the Proposed Franchising Scheme if its proposed changes were made. Arriva had previously said that *"we feel more should be done to ensure operators do not suffer significant financial harm as a result of franchising ... and that the timescales proposed should be re-considered"*. Whilst both of these are common themes that have been raised by consultees and have been considered in detail in this report, Arriva did not say whether or not those changes would change its view on the Proposed Franchising Scheme.
- 16.2.94 During the first consultation Bus Users UK said that *"Passengers generally neither know nor care what the ownership and control structures are"*, and that *"We would support a scheme that provides a rounded picture of improvement for all those who need or want to use a bus"*. This point was made again in its response to the second consultation as Bus Users UK said that *"Bus Users has no view on the framework nor the regulatory structure that delivers bus services. We do know what is important to passengers, however, and that is reliable, affordable and efficient services, regardless of who runs them"*.
- 16.2.95 During the first consultation Derbyshire County Council said *"Whilst DCC neither supports nor oppose the proposals, if changes were made in relation to minimising the impact of the scheme on bus services outside the franchise zones and on cross boundary services, it would certainly improve the schemes viability ..."*. In the second consultation Derbyshire County Council went on to say that it had *"more concerns about the long term financial viability of the proposals"*. The Assessment concluded that the Proposed Franchising Scheme would be the option most likely to improve services to passengers and to also arrest the projected decline in patronage. As set out at section 4.8 of this report, it is accepted that the Proposed Franchising Scheme would have an impact on cross-boundary services. That impact is only thought to likely adversely impact on a small number of services. Derbyshire County Council's concern about the financial viability of the Proposed Franchising Scheme is considered in more detail at section 7.4.19 of this report.

Question 8 from the second consultation: Do you consider that the Proposed Franchising Scheme would not require any further modification beyond those already contemplated and included in the draft scheme?

- 16.2.96 Section 7 of the Covid-19 Impact Report considers the potential impacts of Covid-19 on the Proposed Franchising Scheme and whether any further modifications to that scheme may be needed. It was considered that other than the changes that were recommended to be made in light of the responses to the first consultation, no further changes to the Proposed Franchising Scheme were needed.
- 16.2.97 The only exception to this was noted in section 2.132 of the Second Consultation Document and also by GMCA in its report dated 27 November 2020. The report noted at section 3.21 that *"the draft scheme failed to state that the period of 9 months that was to expire between the making of a local service contract and the provision of a local service under it in each sub-area was the "minimum period". It is recommended that the draft proposed scheme should be amended accordingly"*.
- 16.2.98 Section 13 of Ipsos MORI's March 2021 Consultation Report notes that 536 consultees answered this question during the second consultation. Table 13.1 of that report noted that 322 consultees commented that no further modifications were required, 140

commented that the Proposed Franchising Scheme required further modifications and that 73 consultees commented that the scheme may require modification.

- 16.2.99 Ipsos MORI's report notes some examples of the modifications proposed by consultees. Some suggested that under the Proposed Franchising Scheme, GMCA should *"Increase the mileage operated in order to provide the increased services the Proposed Franchising Scheme promises to passengers"*. The Proposed Franchising Scheme does not specify the mileage of any franchised service and as explained above at section 16.2.31, it is proposed that on day one GMCA would not introduce any new services. Ipsos MORI also note that some consultees suggested franchising the entirety of GM at once and this is considered further at sections 16.2.37 to 16.2.38 of this report.
- 16.2.100 Stagecoach also commented that *"We are concerned that the GMCA has been overly optimistic as to its ability to adapt the franchising scheme once implemented through variations. In particular ... it cannot be right for the GMCA to be confident that it will be able to meet future requirements "no matter what happens in the market"."*
- 16.2.101 Further information on GMCA's ability to flex the franchising operating model is contained in sections 8.8.6 to 8.8.11 of the Management Case section of this report. As described in Section 7 of the Covid-19 Impact Report, section 123I of the Act allows the GMCA to postpone the dates on which a local service contract in any sub-area may first be provided under such a contract and any variations to the scheme itself are subject to the process prescribed in section 123M of the Act. TfGM considers that careful consideration has been given as to how implementation of the Proposed Franchising Scheme may need to change in the future. This is different to saying that "GMCA has been overly optimistic" in terms of its ability to vary the Proposed Franchising Scheme or its implementation. As set out at sections 8.8 and 8.9 of the Management Case section of this report, there are cases where GMCA would be able to flex the model without needing to formally vary the Proposed Franchising Scheme. GMCA already bears the residual risk that the market does not provide the services required for the people living and working in Greater Manchester and typically meets these needs efficiently where operators do not. Stagecoach have not given any concrete justification for their claim that GMCA has been overly optimistic.

16.3 TfGM's review of other key themes

- 16.3.1 The purpose of this section is to set out TfGM's analysis of other key themes raised by consultees during both consultations. This includes comments made by consultees concerning the process adopted by GMCA in considering the Proposed Franchising Scheme – for example, in relation to the preparation of the Assessment and the Covid-19 Impact Report, in the auditor's review of both of those documents and the fact that GMCA has undertaken two consultations on the Proposed Franchising Scheme.
- 16.3.2 There was broad consistency between the findings of both Ipsos MORI's June 2020 Consultation Report and its March 2021 Consultation Report and the themes identified by TfGM from a legal and procedural perspective.
- 16.3.3 The following key themes have been identified and considered in this section:
- Concerns that the correct process (both in the lead up to and during both consultations) was not followed;
 - Concerns that any decision to introduce the Proposed Franchising Scheme at this stage would be unreasonable and/or irrational; and
 - Concerns on the potential impacts of the Proposed Franchising Scheme and partnerships on operators and their possessions.

16.4 Theme 1: Correct processes not followed

- 16.4.1 During both consultations a number of consultees (mainly bus operators) made comments concerning the lawfulness and/or reasonableness of the process followed by GMCA (and TfGM on its behalf). These comments are summarised below.

Flaws in the Assessment

- 16.4.2 At section 4.1.1 of its first consultation response, Stagecoach’s legal advisors Herbert Smith Freehills LLP (HSF) (and for the purposes of this report any references to Stagecoach, where appropriate, include HSF’s response) asserted that there were flaws in the Assessment process which, when taken together, meant that the Assessment does not comply with the requirements of the Act. It claimed that:

- The analysis of the current market in the Assessment is incomplete;
- The Economic Case vastly overestimates the benefits of franchising, making significant accounting errors, using assumptions that have not been rigorously stress-tested and a methodology for calculating wider economic impacts that raises significant concerns and lacks transparency about how the benefits have been calculated;
- There is no accurate and comprehensive description of the effects of the Proposed Franchising Scheme on bus users and operators as required by section 123(B)(2) of the Act; and
- Neither the Assessment nor the consultation document provides a rigorous and detailed breakdown demonstrating that the proposal is affordable or VfM.

- 16.4.3 TfGM is satisfied that the Assessment which was prepared pursuant to GMCA’s obligations under section 123B of the Act, was developed in a manner which had careful regard to the statutory guidance issued by the Secretary of State. As the auditor found, in all material respects due regard had been had to the guidance issued under section 123B in preparing the Assessment.

- 16.4.4 It is inevitably the case that different views may be held about the matters with which any assessment of any Proposed Franchising Scheme prepared under section 123B of the Act deals, on the adequacy of the methods and depth of analysis it contains and on whether or not there are omissions in it. For that reason, Parliament provided that it should be independently audited and the subject of consultation before any decision is taken on whether or not a franchising scheme should be made. Insofar as the points made by Stagecoach criticise the contents of the Assessment, their merits have been considered in the previous sections of this report. But in any event, it is considered that the Assessment was one that can reasonably be described as such having regard to the requirements of the Act with which it had to comply and one on which GMCA was entitled to proceed to have it audited and consulted upon.

- 16.4.5 Thus, for example, Stagecoach refer to section 123B(2) of the Act, which requires an assessment to “describe the effects that the proposed scheme is likely to produce”, and contends that the requirement was not met as, in their view, “there appears to be no accurate and comprehensive description of the effects of the scheme on bus users and operators”. These matters are set out in detail in the Assessment and were summarised, for example, in respect of passengers (between Sections 61.1.3 to 63.1.18) and operators (between Sections 61.2.7 to 61.2.13 of the Assessment). Further, given the difficulties of ascertaining the likely effects on individual operators, the consultation invited a response

not only on the Assessment's view of the likely impacts on operators but also what positive or negative impacts the Proposed Franchising Scheme might have on their business that any person currently operating local bus services in Greater Manchester anticipated. Apart from making a generalised assertion of non-compliance, Stagecoach has failed to advance any material arguments or comments in their consultation response to justify their position on this point.

- 16.4.6 Stagecoach appeared to suggest, in respect of the affordability of the Proposed Franchising Scheme, that the Assessment had not had regard to paragraphs 1.62, 1.59, and 1.61 of the Secretary of State's guidance.
- 16.4.7 It is not clear why Stagecoach considered that the analysis of value for money in the Assessment was legally flawed as, again, apart from making an assertion to that effect they have provided no supporting explanation for it. But, if it is intended to be suggested that regard was not had to the paragraphs of the Secretary of State's guidance (referred to in their response at paragraph 3.3.3(E)), that is incorrect.

Flaws in the audit process

- 16.4.8 Some of the operators also made comments relating to the auditor's review of the audit of the Assessment. Those comments are considered in section 9 of this report.

Flaws in the consultation process

- 16.4.9 During both consultations some operators commented that the consultation approach taken by GMCA was flawed. For example, consultees commented that:
- GMCA did not publish all of the required documents with either consultation;
 - GMCA did not allow sufficient time for either consultation; and
 - GMCA may have closed its mind to all other alternatives other than franchising, or there is a real risk that GMCA has refused to meaningfully consider viable alternatives.

- 16.4.10 These issues are considered in more detail below.

Claims that GMCA did not publish all of the required documents with its consultation

- 16.4.11 In response to the first consultation, OneBus and some of the incumbent operators raised concerns and challenged the fact that GMCA did not publish some of the models which had been used to inform the Assessment. Further detail on the points raised by those consultees and what information was published during the first consultation is set out in the Economic Case Response Themes section of this report and at section 5. As further explained in those sections, sufficient information was published to enable those operators to give proper consideration of, and to provide an intelligent response to, the proposals without needing access to the models requested by OneBus or others they claimed in their responses to need.
- 16.4.12 OneBus did not raise similar concerns in its response to the second consultation that GMCA had failed to publish all of the information necessary for it to respond.
- 16.4.13 In response to the second consultation Rotala said that GMCA's consultation was unlawful and that *"This response is made on the basis of the inadequate and/or incomplete information which has been provided by or on behalf of GMCA and in the face of a refusal to provide all the necessary information requested by us on behalf of our client and by one other consultee (Stagecoach)"*.

- 16.4.14 During the second consultation, Stagecoach and Rotala both requested further information from TfGM that they said was required to enable them to respond to the second consultation. These requests are summarised below.
- 16.4.15 Stagecoach requested copies of the models used in the Assessment and the Quantified Risk Assessment undertaken in the Assessment and as also updated in the Covid-19 Impact Report. Stagecoach also asked for other documents and put various requests for clarification to GMCA. As well as sharing the requested information with Stagecoach, TfGM hosted an online session to brief Stagecoach on what was being provided and to answer any other questions. TfGM also answered additional clarification questions from Stagecoach that were raised after that session.
- 16.4.16 Rotala also requested further information from GMCA in the form of copies of the models and various documents relating to the auditor’s review of the Covid-19 Impact Report. This information was shared with Rotala.
- 16.4.17 On 6 January 2021 Rotala submitted an additional request, stating *“We understand that you have provided data/information to other consultees and should be grateful if you would confirm this is the same data/information you forwarded to us...and if it is not then please forward that data/information to us by return”*. TfGM understands this to have been a reference to the further information which had already been provided to Stagecoach (as described above). This additional information was provided to Rotala by GMCA on 14 January 2021. In its covering letter GMCA stated *“It is not possible to attach and send all of the models referred to in the annex due to the size of some files. We would propose, therefore, that the information is sent via a secure file transfer from TfGM. Please ask your clients to contact... TfGM...to arrange for the files to be shared securely and for the technical a sessions to be arranged, if required”*. Notwithstanding this offer, no contact was made with either TfGM or GMCA to arrange for the models to be shared. TfGM does not accept that GMCA refused to provide information to Rotala where it requested it prior to submitting its response to the second consultation.
- 16.4.18 In response to the second consultation Stagecoach commented that the models should have been disclosed as part of the first consultation. Stagecoach said *“While our client is grateful that the models have now been provided (albeit belatedly), it is wholly unclear why the GMCA did not do so when access to the models was first requested over a year ago, in particular where no or minimal changes have been made to the models then”*. Stagecoach make the further point that they made a complaint that the models had not been disclosed in their response to the first consultation. As explained in the Economic Case Response Themes section of this report, however, it was only OneBus who requested access to two of the models during the first consultation period; no operators made any such requests. If Stagecoach had requested all of the models during the first consultation period then that request would have been reviewed as appropriate by GMCA. Stagecoach also said that since further information had been provided to it by GMCA, that information ought to be published so that all other consultees could review that material. In particular, Stagecoach said that:
- “we remain of the view that there were deficiencies in the First Consultation. In order to rectify those deficiencies, all consultees must now be given an adequate opportunity to comment on the material which has now been disclosed to Stagecoach”; and
 - “In order to avoid repeating its errors from the First Consultation and to ensure that the Second Consultation is procedurally fair, the GMCA should publish the information that it has disclosed to Stagecoach and provide additional time for all consultees (including

Stagecoach, which has only had the required information for a very short period) to review and respond to that information.”

- 16.4.19 No other consultees apart from Stagecoach and Rotala requested additional information during the second consultation. TfGM therefore considers that sufficient information was provided as part of both consultations to allow all consultees to give intelligent consideration to both consultations and, as stated above the additional information provided on request was not necessary to enable a response to the consultation to be made and it was not therefore necessary to publish it more widely.

Claims that GMCA did not allow sufficient time for the consultation

- 16.4.20 During the first consultation, Stagecoach asserted that insufficient time was allowed for the consultation process because GMCA allowed less than three months for the consultation and that the length of the consultation itself was disproportionate compared with the amount of time it had taken TfGM to prepare the Assessment and for the auditor to provide its audit report on the Assessment.
- 16.4.21 The Act does not make any provision specifying the length of time that should be afforded to consultees in a consultation under section 123E. Determining the parameters of a consultation exercise under the Act, save as for requirements that are expressly required under the Act, is a matter for the judgment of the consulting authority. As with all such judgments, it must be exercised in a manner that is lawful, not irrational, and otherwise consistent with the principles of administrative and public law .
- 16.4.22 The general position under common law is that the length of time which a consulting authority is required to allow consultees to prepare and provide their responses must be sufficient to allow for an intelligent response. There is an understandable inability to impose, in abstract terms, general rules as to what amounts to a sufficient length of time, because the length of time that is reasonable will vary depending on the circumstances of any given consultation. Instead, each consultation must be considered on a case-by-case basis. Whilst previous versions of the Cabinet Office’s Consultation Principles suggested that the time provided for responses to consultation might typically vary between 2 and 12 weeks, the latest version of these principles from 2018 makes it clear that any consultation period should instead last for a proportionate amount of time.
- 16.4.23 GMCA decided the first consultation should last for a period of 12 weeks and 3 days, while acknowledging that the period would fall over Christmas. This period allowed consultees more than three months to prepare and provide their consultation responses. This was consistent with previous major consultations undertaken by GMCA and, having specific regard to the Assessment and the consultation materials and questions, it was considered to be a proportionate amount of time.
- 16.4.24 Whilst some bus operators raised concerns regarding the period for consultation in their responses to the first consultation, it is of note that no consultees (including Stagecoach) complained about the length of time during the consultation process. In addition, none of the operators nor indeed any other statutory consultees (with the exception of the CMA) asked for further time to complete the consultation. No consultee brought a legal challenge to the consultation process on the basis that it unfairly permitted too short a period for response. Had any requests for further time been received by GMCA prior to the end of

- the consultation period, they would have been considered on their merits and responded to in an appropriate manner (as was the case with the CMA).
- 16.4.25 It is also considered relevant to note that Jacobs was able to produce a first draft of its report on 27 November 2019 and complete its report on 20 December 2019 (54 pages), having been able to undertake a second review of its report (including reviewing comments from OneBus and perhaps the operators also) on 4 December 2019, even though the consultation period was to end on 8 January 2020. In addition to this, Stagecoach was able to provide a detailed response (in the time allowed) comprising its covering letter (2 pages), its statutory consultation response (25 pages), its alternative proposal (60 pages), its solicitors' detailed legal opinion (17 pages) and Jacobs' economic review. Similarly, Go North West was able to provide its solicitors' covering letter (1 page), and its detailed 52-page formal response to the consultation.
- 16.4.26 A similar complaint was also raised by OneBus and Stagecoach in their responses to the second consultation. OneBus and Stagecoach claimed that the period of time should have been longer for the second consultation than the first consultation.
- 16.4.27 OneBus stated *"More time should be made available for this second round for several reasons:*
- the restrictions on travel in response to the introduction of the Tier system and Lockdown 3 for the entire period of the consultation, will have denied many of those who use buses as their primary mode of travel, any awareness of the proposals and therefore the opportunity to respond.
 - The consultation period included the Christmas and New Year Festive Holiday period.
 - The initial public consultation was held over a longer period and with more information to be read to enable a comprehensive response to the second consultation, it should certainly be held over a longer and not shorter period."
- 16.4.28 Stagecoach said that *"the overall time given for the Second Consultation [was] inadequate"* and *"the 8 week period for consultation which included the holiday period [was] insufficient."* Stagecoach also said that *"When publishing the Consultation Document, the GMCA requested that responses be provided on a short timescale of less than two months that included the holiday period around Christmas and New Year"*. It asserted that any suggestion that *"consultees should already be familiar with the Original Assessment and TfGM's Consultation Report and would not need to revisit them is clearly unfounded."*
- 16.4.29 The relevant principles regarding the length of time which a consulting authority is required to allow consultees to prepare and provide their responses are summarised at section 16.4.22 above. GMCA decided the second consultation should last for a period of 8 weeks and 2 days (which is longer than a *"short timescale of less than two months"*, as Stagecoach characterises it). GMCA acknowledged that the period would not only take place over the Christmas period, but also when the country was subject to varying restrictions and lockdowns. Nevertheless, this period allowed consultees more than two months in which to prepare consultation responses.
- 16.4.30 As set out above, OneBus made the point that people have not been travelling by bus and would therefore not have been aware of the latest consultation. However, there were various ways in which GMCA raised awareness of the second consultation during the Covid-19 pandemic so that members of the public were still aware of the consultation despite the fact that they may not have been travelling by bus. GMCA adopted the same approach

- with respect to other consultations during this period, including using other channels, such as social media and an online live chat function through which consultees could ask any questions.
- 16.4.31 Many of those interested, such as OneBus, Stagecoach and Rotala, were already familiar with the issues generally from, and the documentation in, the first consultation. The new analysis and information for the second consultation relating to the impact of Covid-19 was less extensive than that which had been the subject of the first consultation.
- 16.4.32 It is of note that OneBus did not itself during the consultation process request more time in which to respond. Had it done so, GMCA would have considered the request on its merits and responded to it in an appropriate manner. It is also of note that certain consultees (such as Rotala) were able to submit extensive consultation responses within the time permitted (Rotala's comprising a main response of 20 pages together with two expert reports of 33 and 31 pages respectively).
- 16.4.33 TfGM is satisfied that the responses demonstrate, as a matter of fact, that consultees were generally provided with an objectively reasonable and proportionate period of time within which they were able to provide detailed intelligent responses engaging with the first and second consultation. This can also be shown by the response rate to the consultation and, as section 3 of this report shows, the small number of responses which were submitted late to both consultations.
- 16.4.34 Stagecoach were in fact granted an extension of time of two weeks in which to respond to the second consultation on the basis that Stagecoach had informed GMCA that a key member of its team had a serious health issue. Stagecoach stated in their consultation response, that *"While Stagecoach is grateful for the additional two weeks to prepare its response to the Second Consultation, it maintains that insufficient time was given for a full response, in particular in light of GMCA's disclosure of documents throughout January and as late as the 28 January 2021"*.
- 16.4.35 Whilst further information was provided, GMCA considered that this further information was not required for the purposes of responding intelligently to the second consultation for which it was sought. But, in any event, Stagecoach itself had time to submit an extensive consultation response running to nearly 75 pages in total, together with two expert reports.
- 16.4.36 Stagecoach then went on to say that the consultation period should have been extended by a further 8 weeks, as it had originally requested, in which case consultees could have also *"commented on the alignment between the GMCA's scenario approach and the DfT's forthcoming guidance on scenario planning and addressing uncertainty"*. As explained at section 3.6, it is not yet known when the DfT Guidance/Toolkit will be published. Extending the consultation period so as to enable consultees to consider that guidance would therefore have lengthened the consultation period indefinitely, and it is not yet clear when the guidance will be published.
- 16.4.37 It is considered, therefore, that consultees had been given a sufficient amount of time to respond to the consultations in an intelligent manner and did in fact do so, as evident from

the detailed responses submitted by OneBus, Stagecoach Rotala and some of the other main bus operators as well other consultees.

Claims that GMCA may have closed its mind to all other alternatives other than franchising

- 16.4.38 During the first consultation Stagecoach’s legal submission contended that GMCA had consulted on the basis of an overly optimistic view of how franchising would operate, which is not supported by facts. Their response made substantive observations concerning the Assessment and concluded with an observation that GMCA may have unlawfully closed its mind to alternatives to the Proposed Franchising Scheme, and that there is a real risk that GMCA has refused to meaningfully consider viable alternatives.
- 16.4.39 There was no basis for these allegations. The fact that, having received the Assessment, GMCA sought an independent audit of the Assessment and subsequently then decided, upon receipt of the auditor’s opinion, to consult on the Proposed Franchising Scheme, does not show any apparent pre-determination of the outcome of consultation by GMCA or the Mayor.
- 16.4.40 In response to the second consultation Rotala also said that *“the new variant and lockdown clearly evidences that scenarios cannot be dismissed at this stage, and to do so creates a flawed and inherently biased process which is strongly suggestive of a pre-determined outcome...”*. Further information on the scenarios can be found in section 3 of this report. Despite the challenges raised by consultees during the second consultation to the scenarios in particular, TfGM considers that it was still appropriate to consider the use of scenarios and to treat some scenarios as potentially being more likely than others. As a result of this, TfGM considers that the use of scenarios was appropriate as that was intended on giving decision makers enough information to understand how the market may look like in the future through those scenarios. Rotala’s suggestion that the use of the scenarios is biased and *“is strongly suggestive of a pre-determined outcome”* is therefore unfounded.

The requirements of the Act and statutory guidance

- 16.4.41 Rotala and Stagecoach have both claimed that the GMCA has acted or is acting in breach of relevant statutory requirements. The GMCA is not in breach of any relevant statutory requirement. It has complied with section 123B of the Act by preparing an assessment (which was completed in June 2019), having had regard to the statutory guidance applicable to its preparation; with section 123D by obtaining an independent auditor’s report on that assessment (which was provided on 26 September 2019), and with section 123E (starting the consultation on 14 October 2019).
- 16.4.42 Rotala contend that *“the GMCA made a decision not to franchise in June 2020, which was the concluding stage of [the existing] franchise process; consequentially the process has come to a conclusion pursuant to section 123”* of the Act which *“does not provide for TFGM/GMCA to undertake a further assessment and run a further consultation in the same franchising process in the event of a material change in the bus market.”*
- 16.4.43 Section 123A(2) of the Act provides that a franchising scheme may not be made unless the franchising authority has complied with sections 123B to 123G. The process envisaged in those sections ends with (i) the publication by the franchising authority (in accordance with section 123G(1) of the Act) of a report, setting out the authority’s response to the consultation required by the Act and, in the case of a mayoral combined authority, the Mayor’s decision on whether to make a franchising scheme and (ii), if the Mayor’s decision is to make a scheme with its making and publication at the same time as the report (in accordance with section 123H(1) of the Act). No such report has been published by the

- GMCA in accordance with that section. Moreover the Mayor has taken no decision on whether or not to make a franchising scheme and the GMCA has not yet decided what its response to consultation should be. Rotala assumes that the GMCA made a substantive decision of some description on 26 June 2020. It did not do so. It merely noted a report by TfGM on the first consultation and that a further report will be submitted to members in due course which would consider the potential impact and effects of Covid-19 on the bus market and make recommendations about appropriate next steps. The contention that the existing franchising process had come to an end in June 2020 in accordance with the Act is without foundation.
- 16.4.44 There is also nothing in the Act which precludes a franchising authority from re-opening the consultation under section 123E after the consultation period has ended or from carrying out any further consultation. The statutory guidance in fact indicates (at [1.95]) that a franchising authority *“may choose to consult again”* after an initial consultation. Indeed, since fairness may require such further consultation, and since having to start the statutory process again would be plainly disproportionate in some cases, there is no reason to infer that Parliament intended to impose any such restriction. Nor is there anything in the Act which precludes any further consultation in the light of some material change in the bus market. The contention in effect that Parliament prohibited any further consultation about the significance of any such subsequent events to enable the authority to be better informed or to treat consultees fairly is without a legal basis.
- 16.4.45 Stagecoach contends that the GMCA was obliged as a matter of law to prepare a new assessment under section 123B of the Act and, if it wished to proceed with a franchising scheme, to have that new assessment audited under section 123D of the Act. On its logic, if the GMCA wanted to proceed with the scheme, it would then have to consult again under section 123E of the Act. In other words Stagecoach contends, in effect like Rotala, but for different reasons, that the statutory process that the GMCA had been following was, as a matter of law, brought to an end given the Covid-19 pandemic regardless of what the GMCA and the Mayor may or may not decide.
- 16.4.46 Stagecoach’s arguments in support of that contention are threefold: (i) that *“if [the GMCA] wishes to proceed with franchising, it could not lawfully do so in reliance on the Original Assessment...because the scale of the impact of the pandemic on the bus market...and the analysis set out in the Original Assessment mean that the Original Assessment cannot be an adequate basis on which to make a decision to introduce the franchising scheme, and a new assessment was necessary”* (which it believes is something that the GMCA accepts, as it resolved, so Stagecoach says, to conduct further work in the light of the pandemic *“rather than rely solely on the Original Assessment”*); (ii) *“as a matter of fact the GMCA has reopened the Original Assessment”*: the Covid-19 Impact Report is an *“updated Assessment”*; it *“updated its analysis of affordability and value for money”*; and (iii) that it is not lawful for the GMCA to have conducted such further work *“to a materially less robust standard than that set out in the legislation and the statutory guidance”*, as it would defeat the policy and objects of the Act for the GMCA to take a less rigorous approach at this stage, and the Covid-19 Impact Report fails to meet those standards in material respects.
- 16.4.47 These arguments have materially different consequences: the first contends that any reliance on the Assessment cannot be lawful given the effects of the pandemic and, therefore, that the statutory process must be restarted and the second, whether or not that is so, is that in fact the process has been restarted and must this be followed; the third, however, does not necessarily entail that result: it is merely to the effect that Covid-19

- Impact Report is not of a sufficient standard by reference to which a decision on franchising may lawfully be made.
- 16.4.48 There is no requirement that a decision on franchising must be based “solely” on an assessment prepared under section 123B of the Act. If the only matter that may be taken into account in any decision on whether or not to make a franchising scheme is an assessment and an independent auditor’s report on it, that would exclude consideration, for example, of representations made in response to consultation (which Parliament plainly did not intend to exclude from consideration given that it requires the franchising authority to provide a response to them). Indeed, if there were any such requirement, the GMCA could not lawfully consider alternatives to the Proposed Franchising Scheme submitted during consultation, such as OneBus’ proposal for Partnership Plus and Stagecoach’s own proposal for a partnership, and compare them with the Proposed Franchising Scheme without starting the statutory process again (something that Stagecoach has never suggested). Nor could it take into account any representations that the Assessment is flawed in some respects but that a decision to make the Proposed Franchising Scheme might nonetheless be justified by reference to matters not in the Assessment.
- 16.4.49 The contention, that any reliance on the Assessment would be unlawful, because the scale of the impact of the pandemic on the bus market and the analysis set out in the Assessment mean that the Assessment cannot be an adequate basis on which to make a decision to introduce the Proposed Franchising Scheme, begs the question that the Covid-19 Impact Report seeks to answer.
- 16.4.50 The Covid-19 Impact Report considers the extent to which the Assessment of the Proposed Franchising Scheme remains valid in the light of Covid-19 and the uncertainties associated with it. It does so principally by considering whether the conclusions in each of the cases in the Assessment might be affected in a range of potential outcomes as to what the bus market may look like in future given potential changes as a result of Covid-19.
- 16.4.51 The GMCA has not prepared a new or updated assessment of the Proposed Franchising Scheme. The Covid-19 Impact Report did not update the Assessment or the analysis of affordability or value for money in it. Stagecoach are aware that there were a number of models used in preparing the Assessment and were informed that *“the inputs, model structure and logic of each of these models have not been updated since the Assessment and nor has there been any systematic refresh of the model inputs.”* The Covid-19 Impact Report did not *“update”* the Assessment’s analysis of affordability and value for money. As Stagecoach themselves note, *“the conclusions of the Original Assessment are used as the starting point for”* the Covid-19 Report.
- 16.4.52 Those conclusions in each of five cases in the Assessment will obviously be used as a starting point in a report considering whether or not they may be affected by the uncertainty associated with the potential effects of Covid-19 on the bus market. It is true that the base year for the reference case in the Assessment was 2016-2017, but not, as Stagecoach suggest, that the data relied on to inform the Assessment did not include data from any subsequent year. Given that there were no dramatic changes to the market before the Covid-19 pandemic, the Assessment gives an appropriate picture of the bus market prior to the impact of the Covid-19 pandemic. Whether it is reasonable to use the analysis of value for money in the Assessment, for example, as a starting point for

- considering the potential impacts of Covid-19 on the bus market is addressed in the Economic Case section of this report from section 5.8.
- 16.4.53 The Covid-19 Impact Report indisputably contains further analysis that is not contained in the Assessment to ascertain whether or not the conclusions in it may be affected by the uncertainty associated with the potential effects of Covid-19 on the bus market. But there is no statutory requirement that any further analysis that a franchising authority may undertake after an assessment has been prepared and audited, including, for example, any further analysis prepared after any consultation, must involve the preparation of a new assessment under section 123B of the Act, comply with the statutory guidance in respect of how such an assessment should be prepared, and be followed by a new audit under section 123D of the Act. OneBus and Stagecoach never suggested when proposing partnerships in the first consultation, for example, that, if the GMCA carried out any further analysis to consider the merits of those proposals and how they compared with the Proposed Franchising Scheme that any such further analysis would have such consequences.
- 16.4.54 Given that the GMCA was not required to prepare a new assessment under section 123B if it considers after a period of consultation further analysis that is not contained in the Assessment, it was not required to have any audit of it conducted under section 123D. Stagecoach's criticisms of Grant Thornton's review of the Covid-19 Impact Report, however, are considered at section 9.3 of this report.
- 16.4.55 Stagecoach further contend, however, that in any event it is not lawful for the GMCA to have conducted any such further work *"to a materially less robust standard than that set out in the legislation and the statutory guidance"*, as it would defeat the policy and objects of the Act for the GMCA to take a less rigorous approach at this stage, and the Covid-19 Impact Report fails to meet those standards in material respects.
- 16.4.56 Although any decision whether or not to make a franchising scheme must be based on material on which a reasonable authority may make such a decision, there is no statutory requirement that any further analysis that a franchising authority undertakes must meet a *"standard"* that is not *"materially less robust"* than that set out in the Act and statutory guidance. In fact the Act does not itself specify any specific *"standard"* of robustness which an assessment prepared under section 123B of the Act must meet. An assessment prepared under section 123B must describe the effects that the proposed scheme is likely to have and compare its making to one or more other courses of action, giving consideration to a number of specified matters (including the scheme's contribution to local transport policies, its value for money and affordability and its practical operation). The Act accordingly simply describes what the content that an assessment prepared under section 123B of the Act must have. The Secretary of State has power to issue guidance concerning the preparation of such an assessment to which a franchising authority must have regard. The statutory guidance provides (at [1.28]), for example, that *"the level of detail that should be included in an assessment is the same as the level of detail that would usually be included in an Outline Business Case."* But the franchising authority is not obliged to follow the statutory guidance slavishly when preparing an assessment and it may depart from it if it considers that it is appropriate to do so in the circumstances. The object of the guidance relating to the preparation of the assessment is to ensure, as it states (at [1.22]), that *"the assessment of the proposed scheme contains sufficient detail to enable an informed decision to be taken."*
- 16.4.57 Stagecoach's argument appears to be based on provisions of the statutory guidance at [1.22] and [1.28] referred to above from which they seek to infer that any further analysis

- must be carried out in a way that is consistent with what would be expected in an Outline Business Case or at least not to a “*materially less robust standard*” or in a way that in its view is “*insufficiently rigorous*”.
- 16.4.58 Specifically, however, in respect of uncertainty (which is what Covid-19 creates), the statutory guidance suggests (at [1.56]), as Stagecoach notes, that, in preparing the assessment in respect of the economic case, that “*the authority...should...perform a number of sensitivity tests, to provide a range of results around the options to account for uncertainty and optimism*” (suggesting, in non-statutory advice, that the Green Book “*could be a useful starting point to develop appropriate methodology*”). In respect of the financial case it also states (at [1.62]) that the assessment should include “*a sensitivity analysis, reflecting the range of financial risks*”. The statutory guidance does suggest (at [1.24]) that a franchising authority “*should consider the relevance of the Green and Aqua Books to their particular circumstances and use them, as far as appropriate as a reference source.*” But there is no statutory guidance on any “*standard*” that any sensitivity analysis to deal with uncertainty must meet other than that they should “*provide a range of results around the options to account for uncertainty*” nor how any such sensitivity analysis must be conducted.
- 16.4.59 It may be noted that NERA (on whom Stagecoach rely) stated in its report at 3.2 that “*the appropriate way of analysing the impact of Covid-19 on franchising and partnership options in a way that is consistent with the Act is uncharted territory.*” Instead NERA looked, therefore, for precedents “*for carrying out appraisals in the absence of guidance*”.
- 16.4.60 Stagecoach also refers to other parts of the statutory guidance to support its argument about what would need to be in an assessment prepared under section 123B of the Act that do not necessarily bear on the standard or conduct of any sensitivity analysis about the conclusions on value for money and affordability in the economic and financial cases. There is no requirement to conduct a sensitivity analysis, for example, about the appraisal period for assessing such impacts (the appropriateness of which in the light of the potential effects of Covid-19 is considered at sections 5.2.25 to 5.2.36 of the Economic Case of this report) nor necessarily on the scale of the benefits and impacts on different groups (a matter considered in the light of Covid-19 at section 5.10 of the Economic Case of this report). Stagecoach also relies on the advice in paragraph [1.39] of the statutory guidance, on conducting a detailed assessment of each of the shortlisted options and determining the extent to which each option would meet the GMCA’s objectives, to complain that no effort was made to appraise “*likely partnerships available*”. Partnerships that were available have been considered in the Assessment and in sections 10 to 12 of this report. Stagecoach does not explain, for example, why the conclusions in the economic case relating to the Operator Proposed Partnership (which was one of the shortlisted options) should not have been considered in any sensitivity analysis, nor why unspecified “*likely partnerships*” should instead have been considered, having regard to that guidance on the shortlisted options. Some of the other points raised, relying on paragraphs [1.54] and [1.76] of the statutory guidance, appear to be based on the misapprehension that the scenarios are demand forecasts based on evidence rather than projections to provide a range of potential outcomes that are judged to be suitable for the purpose of testing the robustness of the conclusions based on judgment. The assumptions about future demand used for that purpose are stated in the Covid-19 Impact Report.
- 16.4.61 It is not the case that there is any requirement in the Act that any further analysis that is carried out by a franchising authority after any consultation has to comply with any statutory guidance relating to the preparation of the assessment even if relevant. Covid-

19 is in any case an event having potential consequences of a character not directly addressed in the statutory guidance. How appropriately to assess the uncertainty about the potential impacts of Covid-19 on the conclusions of the economic case in an assessment about value for money involves judgement. Whether the scenarios provide an appropriate basis for providing a *“range of results around the options to account for uncertainty”* is addressed in the section on the use of scenarios at section 3 of this report. Whether the ‘what if?’ tests in the Economic Case provide for appropriate range of potential outcomes in the circumstances to test the robustness of the conclusions on value for money in the Assessment is addressed at section 5.10 of this report.

- 16.4.62 The question whether the information available is such as to enable an informed decision to be made now is addressed in a section within the conclusions to this report.

16.5 Theme 2: Comments that any decision to introduce the Proposed Franchising Scheme at this stage would be irrational

16.5.1 In response to the second consultation, some consultees commented that it would be irrational if any decision was taken to implement the Proposed Franchising Scheme. The following points were raised by consultees on this point:

- The first point raised, for example, by Stagecoach is that “the superficial analysis which the GMCA has conducted...is not a sufficient basis on which to make a properly informed long-term decision, in particular in the circumstances of the present level of uncertainty.” The irrationality of basing a decision of this magnitude and expense on the analysis in the Covid-19 Impact Report is also made by Rotala.
- It cannot be lawful or rational to make the Proposed Franchising Scheme when there is a risk of a huge and unaffordable loss (Rotala).
- The potential mitigations identified that may need to be invoked in the event of an additional downturn and difficulties in implementing the scheme lack sufficient detail: (a) the effect of network reductions on staff levels, redundancy costs and the local economy have not been considered and the costs savings could be minimal; (b) TfGM have not considered the potential impact of changes to fares on patronage; and (c) there is a lack of analysis of the links between the different mitigations and the wider effects they may have (Stagecoach).
- The second point is that the GMCA should await publication of the DfT’s guidance on scenarios to capture additional uncertainties associated with Covid-19, that was due to be published in February 2021. Given its resources and expertise as a Government Department, the DfT is better placed to prepare these scenarios which it may not align with TfGM’s.
- The GMCA has a duty to carry out a sufficient inquiry prior to making its decision. A ‘recovery partnership’ would allow the GMCA to meet its short term aims and allow sufficient time for a full and fair assessment of the scheme against realistic partnership options once more data is available and the impact of Covid-19 on the bus market in Greater Manchester is clearer (Stagecoach). Rotala also contend that it would be irrational to make a decision to franchise now without any knowledge of the partnership proposal that will be possible once the pandemic is over and without greater certainty as to how transition, implementation and management of each option would take place or until the long term impact of Covid-19 on the bus market is known.
- It would be disproportionate to introduce franchising when viable alternative options exist that would be of less detriment and disruption to existing operators given the uncertainty about the impact of Covid-19, the lack of evidence underpinning the scenario planning and the possibility of a ‘recovery partnership’ in the short term (Stagecoach).

16.5.2 In response to these points:

- The relevant legal question for the purposes of irrationality is whether a reasonable authority could now take a decision to make a franchising scheme now on the information it has. The question whether there is sufficient information on which to make a decision to make a franchising scheme is addressed in section 17.2.

- the risk if potential downside scenarios occur is addressed and potential mitigations considered in section 7.5.
- the points raised about the potential mitigations proposed mentioned by Stagecoach are respectively dealt with in relation to (a) network reductions at sections 6.9.269 and 7.5.51; (b) fares at section 7.5; and (c) links at 5.10.87.
- the legal question whether the GMCA is obliged to await publication of the DfT guidance depends on whether no reasonable authority would take a decision in its absence. Whether the GMCA should await it is addressed in section 17.2.
- the legal question whether the GMCA must await the presentation of a new partnership offer or offers or until more information becomes available likewise depends on whether no reasonable authority would take a decision in their absence. Whether the GMCA should await the development of such offers or until there is greater certainty is addressed in section 17.2.
- the relevant legal question for the purposes of irrationality is whether a reasonable authority could now take a decision to make a franchising scheme now on the information it has. There is, however, no currently viable long term alternative other than the Do Minimum as the operators effectively recognise by suggesting the GMCA should defer a decision until such a partnership offer can be proposed.

16.6 Theme 3: Potential impacts on operators.

- 16.6.1 The Assessment considered the potential impacts of the shortlisted options, including the Proposed Franchising Scheme and the partnership options, on different groups in society. This included the potential impacts on incumbent operators and the potential benefits to new operators wanting to enter into Greater Manchester bus market.
- 16.6.2 Section 9.6 of the Covid-19 Impact Report also considered how the Covid-19 pandemic may affect those conclusions. The rest of this section 16.6, as set out below, will consider the responses from consultees to both consultations on how the options may impact on operators.

Question 37: Do you have any comments on the impacts of the Proposed Franchising Scheme on operators as set out in the sub-section on impacts of the different options?

- 16.6.3 Section 17 of the Assessment sets out the potential impacts of the Proposed Franchising Scheme on operators (including incumbent operators, those not currently active in Greater Manchester and also operators of different sizes) and in doing so, accepted the fact that the Proposed Franchising Scheme would be the option which would have the greatest effect on those operators who predominantly operate commercial services. This is because it would change how local services could be provided in Greater Manchester. Such services could only be provided under a local service contract or with a service permit if not excepted from regulation under the Proposed Franchising Scheme. Moreover, in relation to services provided under a local service contract, it would be GMCA, and not operators, who would take revenue risk and who would determine the network, fares and service quality.
- 16.6.4 The exact nature of the likely impacts would depend on the outcomes from the tendering process and the profitability of each operator's existing business but, in the first instance, incumbent operators would not be able to continue to operate their existing services. Whilst this could have a negative impact on incumbent operators, it could increase competition between all operators and give new entrants greater opportunity to participate and to enter into the market.
- 16.6.5 Question 37 of the first consultation and Question 7 of the second consultation asked for any comments on the impacts of the Proposed Franchising Scheme on operators. As section 12.3 of Ipsos MORI's June 2020 Consultation Report sets out, only 161 consultees provided comments on this question during the first consultation and in broad terms there was a mix of favourable comments, unfavourable comments and suggestions given by consultees.
- 16.6.6 The majority (i.e. 137 out of the 161) of responses to Question 37 were from members of the public. Some commented that the Proposed Franchising Scheme would level the playing field for smaller operators and some commented that the Proposed Franchising Scheme would prevent a monopoly or drive competition, thus showing how the Proposed Franchising Scheme would have a positive impact on some operators.
- 16.6.7 Section 12 of Ipsos MORI's March 2021 Consultation Report sets out the response to Question 7 of the second consultation. There were 175 consultees who made comments to this question and 121 of those made positive comments about the conclusions in the Covid-19 Impact Report and how Covid-19 was not likely to change how the Proposed Franchising Scheme would impact on operators. For example, Ipsos MORI noted some comments that bus operators would benefit under the Proposed Franchising Scheme. This

- is correct as it would give them greater certainty, sustainability and as they would not be taking revenue risk on services under franchising.
- 16.6.8 Only 27 consultees made negative comments and not all of these related to whether Covid-19 was likely to change how the Proposed Franchising Scheme would impact on operators. For example some commented that operators would require support under the Proposed Franchising Scheme. This is correct but operators would require support under any of the other options too as operators have been reliant on CBSSG (including CBSSG Restart (CBSSG-R) and any future Government funding allocation(s) that may replace CBSSG) throughout the pandemic.
- 16.6.9 The main potential impacts of the Proposed Franchising Scheme which were raised by consultees during both consultations included:
- Change in how the bus market would operate in Greater Manchester and potential impacts on operators adversely affected;
 - Potential for stranded assets; and
 - Potential impact on pension liabilities.
- 16.6.10 In addition to this, some consultees also said that due to Covid-19 there was too much uncertainty to consider how the Proposed Franchising Scheme would impact on operators and that these impacts would not be known until there was greater certainty on how the market will recover. For example, Stagecoach commented that *“it is too early to draw any conclusions about the impact of options on each of the groups”* and OneBus said that *“There is no doubt that all parties are likely to be impacted by the effects of Covid-19 and will continue to be until there is certainty about the economy and patronage find its new level. This will take time...”*. Rotala further commented that, *“It is impossible for GMCA to say, with any accuracy, what the permanent effects of Covid-19 will be on the options (franchising partnership and do minimum) and groups (passengers, operators, GMCA and wider society) specified in the question until those long-term effects have been established”*. Whilst it is accepted that there is some uncertainty as consultees have suggested, the Covid-19 Impact Report did address how the main types of consequences for operators of the Do Minimum option and franchising were not changed as a result of Covid-19 but that the effects for these options may be different in various ways under the different scenarios: see sections 9.6.6 and 9.6.8 of that report. The effect of any partnership on operators is as a result more difficult to assess as stated in 9.6.7 of the Covid-19 Impact Report. The decision on whether it would still be appropriate to make a decision is considered in section 17.2 of this report.
- 16.6.11 During the first consultation, Abellio said that *“under the Proposed Franchising Scheme, there would be significant impact on incumbent operators as a result of the change in market structure and a possible loss of business if they failed to win a sufficient volume of work in the franchised market”*. This is accepted and has been considered in detail in the Assessment. It is, however, also relevant to note that Abellio went on to comment in their response to the first consultation that the Proposed Franchising Scheme would have a positive impact on operators as it *“would allow operators currently not present in the Greater Manchester local bus market to bring their knowledge and expertise ...”*. Abellio also said that it would *“involve rigorous competition between operators ..., through a cost-effective tender process”*, and that it would *“allow operators to make appropriate financial returns”*, thus showing how the Proposed Franchising Scheme could have various positive

- impacts on smaller operators and new entrants by allowing them to access the market and to do so with certain returns.
- 16.6.12 OneBus' response to the first consultation on this topic was mixed because it made comments on the potential impacts of the Proposed Franchising Scheme on both incumbent operators and new entrants. OneBus noted that *"There are other operators who will look forward to spending time and resource bidding for contracts in the hope of winning work as a new operator in Greater Manchester"*. Whilst identifying that this could have a negative impact on incumbent operators, it is also consistent with how the Assessment considers that the Proposed Franchising Scheme would afford potential new entrants an ability to enter into the Greater Manchester bus market, and therefore would have a positive impact on them.
- 16.6.13 Transdev commented during the first consultation that *"We also recognise the opportunity to expand through successful bids"*, which again shows a potential positive impact of the Proposed Franchising Scheme for some operators as it would allow them to expand their business if they wished to participate and were successful in bidding for contracts under the Proposed Franchising Scheme.
- 16.6.14 Manchester Community Transport also made favourable comments in a similar manner to Abellio. It also thought that the Proposed Franchising Scheme would be a proportionate measure as during the first consultation it said, *"This does mean that incumbent operators may lose business but if this happens as a result of increased competition bringing farer fares and better services, this can only be seen as a positive"*.
- 16.6.15 Sections 6.8.85 to 6.8.90 of this report considers the position on stranded assets and considers how GMCA proposes to mitigate the risk of adverse impacts from stranded assets and the position for operators who do not want to take advantage of the offers made in respect of strategic depots and their fleets. It also considers suggestions that other depots should also be acquired and their potential uses.
- 16.6.16 During the first consultation, Transdev said that *"Many of the vehicles we use are on fixed-term leases and thus not covered by the residual value matrix and if we cannot redeploy them, we will be left with lease commitments that cannot be serviced by revenue"*. It is accepted that this could create a potential adverse impact on some operators. The nature of any impact, however, will depend on the terms of the lease and as Transdev said, whether the fleet could be redeployed.
- 16.6.17 Rotala commented during the first consultation that it *"would like to make it clear that it considered there to be a real risk that implementation of the Franchising Scheme will result in operators exiting the market and losing their business. This will result in costly litigation for both GMCA and the operator which could delay introduction of the Scheme. Ultimately, incumbent operators and GMCA need to behave in a constructive and supportive way for the Scheme to be a success which, in its current format, simply will not happen"*. It is unclear why *"costly litigation"* should necessarily result for operators and GMCA if the Proposed Franchising Scheme is made but it is accepted that the Proposed Franchising Scheme would result in a significant change to the market and that this could result in some operators exiting the market (including choosing to do so voluntarily) or losing all or part of their business in Greater Manchester.
- 16.6.18 Rotala also went on to say during the first consultation that GMCA *"may want to consider purchasing the businesses/depots of incumbent operators in order to avoid the inevitable litigation"*. It is unclear whether purchasing the businesses from operators as Rotala

- suggested would be legal given significant limitations on the statutory power for GMCA to carry it on.
- 16.6.19 In the first consultation Arriva said that *“Notwithstanding the RV mechanism and acquisition of strategic depots, an operator may still be let with stranded assets, a depot for which it has no use and employees for whom there is no work. The current proposals offer no form of compensation or mitigation for this loss and risk placed on operators. This could result in significant redundancies or the closure of bus operator’s businesses”*. First said something similar in that *“The mitigation measures proposed – for instance at para 4.195 of the consultation – do not offer a robust “safety net” for such operators and depend upon the offer that TfGM might – or might not – be prepared to make in respect of any given asset at any given time, and furthermore there remains no opportunity for such a business to retain its operational cash flow and future business prospects ...”*.
- 16.6.20 Go North West also said during the first consultation that the risks for operators under the Proposed Franchising Scheme were *“very grave”* and that *“GNW agrees with the articulation of the impact on operators as set out in the Consultation Document from paragraph 4.193 onwards and that of all the options, the Scheme would have the most significant impact on operators”*. It is accepted that the Proposed Franchising Scheme would have the most significant impact of all the options on operators. Go North West went on to give some reasons for this, including how there could be a risk of stranded assets. This is accepted but proposed to be largely mitigated by the proposals for GMCA to acquire the strategic depots and by the introduction of the proposed RV mechanism whereby an operator could upon the introduction of the Proposed Franchising Scheme elect to put its fleet into the mechanism and therefore reduce the risk of having any stranded vehicles in Greater Manchester.
- 16.6.21 Go North West also said in its first consultation response that *“There is therefore a risk of an operator which has been awarded a franchise contract becoming insolvent, and as noted elsewhere, this would disrupt the implementation of the Scheme and may lead to GMCA incurring significant cost in making alternative arrangements”*. Similar points were also raised by Go North West in its response to the second consultation. This was considered in the Assessment and is not seen to be likely as it is not common for operators to become insolvent in the current market. It is accepted that Covid-19 may increase the risk of operators becoming insolvent. However, that risk is considered to be low if CBSSG funding continues and if any additional funding is made available to operators and local authorities, either through 'recovery partnerships' or other arrangements. It should also be noted that under the Proposed Franchising Scheme, operators would have to take part in a competitive procurement process before being awarded a franchise contract, which would reduce the risk of a contract being awarded to an operator without the capability to perform to those standards and therefore become insolvent. In any event and should there be any disruption to the Proposed Franchising Scheme in such circumstances, section 1230 of the Act does make provision for GMCA to let interim service contracts.
- 16.6.22 During the second consultation, Go North West also commented that the Proposed Franchising Scheme would have an adverse impact on operators if there is an extended implementation period. This is because operators would have to put any investment plans on hold and operators may have to withdraw services.
- 16.6.23 Some consultees commented during the first consultation that the Proposed Franchising Scheme could have an adverse impact on pension liabilities. For example, Stagecoach said that *“this could precipitate additional exit funding in the range of £30-£60m, which under the current arrangements or a partnership model would not be necessary”* (which is

- considered further at section 8.6 of this report). OneBus said that *“there will also be implications on pension liabilities which is noted in para 4.196 which should not be considered lightly”* but provided no evidence concerning what those pension impacts may include. First also noted that *“The pension implications would vary considerably dependent upon the circumstances at the time of any market closure ...”* but importantly do not raise the potential impact of an exit debt on itself.
- 16.6.24 In response to the second consultation, Stagecoach commented on the impact the Proposed Franchising Scheme would have on its pension liabilities and said that *“The GMCA has stated that historic pension costs will remain with the operators but those with defined benefit schemes may need to provide greater contributions to them if the Proposed Franchising Scheme is implemented. Whilst ongoing funding of liabilities would be calculated on a basis set by the local administering authority of the pension scheme, the magnitude of the funding step-up that could be required on a discontinuance basis even for one operator could be considerable”*. It may be the case, as Stagecoach suggest, that those operators with defined benefit schemes may need to provide greater contributions. The Assessment, however, noted that the Proposed Franchising Scheme could have an impact on operator’s pension liabilities but noted that the Proposed Franchising Scheme does not create a new requirement for operators to fund their pension schemes and, at most, impacts on when and how an operator may be required to pay such deficits.
- 16.6.25 In its response to the second consultation, Stagecoach commented on how Covid-19 has changed how the Proposed Franchising Scheme would impact on operators. The first point made by Stagecoach was that franchising would *“entail significant costs...which they can ill-afford at this time”*. In particular, Stagecoach said this may involve costs associated with needing to invest in new buses, the costs associated with bidding for franchises and the increased risk of SMEs going out of business. Whilst it is accepted that Covid-19 has had a significant impact on revenues, operators have been reliant on CBSSG funding throughout the pandemic. This shows that operators may not be able to manage any risks associated with a drop in patronage and highlights the fact that in many cases, it is the local authority (and in the case of CBSSG, central Government) who ultimately bears the risks associated with a drop in patronage as it has to step in and support services where they are not capable of being operated on a commercial basis by operators.
- 16.6.26 Stagecoach commented that a 'recovery partnership' option would help in the short-term by avoiding any disruption caused to the market when CBSSG comes to an end. TfGM agrees with this point but it should be noted that this is not relevant to how the Proposed Franchising Scheme may impact on operators. The proposed 'recovery partnership' is therefore considered at section 13 of this report. Stagecoach also commented that the Proposed Franchising Scheme would have a disproportionate impact on its assets given the goodwill it has built up over many years. This is considered at section 16.6.70 of this report.
- 16.6.27 In its response to the second consultation Abellio noted that during the Covid-19 pandemic operators have been reliant on Government funding to keep services running and that there is a risk that services would be deregistered if that funding is withdrawn. As set out at section 6.2.64 of the Covid-19 Impact Report, TfGM agrees that this is a risk; however, it should be noted that this is a risk with all options and is not only a risk that operators may face if the Proposed Franchising Scheme is introduced.
- 16.6.28 The responses from consultees from both consultations on the potential impacts of the Proposed Franchising Scheme on operators appear to be consistent with the findings of the Assessment. In summary, it is accepted that the Proposed Franchising Scheme would be the option which would have the greatest impact on operators and while many of the

larger incumbent operators commented on how the Proposed Franchising Scheme could adversely impact on their businesses, others did acknowledge some of the positive impacts in allowing other operators to compete and/or to enter the market. Whilst it is accepted that there is some uncertainty as to what the market will look like in the future as a result of Covid-19, many consultees have been able to consider how the Proposed Franchising Scheme would impact on operators and it is not considered that Covid-19 would necessarily change how the different options would impact on operators.

Question 38: Do you have any comments on the impacts of the partnership options on operators, as set out in the sub-section impacts of the different options?

- 16.6.29 The Assessment considered that the potential impacts on operators of the partnership options would depend in large part on the level of ambition of the partnership and the governance arrangements used.
- 16.6.30 Under the Operator Proposed Partnership considered in the Assessment, some aspects of the partnership would still be up for operators to decide and as demonstrated in other markets, both the benefits and impact on operators may reduce over time. No significant network changes were considered likely but, if there was increased marketing of multi-operator and multi-modal tickets, that could potentially lead to more competition and revenue.
- 16.6.31 The Ambitious Partnership option would have a greater impact on incumbent operators as that option would include an Enhanced Partnership Scheme (EPS). This would allow GMCA to define greater changes to the network and could include greater targets and requirements for operators to comply with. It would also have an impact on new entrants to the market and operators running cross-boundary services through the partnership area, particularly if any frequency or route requirements were set. The Assessment noted the uncertainty as to how effective any frequency or route requirements could be and that there could be a risk of service de-registrations.
- 16.6.32 As well as asking for any comments on the potential impacts of the Proposed Franchising Scheme on operators, question 38 of the first consultation and question 7 of the second consultation also invited comments on the potential impacts of the partnership options on operators.
- 16.6.33 Section 12.4 of Ipsos MORI's June 2020 Consultation Report shows that only 77 consultees provided comments to this question during the first consultation, the majority of whom were members of the public. They were broadly split between those who were supportive of the partnership options and those expressing a preference for the Proposed Franchising Scheme. Bolton Council, for example, agreed in broad terms with the conclusions of the Assessment that *"the Partnership options will have a limited impact on the operators as they will continue to run services and retain farebox profits"*.
- 16.6.34 Section 12 of Ipsos MORI's March 2021 Consultation Report found that the majority of responses (as set out in section 16.6.7 above) were favourable comments about the conclusions reached in the Covid-19 Impact Report in respect of whether Covid-19 had changed how the options would impact on certain groups. Section 12.2 of Ipsos MORI's March 2021 Consultation Report notes how some of the local authorities agreed with those conclusions. Ipsos MORI's March 2021 Consultation Report also noted some other relevant

- comments, such as a comment by The Christie NHS Foundation Trust that GMCA would be taking a transfer of risk under franchising which would be avoided under a partnership.
- 16.6.35 During the first consultation, some of the operators provided comments but in broad terms their view of the potential impacts were mixed. Abellio and Manchester Community Transport both seemed to make similar points during the first consultation that the partnership options are unlikely to impact on operators due to the lack of change those options would deliver. Abellio said that *“As the scale of those commitments is within the gift and control of the operators, it is unlikely that they would be significantly disadvantaged”*, while Manchester Community Transport said that *“The operator partnership proposal requires little of operators and as a result the impacts – are likely to be minimal”*.
- 16.6.36 Stagecoach as part of its first consultation response asserted that it would not be able to comment fully as the Ambitious Partnership option had not been tested with them. Stagecoach could have commented in its response, however, on what impacts that option could have and in a similar fashion could have commented on the potential impacts of the Operator Proposed Partnership, which it had been involved in the negotiations and discussions of the same throughout the development of that option with operators. This was not commented on further by Stagecoach in response to the second consultation and instead, and as set out at section 11.8.2 of this report, Stagecoach commented that it was not at this stage able to develop any *“reliable partnership”* offer but that consideration instead should be given to a 'recovery partnership' as a short-term option to assist with the recovery of the bus market.
- 16.6.37 During the first consultation Go North West and other operators said that, with a partnership, *“the major costs and risks are borne by bus operators and GMCA is sheltered from major cost and risk”*. The Assessment recognised that a partnership would involve GMCA incurring less cost and risk than the Proposed Franchising Scheme. This point from Go North West is, however, no longer accurate given the impacts of Covid-19 and how operators have been reliant on Government funding throughout the pandemic. It is therefore not correct to say that GMCA is *“sheltered from major cost and risk”* as it has been local authorities, through central Government, who have been supporting services throughout the pandemic and this would continue to be the case under any 'recovery partnership'.
- 16.6.38 First in its first consultation response said that under the Operator Proposed Partnership operators *“have indicated their willingness to voluntarily reduce their ability to take unilateral decisions ...”*. Go North West went on to say that *“Operators would be subject to obligations and would face financial penalties if these were not met. Operators would commit considerable resource and investment (including capital expenditure) to delivering GMCA’s obligations and would face increasing public scrutiny of their performance”*. What obligations any operator undertook, and the resources and investment required to comply with them, would depend on the commitments agreed to in any partnership and whether it participated in it. These commitments are currently unclear because as explained at sections 10 and 11 of this report, both Stagecoach and OneBus have said that they are not able at this time to put forward any detailed partnership proposals.
- 16.6.39 During the first consultation, Rotala said that a partnership would have positive impacts on operators *“since ... it would give rise to an improvement in services, materially increase bus patronage, and enable bus operators to allow price to reflect costs in a competitive environment”*. It is accepted that a partnership option could have a positive impact on

operators as Rotala seem to suggest but it is not considered that it will materially increase bus patronage.

- 16.6.40 In summary, while the majority of responses to these questions on the impacts of a partnership on operators were from members of the public, none of the operators seemed to disagree with the findings of the Assessment that the impacts on operators of a partnership option would depend in large part on the level of ambition of any partnership and the governance arrangements used. During the first consultation none of the operators appeared to comment on the potential impacts of the Ambitious Partnership option and some used that opportunity to express their view that a voluntary partnership would be preferable. It should also be noted that during the second consultation, operators commented that they would not be able to propose any detailed partnership proposals. Instead and as set out at section 13, many operators have suggested that a 'recovery partnership' should be considered by GMCA. Whilst it is accepted that this would be a useful short-term option to help reduce the impacts of Covid-19 on the bus market in GM, it is not clear what might be included in any such partnerships or how they may impact on operators.

Question 39: If you currently operate local bus services in Greater Manchester, do you anticipate any positive or negative impacts that the different options may have on your business? If so, please explain what you think those positive or negative impacts may be.

- 16.6.41 During the first consultation, operators were specifically asked at Question 39 if they anticipated any positive or negative impacts that the different options may have on their business. Section 12.5 of Ipsos MORI's June 2020 Consultation report notes that nine consultees responded to this question, five of whom chose the answer that they did not know whether the options would have any positive or negative impacts on their business.
- 16.6.42 As set out at section 12 of Ipsos MORI's March 2021 Consultation Report, some operators also responded to Question 7 in the second consultation and set out what impacts the different options may have on their businesses. Ipsos MORI note that Go North West commented that franchising would cause disruption for passengers, create uncertainty for employees of bus operators in relation to the terms and conditions of their employment contracts and would result in increased bus fares. These points are considered in sections 8.4, 8.7 and 7.5.67 of this report. Rotala also said that it was not possible to say what the effects of Covid-19 would be at this stage and that because of this, no decision should be made now. This is also considered separately in section 17.2 of this report and in the context of whether a decision to introduce the Proposed Franchising Scheme should be taken
- 16.6.43 Section 17 of the Assessment considered the potential impacts of the options specifically on current incumbent operators. As well as the potential impacts on assets and pension schemes as described above, it found that under the Proposed Franchising Scheme there could be a change to the market share and profit margins for the current large incumbent operators.
- 16.6.44 For smaller operators, the Assessment did not assess the profitability of their services and whether they could be expected to increase or decrease their profit margins under the Proposed Franchising Scheme. Instead, it was considered that smaller operators would still be able to participate in the Proposed Franchising Scheme by bidding for smaller franchises which could provide an opportunity for the current incumbent smaller operators to operate on a similar scale to that on which they operate currently.

- 16.6.45 The consultees who answered this question during the first consultation and who said that they did anticipate positive or negative impacts on their business were Go North West, Transdev, OneBus and Arriva.
- 16.6.46 Go North West, Transdev and Arriva all asserted that the Proposed Franchising Scheme would have a negative impact on their assets. It is accepted that the Proposed Franchising Scheme could impact on the assets of incumbent operators, however, measures have been proposed to reduce any risk of such assets being 'stranded'. In Transdev's case, their Rochdale depot was not considered to be a strategic depot for the purposes of the Proposed Franchising Scheme (as explained at section 6.3.23 above) and it is also not proposed that any of the services operating from that depot would be included in any of the large franchises. This means that it is possible that Transdev could continue to operate services from its Rochdale depot – either through successfully bidding for small franchise packages or through obtaining service permits for such services.
- 16.6.47 During the first consultation, both Go North West and Arriva claimed that the Proposed Franchising Scheme could result in a significant number of redundancies. As explained at section 8.5 above, there could be a small number of roles that might become redundant as a result of the Proposed Franchising Scheme being implemented but the majority of staff are expected to be transferred either between operators or to TFGM.
- 16.6.48 Section 123X of the Act provides that staff can be transferred not only in the steady-state but also upon the introduction of the Proposed Franchising Scheme. This was made clear through the Guidance which at paragraph 1.108 provided that *"In recognition of the fact that it is not entirely clear whether the Transfer of Undertakings (Protection of Employment) Regulations 2006 would apply to the franchising scenario, particularly when franchising is first introduced, the Act makes specific provision for TUPE to apply to these situations. This should protect existing staff working on the affected bus services, help reduce the burden of redundancy payments for operators who have to cease trading or downsize because of franchising while ensuring that there is a workforce ready to provide the new franchised services"*.
- 16.6.49 It is not, therefore, accepted that the Proposed Franchising Scheme could lead to the redundancy of a significant number of employees as both Go North West and Arriva suggested during the first consultation because the current workforce would largely be required to operate services under the Proposed Franchising Scheme, and the Act makes specific provision for transfer.
- 16.6.50 During the first consultation Go North West also identified various other potential negative impacts that the Proposed Franchising Scheme would have on its business. It said:
- "The rigid terms of franchise contracts would dampen and discourage innovation and market responsiveness";
 - "The control of the bus network by GMCA which is implicit in the Scheme is likely to lead to less-focused scrutiny and improvement in the market since GMCA's time and resource is subject to other demands. This is by comparison to the scrutiny which is undertaken by operators because of commercial incentives"; and
 - "There is no assurance that under the Scheme GMCA will prioritise growth in the bus network and there is a risk that it could instead prioritise the tram network, or prioritise funding to other aspects of its social duties, such as social care, healthcare and education. Currently, funding of the bus network is not a risk from competing local authority demands, but it would be under the Scheme".

- 16.6.51 The nature of franchising would mean that operators would not enjoy the same level of control over the network as they did at the point that they responded to the first consultation, meaning the Proposed Franchising Scheme would impact on operators' influence over market changes. That being said, innovation and control of the market would be the responsibility of GMCA, and operators would be in a position to suggest innovations and market responses that could be adopted in the wider network. This could be beneficial to operators in promoting innovation that is consistent across the whole of the bus network. It should also be noted that the specifications in the franchise contracts would be primarily focused on outcomes and this would provide operators with a level of flexibility about how to achieve them. However due to the impacts of Covid-19, operators have not benefitted from the same level of control than they had previously as they have been reliant on additional funding through CBSSG to keep services running to certain standards. It is not clear how long this remain the case for and what requirements may be attached to any further funding that may be made available by Government.
- 16.6.52 In relation to the second point raised by Go North West, GMCA would have more scrutiny and involvement in the market than it did at the time of the first consultation if the Proposed Franchising Scheme was made. In particular, TfGM and GMCA will occupy an important position in ensuring that the network is developed, improved and maintained in a way that generates a collective improvement in the effectiveness of the network. It is accepted that this would have an impact on operators as they would subsequently have less control of the market than they did at the time of the first consultation (noting that TfGM and GMCA currently have temporarily more control in the bus market as a result of the Covid-19 pandemic) for example through the administration of CBSSG payments within Greater Manchester. Concerning competing demands for funding allocation, TfGM is satisfied that the Financial Case under the Assessment will support the funding requirements for TfGM to run the Proposed Franchising Scheme and that this would not adversely impact operators.
- 16.6.53 Go North West also said that some of these impacts could be mitigated by a route-by-route franchise. This point was repeated by Go North West in its response to the second consultation and this has been considered at sections 6.9.83 to 6.9.98 of this report.
- 16.6.54 During the first consultation Transdev were of the view that the Proposed Franchising Scheme could have a positive impact on its business as it would allow it to potentially expand its operations. It said *"Should franchising be adopted we would be a willing bidder, committed to delivering great customer service. We also see the opportunity for our growing cross boundary services from Lancashire and Blackburn to continue to flourish and grow further"*. This is consistent with the Assessment, which found that the Proposed Franchising Scheme would allow operators not currently active in Greater Manchester, including SME operators, to participate and compete with the other operators.
- 16.6.55 OneBus, whilst not an operator, answered this question during the first consultation but did not identify any positive or negative impacts that any of the options could have on operators in its response to Question 39. Instead, OneBus said that it was *"of the firm opinion that the best option is partnership. The benefits of faster delivery with no risk to the public purse outweigh the fact that the proposed Franchising Scheme has political support"*. Consideration has been given to the partnership options, including the proposals which were submitted by operators during the first consultation and despite the fact that OneBus have confirmed that its Partnership Plus proposal is now longer available. The 'recovery partnership' option which many operators suggested during the second consultation, have been considered in this report and whilst GMCA has decided to proceed with the

- consideration of the Proposed Franchising Scheme, it has not closed its mind to other alternatives.
- 16.6.56 In relation to partnerships, Transdev did not comment during the first consultation on whether it thought the partnership options contained in the Assessment would have a positive or negative impact on its business but did say that *“We expect to continue our strategy of growing patronage through strong marketing, branding and good customer service. We would also actively influence the wider partnership to deliver similar outcomes”*.
- 16.6.57 Go North West said as part of its first consultation response that a partnership model would have positive impacts on its business because it would give certainty to its operators, it would offer more stability and security to its staff and would allow it the same level of flexibility that operators currently enjoy in being able to change the network to reflect demand. A partnership option would not have the same scale of change as the Proposed Franchising Scheme and would, therefore, have many of the same benefits from an operator’s perspective as the current market does. This may no longer be accurate given the impacts of Covid-19 on the bus market and the fact that Covid-19 has had a significant impact on operators and that while there is uncertainty as to what the bus market will look like in the future, operators have been able to continue to run services throughout the pandemic due to the funding which central Government has made available through CBSSG. There would, however, be certainty to operators under the Proposed Franchising Scheme as operators would no longer take revenue risk on any services they were able to successfully bid for. This is similar to how the market has operated during the Covid-19 pandemic since operators have been reliant on Government funding throughout the pandemic, meaning they have effectively not been taking the revenue risk on any services during that time. Franchising would also giving a level of stability and security to staff who would know that they had a job for as long as that franchised service was contracted.
- 16.6.58 In considering the above and the other potential impacts identified by consultees in response to Questions 37 and 38 of the first consultation and also the responses to Question 7 of the second consultation which related to the impacts on operators, it is clear that some incumbent operators believe that the Proposed Franchising Scheme would impact how their businesses operate and could result in some negative impacts including redundancies of staff and some assets being stranded. Measures have been proposed to reduce the risks of those particular impacts materialising and as noted above, the Proposed Franchising Scheme would allow other operators to enter the market, expand on their current market share and increase their profit margins.

Convention Rights

- 16.6.59 Section 6 of the Human Rights Act 1998 makes it unlawful generally for a public authority to act in a way which is incompatible with Convention rights. One such right is conferred by Article 1 to the First Protocol to the Convention on Human Rights (A1P1). That article provides that *“Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law. The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest.”*
- 16.6.60 The introduction of franchising has the potential to involve an interference with, or a practical control of the use of, the possessions of those providing bus services in Greater

Manchester. The Assessment included consideration of the potential effects that the Proposed Franchising Scheme is likely to produce, particularly on operators of various sizes. In order to consider the lawfulness of any franchising scheme, the consultation sought responses not only on that part of the Assessment but also specifically on the potential impacts that the Proposed Franchising Scheme could have on the businesses of those currently operating bus services in Greater Manchester. The responses to those questions have been summarised above.

16.6.61 Stagecoach argued during both consultations that the Proposed Franchising Scheme, if proceeded with, was likely to breach their rights under A1P1. First also made similar comments during the first consultation but without direct reference to their rights under A1P1. None of the smaller operators made such representations.

16.6.62 During the first consultation, Stagecoach submitted that franchising would interfere with the business and possessions of Greater Manchester Buses South Limited, the legal entity for Stagecoach, which has operated in Greater Manchester since early 1996. They argued that, absent compensation, the drastic effect of franchising, wiping out the goodwill built up by that company and potentially rendering their depots and fleet useless, would involve a disproportionate interference with its possessions absent any compensation mechanism. In any event, they claimed the Proposed Franchising Scheme would be a disproportionate interference as (i) its benefits are insufficient to justify the adverse effects on operators and (ii) partnership has the potential, which has not been adequately tested, to provide superior or equivalent benefits to the Proposed Franchising Scheme. A franchising scheme that was incompatible with A1P1, they argued, would entitle operators to seek damages equivalent to the destruction of goodwill in their existing businesses and for other losses flowing from its imposition, such as additional pension liabilities.

16.6.63 These submissions were repeated in Stagecoach's response to the second consultation. In it, it argued the deprivation of its goodwill, like any other possession, could only be justified in the absence of compensation in exceptional circumstances, of which no indication has been provided and that the interference with its goodwill and its physical assets would be disproportionate. The benefits of the scheme in the majority of scenario would be reduced and its value for money would be low or even poor. Given the lack of compensation and the availability of alternative, less intrusive means of achieving the same ends indicate that introducing the proposed franchising scheme would be disproportionate.

16.6.64 The possessions identified by Stagecoach with which it was claimed that the Proposed Franchising Scheme would interfere were its fleet and depots. Stagecoach said:

"For instance, GMCA accepts that it will "seek to take control" of strategic depots (para 4.85, Consultation), and that market change could potentially "expose operators to a risk of stranded assets" in terms of fleets and depots [depots]. Consequently, we consider that A1P1 will be engaged".

16.6.65 Stagecoach also claimed that its goodwill is also a possession for the purpose of A1P1, with which the Proposed Franchising Scheme would interfere. Stagecoach commented:

"As a starting point, the effect of the proposal would be wipe out (sic) the goodwill built up by operators in the existing businesses. For Stagecoach, this goodwill has been generated by the operation of a successful business for over 20 years, and is clearly a result of a successful branding strategy and customer loyalty on the routes it currently operates on with customer satisfaction levels of 89% for Stagecoach services in 2018. The proposal effectively introduces a "blank slate" across the region, and means that Stagecoach stands

to suffer considerable loss in value. While the physical assets deployed on these routes may well be redeployed elsewhere and/or sold, the value attributable to goodwill in the business will be destroyed”.

16.6.66 First, who did not specifically refer to A1P1, stated during the first consultation that:

“Franchising has the effect of closing the market and can result in business confiscation. An operator with a current operation in Greater Manchester might find that under a Franchised regime, not only is it prevented from maintaining its current operations as the deregulated market is suspended, it is undercut in its bid to provide the same (or indeed another network of) services by a newcomer to the market or another incumbent. That operator then faces the issues of what to do with redundant assets such as staff – whilst drivers and maintenance staff may have the opportunity to transfer to the new operator under the TUPE provisions, the same is far less likely to apply to its management and support staff, and stranded assets including vehicles (which may still be within a fixed term lease, or be owned and retain considerable residual value which may or not be realised dependent on the prevailing state of the second-hand bus market) and depots, not to mention the essential element of any commercial business, “goodwill”. The mitigation measures proposed – for instance at para 4.195 of the consultation – do not offer a robust “safety net” for such operators and depend upon the offer that TfGM might – or might not – be prepared to make in respect of any given asset at any given time, and furthermore there remains no opportunity for such a business to retain its operational cash flow and future business prospects. The pensions implications would vary considerably dependent upon the circumstances at the time of any market closure – including wider economic considerations.”

16.6.67 It also indicated that the ultimate impact of the Proposed Franchising Scheme on it would depend on *“what contracts were successfully won and the scale and nature of these compared with the existing business”*. This is correct and the Assessment was clear in stating that the potential impacts of the Proposed Franchising Scheme on operators would depend on both their appetite and ability to successfully bid for contracts under the Proposed Franchising Scheme.

16.6.68 The concept of *“possessions”* in A1P1 has an autonomous meaning which is not limited to the ownership of land or physical goods: certain other rights and interests constituting assets can also be regarded as *“property rights”*, and thus *“possessions”* for the purposes of this provision. Rights akin to property rights have been recognised in cases where persons have built up a clientele or goodwill which have a certain worth in their own right. A1P1 does not protect the current value of a business which merely reflects its capacity to earn profits in the future. But the accrued capacity to attract or retain further clients or customers can be a possession that A1P1 protects.

16.6.69 In this case the Proposed Franchising Scheme does not involve the expropriation of any depots or fleet, or any other property used in providing or supporting local services in Greater Manchester that any bus operator may own or lease. It has, however, the practical effect of limiting the use to which they may be put in providing or supporting such local services for the purpose of the business in which they are now employed.

16.6.70 The scheme will also effectively deprive any operator of any goodwill it has built up in respect of such services in Greater Manchester if it is unable to provide them under its brand. During the first consultation none of the operators provided any detailed estimate of the amount of the goodwill that it contends it would lose as a result of franchising. In its response to the second consultation, Stagecoach again did not give any estimate of the

amount of goodwill which it contended it would lose as a result of franchising. It did, however, argue that in circumstances where it would be “deprived” of its goodwill rather subject to any control of use, franchising would need to be justified by exceptional circumstances in the absence of compensation. It also stated, “*The question of how to calculate that goodwill bears on how much compensation to give (which should be reasonably related to market value), not whether to give any compensation at all*”.

- 16.6.71 It is difficult for TfGM to estimate any reliable estimate of any goodwill that any operator may have previously acquired or now have. The extent and value of any such goodwill is not included in financial statements and it is difficult to estimate, given that customers may be motivated primarily by the availability of services for the journey that they may wish to make and its cost, rather than by any loyalty that any particular operator may have earned by its efforts. The relevance of this issue is not limited – as Stagecoach contends – to the amount of compensation which it says should be given. It is also relevant to the question of whether there has been any interference with a possession at all and if so to what extent. But it cannot be assumed that there is no goodwill that may represent an asset to an operator.
- 16.6.72 The Proposed Franchising Scheme will involve a control of use for the purpose of A1P1. Although TfGM has said an operator may effectively “deprive” an operator of any goodwill it may have built up in respect of its services in Greater Manchester, it does not consider that any interference would be treated as a deprivation or expropriation within the meaning of the first paragraph of A1P1; rather, the Proposed Franchising Scheme will involve a control of use of property. For that control to be lawful, the Proposed Franchising Scheme must be otherwise lawful, and it must pursue a legitimate aim. It is considered that the aims that franchising seeks to achieve are legitimate. To be compatible with A1P1, however, any interference must also strike a ‘fair balance’ between the demands of the general interest of the community and the requirements of the protection of a person’s fundamental rights. There must be a reasonable relationship of proportionality between the steps taken and the aim sought to be realised. Alternative means of achieving the same aims that do not involve such an interference are relevant when considering the relationship of proportionality. A fair balance between the general interest and a person’s rights will not be found if the person concerned has had to bear an individual and excessive burden. The availability of compensation, or the lack of it, may be material to the assessment of whether any measure respects the requisite fair balance or whether it imposes an individual and disproportionate burden.
- 16.6.73 It is difficult for TfGM to estimate any reliable estimate of any goodwill that any operator may have to be acquired. The extent and value of any such goodwill is not included in financial statements and it is difficult to estimate, given that customers may be motivated primarily by the availability of services for the journey they may wish to make and its cost, rather than by any loyalty that any particular operator may have earned by its efforts. The relevance of this issue is not limited – as Stagecoach contends – to the amount of compensation which it says should be given; it is also relevant to the question of whether there has been any interference with a possession at all and if so to what extent. But it cannot be assumed that there is no goodwill that may represent an asset to an operator. The Proposed Franchising Scheme will involve a control of use for the purpose of A1P1.
- 16.6.74 Although TfGM has said an operator may effectively “deprive” an operator of any goodwill it may have built up in respect of its services in Greater Manchester, it does not consider that any interference would be treated as a deprivation or expropriation within the meaning of the first paragraph of A1P1; rather, the Proposed Franchising Scheme will

involve a control of use of property. For that control to be lawful, the Proposed Franchising Scheme must be otherwise lawful, and it must pursue a legitimate aim. It is considered that the aims that franchising seeks to achieve are legitimate. To be compatible with A1P1, however, any interference must also strike a 'fair balance' between the demands of the general interest of the community and the requirements of the protection of a person's fundamental rights. There must be a reasonable relationship of proportionality between the steps taken and the aim sought to be realised. Alternative means of achieving the same aims that do not involve such an interference are relevant when considering the relationship of proportionality. A fair balance between the general interest and a person's rights will not be found if the person concerned has had to bear an individual and excessive burden. The availability of compensation, or the lack of it, may be material to the assessment of whether any measure respects the requisite fair balance or whether it imposes an individual and disproportionate burden.

- 16.6.75 The reasons for the introduction of franchising and the suggested alternatives to it designed to achieve the same aims have already been considered, including the partnership options developed with and by operators and the possibility of 'recovery partnerships'. TfGM does not consider that the alternatives suggested and examined will secure that the aims that franchising seeks to achieve will be achieved to the same extent; that they fall substantially short of doing so for the reasons given; and that the introduction of the Proposed Franchising Scheme, rather than any partnership, is in the public interest.
- 16.6.76 Although the use that may now be made of any depot, fleet and other property used to provide or support bus services in Greater Manchester may be limited if franchising is introduced, as described above, land now used as a depot, the fleet and any other property affected remain the operators'. They may be used to support any bid for a local service contract that the operator may make when franchising is introduced, although there is no guarantee that the operator would necessarily win contracts that would enable them to be fully used. But in any event GMCA proposes to offer to acquire strategic depots at market value and to provide an option to incumbent operators to sell their suitable existing vehicles at their residual value. Land now used as a depot by any operator and its vehicles and other affected property may also be capable of valuable use for purposes other than the provision by that operator of bus services in Greater Manchester.
- 16.6.77 It cannot, therefore, be assumed that the introduction of the Proposed Franchising Scheme will deprive the depot, fleet or other affected property of any operator of all their value. But franchising may cause some operators a not significant loss in relation to their ability to exploit such assets for the purposes of providing the services that they currently provide, notwithstanding the mitigation available in respect of strategic depots and their fleet, and it will involve the loss of any relevant goodwill that it can be shown that the operator now has which it has earned in relation to its existing business in providing local services in Greater Manchester which it can no longer provide under its own brand. It may well also involve operators in other costs, such as those that will be involved if employees are made redundant, and pension scheme exit payments are made.
- 16.6.78 In summary, like many schemes to regulate markets that have not hitherto been regulated, the legislation providing for franchising does not include any provision for the compensation of any person adversely affected by the introduction of such regulation. GMCA and the Mayor will need to consider, therefore, whether, in the absence of such provision, such are the benefits of franchising in the public interest given the alternatives, that, having regard to the proposals for acquiring strategic depots and the fleet of bus operators and the opportunity they will have to bid for local contracts under the Proposed

Franchising Scheme, the interference with their possessions is nonetheless justified and does not impose an individual and disproportionate burden on any of them. GMCA and the Mayor will need to be satisfied that it is.

16.7 Conclusion

- 16.7.1 This section has considered the responses to both consultations that related to the Proposed Franchising Scheme. This was done by reviewing the replies to the questions on the Proposed Franchising Scheme (see Section 16.2) and by reviewing some other substantive points that were raised by consultees outside of questions included in the consultation document (see Sections 16.4 to 16.6). This included the responses from OneBus and the incumbent operators, who during both consultations opposed the introduction of the Proposed Franchising Scheme and challenged the legal process undertaken by GMCA, as well as saying that the Proposed Franchising Scheme would have a disproportionate impact on its business and A1P1 rights.
- 16.7.2 In general, there was a lot of support for all aspects of the Proposed Franchising Scheme from both statutory consultees and others. Section 16.2 above looks at some of the unfavourable comments and suggestions put forward by consultees and considers whether any aspect of the Proposed Franchising Scheme should be modified. For example, some consultees thought that the Proposed Franchising Scheme should not apply to the entirety of Greater Manchester and should instead apply to a smaller area; however, in order to meet GMCA's objectives and to reduce any consequences from having competing models within Greater Manchester, it is important that any intervention applies consistently across the entirety of Greater Manchester.
- 16.7.3 Go North West and First also suggested during the first consultation that the Proposed Franchising Scheme should effectively be trialled in a smaller area first. First reiterated that suggestion during the second consultation however for similar reasons as set out above, it was not considered appropriate to propose that the Proposed Franchising Scheme should be introduced on a trial basis only.
- 16.7.4 During both consultations Go North West commented on the proposed Sub-Areas in the Proposed Franchising Scheme and that they would cause problems for cross-boundary services. The Proposed Franchising Scheme included a map which illustrates these Sub-Areas. It is proposed to amend the Proposed Franchising Scheme, however, to specify that the map in Annex 5 is for illustrative purposes only and that the map that defines the Sub-Areas is a larger scale version in which the boundaries are more clearly delineated that will be deposited at TfGM's offices. It is also proposed that the list of services in the Proposed Franchising Scheme is updated to ensure that they reflect the existing services and to ensure that they are appropriately classified in the scheme.
- 16.7.5 Many consultees commented that the proposed timescales for introducing franchising and the proposed nine-month mobilisation period in the Proposed Franchising Scheme were unrealistic. Those issues were considered in the Commercial Case at sections 6.9.7 to 6.9.69. This section did consider the responses to the question on the proposed date for making the Proposed Franchising Scheme and as set out above at section 16.2; if a decision was taken to introduce the Proposed Franchising Scheme, it is proposed that dates are inserted consistent with the timing of that decision.
- 16.7.6 During the first consultation, some consultees also commented on GMCA's plans for consulting on how well the Proposed Franchising Scheme is working and suggested that GMCA should consult sooner than originally proposed. It was found that consulting sooner would have benefits. After the first consultation the Proposed Franchising Scheme was modified for the purpose of the second consultation to provide that GMCA would consult sooner and in particular, within 12 months of franchising being operational in all sub-areas.

It is recommended that such modification should be made. During both consultations some consultees commented that certain groups should be specifically mentioned in the Proposed Franchising Scheme. Whilst there may be benefits in consulting those groups, it would be for GMCA to decide at the time of any such consultation who it would be appropriate to consult. As the choice of such groups may change it would not be appropriate to specify them in the Proposed Franchising Scheme now.

- 16.7.7 As well as these questions, some consultees, mainly OneBus and some of the incumbent operators who opposed the Proposed Franchising Scheme, made comments about the process undertaken by GMCA so far. They claimed that there were flaws in the Assessment, in the audit and in the consultation process. They also commented on the process undertaken by TfGM in preparing the Covid-19 Impact Report and by the auditor in reviewing the same. These claims are considered in detail at section 9 above. Having carefully considered the consultation responses and having undertaken its own detailed assessment of the lawfulness, propriety and reasonableness of the procedural matters discussed, TfGM is confident that the criticisms addressed by consultees are not well founded.
- 16.7.8 Consideration was also given to the potential impacts of the options and how the Proposed Franchising Scheme may impact on operators. Some commented that the Proposed Franchising Scheme would result in a significant change in how the market operates and that it could lead to operators having stranded assets (such as depots and vehicles) and/or outstanding pension liabilities. Consideration of these issues and the potential mechanisms proposed by GMCA to reduce some of these issues, such as through the proposed RV mechanism and by GMCA proposing to acquire strategic depots from operators, have been given.
- 16.7.9 Stagecoach's consultation response also made the case that the Proposed Franchising Scheme would impact on its property (or A1P1) rights and that it would be a disproportionate intervention by GMCA. Detailed consideration of this issue was given between Sections 16.6.59 to 16.6.78 and TfGM has set out its understanding of this particular issue to inform GMCA's determination on it when it makes its final decision.
- 16.7.10 It is recommended that, if the Proposed Franchising Scheme is made, the draft included in the second consultation should be modified to define the Sub-Areas by reference to a deposited map and to adjust the Annexes as explained and for the reasons given above. Although the Mayor has always been the person who has to decide whether or not to make a franchising scheme, the draft need also to be amended so that any scheme is made by him on behalf of the GMCA (as that is a function under section 123H of the Act exercisable only by him given article 4 of, and paragraph 3(i) of Schedule 1 to, the GMCA (Functions and Amendments) Order 2019).

17. Overall Conclusion

17.1 Introduction

17.1.1 This conclusion is divided into four sections:

- A consideration of whether it is appropriate for GMCA to take the decision on whether to implement the Proposed Franchising Scheme now;
- A short summary of support for and opposition to the Proposed Franchising Scheme among respondents to the consultation;
- Conclusions reached on issues raised by responses to each section of the consultation, taking into account both the first and second consultations; and
- A final conclusion and recommendation, drawing out the key issues for decision-makers.

17.1.2 Whilst TfGM were in the process of reviewing the consultation responses to the first consultation there was an outbreak of Covid-19 across the country which amongst other things, had a significant impact on the bus market in Greater Manchester. A Covid-19 Impact Report was prepared, and a second consultation was undertaken to understand the extent to which the Covid-19 pandemic might change any of the conclusions previously reached. This report reflects the views of stakeholders and the public expressed in both consultations on the Assessment of the Proposed Franchising Scheme.

17.2 Considerations on taking the decision on the Proposed Franchising Scheme now

Introduction

17.2.1 The second consultation set out some considerations on whether the decision to implement the Proposed Franchising Scheme should be taken at the present time, given the fact that there is continuing uncertainty about the recovery from Covid-19. In the second consultation on the effect of Covid-19 pandemic, respondents were asked the following question:

Question 10: Taking everything into account, do you have any comments on the conclusion that this is the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme?

17.2.2 A number of respondents commented on this issue. In particular three of the incumbent bus operators in Greater Manchester argued that the decision should be delayed and that it would be inappropriate to make a decision at the present time.

Support for taking the decision now

17.2.3 There were many expressions of support for taking the decision on whether to implement the Proposed Franchising Scheme now. The Ipsos MORI report on the second consultation demonstrated that the majority of the public were in favour with moving forward with a decision with more than twice as many comments received in support of the conclusion to move forward with the decision than to delay the decision.

17.2.4 Most of these comments simply stated that Covid-19 and its impact should not delay the decision and now is the right time to proceed. Others provided further detail that the decision is long overdue and should be moved forward as soon as possible. Some thought that proceeding now may help the economic recovery of Greater Manchester and the current uncertainty surrounding a decision benefit nobody.

17.2.5 Ipsos MORI's qualitative research on the second consultation also found there was support for proceeding with a decision on franchising now. During the qualitative discussions, some participants thought that the current climate would be a good time to begin to transition to and implement the Proposed Franchising Scheme due to quieter services because of travel restrictions. This could mean less short-term disruption for passengers as initial problems with implementation could be resolved before the network returned to capacity.

"If they were to start it now, given the fact that less people are on the network, any issues that might arise, early teething problems, can be ironed out before the network gets back to normal capacity and can run smoothly when under pressure." Male, 42, Bury

17.2.6 Others referenced the lengthy time period of implementing the Proposed Franchising Scheme, so proceeding now would be important so that benefits could be realised more quickly.

17.2.7 The Ipsos MORI report on the second consultation also showed that there was support from stakeholder organisations in proceeding with a decision now.

- Greater Manchester Transport UNISON stated that the decision should be taken now and should proceed without delay to the Proposed Franchising Scheme.

- Manchester UNISON Branch felt that the decision was long overdue and should not be delayed further.
- TravelWatch NorthWest considered that appropriate timing is always difficult to determine, but with normality or near normality ahead this year, it would be appropriate to look ahead now at ways to address the future challenges facing public transport.
- UNISON North West concluded that the decision should proceed without further delay.
- Manchester Metropolitan University thought that the pandemic had provided "a clear opportunity for ambitious projects such as the Proposed Franchising Scheme to be implemented".
- The Community Transport Association felt that the conclusion of the Assessment to proceed promptly was correct in order for GMCA to manage future changes and challenges.
- The Centre for Cities concluded that a quicker decision would make for a quicker solution, which was preferable in its eyes to achieve a London-style service.
- Oxford Road Corridor agreed with the conclusion that acting now is more important than ever to achieve wider ambitions as set out in the Greater Manchester Transport Strategy 2040, and as a "key component to build back better post-Covid-19".
- Recovery Republic CIC concluded that that threat of Covid-19 makes it important now more than ever to act.
- Manchester University NHS Foundation Trust stated that despite uncertainty around Covid-19, now is the right time to make a decision due to risks associated with declining patronage and other mitigation measures at the disposal of operators currently.
- The Northern Care Alliance NHS Group concluded that a decision is required now in order to guide the rebuilding of services across Greater Manchester due to the changes experienced across the market as a result of Covid-19.
- The Christie NHS Foundation Trust felt that the intervention during such uncertainty was needed.
- The Association of British Commuters believed it vital to act as quickly as possible as any delay would waste time, money and momentum at a time when deregulation and Covid-19 impacts are delaying the inevitability of the Proposed Franchising Scheme being implemented.
- Steady State Manchester felt that there was urgency to move towards a publicly controlled network with the environmental impact and disadvantaged communities in mind. It concluded that there was no time to waste in making these decisions for cleaner, greener and more accessible buses that bus companies have not delivered to this point.

17.2.8 The majority of Local Authorities also supported the decision being made now. For instance, Oldham MBC responded in their answer to Q10 that "*Oldham Council agrees that this is the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme – the potential for future uncertainties in the bus market make it even*

important that GMCA is able to manage the bus network in a co-ordinated way as part of a fully integrated public transport system." Similar points were made by Manchester CC, Wigan MBC, Trafford MBC, Bury MBC, Salford MBC. Some authorities from outside Greater Manchester also supported taking a decision now – Chorley and Blackburn with Darwen.

- 17.2.9 Some operators support a decision being made now. Transdev state in their answer to Question 10, *"There is a significant risk making a decision at this time but failure to make a decision will prolong uncertainty"*, and thus the decision should be taken now.
- 17.2.10 Abellio argue that the Covid-19 pandemic creates more impetus to take a decision, because the jumping-off point for the implementation more closely resembles a franchised market because of the current level of public support and lack of competition: *"with CBSSG and CBSSG Restart all revenue risk currently lies with the state and will do so for the foreseeable future."* (Question 2). Abellio also state that delaying the decision would be to reduce benefits because to delay further would push them farther into the future.

Reasons for delaying a decision

- 17.2.11 Ipsos report that some respondents opposed a decision being made at the present time. There were also a number of comments submitted by the public that had the view that Covid-19 should delay the timing of the decision, and that now is currently the wrong time to proceed. Participants suggested that due to Covid-19, the decision should be delayed until immunisation and vaccinations are successfully completed; until the true long-term impacts of Covid-19 are known; until bus usage and transport trends can be re-assessed post-pandemic; to achieve better VfM; and that partnership options should be reconsidered.
- 17.2.12 A number of comments from members of the public were received regarding more specific potential timescales for such a delay including later in 2021, until 2022, after the Mayoral election or until the Proposed Franchising Scheme could be profitable. There was also concern that periods of uncertainty may lead to errors or make errors more likely.
- 17.2.13 A number of operators and operator-based organisations set out a number of reasons that they considered meant that the decision should not be taken now.
- 17.2.14 OneBus say that the base data used in the Assessment is now nearly four years out of date and travel patterns, revenue and demand models have changed significantly over the last twelve months at least. They assert that the time is not right to consider any economic assessment of bus reform given that there is now so much uncertainty surrounding the continuing timeline of the pandemic and the medium-term impact it will have on bus patronage recovery. It would be better to wait until there is certainty over the infection rates of Covid-19, the success of vaccination and the removal of all travel restrictions and social distancing. Only then will there be sufficient evidence and confidence to determine the future economics of the bus industry. That will allow for a constructive comparison with alternative options. They also say that it is also wrong for GMCA to commit to a franchising scheme given the risk that franchising could become unaffordable.
- 17.2.15 Stagecoach say that there is no good reason to rush such a long-term and irreversible decision as franchising now, committing public finances for the future at a time of competing demand and uncertainty around funding. The position is inherently too uncertain to make a credible decision at this stage. There has also been no meaningful analysis done as to whether the objectives that GMCA set in February 2017 remain valid and appropriate for the post-pandemic world. GMCA is wrong to suggest that the challenges for the bus market set out in the Assessment remain largely relevant: Covid-19

has brought an entirely new set of challenges, greater in magnitude and impact than those set out in the Assessment. The data for making any decision is also unreliable: it is out of date and the superficial shortcut analysis which GMCA has conducted is not a sufficient basis to make a decision. As this early evidence shows, the level of and the nature of demand for public transport are expected to change. It is not easy to predict the future demand for bus after the pandemic because we do not yet know how individuals will evaluate alternative modes of transport which means the elasticities used in demand model will change. Thus it cannot be sufficient to rely on past modelling—based on 2016/17 data with forecasts and specific outdated assumptions about how demand responds to changes in a wide range of parameters—to make decisions. The scenarios which were designed very early in the pandemic have already been shown to be false and cannot be relied on. Moreover, they are only short-term and assume unrealistically a return to pre-Covid levels of demand beyond 2026 (though patronage is reduced in three out of four scenarios). GMCA can have no confidence that its approach will comply with the DfT's guidance on scenario planning once issued, NERA's analysis suggests that it will not and it would be prudent for its approach to be revisited once that guidance is published as the DfT is better placed to prepare these scenarios given its resources and expertise. Just as bus operators are unable to commit to a long-term partnership now, so equally GMCA ought not to commit itself to long-term franchising scheme: the uncertainty is too great. A 'recovery partnership', an initiative Stagecoach suggest is supported by the DfT, could instead be introduced quickly as a bridging measure to realise benefits for bus users in the short term and to allow sufficient time for a full and fair assessment of franchising and realistic partnership options in accordance with the statutory provisions once more data is available and the impact of Covid-19 on the bus market in Greater Manchester is clearer. GMCA has a duty of inquiry and a decision now to make the Proposed Franchising Scheme would be irrational.

- 17.2.16 Go North West state that it is clear that now is not the right time to take a decision. The pandemic will have longer term impacts on the demand for travel, the time of travel and mode choice that are as yet unknown and that further structural changes to the bus market are inevitable. At a time when public finances are under wider significant pressures due to the impact of the Covid-19 pandemic, it is unclear why GMCA should seek to multiply them by accepting the significant and unprecedented financial, service and reputational risks that will accompany the structural change franchising will involve. The absolute priority now should be to give passengers confidence in using the network again. A recovery of patronage is critical to the VfM and affordability appraisals on which the proposals are based. Passenger growth can be delivered in the short term (1–2 years) through a 'recovery partnership' which would provide GMCA with a stronger input in the planning of bus services and enable a more viable bus network to enter the franchising process. A 'recovery partnership' should be followed by a package of direct award 'franchise contracts' (to give operators and GMCA a common objective of ensuring the success of the move to franchising) and then a review of the case for the proposed scheme when the impacts of the pandemic and baseline are more certain to ensure VfM with a fair and equitable comparison against alternative models. This would provide GMCA with a much more solid basis, including a financial basis, on which GMCA can make franchising decisions and it would help protect the long-term sustainability of the proposed scheme through maximising competition for future schemes. A passenger recovery plan, which will need collaboration between GMCA, operators and stakeholders to market bus services as part of the city region recovery, should not be hindered by a focus on regulatory issues. The proposed approach if franchising is implemented will hinder recovery. It is unrealistic to base franchising plans on a one-year extension to the timetable (by which it is presumed

they mean the timetable has been pushed back by a year (as is the case) rather than extended. It will almost certainly be delayed by the need to secure the additional funding required to address the increased risks. Meanwhile passengers will be faced with a less secure network and less innovation of the type that requires a longer payback period; the incentive for operators to invest will be undermined and they may reduce mileage more quickly than would otherwise be the case, putting jobs at risk and GMCA will incur additional costs.

- 17.2.17 Abellio also propose a similar interim approach, suggesting that the step from the current market to a franchised market would be made more straightforward: *“Abellio currently sees a time-limited opportunity to avoid the risk of services being deregistered if GMCA via TfGM were to consider any formal agreement in the form of ‘Direct Award’ of proto-franchises, perhaps utilising the state aid provided via CBSSG Restart in order to secure stability of the network during transition to franchising. (Q10) This arrangement should have a sunset clause to ensure that a competitive market could be created as soon as possible.”*
- 17.2.18 Rotala state that now is obviously the wrong time to make a decision on whether or not to proceed with the Proposed Franchising Scheme when the country is amid a pandemic with restrictions expected to last, to varying degrees, for all of 2021. It considers that, optimistically, it will be in a position to assess the long-term impacts of Covid on the bus market in 2022 but it already certain that its long-term impacts will be profound and will change the bus market completely. There is already a clear indication that travel patterns will change due to less office working and online shopping becoming more prevalent. GMCA’s previous analysis of the bus network is no longer reliable (if it ever was). The uncertainty as a result of the impact of the pandemic means that the advantages and disadvantages of any proposed intervention in the bus market cannot be considered with any degree of certainty. GMCA’s approach in developing and implementing the Scenarios is inherently and fundamentally flawed and it was irrational to have developed them without first having considered the DfT’s proposed guidance for this type of uncertain situation. It would be irrational to base a decision of this magnitude and expense on such a rushed and potentially biased analysis that does not provide an accurate and fair assessment of the likely scenarios. To make a decision to franchise the bus network at this time or until the effects of Covid-19 on the bus market are known. Whilst the impacts of Covid-19 are ongoing, GMCA is not able to reach any reasonable conclusion as to whether the Proposed Franchising Scheme is likely to represent VfM. It would also be irrational to do so without any knowledge of the partnership proposal that will be possible once the pandemic is over. GMCA should also have waited until it was in a position to provide an updated central forecast of bus demand and precise funding requirement which will readily be available once the long-term effects of Covid-19 on the bus market are established. Reliance on the scenario analysis put forward is fundamentally flawed as would be any decision based on it. A decision to do make the scheme that imposes an initial cost of £135m on the taxpayer would be irrational. Doing so will simply create uncertainty and division at an already very uncertain time and would consequently prolong the time and cost of the region’s recovery from Covid-19.
- 17.2.19 First Manchester and First West Yorkshire say that, if the initial stages of the pandemic and the requirement of a national lockdown were reason to produce the Covid-19 Impact Report, the uncertainty following subsequent developments must equally require further assessment and a deferral of any decision to make such fundamental changes. They ask how GMCA can sensibly plan for the medium to long term when so many of the building blocks are either missing, uncertain or in flux. The “partnership” working during the

pandemic has generally worked very well. To embark on franchising would not only be slower and more costly than developing a partnership but would be a retrograde step. Greater Manchester would be held back by debate and uncertainty. That will become increasingly apparent when the Government decides on its approach to ending CBSSG and what it requires from the industry going forward. The local partnership set out in their letter in January 2020 remains the best option going forward and certainly warrants a trial.

- 17.2.20 The CPT repeat some of the material that they submitted in support of partnership from the first consultation, and argue that implementing franchising would distract from implementing 'recovery partnerships' and create a more sustainable framework for the bus industry.
- 17.2.21 Other than operators, Passenger Focus also pose the question as to how 'recovery partnerships' might be used to "*Give Greater Manchester the best opportunities during the transition to franchising?*" (p.5)

Responses to challenges to any decision being taken now on the Proposed Franchising Scheme

- 17.2.22 There are a number of common themes in the representations as to why a decision should not now be made to make a franchising scheme. In summary these are that:
- There has been no meaningful re-analysis of the challenges facing the bus market and of GMCA's objectives and whether they remain valid and appropriate for the post pandemic world.
 - The information on which such a decision can or ought reasonably to be made is not available: the data in the Assessment is out of date; there is too much uncertainty about the future; the Scenarios and their uses in the Covid-19 Impact Report are flawed; any analysis should be based on the guidance on scenarios that the DfT produces; the analyses of VfM and affordability are flawed; and it would be wrong to assume the financial risks involved now given the extent of the uncertainty and the financial pressures on public funds.
 - There is no pressing need to take an irreversible decision now and it would be better not to do so: there are no pressing reasons why a decision has to be taken now; the priority should be to help the bus market to recover, something best achieved with a 'recovery partnership' and something which the decision now to make such a structural change would hinder; delaying any decision to make a franchising scheme would also enable that decision to be based on better information, providing a clearer view of the financial risks and VfM of such a scheme and enabling a full and fair comparison to be made between franchising and a longer term partnership; it would also lower the risks to public funds and would enable a more viable bus network to enter the franchising process.

No meaningful re-analysis of GMCA's objectives and the challenges facing the bus market

- 17.2.23 The Covid-19 Impact Report concluded that while the context of the Covid-19 pandemic was different, the objectives for improving the bus service in Greater Manchester remained valid and are appropriate for a post-pandemic world. A revised version of the Transport Strategy 2040, the Local Transport Plan, was recently adopted by GMCA in the light of Covid-19 (January 2021) that contained the same high level objectives (the Vision for Bus) for the bus market as in the original (published in 2017). Neither Go North West nor Stagecoach suggest any alternative specific objectives other than a general point of helping

the bus market to recover. Whilst recovery will be part of the activity of TfGM, hopefully undertaken in co-operation with operators, it is not separate from objectives of maintaining or improving the quality of the network or the simplicity or VfM of fares. These are the elements that will support any recovery no matter what the starting level of patronage is. The objectives set out in the Assessment remain the right ones for GMCA, even though recovery could arguably be described as an 'objective' in itself.

- 17.2.24 In contrast to the statements by operators, particularly Stagecoach, there has been analysis of the bus market and the challenges facing it through the use of scenarios. Work has been done to prepare for recovery of the market and potential partnership arrangements (such as 'recovery partnerships') taking advantage of funding from DfT (on this see just below on the 'recovery partnerships', section 13).
- 17.2.25 As set out in the Strategic Case response above at section , the Scenarios set out in the Covid-19 Impact Report make clear that the challenges of changes in patronage and the need to rebuild trust in public transport when it is safe to do so have not been ignored by TfGM in their analysis. They form some of the context for the consideration of whether to implement the Proposed Franchising Scheme. Sections 2.2.21 to 2.2.25 of the Covid-19 Impact Report refer to the Scenarios and the further challenges to the bus market noted there, including a lack of certainty and the potential for reductions in patronage. Section 2.2.25 noted the challenge to operators capital programmes (Go North West criticise this as 'unsubstantiated' but then note that fleet and depot investment plans are being revised' (Question 2)). The Strategic Case section of the report concludes that the reasons for reforming the bus market remain; the additional challenges of Covid-19 do not change that.

Lack of information on which a decision can or ought reasonably to be taken

Timeliness of data and effects of uncertainty

- 17.2.26 OneBus and Stagecoach argue that the data in the Assessment is out of date and hence a decision cannot be made at this point. TfGM recognise that, while much of the data is not as old as OneBus assert, the starting point was from the last full year for which full information was available before the Assessment was completed (2016/17). Given that there were no dramatic changes to the market before the Covid-19 pandemic, this gives an appropriate picture of the bus market prior to the impact of the Covid-19 pandemic. It can therefore act as an appropriate starting point for any analysis of how the market may develop over time: see also section 5.10 of the Economic Case of this Report. Covid-19 has changed the bus market and, as the Covid-19 Impact Report points out, it means that there is a higher degree of uncertainty about the central estimate presented in the Assessment. To update the data to a more recent year unaffected by the pandemic – 2018/19 – would not decrease the level of uncertainty to a sufficient extent to justify further delay (full data including financial information is not yet available for 2019/20).
- 17.2.27 TfGM in their Covid-19 Impact Report recognise the uncertainty about the future and the fact that there will be long-term trends as Stagecoach suggest which will affect the bus market, and may in turn affect the how the modelling (including the Demand and Revenue model) might work reliability produce a central forecast. This lay behind the decision to adopt a scenario-based approach to identify a broad range of outcomes based on a judgment to assess the validity and robustness of the conclusions in the Assessment and to enable decision-makers to understand how the scheme might perform under a wider range of potential circumstances.

- 17.2.28 Both First Manchester and First West Yorkshire suggest that recent developments have increased uncertainty and mean that important information for decision-makers is missing, and Rotala suggest that uncertainty will continue through 2021 and GMCA should wait until 2022 to make a decision. There will always be some uncertainty about the future of the bus market. The scenarios presented in the Covid-19 Impact Report recognise there will be longer term trends that are currently difficult to predict with certainty, and there will never be a perfect time to take decision. Short term developments, such as particular variants of Covid-19 or vaccines, do not necessarily indicate where the longer-term trend will be for the transport system and the bus service in particular. It is wrong to suggest a particular point in time will be 'right' for a decision, and decisions of this type will necessarily be taken with a degree of uncertainty – this does not make them wrong or irrational.
- 17.2.29 As the work cited by Stagecoach from TfN and TfL shows, many organisations are having to make decisions in a period of uncertainty, and have adopted means to make decisions despite the uncertainty that exists. The Scenarios presented and the analysis of their potential consequences if they were to materialise are designed to allow decision-makers to take a view of the consequences of different potential futures, both in terms of strategic needs and the economic and financial consequences, and thus enable them to take a decision while the specific direction of the market retains a considerable degree of significant uncertainty.

Use of Scenarios

- 17.2.30 The Oxera report, commissioned by Rotala noted that forecasting should not be based on a central estimate approach and that, to take account of the long-term effects of the pandemic, a scenario-based approach is appropriate.
- 17.2.31 Stagecoach and others suggested, however, the Scenarios developed were inappropriate – in terms of being too short-term, too unreliable because of very recent events, and not following guidance – both that current published by the Government Actuary's Department or that potentially forthcoming from DfT. A detailed response to points made by operators is set out at section 3.5 on the 'Specific criticisms of the Scenarios' and also sections 5.9 on the 'Application of the Scenario Analysis to Value for Money' and section 5.10 on 'The use of the 'what if?' analysis' in the Economic Case. Whether a decision should be postponed until after any DfT guidance is published is dealt with below. There exist different and legitimate approaches to using scenarios to help decision-makers understand uncertainty. It is considered that there are good reasons why the approach adopted by TfGM is appropriate in the circumstances, even if others may recommend or themselves develop scenarios in a different way. TfGM's approach to developing and using scenarios attracted support from a very wide group of stakeholders.
- 17.2.32 A number of other operators criticised how TfGM approached the construction and use of scenarios. Section 3 on the 'Use of Scenarios' and also sections 5.9 on the 'Application of the Scenario Analysis to Value for Money' and section 5.10 on 'The use of the 'what if?' analysis' in the Economic Case set out the arguments adduced by operators and the response. The main points are:
- In contrast to the suggestion that how the Scenarios and the demand projections were developed was not explained in the Covid-19 Impact Report in a transparent way and were biased, the method used was set out clearly in that Report. The outputs of the process were in fact checked for coherence and consistency. Recent developments (either positive or negative) do not affect the validity of the Scenarios as they are dependent on longer term factors. There has been no suggestion that there is a wider

specific range of possibilities should have been considered. The wide range of potential scenarios TfGM set out remain appropriate for the purpose for which they were devised and means that decision makers can be confident there are not plausible outcomes that have not been considered.

- Whilst operators have pointed to one piece of guidance – the GAD guidance that suggests scenarios should be developed through quantifying inputs and modelling quantified outputs for each with a quantified uncertainty for each, this does not mean this is the only, or the best, way to approach scenarios in current circumstances. Exercising judgment over a range of complex inputs and relationships is no more robust or transparent than doing so on an appropriate range of outputs – in this case bus patronage figures.
- TfGM have not followed a markedly different approach to deriving the Scenarios themselves to that taken by other organisations such as TfN or TfL, even though they have quantified inputs to make modelled projections from that basis. The existence of other approaches doesn't mean that TfGM's approach is the wrong one or lacks the robustness necessary to test the options for bus reform. TfGM's most pessimistic downside scenario is far more pessimistic than TfL or TfN, or any of those seen used by operators in informing their shareholders of expected performance. Stagecoach themselves, in their interim results published in December 2020, cite 'severe' and 'plausible' downside scenarios which have commercial revenue at 75% and 85% of pre-Covid levels in the year ending 30 April 2022 respectively, which would indicate patronage considerably higher than TfGM's Scenario 3.
- It is legitimate to regard Scenario 3 as less likely or an 'outlier'. The use of that language does not imply it is being used in a strict statistical sense. The reasoning laid out in the Covid-19 Impact Report why it is less likely than others remains sound, and recent developments (such as new variants or the vaccination programme) adduced by operators do not invalidate it.

17.2.33 The most important consideration in looking at the derivation of the Scenarios is whether they are sufficiently broad to encompass a sufficiently wide range of potential circumstances, so that the validity and robustness of the conclusions in the Assessment the conclusions can be fairly tested. Whilst NERA say they are not able to say whether range is appropriate, it is notable that none of the operators actually suggested a different, wider range of outcomes should be tested. The alternatives cited as better practice, TfL and TfN, have narrower ranges of outcomes for public transport. It is considered that TfGM's Scenarios provide a good basis for considering the sensitivity of the conclusions in the Assessment to the uncertainty associated with Covid-19.

Economic and financial analysis

17.2.34 Part of the critique of TfGM's approach to scenarios is that the economic and affordability analysis based on the Scenarios is also flawed.

17.2.35 As set out in the Economic Case section (Section 5.9), however, the approach taken to using scenarios to test the conclusions in the Assessment on value for money was appropriate rather than being too superficial. The length for the appraisal chosen in the Assessment remains appropriate. Whilst the future make-up of the bus travel market is likely to be different in character as well as volume, the aggregate factoring approach taken in the Covid-19 Impact analysis to the benefits identified in the Assessment is appropriate given

that the majority of the benefits apply equally to all geographies and times of day. There is some variation between market segments and ticket groups (e.g. free concessions do not benefit from fares reductions or interoperability), but these are not clear cut and there are likely to be factors pulling different elements of the benefits in different directions. Other criticisms of the ‘what if?’ tests are not supported. The conclusion in the Assessment that the Proposed Franchising scheme is likely to provide VfM is likely to be robust to the uncertainty created by Covid-19 in all reasonably likely Scenarios.

- 17.2.36 The Proposed Franchising Scheme is a regulatory change that effectively sets up a dynamic mechanism for revising the implementation of the scheme in terms of service frequencies, fares and quality on an ongoing basis, which helps to ensure realisation of the benefits and hence assists in achieving VfM and affordability.
- 17.2.37 The conclusion in the Assessment remains that the Proposed Franchising Scheme is preferable to the Do Minimum and potential partnership options as, on balance, the overall net benefits are positive compared to the Do Minimum and likely to remain higher and more deliverable than a partnership, particularly given the considerable uncertainty surrounding what, if any, partnership options are on offer, also remains valid.
- 17.2.38 Neither is the analysis on affordability set out in the Financial Case flawed (Section 7.3). This concludes that the proposed sources of funding, including those sources identified as mitigation options, have not been committed to another purpose and that, whilst significant financial pressures were acknowledged in the Covid-19 Impact Report, it is for GMCA determine if it wishes to prioritise funding for the purposes of bus reform or other alternative uses. It was clear that there could be a funding gap under the most severe scenario (Scenario 3) and that decision-makers needed to be aware that in this circumstance, , whilst the GMCA would face financial pressure in the Do Minimum, it would assume financial risks more directly under the Proposed Franchising Scheme, and should accept the potential requirement for proposed mitigation options of the form and scale identified in the Covid-19 Impact Report.

The Proposed Franchising Scheme & uncertainty

- 17.2.39 Making a franchising Scheme is a decision to make a long-term change in how the bus market operates in Greater Manchester. In making a decision at a time when future patronage is uncertain, it is important to recognise that the decision to franchise the bus market was not based solely on a particular central forecast of how bus patronage may evolve. It was based on a strategic need to change how the market is structured to get better outcomes notwithstanding where the market might find itself due to other factors. The Proposed Franchising Scheme aims to give GMCA more control over achievement of its transport policy and increase its ability to best manage it for the benefit of people in Greater Manchester. Uncertainty over the level of patronage or even the scale of that services does not change that logic or the rationale to intervene.
- 17.2.40 Unless the Scenarios are not sufficiently wide (and operators haven’t suggested any broader scenarios) or that the analysis of the potential consequences if they materialise is materially misleading, consideration can be given to whether franchising bus services in Greater Manchester is in the public interest having regard to the whole range of potential outcomes, notwithstanding the uncertainty.
- 17.2.41 The Covid-19 Impact Report concluded that the case for change remained valid under different scenarios, as did the conclusion that the Proposed Franchising Scheme performed better in terms of achieving GMCA’s objectives under the different potential outcomes.

The same is true of the conclusions on VfM and on affordability as set out below. Those remain the conclusions having considered the responses to the second consultation.

- 17.2.42 The analysis in the Strategic Case of the Covid-19 Impact Report is not, as Stagecoach suggest, superficial. No substantive arguments have been adduced to suggest that the objectives are wrong or that the conclusions are unreliable. The strategic analysis looked at each objective and how the different scenarios might affect previous conclusions that were reached in the Assessment. The economic and financial analysis also looked at the wide range of outcomes and concluded that the original conclusions on VfM and affordability would remain valid in all but the most extreme of circumstances.
- 17.2.43 It is also important to recognise, when considering uncertainty, the type of scheme that is envisaged and how adaptable it may be when being implemented. Most transport schemes are pieces of fixed infrastructure, such as a new road or rail improvements, that will increase transport capacity in a specific and fixed way. The forecasts of use of such assets, therefore, are very important. In one of the examples quoted by NERA, the Lower Thames Crossing is needed because there is congestion at current crossings and traffic is anticipated to increase. If this does not happen, then the value in both strategic and Economic terms of the intervention is called into question. The Proposed Franchising Scheme is not like this. Whilst it has transition costs associated with it, the key uncertainty is not about those costs, but the scale of the franchised services that will be run and the revenues associated with them over coming years. This uncertainty will affect the bus service in Greater Manchester whether or not the Scheme is implemented (and GMCA will be exposed to difficult financial decisions in terms of the transport system in any event if some downside scenarios, such as Scenario 3, were to materialise). The Proposed Franchising Scheme is itself flexible, and enables a set of decisions about how the service is run to be taken by the GMCA, with the objective obtaining the best service for Greater Manchester within the resources available. Each of these decisions can be taken responding to specific circumstances at the time and for different areas. Taking those decisions with a view to integrating and simplifying fares, creating a single more efficient network and improving customer service will, the Assessment argues, lead to better outcomes over the coming years than the current market structure. It could be argued that uncertainty about the future of the bus service makes the Proposed Franchising Scheme more necessary as it gives GMCA more levers to deal with potential uncertainty over coming years. The Covid-19 pandemic is an example where GMCA has had to intervene, and risk in the market has necessarily rested with the public sector rather than private sector operators, when unexpected events happen.
- 17.2.44 It is considered that GMCA has sufficient information to enable it to take a rational decision to be taken on whether it is in the public interest to implement the Proposed Franchising Scheme.

Whether there are reasons to take a decision now and whether it is better to wait

Reasons to take the decision now

- 17.2.45 In contrast to the assertions of operators, there are good positive reasons to take the decision now:
- Public authorities cannot simply stop making decisions or addressing long-term issue that they face because of a period of uncertainty. There are many sources of uncertainty in public decision making, and, while the Covid-19 pandemic is a major event, it should not stop public authorities acting. GMCA had adopted a transport strategy (the Greater

Manchester Transport Strategy 2040) and is currently implementing this strategy for the long-term benefit of Greater Manchester. Whilst Covid-19 is a factor, it does not stop this process. On 29 January 2021, GMCA adopted Our Five Year Transport Delivery Plan (2021-2026), showing the continued need and determination to implement measures to deliver the long-term transport strategy. This sets out not only this consultation process on bus reform, but also a range of other interventions in the bus market on concessions, accessibility, services, school travel and infrastructure interventions such as quality bus transit and rapid bus transit (these types of measures were characterised as ‘phase 2’ measures in the Assessment). The decision on implementing the Proposed Franchising Scheme is part of a broad framework of action to improve Greater Manchester’s transport system and efforts to do this should not simply stop because of Covid-19.

- The Proposed Franchising Scheme if implemented will help to create certainty about the bus market in Greater Manchester. It would provide a framework about the long-term future for the market, whereas currently there is little clarity over how decisions will be taken on recovery or how decisions will be taken on the future of services. While GMCA would pursue 'recovery partnerships' whether or not a decision to implement the Proposed Franchising Scheme is taken, such arrangements are anticipated to be in place for a limited period. Once the Proposed Franchising Scheme is implemented, not only will GMCA have a greater range of levers to support the bus network, but the value for money of spending on interventions – whether that comes from local funding or DfT – would be greater. Making the decision now can therefore promote the longer-term recovery of the bus market in Greater Manchester.
- The Assessment concluded that there was a need to address the challenges facing the bus market in Greater Manchester with urgency. The challenges the bus market faces that have not disappeared but may have increased under Covid-19. The set of Objectives set out in the Strategic Case are still best achieved through franchising so this should be done as soon as possible.
- The Franchising Scheme gives a greater opportunity to address issues of congestion and moving toward a greater share of sustainable modes (such as further spending characterised as ‘Phase 2’ in the Assessment, including better VfM for such interventions). This may become very important in the medium term, as increased congestion could cause delay to different bus routes, hamper economic recovery, and worsen air quality.
- TfGM would be in a better position to support the bus service in Greater Manchester and make important decisions with the aim of supporting the most social value possible in bus services if the reality was more like the most pessimistic Scenario 3, as GMCA would take social value into account as well as profitability.

17.2.46 A number of reasons have been suggested, however, why it would be better to wait.

Distraction from recovery

17.2.47 Implementing the Proposed Franchising Scheme does not constitute a distraction from supporting the immediate recovery from the Covid-19 pandemic, and there is no evidence that it would retard such efforts. Priority would be given to such efforts in the period before services may be provided under the Proposed Franchising Scheme. Consideration would

- be given to appropriate publicity campaigns and other measures to encourage use of the bus market and for passengers to return to operators currently active in the market.
- 17.2.48 Some operators – Stagecoach in particular – suggest ‘recovery partnerships’ should be pursued instead of the Proposed Franchising Scheme, or before further consideration of the Scheme is undertaken. ‘Recovery partnerships’ are discussed in detail at section 13. Whilst OneBus and other operators have also suggested the need for ‘recovery partnerships’, clarification sessions held following the consultation have clarified that they, Stagecoach and Transdev see such partnerships as independent of the Proposed Franchising Scheme or a longer term partnership. Go North West do not see such arrangements as being alternatives to any future model for bus in Greater Manchester but rather a short- to medium-term arrangement to stabilise the market, and recover patronage. The consideration they suggest in ‘stage 3’ is, they subsequently clarified, intended to refine the commercial model for implementation rather than revise the decision. Whilst there are no concrete proposals from DfT on how any arrangements for support for the bus service once CBSSG has finished, section 13 on ‘recovery partnerships’ sets out TfGM’s position on how they might be used.
- 17.2.49 The idea of a ‘recovery partnership’ (or some similar arrangement) is dependent upon funding from central (and/or local) government. TfGM would expect any requirements to be the same or similar whether any longer-term proposals were for partnership or franchising. In each case, the proposals would be focused on returning patronage on buses to levels reflective of the position pre-Covid. This highlights the fact that in any event the short-term funding risk for bus services under such arrangements rests primarily with the public sector, either at local or national level. Crucially, implementation of such an approach would mitigate some of the risks identified as a result of Covid-19 for all options, so these arrangements could be put in place in the lead up to either a stronger partnership or the Proposed Franchising Scheme. There is no reason to believe they would be weaker or less effective if they were used as a precursor to franchising (as Abellio and Go North West have suggested). Implementation of such an arrangement would therefore improve the benefits of any of the options considered in the Assessment compared to such an arrangement not being implemented. There is no reason to believe that the provision of Government funding to support the bus industry building back would only be capable of implementation to support a longer-term partnership model, and operators have not provided any compelling evidence that this is the case in their response to the second consultation.
- 17.2.50 TfGM are very aware of the need for support to be provided to operators to aid recovery from the impacts of Covid-19. TfGM have already held some initial discussions with operators on how ‘recovery partnerships’ might work, independently of the decision to implement the Proposed Franchising Scheme. In particular OneBus have clarified that they consider ‘recovery partnerships’ to be needed regardless of the future model for bus in the future. They see the primary objectives of any such partnerships as being to provide stability in the bus market, and to operators and to encourage passengers back onto the bus network. They also recognise the need for TfGM to work with all operators collectively to develop a local solution to maximising the impact of future Government funding. TfGM agrees with this position and is establishing a working group with OneBus (and the operators they represent) in order to develop plans for the period post the withdrawal of CBSSG in areas such as network design. This demonstrates GMCA’s commitment to the bus market and the fact that these arrangements should not be seen as alternatives to the Proposed Franchising Scheme.

- 17.2.51 ‘Recovery partnerships’ would not, as First suggest, be a continuation of the ‘partnership’ that currently exists during Covid-19 pandemic. These are arrangements for Government to fund private sector operators for a limited period. GMCA would hope co-operation would extend into the period of a ‘recovery partnership’. But this does not mean a long-term partnership is the appropriate choice for the Greater Manchester bus market.

Further information becoming available

- 17.2.52 A number of operators have suggested delaying any decision to make a franchising scheme would also enable that decision to be based on better information, providing a clearer view of the financial risks and VfM of such a scheme and enabling a full and fair comparison to be made between franchising and a longer-term partnership.
- 17.2.53 Delaying a decision may enable a new partnership proposal to be put forward later. However, this does not mean that a decision on the Proposed Franchising Scheme should wait until operators have formulated a new partnership as an alternative. Whilst it is appropriate for TfGM to explore viable alternatives to the Proposed Franchising Scheme, but, if these do not exist, there is no obligation to wait an indefinite amount of time for operators (some of whom oppose the scheme) to agree a new proposal. It might be different if there were good reason to believe that a delay would yield a partnership that would outperform the Proposed Franchising Scheme and better achieve TfGM’s objectives, but this is not the case. There is no reason to believe that a new partnership proposal developed in a post Covid-19 world would prove superior to those proposed previously. In fact, given the financial effects of Covid-19 pandemic operators may not be in a position to agree a partnership proposal as good as previous ones. TfGM has previously considered two partnership proposals from OneBus covering the whole of Greater Manchester as well as partial proposals from Stagecoach and First, and, in each case, they have not been judged to have outperformed the Proposed Franchising Scheme or to have achieved GMCA’s objectives. It would therefore not be appropriate to wait an indefinite amount of time for a partnership proposal which has very little likelihood of showing itself to be a stronger alternative than those previously considered.
- 17.2.54 A number of operators have also suggested waiting until the longer-term effects of Covid-19 are known or knowable. OneBus have suggested waiting until events such as a vaccination programme have played out before making a decision, and Rotala suggest waiting it is possible to work on the basis of a central forecast which they state would be in 2022. As set out above (1.4.5-9) while there is uncertainty, this does not mean that a decision should not be taken. Further information would always become available over time. But it is important to consider when the information available would be materially improved and the extent to which this would significantly change the basis on which a decision may be made. Go North West suggest, for example, that 2026 is too *soon* to consider the effects of the pandemic to have played out. Uncertainty about the future market may remain for a considerable period of time. It should be noted that the Scenarios (and the effects of Covid-19 on the bus market) are not restricted to the immediate events of the pandemic, but are based on longer term trends. A short delay is unlikely to bring any greater certainty over long-term trends, such as attitudes to working at home and leisure pursuits or the economy and employment which will affect the demand for bus services, and it would not be appropriate to delay decisions indefinitely on how to improve the market until a theoretical point when much greater certainty will be possible.
- 17.2.55 A number of the consultees mentioned that the Department for Transport are currently reviewing their guidance in the area of allowing for Risk and Uncertainty in business case

- development (the 'Uncertainty Toolkit') and so questioned whether TfGM should wait for this guidance before considering the effects of Covid-19.
- 17.2.56 It is likely that when the guidance appears, it will represent an evolution of both sensitivity testing and the use of scenarios. The evolution of scenarios could well explore structural trends of national importance, as set out by DfT in Jul-21 in their 'route map', when it stated their intention to create scenarios looking at specific national trends, with forecasts being developed after February 2021.
- 17.2.57 Any new DfT scenarios may still pivot round a central national projection. They may be more akin to sensitivity tests of particular drivers of uncertainty (such as technology changes e.g. high electric vehicle take up, or behavioural factors e.g. changing trip rates), rather than narratives that explore the interaction of these drivers into coherent and plausible scenarios. If so, they would not create the diverse range of plausible futures that TfGM considers that scenario planning for franchising requires for assessing the potential impacts of the uncertainty introduced by Covid-19 on the conclusions within the Assessment in a way that is relevant, informative and transparent to local decision-makers. If so, TfGM consider that while such scenarios would be helpful, they are not likely to be as appropriate for the consideration of the impact of Covid-19 on the robustness of the conclusions in the Assessment regarding the VfM of the Proposed Scheme. But what the final form of any guidance may be will not be known until it is published. It is recognised that TfGM's approach may well not align with it.
- 17.2.58 The question is whether the advantages gained (in terms of information by awaiting the guidance and then using it to assess whether or not the conclusions in the Assessment remain valid given the uncertainty Covid-19 creates) outweigh the disadvantages of delay. It is considered that to delay further would not necessarily provide materially better information enabling a substantially better decision about whether franchising is in the public interest to be made, given the wide range of outcomes against which the conclusions of the Assessment can be tested using the Scenarios. But further delay would postpone the structural reform of the bus market in accordance with the GMCA's strategic policies which is required to best meet the challenges it faces in any event and it would reduce the GMCA's ability to plan for the long term future of the bus market, and the fullest recovery from the Covid-19 pandemic.
- 17.2.59 On balance it considered that the disadvantages of delay outweigh its possible advantages in terms of gaining further information, whether by use of the DfT guidance once published or from an offer of a new, longer-term partnership.

Taking Financial Risk

- 17.2.60 In response to points made by OneBus, Stagecoach and Rotala that the uncertainty means that this is the wrong time to take on financial risk, the points made above with regard to the flexibility of the Proposed Franchising Scheme are significant. As set out above at 1.418, the Proposed Franchising Scheme is not a fixed intervention such as new road, but a change in how the bus market is structured and how decisions are taken. The implementation of the Scheme can be adapted to the direction in which the bus market moves in the future. This means that, if a more extreme downside scenario did occur, in which there was a funding gap for the bus service, mitigations would be available. It is recognised that mitigations such as fare increases or cuts to the network would have detrimental effects on passengers, but, if the Scheme were not implemented, then private sector operators would be in the same position and have to implement similar measures. GMCA would then also face a similar decision on whether to intervene and use further public funding to

protect bus services in Greater Manchester. Under the Proposed Franchising Scheme, however, this could be done in a more efficient and coherent way.

- 17.2.61 In fact, the Covid-19 pandemic has shown that, when extreme downside scenarios do occur, it is actually the public sector that takes much of the risk in order that the level of services can be retained. Without the Proposed Franchising Scheme, some risk would still rest with the public sector but with more limited controls over whether it was VfM or an efficient spend. GMCA taking responsibility for financial risk in the bus market does not fundamentally change the challenges it faces but the levers it has to carry out its responsibilities. It could be argued that there is greater reason for GMCA to take on this risk at an uncertain time rather than otherwise, because the network may be more in need of intervention. The flexibility in its implementation that the scheme permits means that doing so would not create undue risk for GMCA.

Alternative implementation methods

- 17.2.62 Two operators, Go North West and Abellio have proposed alternative implementation processes for franchising in Greater Manchester.
- 17.2.63 Go North West has criticised current implementation plans as an ‘extension’ (by which it appears they mean that the previous implementation plan remains in place but merely delayed because of Covid-19) and propose ‘recovery partnerships’ being followed by the direct award of franchise contracts before a longer-term consideration of the Proposed Franchising Scheme (the nature of this consideration is clarified above). The advantages of this, it is claimed, would be a protection of the network, the chance to gather data and to refine the franchise model so that it can become more successful, and to ensure affordability. There is, however, currently no legal and factual basis for the direct award of contracts without competition, much less franchise contracts without a franchise scheme being made.
- 17.2.64 Abellio also propose an interim approach characterised by direct award, to overcome some of the difficulties of transition to franchising. Again, there is currently no legal basis for direct award of all franchise contracts which means it would not be possible to take this proposal forward.

Conclusion

- 17.2.65 Whilst there is substantial support for taking a decision at the present time – from local authorities, stakeholders and academic institutions and from members of the public, there are also suggestions from OneBus and a number of operators that a decision should be delayed. Despite these criticisms the case for making a decision now remains strong:
- The Covid-19 Impact Report acknowledged the new challenges arising from Covid-19, but it was right to conclude that GMCA’s objectives for the bus service in Greater Manchester remain the right ones.
 - A scenario-based approach enables the validity and robustness of the conclusions in the Assessment to be tested, enabling decision-makers to understand how the scheme might perform under a wide range of potential circumstances and to consider whether franchising is in the public interest despite the uncertainty of the current situation.
 - Recent developments (either positive or negative) do not affect the validity of the scenarios as they are dependent on longer term factors. There has been no suggestion that there is a wider specific range of possibilities should have been considered. The

wide range of potential scenarios TfGM set out remain appropriate for the purpose for which they were devised and means that decision makers can be confident there are not plausible outcomes that have not been considered.

- The COVID-19 impact report concluded that the case for change remained valid under different scenarios, as did the conclusion that the Proposed Franchising Scheme performed better in terms of achieving GMCA's objectives under the different potential outcomes. The same is true of the conclusions on value for money and on affordability as set out below. Those remain the conclusions having considered the responses to the second consultation.
- The Proposed Franchising Scheme is a flexible intervention whose advantages are evident in a variety of scenarios. The financial risk for GMCA of taking a decision now has been clearly laid out for decision-makers, and where there are risks of a shortfall in the most extreme scenario, the Scheme remains flexible and mitigations are available.
- A decision now to make the Proposed Franchising Scheme would not distract TfGM from efforts to support recovery, and it would not be incompatible with the use of 'recovery partnerships' to support the market in the shorter term.
- There are reasons to take the decision now. Further delay would postpone the structural reform of the bus market in accordance with the GMCA's strategic policies which is required to best meet the challenges it faces in any event and it would reduce the GMCA's ability to help the long-term recovery from COVID-19.
- On balance it considered that the disadvantages of further delay outweigh its possible advantages in terms of gaining further information, whether by use of the DfT guidance once published or from an offer of a new, longer term partnership.
- Despite the arguments for delay, it is considered desirable, therefore, to make a decision on whether the Proposed Franchising Scheme is in the public interest now.

17.3 Support for and opposition to the Proposed Franchising Scheme

- 17.3.1 There was a high level of engagement with the first consultation process, supporting information and the Proposed Franchising Scheme evident in the engagement and awareness activity which supported the consultation. There were over 50,500 visits to the consultation webpage, as well as the responses received from members of the public and also from bus operators, academic institutions, charities and other bodies active in Greater Manchester. There was general support for the Proposed Franchising Scheme among respondents to the consultation. As Ipsos MORI's June 2020 Consultation Report sets out (4, p. 1), of those who completed a questionnaire and answered the question 'To what extent do you support or oppose the introduction of the Proposed Franchising Scheme' (5,978 participants), the vast majority (83%) were supportive of the introduction of the Proposed Franchising Scheme, whilst far fewer (8%) were opposed.
- 17.3.2 Most of the organisations that completed a questionnaire were also supportive of the introduction of the Proposed Franchising Scheme, and in terms of overall support, there was very little difference between statutory consultees and non-statutory consultees (87% and 86% were in support of the Proposed Franchising Scheme respectively). The exception to this was incumbent bus operators who mostly opposed the Proposed Franchising Scheme, as set out below. Respondents to the consultation supported the arguments set out in the consultation that planning the bus network as part of an integrated public transport system would bring benefits and efficiencies to Greater Manchester; that integrated, simplified and reduced fares would be positive; and that high standards of customer service would be beneficial. Respondents shared the vision of an integrated transport system that supports the broader economic, social and environmental objectives of GMCA, and the place of a franchised bus service within that.
- 17.3.3 The majority of challenges to the Proposed Franchising Scheme came from the incumbent operators in Greater Manchester who have a significant share of the current deregulated market. This is because they would lose the automatic right to run services in Greater Manchester and to do so would need to compete for franchise contracts alongside other operators. Their key arguments concerning the analysis in the Assessment and partnership alternatives are detailed below. Among members of the public, the key issues raised by those that opposed the Proposed Franchising Scheme were around affordability and the potential exposure of taxpayers to costs arising from the Proposed Franchising Scheme.
- 17.3.4 Ipsos MORI's June 2020 Consultation Report notes that commercial operators not operating in Greater Manchester, such as Abellio, HCT Group (whose subsidiary MCT has been wound up) and Warrington's Own Buses (with some cross-boundary services), were supportive of the Proposed Franchising Scheme and the arrangements to allow open competition for franchises. There was also support from unions, academic institutions and action groups. As with the views of action groups, there was very strong support for the proposal among charitable organisations including Greater Manchester Disabled People's Panel, Dunham Massey National Trust, Whalley Range Community Forum, and the Equality and Human Rights Commission. All of the elected representatives who provided comments were in favour of the Proposed Franchising Scheme. There was also very strong support for the introduction of the Proposed Franchising Scheme from environmental, heritage, amenity and community groups (4, pp. 8-11 of Ipsos MORI's report).
- 17.3.5 The second consultation also highlighted general support for the Proposed Franchising Scheme, as Ipsos MORI's March 2021 Consultation Report notes that of those who completed a questionnaire and answered the question 'To what extent do you support or

- opposed the introduction of the Proposed Franchising Scheme' (2,322 participants), the majority (71%) indicated their support for the Proposed Franchising Scheme, whilst far fewer (13%) were opposed.
- 17.3.6 In response to the second consultation, some operators maintained opposition to the Proposed Franchising Scheme and also argued that it was the wrong time to take a decision. The bus operators representative group for Greater Manchester, OneBus, also expressed opposition, the details of which will be considered below and in section 3 Use of Scenarios. Abellio, an operator from outside Greater Manchester reiterated their support for the Proposed Franchising Scheme (e.g. answers to Questions 2, 6, and 7). Warrington's Own Buses indicated support and noted that the Proposed Franchising Scheme should be implemented as soon as possible (Question 2).
- 17.3.7 Many local authorities reiterated their support for the Proposed Franchising Scheme in their responses to the second consultation. For instance, Manchester City Council reiterates its support, along with other authorities within Greater Manchester and outside it. For example, Blackburn with Darwen (outside Greater Manchester) say that *"The Council is supportive of GMCA's proposal to introduce a Franchising Scheme for the Greater Manchester area, in order for GMCA to achieve its strategic objectives in terms of supporting sustainable economic growth, improving quality of life for all, protecting the environment and developing an innovative City Region."* (Question 2).
- 17.3.8 Responding to the second consultation, a number of stakeholders repeated their support, such as Unison, MPS (Afzal Khan, Debbie Abrahams, and Councillors from different parts of Greater Manchester. Groups representing passengers such as Travelwatch NW and the Association of British Commuters also expressed support for the Proposed Franchising Scheme. HHS Trust in Greater Manchester (Manchester University NHS Trust; Northern Care Alliance NHS Trust; Christie NHS Trust) also expressed their support, citing their concerns about the network and how it should support patients and staff.
- 17.3.9 A number of groups and institutions supported the implementation of the Proposed Franchising Scheme in their responses to the second consultation, such as the Trafford Centre, Oxford Road Corridor, Steady State Manchester, Broadheath Community Association, GM Older people's Network, Bruntwood, and Recovery Republic CIC. Manchester Metropolitan University set out their support for the scheme. The Centre of Cities repeated their support, stating *"Franchising is the clearest route to delivering a higher quality bus service at greatest value for the public purse. Duplication can be stripped out of the network, underserved areas subsidised, integration with other modes improved, fares simplified and massive investment in electric vehicles accelerated in ways that the best partnerships cannot."* (Question 2).
- 17.3.10 Groups associated with operators – the Confederation of Passenger Transport, the Chartered Institute of Logistics and Transport, continued to oppose the scheme.

17.3.11 Ipsos MORI's March 2021 Consultation Report on the impact of Covid-19 on the Proposed Bus Franchising Scheme for Greater Manchester also showed there was strong support from members of the public for the Proposed Franchising Scheme. Through the consultation, there were over three times as many positive as negative comments from members of the public in response to the conclusion of the Strategic Case (that it is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19).

17.4 Conclusions reached on issues raised in responses to the Consultation

17.4.1 The following sections (17.5 to 17.18) outline the conclusions reached within each section of this Consultation Report.

17.5 Considerations on TfGM's use of scenarios in the Covid-19 Impact Report

17.5.1 The Oxera report, commissioned by Rotala noted that forecasting should not be based on a central estimate approach, and that, to take account of the long-term effects of the pandemic, a scenario-based approach is appropriate. They and a number of other operators criticised how TfGM approached the construction and use of scenarios. However, they attracted support from a very wide group of stakeholders. Key points in conclusion are

- In contrast to the suggestion that the Scenarios were not developed in a transparent way and were biased, the methodology used was set out clearly in the Covid-19 Impact Report. The outputs of the process (and thus the assumptions made about patronage in each scenario) were checked for coherence and consistency. Recent developments (either positive or negative) do not affect the validity of the Scenarios as they are dependent on longer-term factors. There has been no suggestion that there is a wider specific range of possibilities should have been considered. The wide range of potential scenarios TfGM set out remain appropriate for the purpose for which they were devised and means that decision makers can be confident there are not plausible outcomes that have not been considered.
- Whilst operators have pointed to one piece of guidance – the GAD guidance that suggests scenarios should be developed through quantifying inputs and modelling outputs in each scenario, and quantifying the uncertainty associated with each, this does not mean this is the only reasonable, or necessarily the best, way to approach scenarios in circumstances of uncertainty. Exercising judgment over a range of complex inputs and relationships is no more robust or transparent than doing so on an appropriate range of outputs – in this case bus patronage figures.
- TfGM have not followed a markedly different approach to that taken by other organisations such as TfN or TfL, even though they have quantified inputs. The existence of other approaches doesn't mean in any event that TfGM's approach is the wrong one or lacks the robustness necessary to test the options for bus reform. TfGM's most pessimistic downside scenario is far more pessimistic than that of TfL or TfN, or any of those used by operators in informing their shareholders of expected performance.
- It is legitimate to regard Scenario 3 as less likely or an 'outlier'. The use of such language did not imply that it was being used in a strict statistical sense. The reasoning laid out in the Covid-19 Impact Report on why it is less likely than others remains sound, and recent developments do not invalidate it. Stagecoach themselves, in their interim results published in December 2020, for example, cite 'severe' and 'plausible' downside scenarios that have commercial revenue at 75% and 85% of pre-Covid-19 levels in the year ending 30 April 2022, which would indicate patronage considerably higher than TfGM's Scenario 3.

17.5.2 The most important consideration in looking at the Scenarios is whether they are sufficiently broad to encompass the right range of potential outcomes, to enable

reasonable testing of the sensitivity of the conclusions in the Assessment to the uncertainty associated with Covid-19. Whilst NERA say they are not able to say whether the range is appropriate, it is notable that none of the operators have actually suggested a different, wider range of potential outcomes should be tested. The alternatives cited as better practice, TfL and TFN, have narrower ranges of outcomes for public transport. It is considered that TfGM's scenarios provide a good basis for considering the sensitivity of the conclusions in the Assessment to the uncertainty associated with Covid-19.

17.6 Considerations on responses to the Strategic Case.

General Market Update

- 17.6.1 The General Market Update at section 4.2 demonstrates that the loss of patronage in the Greater Manchester bus market has continued in the latest figures available, from 189.1 million in 2018-19 to a provisional 185.4 million in 2019-20. Commercial mileage run by operators has also declined significantly by a further 5.2% between 2018 and 2019, and subsidised mileage has declined by 2.2% over the same period. This means the bus network in Greater Manchester is nearly 5% smaller than a year previously.
- 17.6.2 The sale of two of First's depots and associated business to other operators has potentially increased the level of competition in the North of Greater Manchester. This has not so far led to any significant changes to how any of these parts of the network have been run (apart from the overall declines noted above). The fares arrangement that initially allowed passengers with an operator ticket to travel across all three areas has now ended, only lasting a few months. There are now passengers who would need to pay a premium for a System One ticket for a journey that they would have been able to undertake previously with a First ticket, therefore highlighting that interoperability has reduced in North Manchester as a result of this.
- 17.6.3 An update following the second consultation shows a marked reduction in mileage due to Covid-19 for 2020, and the bus network is now supported by public funding through the CBSSG. Since the Covid-19 Impact Report was published in November 2020, there have been further restrictions imposed across the UK and a national lockdown imposed on 6 January. These interventions have resulted in a decline in bus patronage since November 2020, when recovery was at c.60% of pre-Covid levels, with bus patronage recovery compared to pre-Covid-19 levels falling to c.35% in February 2021.

Responses to the First Consultation

- 17.6.4 The First Consultation Document asked a number of questions relating to the Strategic Case. These included the challenges facing the local bus market, the extent to which reforming the local bus market addresses these challenges, and GMCA's objectives for the future provision of bus services and how far the Proposed Franchising Scheme and a partnership goes in contributing to achieving these objectives. Respondents answering these and some of the other questions in the consultation commented on the Strategic Case for reform made in the Assessment and the evaluation of which of the options for reform would have the best chance of meeting GMCA's objectives and which should be taken forward.
- 17.6.5 The consultee responses can be grouped into a number of recurring themes in relation to the Strategic Case. The themes include responses on the market analysis and the causes of decline within the local bus market – the Assessment set out a number of reasons such as congestion and the effect of Metrolink on demand. A number of other themes from the consultation response focus on the Proposed Franchise Scheme itself. These included the challenges associated with the franchising proposition on fares, network planning and customer service, as well as the process and capability to govern the 'Phase 2' measures, and the challenge that money spent on franchising transition costs could better be spent on 'Phase 2' measures to reduce congestion. Finally, this section of the report considers a number of challenges received on the analysis of partnership option, specifically, whether enough consideration was given to this option in the Assessment and whether the value of a partnership has been underestimated.

17.6.6 Whilst there were many stakeholders and members of the public who were supportive of the analysis presented in the Strategic Case, and the conclusion that implementing the Proposed Franchising Scheme would best meet GMCA's objectives, there were also challenges. These principally came from incumbent operators in Greater Manchester. They argued that the main cause of problems with the bus market was not how it functioned but externally from increasing congestion and from competition from the expanded Metrolink service. They concluded from this that the Proposed Franchising Scheme would not solve the main problems with the bus service and so a partnership with operators should instead be implemented, along with a public spending to reduce the effects of congestion on the bus service. The following sections set out the conclusions from the first consultation, noting if the analysis would substantively change because of the Covid-19 pandemic. The section following sets out the conclusions following the second consultation.

Causes of Decline

17.6.7 A number of incumbent operators who responded to the consultation challenged the account in the Assessment of the causes of decline of the bus services. They argued that the discussion of the challenges facing the bus services in the Assessment placed too much emphasis on issues with the bus services themselves – lack of co-ordination in the network, fares and ticketing issues etc., and too little weight on the other factors that influence demand such as the effects of congestion. Given the multiplicity of factors affecting bus patronage over the medium term, positively as well as negatively (the economy and population of Greater Manchester have grown over this period, which will have a positive effect on patronage), it is not possible to be definitive about the causes of decline in patronage. It is also important to recognise that while it is important to understand the causes of declines in patronage, the case for change does not rest on there being a decline, but rather there would be a strong case for reform and improvement even were patronage level or increasing.

Congestion

17.6.8 The Assessment acknowledges the effects of congestion, both in the analysis of the market and in the way that forecasts include in the increased costs that this causes. The Assessment also acknowledges that further measures to address congestion (and the disruption it causes to services) may be desirable as part of a 'Phase 2'. However other factors are also important. The importance of congestion does not mean that it is not also important to address other issues with the market such as network inefficiency or overly complex fares.

Metrolink and cuts to subsidised mileage

17.6.9 However, TfGM is confident that it has set out effects of the key factors of congestion and Metrolink abstraction adduced by operators in the Assessment; the figures quoted in the Assessment on abstraction from bus to Metrolink are an overestimate of the likely effect of new lines and increased patronage. Operators' discussions of the role of the expansion of Metrolink, and cuts to funding of subsidised services, do not reflect the scale of those challenges, and the basis of their calculation in this regard is flawed. Cuts in subsidised mileage are far less than those in the commercial network – 1.2 million against 5.9 million. Operators challenge that decline is caused almost entirely by Metrolink expansion and reduction in subsidised mileage do not stand up to scrutiny.

- 17.6.10 TfGM is confident that the Assessment takes account of these factors in its consideration of the bus market and how it is likely to evolve in the future on the basis of fundamental variables. There is no evidence that TfGM has omitted significant factors affecting demand, and comments about TfGM negativity are misplaced given the track record of TfGM in encouraging bus use

Competition, network inefficiency and fares

- 17.6.11 In terms of comments on the challenges arising from how the market operates, operators challenged the competition analysis and points made on the network and complex fares and ticketing. Competition in Greater Manchester has changed since the Assessment was completed, as the sale of former First depots has meant more operators. As set out above, this has not yet led to a great deal of change, and some passengers suffer from higher fares for journeys that used to be possible without a System One ticket.
- 17.6.12 Whilst operators suggested the network could not be improved, this is untrue in theory and practice. Having several competing networks does create inefficiency, and the Assessment showed that this was the case in Greater Manchester. Operators suggested that having a broad range of tickets including operator-own tickets offering travel on a limited range of buses, was preferable. Evidence from passengers, including responses to this consultation, suggests otherwise and that complexity in the range of fares and tickets is confusing.

Objectives

- 17.6.13 Responses from other consultees such as local authorities and bus users overwhelmingly support TfGM's analysis concerning factors influencing decline and support the Proposed Franchising Scheme. Finally, the objectives set out by TfGM for bus reform are generally endorsed, including by those who oppose the Proposed Franchising Scheme.

Competition and the change to a franchised market

- 17.6.14 Some respondents commented on the change from a deregulated to a franchised market, where the public authority takes revenue risk and specifies the service. There was support for a franchised model from a variety of stakeholders and also members of the public. Two reports that argue in favour of a franchised bus model were cited as part of statutory consultee responses. Abellio referenced a report published by Centre for Cities in November 2019, entitled "*Delivering change - improving urban bus transport*", which provides analysis that supports Abellio's view that a franchised scheme would deliver the greatest benefits to GMCA. Unison cited a report by Transport for Quality of Life, "*Building a World-class Bus System for Britain*", which supports their view that franchising enhances service provision through increased public control.
- 17.6.15 The CMA (and some incumbent operators) indicated in their responses a preference for 'on-road' competition in a deregulated market. Whilst the CMA acknowledge that competition in bus markets is limited, they point out the risks of changing to franchising and that it represents a change in market structure that is hard to reverse if there are no benefits to passengers. The Assessment was predicated on the idea that the change to a franchise market should be considered as a long-term one, and one which transfers risk and responsibility for the bus network to the public sector.
- 17.6.16 TfGM's analysis in the Assessment pointed to the disadvantages of limited competition, and also the inefficiencies the current market structure can cause. It is not believed that the recent market entry through the sale of some of First's operations makes a

fundamental change to the challenges facing Greater Manchester from the operation of the bus market. Passengers have been disadvantaged by now being required to pay a premium for some journeys on more than one bus that previously would have been possible with a single operator ticket. It is important to acknowledge the need to have a competitive market for franchises (discussed under the Commercial Case) and the CMA commented positively on some of the provisions to ensure a competitive franchise market.

- 17.6.17 Some operators criticised the record of London since the market there was franchised rather than deregulated. In fact, over the long-term, London has been the only place in the UK to buck the trend of declining patronage. In recent years, while there have been cuts to the subsidy offered to London, performance has held up. DfT note that between 2008-09 and 2018-19 numbers fell in London by 1.4% whereas in England outside London they fell by 11.9%, contradicting operators' suggestions that the franchised market in London has performed less well than deregulated markets.
- 17.6.18 Since the COVID-19 pandemic, the support for the bus service from the public sector has changed its character so that competition is arguably reduced. It is not clear how permanent this reduction is likely to be.

Franchising: network

- 17.6.19 There are challenges from OneBus and incumbent operators on whether it is possible to plan the network better under the Proposed Franchising Scheme, and whether TfGM and GMCA have the skills and capability to do so. TfGM have carefully considered these responses in the context of the Assessment and the Proposed Franchising Scheme. The responses do not provide any detailed evidence that GMCA would not be able to effectively plan the network, or contradict the point that planning multiple competing networks (as is currently the case) would be less efficient than one integrated public transport network. Other consultees, notably members of the public, are, however, very supportive of the principle that the network is planned and coordinated by one party.
- 17.6.20 Some operators argued that political interference would mean that network planning would not be optimised. However, many respondents to the consultation felt that a degree of democratic accountability, given the high degree of public funding for the bus service currently, would be appropriate. GMCA have a track record of running both bus and Metrolink services and properly optimising the service for the funds available. There is no evidence that the interference would weaken a franchised service.
- 17.6.21 Operators also argue that the Proposed Franchising Scheme does not change some of the determinants of the reliability of the service. The Proposed Franchising Scheme contains a performance regime to hold operators to standards in terms of their operations. Whilst operators will be incentivised to run a reliable service, the Proposed Franchising Scheme will not change highway conditions. This is why further 'Phase 2' measures are envisaged notwithstanding the market reform option chosen. As set out above, the Proposed Franchising Scheme would enable a wider range of 'Phase 2' measures and they would be VfM.

Franchising: Customer service

- 17.6.22 OneBus and incumbent operators have challenged the Proposed Franchising Scheme in terms of some of the customer service elements. Some incumbent operators (such as First and Stagecoach), along with OneBus, have argued that there is not a great deal of difference between the Proposed Franchising Scheme and partnership proposals. GMCA

remain of the view that there is greater potential to improve the customer proposition under the Proposed Franchising Scheme.

17.6.23 The Assessment (at section 9.4) argues that the Proposed Franchising Scheme is able to align a brand for Greater Manchester with the provision of information and a single point of contact for customers, which would link directly to the body accountable for the running of the service. This would be beneficial to customers and non-customers alike in their ability to understand and use bus services and goes beyond liveries and physical branding. Considering responses, TfGM believe that the Proposed Franchising Scheme would allow a far stronger overall branding proposition to be put in place, because it requires a number of elements to be brought together:

- The simplicity and ease of use of the bus service, (in particular a single coherent and unified fares system and a single coherent and unified network) and its legibility to a range of potential users;
- Confidence in the levels of customer service offered and the understanding that there is one place to go for information, complaints and suggestions, and that those responsible will be accountable for the service;
- A sense of greater democratic accountability for the service and an understanding among customers of who is responsible for the network they use; and
- A contribution to placemaking and an identity for the place covered by the service – as exemplified in London.

17.6.24 There is no evidence that franchised markets are less innovative than deregulated markets, as one operator argued. Whilst there may be some areas where change will be less significant, in other areas such as branding and the provision of consistent, single source information to improve the usability and legibility of the network, there are clear significant advantages to the Proposed Franchising Scheme. Again, this view is endorsed by GM local authorities and the majority of the members of the public.

Franchising: Fares

17.6.25 OneBus and incumbent operators have raised some challenges on the fares proposition for the Proposed Franchising Scheme in relation to both the levels of fares and also the objective of simplification of fares. Some respondents have falsely represented the RPI +1.4% assumption for future fare rises as a feature of franchising. All assumptions on fare increases are consistent across the different options assessed – TfGM are of the view that it would not be appropriate to assume lower fares rises for franchising than the options with which it is being compared; however, such fare rises would not happen unless they were necessary to fund the service. There is no evidence that this is not a sensible assumption for future fare rises or that it is out of line with what has happened in the past.

17.6.26 Fares simplification was strongly endorsed by members of the public who responded to the consultation, who largely agreed with TfGM's analysis that fares are complex in Greater Manchester. The fact that the Proposed Franchising Scheme would lead to greater degree of simplification than alternatives is an advantage of the Proposed Franchising Scheme. It also means that the objectives in terms of unified branding and a single point of contact have added importance.

Cross-boundary Services

- 17.6.27 Contrary to some assertions by operators, the Assessment set out sufficient material respondents to understand and respond on arrangements for cross-boundary services. It is not legally possible to 'grandfather' rights to operate or to say precisely what individual services might be affected when franchising is implemented and when permits are applied for. Since the Assessment was completed, some services have ceased operating and one major cross-boundary service has become a publicly supported rather than a commercial service, and as such could be supported through the Proposed Franchising Scheme alongside the neighbouring authority. Sufficient information was given in the Assessment and supporting material for respondents to understand how the permit scheme might affect services, and what measures GMCA would take to avoid passengers losing out.
- 17.6.28 A number of authorities in Greater Manchester and also neighbouring authorities raised concerns about the effects on cross-boundary services that they felt were valuable to passengers in their areas. TfGM accepts that the Proposed Franchising Scheme would impact on services, hence the need to apply for a service permit which in turn could lead to some services needing to change. It is important to note that the process set out in the Assessment would be run so as to facilitate services that benefit passengers, even where change is necessary for a statutory test to be passed. In carrying out the test, it is important to note that TfGM would, first, take into account the interests and benefits to all passengers that use the service, including those that are resident outside Greater Manchester; second, in looking at the impacts on any franchised service take account of any positive as well as negative impacts; and third, welcome the involvement of local relevant local authorities.
- 17.6.29 TfGM value cross-boundary services and the intention is that cross-boundary public transport travel of all types, including by bus, increases with the implementation of the Proposed Franchising Scheme. The potential for new fares arrangements (including 'add-on' tickets giving access to the whole Greater Manchester bus network for a reduced price) should encourage greater cross-boundary bus travel and mode shift from the private car. This will contribute to GMCA's objective set out in the Assessment (Section 2.1.5) to increase the share of non-car modes to 50%.
- 17.6.30 Where a current cross-boundary service is altered such that an operator no longer wishes to run the service (for instance if the majority of the revenue were from journeys wholly within Greater Manchester rather than cross-boundary journeys), then GMCA would be able to support a similar service to serve the needs of passengers in neighbouring authorities. GMCA, with local authorities, would have the power to do so and take seriously their responsibilities to passengers outside Greater Manchester for whom cross-boundary journeys are important.

Consideration of partnership proposals

- 17.6.31 A number of the consultee responses raised a concern that the partnership option had not been given enough consideration in the Assessment. In general, operators argued that the consideration of the partnership proposals overestimated their costs and underestimated their benefits. They argued that insufficient time had been given to working through a partnership and the Assessment came as a surprise to them. There has been extensive engagement with the operators to discuss their partnership offer while the Assessment was developed (including over 50 meetings on different aspects of this), and it is considered that operators had considerable opportunity to come forward with their best offer. TfGM have continued to engage with operators since the Assessment, and further

- development of their partnership has been given consideration as part of the development of the consultation response.
- 17.6.32 Operators challenged the costs ascribed to partnership in the Assessment, arguing that it could be absorbed as business as usual. However, the governance proposals require a great deal of active participation and engagement in order to work. This is appropriate – to be confident of any benefits arising, a partnership would require commitment of resources. The partnership costs were developed based upon information received from the operators, the proposed governance structure and by following a logical process.
- 17.6.33 Operators offered the challenge that TfGM did not consider partnership because of a prejudice against partnerships, citing examples of partnerships in the UK. The record of these partnerships is mixed. GMCA’s Assessment was based on the best understanding of what partnership could achieve in Greater Manchester rather than the general notion of partnership.
- 17.6.34 Some operators asserted that a partnership could achieve more than was set out in terms of achievement against each of GMCA’s objectives. Whilst it is accepted in the Assessment that partnership comes at less cost and risk than the Proposed Franchising Scheme, no evidence was presented that would show the partnership proposed by operators in Greater Manchester would achieve more than set out in the Assessment. A partnership, as is acknowledged in the Assessment, could be put in place more quickly than the Proposed Franchising Scheme. Considering the responses from those operators advocating a partnership, TfGM do not believe that the Assessment failed to properly consider its merits. They did not cite credible benefits that have been overlooked.
- 17.6.35 There have been subsequent (mutually exclusive) partnership proposals, and the potential for these to deliver greater benefit than that considered in the Assessment is considered elsewhere (see Section 10 and Section 11 of this report) and none of these proposals were found to bring significantly greater benefits or achieve GMCA’s objectives to a much greater extent than the partnership in the Assessment.
- 17.6.36 Although it is recognised that a partnership could be entered into relatively quickly, there remains doubt over what could be delivered and when. It is not just about delivering change quickly, but also about offering long-term benefits. There is little assurance that the benefits would continue to be delivered over the long term, given the initial term of the partnership would be five years. As set out at section 64.1.4 to 64.1.7 of the Assessment, TfGM were aware that the cost of the Proposed Franchising Scheme is higher, and the associated risk is also higher than the partnership option. It is also the case that the Assessment did not ignore the fact the partnership could be put in place more quickly than the Proposed Franchising Scheme, and this is accounted for in the benefits set out in the Economic Case.

Franchising and the place of further (‘Phase 2’) measures to improve the bus service

- 17.6.37 Franchising is not proposed as an alternative to ‘Phase 2’ measures but as a reform of the bus market which will enable a greater variety of ‘Phase 2’ measures to be implemented. The need for reform demonstrated in the Assessment means that it would not be appropriate, as First suggest, to invest in bus priority measures before considering the Proposed Franchising Scheme. This would be to continue with the current policy of implementing bus priority measures without reforming the market which the Assessment shows has left significant challenges unaddressed. Investment in such measures and

- reform are complementary measures as the Greater Manchester Transport Strategy 2040 sets out.
- 17.6.38 In terms of the challenge from Stagecoach that combining a partnership with investment of money 'saved' from not implementing franchising would deliver better VfM, a number of points should be made.
- 17.6.39 First, the options in the Assessment were chosen to meet the full set of GMCA's objectives for improving the bus service. It is not typical, nor would it be appropriate or reasonable, to seek to 'level up' the financial cost of each option under consideration in a business case assessment study of this type. It may not be desirable to spend any available funds solely on bus priority.
- 17.6.40 Second, the figure quoted by Stagecoach of the money available (£134 million) does not take account of the costs of the different options over the appraisal period. In cash terms, the partnership would cost GMCA more than franchising over the whole period. On a discounted basis, taking account of the greater value of spending in the near term, there would be a 'saving' of not introducing the Proposed Franchising Scheme in the order of £56 million (ignoring any forecast surplus from franchising after the end of the transition period). This figure is likely to be different following the Covid-19 pandemic, but the difference between the schemes is not represented by the £134 million figure but by their relative performance over the 30 year appraisal period and beyond which does not necessarily favour a partnership option.
- 17.6.41 Third, efforts to develop schemes with operators have not yielded a viable set of schemes. Even if schemes had been identified, then where more significant intervention is required, there would be a need for engagement with many stakeholders, including operators and the relevant highway authorities, who would need to be involved in the development of such schemes.
- 17.6.42 Fourth, because there is no detailed programme specifying which measures would be carried out and when to appraise, it is not possible to make confident predictions about the value of such schemes. There is no reason to assume, as Stagecoach appears to do, that, when their value is added to that of a partnership, it would exceed the likely value of franchising (this remains the case in the context of three of the four Covid-19 scenarios; under scenario three it will be very difficult to predict the VfM of any interventions in the bus service in quantified terms, given the small number of passengers). Thus, even if the money were spent on schemes that achieved the high VfM set out for such schemes in the Greener Journeys report, the NPV over the appraisal period for the Proposed Franchising Scheme would remain higher than that of the partnership.
- 17.6.43 Fifth, the VfM of any 'Phase 2' measures taken in conjunction with a partnership is likely to be lower than such measures taken in conjunction with the Proposed Franchising Scheme, as there would be a narrower range of options available for spending and those that could be undertaken under either option would be likely to have poorer VfM with a partnership than with franchising because revenue generation associated with the improved service would not accrue to GMCA to offset investment costs. This would remain true under the Covid-19 scenarios. The assessed NPV over the appraisal period for the Proposed Franchising Scheme is likely, under three of three of the four post-COVID-19 scenarios, to remain higher than that of the partnership over the appraisal period, especially as currently there are very few benefits that can be ascribed to a partnership. Even under Scenario 3, where the monetised benefits of franchising are low, the benefits of any additional scheme would also be very low as they would benefit fewer passengers.

- 17.6.44 Thus, although it may reduce the commercial risks associated with franchising, combining a partnership with 'Phase 2' measures that might be financed by 'savings' to GMCA over the appraisal period if franchising were not introduced may well provide less VfM, would not represent the best platform for implementing 'Phase 2' measures and would not best achieve GMCA's strategic objectives.

Responses to the Second Consultation

- 17.6.45 There were a variety of responses to the second consultation on the Strategic Case, and the conclusion of the Covid-19 Impact Report. There was support from members of the public and from a variety of stakeholders for the conclusions of the report that the challenges of the bus market remained and should be addressed, and that the Proposed Franchising Scheme still performed better against the alternatives in achieving GMCA's objectives for the bus market.
- 17.6.46 In response to the second consultation, most of the responses critical of the Proposed Franchising Scheme focused on the effects of Covid-19 rather than issues of the competition and the analysis of the market set out in the Assessment that were the subject of much attention during the first consultation. They challenged TfGM use of scenarios and the analysis based on that in the economic and financial cases. There were comments on the appropriateness of proceeding now given that public finances are likely to be under greater strain because of the effects of Covid-19.

Challenges for the bus market and GMCA's Objectives

- 17.6.47 In response to the second consultation, operators did not challenge the specific accounts given in the Assessment on individual challenges facing the bus market. A number of incumbent operators argued in their responses that the impact of Covid-19 meant that the bus market faced a different set of challenges, and hence that the Proposed Franchising Scheme would no longer be an appropriate solution. They argued that there had been a shift in how people travel, and that more significant challenges had emerged such as how to restore public confidence in bus travel. In addition, some point to new challenges such as those to town centres that they say were not fully evaluated in the Covid-19 Impact Report.
- 17.6.48 Other respondents felt that the previous challenges still remain, such as Manchester City Council, Bolton Council (answer to Question 2) and Salford City Council (response p.1). Manchester City Council point out: *"However, in any scenario that emerges out of our hopeful transition out of the pandemic, the Council considers that all of the pre-existing problems with the current deregulated bus services will require to be fixed."*
- 17.6.49 The effects of Covid-19 can be thought of in terms of new challenges – such as the need to persuade potential passengers to use the service again. As set out at section 13, TfGM intend to work with operators and take advantage of any Government support under any market structures available to build back the bus market as strongly as possible. The additional challenges of Covid-19 do not change the need to reform the market to address these challenges. They also make the need to meet existing challenges, such as co-ordinating the network to best effect, more urgent to help the market recover better.
- 17.6.50 There was support for the conclusion of the Assessment with regard to challenges and objectives in the light of the challenges of Covid-19. Whilst some operators suggested the challenges facing the market were now different, and therefore the objectives should shift, these new challenges do not mean the previously identified challenges are no longer relevant, and nor do they invalidate the objectives identified by GMCA. Whilst the context

is different and potentially more challenging, the objectives of improving the network, simplifying fares, and improving customer service and achieving VfM remain the right ones. A revised version of the Transport Strategy 2040 was recently adopted by GMCA in the light of Covid-19 (January 2021) that contained the same high-level objectives (the Vision for Bus) for the bus market as in the original (published in 2017).

The options performance against the objectives

- 17.6.51 The Covid-19 Impact Report set out some conclusions on the performance of the different options against GMCA's objectives (for network, fares customer service and VfM) under the different scenarios. This section of the Covid-19 Impact Report concluded that for each of the objectives, the conclusions reached in the Assessment in terms of which intervention would best achieve objectives stand. In no cases would the impact of the Covid-19 pandemic mean that a partnership becomes more likely to achieve the objectives. The analysis showed that the Proposed Franchising Scheme remains the best way to meet GMCA's objectives.
- 17.6.52 The partnership option is now less certain (as operators have indicated they can no longer hold to commitments made in previous proposals).
- 17.6.53 In response to the second consultation, there was some endorsement for the conclusion that the Proposed Franchising Scheme would be better at achieving those objectives from respondents, and that the benefits are still important to achieve. Operators critical of the scheme did not focus on the achievement of these objectives other than (as set out above) to argue that immediate recovery should take precedence: this is addressed in the section considering whether it is appropriate to make a decision now, at section 17.2.
- 17.6.54 It can be concluded that conclusion of the Assessment that the best option for reforming the bus market in Greater Manchester remains true, and it remains a better option than the Do Minimum.
- 17.6.55 It is noted that the Economic Case in the Covid-19 Impact Report shows the Proposed Franchising Scheme to be VfM under all but the least likely scenario. While the Proposed Franchising Scheme would increase the risk GMCA would take when compared with a Do Minimum course of action, it would be positive in terms of value for money in three of the scenarios considered, and still deliver benefits to Greater Manchester. In the event that patronage fell to a level similar to that set out in scenario 3, the monetised benefits of the scheme would accrue to a far smaller number of passengers and their value may not exceed the costs. However, in this eventuality it may be beneficial for GMCA to be able to support the market to maintain essential services. Whilst uncertainty affecting the market, as the Financial Case points out, could mean that (particularly in an outcome that looks like Scenario 3) unwelcome mitigations will be necessary, the funding sources identified in the Assessment are still available and thus the Proposed Franchising Scheme remains affordable. GMCA would also face financial risks following a Do Minimum course of action as they may need to intervene in the bus market to support services and deliver on broader objectives..

Cross-boundary Services

- 17.6.56 In response to the second consultation, some local authorities repeated their support for cross-boundary services and the need to mitigate risks in how GMCA administers the permit regime, to ensure services can run as well as possible, and options can be considered for replacing services if they are withdrawn.

Consideration of partnership proposals

- 17.6.57 Operators did not submit partnership proposals as part of the second consultation, and in correspondence indicated they can no longer hold to commitments made in previous proposals. As set out above at section 4.11.21 operators did suggest that GMCA should wait until such a time as a new partnership option should emerge. However, it would not be appropriate to wait an indefinite amount of time for a new proposal, especially when there is no reason to believe it would represent a significant improvement on previous proposals that were found wanting.
- 17.6.58 There was criticism that in the Covid-19 Impact Report consideration has not been given to partnership as an option, or that a 'binary' assessment had been undertaken. This is, however, not the case – they were considered in the Assessment against objectives in the light of the different Covid-19 scenarios, and TfGM explored alternative options to the Proposed Franchising Scheme. The conclusion of the Assessment on the preferred course of action remains true in the light of the alternative options available to GMCA.

Franchising and the place of further ('Phase 2') measures to improve the bus service

- 17.6.59 Whilst not in the detail of responses to the first consultation, responses to the second consultation argued that there would be competing pressures on public spending. Concerns about local taxation were raised by some operators and also by local authorities.
- 17.6.60 Local authorities are likely to be facing additional pressures and some reduction in local tax revenues following the Covid-19 pandemic. In this context, district local authorities and GMCA will continue to make spending decisions in the same way as at present, which includes consideration of the strategic, economic and financial aspects of projects or programmes.
- 17.6.61 In the context of Covid-19, operators have not collectively proposed a specific viable partnership offer for the longer term or any other particular use of any resources that could be assessed in terms of their VfM compared with the Proposed Franchising Scheme. They have proposed that TfGM focus on 'recovery partnerships' instead of franchising. Section 13 on 'recovery partnerships' sets out that such measures are not an alternative to any of the options. The measures that might support the bus service in a recovery period would not be different from those Phase 2 measures that would support the service at any other time. The same considerations apply to them in terms of VfM during a period of recovery as at any other time. Thus, the conclusion set out above, that the VfM of any 'Phase 2' measures, taken in conjunction with a partnership, is also likely to be lower than such measures taken in conjunction with the Proposed Franchising Scheme, would remain the case despite the effects of Covid-19 as this would not affect that comparison.

Overall conclusion on the Strategic Case

- 17.6.62 Considering the responses, including both support for the evidence and arguments presented in the Strategic Case and the Covid-19 Impact Report, as well as challenges and comments from consultees from both consultations, TfGM are confident in the evidence presented in the Assessment and the conclusions it came to. Much of the analysis concerning the challenges faced by the bus network was endorsed by respondents to the consultations – both individuals and statutory consultees - as well as the assessments of how effectively the different options for reform were likely to perform in terms of meeting GMCA's objectives.

17.6.63 The greatest challenge came from incumbent operators, who in the first consultation argued that TfGM had underplayed the importance of congestion in terms of the current decline in bus services, and consequently should have given greater consideration to partnership options, accompanied by greater spending on anti-congestion measures. Partnership does not achieve GMCA's objectives, however, as effectively as the Proposed Franchising Scheme. This does not change even considering the higher cost of the Proposed Franchising Scheme and its opportunity cost – this is included within the VfM assessment. Rather, while partnership would help to improve the efficacy of some measures to reduce the effects of congestion on bus services, more and greater value could be achieved together with the Proposed Franchising Scheme. In the second consultation such operators challenged TfGM's objectives for the bus service and argued that GMCA should enter into a 'recovery partnership' and wait for further partnership options to emerge before making a decision in order to improve recovery of the bus market and make a better comparison to the Proposed Franchising Scheme. However, they did not offer an alternative longer-term partnership nor did they provide sufficiently strong arguments showing why the conclusion of the Assessment, that the Proposed Franchising Scheme would achieve GMCA's objectives better than the alternatives, should not stand.

17.7 Economic Case Conclusion

Responses to the First Consultation

- 17.7.1 The Assessment concluded that the Economic Case for investment and reform was strong, with both partnership and franchising options representing high VfM. The Assessment further concluded that the Proposed Franchising Scheme was preferable because it created more economic value (as defined by an NPV) and was likely to result in more durable and lasting economic impacts. It was also concluded that the Proposed Franchising Scheme would create a better platform to deliver further potential economic value.
- 17.7.2 From the first consultation on the Assessment, most responses from members of the public regarding the Economic Case were favourable, with participants tending to reiterate comments made elsewhere in the consultation, which focused on the outcomes the Proposed Franchising Scheme would deliver; with cheaper and better value bus fares one of the most commonly mentioned positive outcomes. Specific comments relating to the Economic Case were that bus services should serve the public and not be run for profit and that the Proposed Franchising Scheme provides the best overall VfM of the options presented. Of those statutory consultees who provided a response to the Economic Case questions, most made a favourable comment in support of the conclusions of the Economic Case. Positive comments were generally received from local authorities and unions, plus a minority of bus operators.
- 17.7.3 On the other hand, public participants in the first consultation who disagreed with the conclusions of the Economic Case tended to cite concern about the costs and associated affordability of the Proposed Franchising Scheme and the lack of evidence to support the conclusion. Negative or unfavourable comments were received from bus operators, bus industry groups and some customer representation groups. Of note, Jacobs were employed by OneBus to review the Economic Case in detail. Their report was referred to by OneBus, Stagecoach and Rotala in their responses to the Economic Case to the first consultation.
- 17.7.4 As set out in this report, TfGM remain of the view that the methods and datasets used to inform the Economic Case in the Assessment were appropriate and that there were no issues arising from the first consultation that required alterations to the Economic Case or that would have led us to believe that the relative performance of the options in the Assessment would change as a result of issues raised.

Responses to the Second Consultation

- 17.7.5 In terms of the Economic Case, the Covid-19 Impact Report concluded that the additional analysis confirms that, on balance, the VfM of the Proposed Franchising Scheme is likely to be robust to the uncertainty created by Covid-19 in all reasonably likely Scenarios. It also concluded that the Proposed Franchising Scheme remains preferable to the Operator Proposed Partnership option as, on balance, the overall net benefits are likely to remain higher and more deliverable, particularly given the considerable uncertainty surrounding what, if any, partnership options are on offer.
- 17.7.6 In the second consultation, public comments on the analysis into the potential impacts of Covid-19 on the conclusions from the Assessment equally split between participants who made positive or negative comments. Most of the positive comments agreed with the conclusions being reached in the report that the Assessment remained valid, noting that the Proposed Franchising Scheme offered VfM, and that the current system does not.

Those making positive comments agreed that the Economic Case is comprehensive and thorough in the detail it presents, and that the Proposed Franchising Scheme performed better when assessed against other, alternative options for bus reform. Others felt it provided better value for money for the long-term and that the case in favour of the Proposed Franchising Scheme has actually been strengthened by the impact of Covid-19.

- 17.7.7 Of the small number of comments made by the public regarding the Economic Case in the second consultation the negative comments were similar in number to the positive comments, but covered a greater range of points. These included concerns about the validity of conducting such analysis during a pandemic and that there was a lack of good evidence to back it up, with comments that the work was based on guesswork and speculation. Others pointed to the declining net economic benefits in the analysis as an indication that value for money under Covid-19 would be poorer, with related comments regarding increased economic pressure and declining patronage reducing the relative value for money of the scheme..
- 17.7.8 As with the first consultation, negative or unfavourable comments were received from the incumbent local bus operators, bus industry groups and some customer representation groups. Of note, NERA and Oxera were employed by Stagecoach and Rotala respectively to review the analysis in the Covid-19 Impact Report. Their respective reports raised issues regarding the overall robustness of the analysis and the compliance with national guidance. Stagecoach and Rotala who employed them contended that in the circumstances a new Assessment prepared under section 123B of the Act was required as a matter of law.
- 17.7.9 TfGM accept that Covid-19 has introduced increased levels of uncertainty regarding the future, and hence that the analytical assurance of the analysis underpinning the Assessment is lower than at the time of the Assessment. The Covid-19 Impact Report provides additional information to decision-makers on the causes of uncertainty and their potential impact on the conclusions reached in the Assessment. As set out in this report, TfGM acknowledge that the approach undertaken to consider the impacts of Covid-19 on the conclusions of the Assessment does not align with TAG Guidance and it may well not align with the DfT's proposed Uncertainty Toolkit as and when it is published. However, it is not considered that TAG offers an appropriate approach for the consideration of Covid-19 impacts, and so an appropriate local methodology was devised. It is for this reason that a range of scenarios, encompassing a broad range of possible future environments for the introduction of the proposals, was adopted. No more pessimistic specific scenario that could reasonably be expected than Scenario 3 was proposed in response to the second consultation.
- 17.7.10 TfGM, therefore, remain of the view that the approach taken to the Covid-19 Impact Report to consider the potential impacts of Covid-19 on the value for money conclusions in the Assessment was appropriate and that there were no issues arising from the second consultation that required alterations to the Covid-19 Impact Report Economic Case or to its conclusions that, on balance, the value for money of the franchising scheme is likely to be robust to the uncertainty created by Covid-19 in all reasonably likely Scenarios and that it remains preferable to the Operator Proposed Partnership as, on balance, the net benefits are likely to remain higher and be more deliverable, particularly given the uncertainty surrounding what, if any, partnership options are on offer. .

Overall Conclusion to the Economic Case

- 17.7.11 In reaching the above conclusions, it is important to highlight the following matters that were identified in the Covid-19 Impact Report. First that suitable commercial management

strategies and other aspects of franchise specification and contracting have been developed so that the implementation of the Proposed Franchising Scheme can be adapted to minimise risk and ensure value for money. Secondly, that the value for money analysis framework should be extended to address the additional impacts that significant falls in bus market size could induce. Finally, that an extended period of Covid-19 recovery and hence Government subsidy may induce further market failures in the bus network provision relative to the Reference Case. If so the aggregate benefits of the Proposed Franchising Scheme, which already is defined to address them, would increase and the likelihood of a partnership model solving them would decrease.

17.8 Commercial Case Conclusion

The first consultation

- 17.8.1 The First Consultation Document asked a number of questions in respect of the Commercial Case. These questions covered the various aspects of the franchise commercial proposition, including asset strategy, the implementation timeframe, franchise design and procurement strategy, along with additional questions on the impacts of the options on the achievement of the objectives of neighbouring transport authorities and the partnership commercial proposition. The question relating to the impacts of the options on the achievement of the objectives of the neighbouring transport authorities is considered further at section 4.8 of this report. The questions relating to the partnership commercial proposition are considered further at section 4.10 of this report.
- 17.8.2 As reported in Ipsos MORI's June 2020 Consultation Report (Section 9.10), the majority of responses in relation to the first consultation from members of the public were favourable towards the Commercial Case conclusion with 108 favourable comments and 57 unfavourable comments from members of the public. However, the views of statutory consultees (5 favourable comments versus 5 unfavourable comments) and non-statutory consultees (5 favourable comments versus 6 unfavourable comments) were generally mixed, some specific examples of which are set out in this report.
- 17.8.3 In response to the first consultation, a number of challenges and critiques arose regarding the appropriateness of the proposed commercial arrangements, and specifically:
- A range of comments, both favourable and unfavourable, were received. In general, there was a distinction between large incumbent operators, who made more unfavourable comments, and other operators, who were more positive about the commercial proposition; and
 - Comments covered a range of aspects of the commercial proposition, including the asset strategies in respect of depots, fleet and ITS, franchise packaging, contract length, risk, SME facilitation, procurement and employees.
- 17.8.4 Responding to the first consultation, most incumbent large bus operators raised challenges surrounding GMCA's proposals on depots. These areas of challenge included the following:
- The first area of challenge was whether GMCA should be providing any depots and, if so, which. TfGM remains confident that such an intervention by GMCA will deliver significant competition benefits and that the strategic depots identified in the Assessment collectively provide the most efficient model for delivery of large franchises during the transitional phase;
 - The second area of challenge was whether incumbents would sell the strategic depots to GMCA voluntarily. TfGM notes the position of the respondents on this area; however, part of the rationale for the proposed approach was to reduce the impact of franchising on those operators as it would mitigate the risk of stranded assets as well as reducing the impact on employees. In the event of a Mayoral decision to introduce the Proposed Franchising Scheme, GMCA would, therefore, continue to seek its preferred option of negotiated depot transfer through proactive dialogue with operators;
 - The third area of challenge was whether the alternatives for large franchises, apart from the compulsory purchase of strategic depots, are feasible. The Assessment sets out a

number of alternative routes to depot provision at the transitional stage. However, with the exception of CPO, there has been little comment in the consultation response in relation to these alternative routes. It is considered that they continue to provide viable strategies for the provision of depots;

- The fourth area of challenge was whether GMCA can legally use CPO powers to acquire strategic depots. TfGM remains confident that it has the legal powers to undertake CPO if required. TfGM's preferred route to depot control remains via negotiated transfer, which will also help mitigate operator impact, but in the event that this is not achievable, it would seek to deploy one or more of the alternative viable options described in the Assessment;
- The fifth area of challenge was the timeline for delivering the Proposed Franchising Scheme in the event that strategic depot owners are unwilling to sell those depots to GMCA. The Assessment considers a range of viable options available to GMCA to provide depots for the operation of large franchises and is not reliant on CPO, but it is accepted that if CPO powers are used, then the dates on which it was proposed that the Proposed Franchising Scheme would become effective would need to be changed, which is allowed for under the Act; and
- The final area of challenge was regarding the reasonableness of the costs allowed for in the Financial Case in respect of the depot strategy. The Assessment makes a prudent estimate of the cost of acquiring control of strategic depots, including a combination of a likely negotiated transfer valuation and an independently obtained CPO valuation. In addition, the Financial Case (Section 20 of the Assessment) includes a Quantified Risk Assessment that estimates the cost of specific uncertain events, including additional costs in the delivery of the depot strategy, which may occur.

17.8.5 TfGM's preferred route to depot control, therefore, remains via negotiated transfer, which will also help mitigate operator impact, but in the event that this is not achievable, it would seek to deploy one or more of the alternative viable options described in the Assessment.

17.8.6 In response to the first consultation, a number of operators argued that the success of the fleet RV mechanism is dependent on take-up by operators. However, to the extent that incumbent operators choose not to engage in RV negotiations with GMCA and/or agreement cannot be reached for the transfer of incumbent fleet into the RV mechanism, each franchise bidder would simply be responsible for the provision of fleet to account for any difference between franchise fleet requirements and RV fleet allocation. However, analysis performed by TfGM, which includes consideration of maintenance cost and fuel efficiency benefits, indicates that the whole life cost of new fleet would not materially exceed that of existing fleet. It has, therefore, concluded that the franchise cost implications of different courses of action by incumbent operators in respect of RV are likely to be neutral.

17.8.7 In response to the first consultation, there was a range of views on the appropriateness of the packaging strategy for franchising contracts, with comments ranging from those supporting the proposition to those arguing in favour of route-based franchises. Whilst a route-based model was considered in the development of the Assessment, it was concluded to be suboptimal for reasons of low depot density in Greater Manchester, customer confusion, multiple changing cross-boundaries, slow rollout of benefits, less

efficient network management, and not benefiting from the economies of scale associated with larger franchises.

- 17.8.8 In response to the first consultation, some operators stated that the franchise term should be longer, either to encourage investment or to provide more efficient periods for leasing fleet. Other operators, local authorities and transport user groups stated their approval of the proposed contract lengths. The proposed contract length has also taken account of the need to provide GMCA with the flexibility to make changes to the franchising proposition at regular re-procurement intervals, whilst also noting that it is unlikely that contracts over 10 years would be permissible pursuant to UK law.
- 17.8.9 In response to the first consultation, there were positive responses about the principles of having an appropriately calibrated performance regime, although a number of operators were clear that the performance regime should not include measures outside of the operator's control. TfGM agreed with this principle and intends to manage this directly via the calibration of the performance regime or alternatively by reflecting such factors in the franchise network specification.
- 17.8.10 Having considered all of the responses to the first consultation in respect of the proposed commercial arrangements, it is considered that the principal challenge from respondents was in respect of the deliverability of the depot strategy in respect of large franchises. Although consultation responses from owners of strategic depots indicate that there is limited appetite to engage in negotiation with GMCA in respect of the potential transfer of depot control, the Assessment describes a number of alternative transitional models that would deliver franchising to the timescales described. In conclusion, it was considered that the proposed commercial proposition, including the impact on competition and the facilitation of cross-boundary services, remains appropriate.

The second consultation

- 17.8.11 The second consultation asked a single question in respect of the Commercial Case as to whether the respondent has any comments on the conclusion that the commercial arrangements described in the Assessment for franchising and the partnership option remained appropriate, notwithstanding Covid-19.
- 17.8.12 As reported in Ipsos MORI's March 2021 Consultation Report (Section 9.1), there were almost four times as many positive responses received overall about the Commercial Case than negative comments, the majority of which agreed that the commercial arrangements remained appropriate.
- 17.8.13 Whilst there were fewer negative than positive responses to this question overall, there was a greater range of negative themes raised. Most participants who left negative comments disagreed with the conclusions and did not feel that the commercial arrangements described in the Assessment for franchising and the partnership option were appropriate, whilst others felt they were no longer relevant or would change in the future. The main areas of additional challenge compared with the first consultation were:
- The impact of Covid-19 on operators' ability to raise capital to invest in new fleet. However, it is considered that the committed revenues receivable under a franchise contract combined with the RV mechanism's compensating payment at the end of a franchise term should be sufficient to secure finance for the required investment in franchise fleet. It is also noted that operators in London are continuing to maintain

existing orders and place further orders due to the contractual certainty that franchising brings.

- The need to make changes to the network due to ongoing volatility caused by Covid-19. TfGM recognises that there is a greater likelihood that changes may need to be made in the initial years of franchising, and the Covid-19 Impact Report describes the importance to GMCA of flexibility in its implementation, procurement and management of franchise contracts to enable the franchise model to deal with uncertainty, including those created by Covid-19.
- The extent of evidence to support TfGM’s conclusion in the Covid-19 Impact Report that franchising will likely be more attractive to the bidding market. TfGM noted that:
 - No operator responses to the second consultation indicated that they would not want to bid for franchises or that their appetite to bid has reduced as a result of Covid-19, and some operators agreed that Covid-19 may increase the appetite.
 - There continue to be significant levels of interest from the market for bus franchise tenders internationally with similar commercial propositions, including from a number of operators present in Greater Manchester.
 - Competition for TfGM service contracts throughout the Covid-19 pandemic does not indicate that bidding appetite has reduced as a result of Covid-19, in fact, interest has increased due to the certainty of revenue associated with these contracts.

17.8.14 In addition, a number of responses to the second consultation commented more directly in response to the overall commercial conclusion of the Covid-19 Impact Report that the commercial model remained appropriate. This included:

- Go North West commented that *“this is not a conclusion that Go North West agrees with.”* The reasons given by Go North West, and TfGM’s response to each, are contained within the other sections of this Commercial Case response.
- Abellio commented that *“Abellio believes that the commercial arrangements described in the Assessment are appropriate to deliver either a ‘Do Minimum’ or a ‘Do Maximum’ Franchising Scheme. Abellio strongly believes that a ‘Do Maximum’ implementation of the Proposed Franchising Scheme is in the economic and financial interests of the people of Greater Manchester as well as being important to ensure early delivery of the strategic objectives”.*
- Trafford Metropolitan Borough Council provided a positive comment that *“we consider the safer option is to stick with existing analysis, noting that all approaches carry with them a degree of uncertainty.”*
- Rochdale Metropolitan Borough Council provided a positive comment that *“A franchised model would give the public sector control over standards of service, fares, frequencies and vehicle quality that are key in providing attractive, affordable and effective bus service.”*
- Wigan Metropolitan Borough Council provided a positive comment that *“the Proposed Franchise Model will deliver the commercial aims of delivering franchised bus operations*

that offer high quality of service and value for money, whilst allowing access to the market for small and medium-sized operators.”

- Manchester Unison provided a positive comment that *“there is no realistic option [alternative] to franchising.”*
- Bury Metropolitan Borough Council, Manchester City Council, Oldham Metropolitan Borough Council, Salford City Council and Tameside Metropolitan Borough Council commented that they agree with the conclusion that, notwithstanding Covid-19, the commercial arrangements described in the Assessment for franchising and the partnership option remain appropriate. This was also the view of the Association of British Commuters, Centre for Cities, Manchester Metropolitan University, Oxford Road Corridor, Recovery Republic Community Interest Company, the Trafford Centre and TravelWatch North West.

17.8.15 The Covid-19 Impact Report concluded that there was no material change from the Assessment. Having considered all of the responses to the second consultation, nothing in the period since the Assessment, including the impact of Covid-19, has occurred that has changed TfGM’s previous conclusions. It is therefore considered that the proposed commercial proposition remains appropriate.

17.9 Financial Case Conclusion

- 17.9.1 TfGM have considered the consultation responses in relation to the Financial Case and other related matters from both the first and second consultations.

Responses to the First Consultation

- 17.9.2 In response to the first consultation, as reported by Ipsos MORI, the majority of members of the public made favourable comments on the conclusion of the Financial Case – 1,377 members of the public made favourable comments, and 476 members of the public made unfavourable comments. The majority (26) of non-statutory consultees also made favourable comments on the Financial Case, whilst 8 non-statutory consultees made unfavourable comments. A minority (8) of statutory consultees made favourable comments, whilst a majority (15) of statutory consultees made unfavourable comments.
- 17.9.3 A number of concerns were raised in response to the first consultation, principally by incumbent operators, in relation to the income and costs of the Proposed Franchising Scheme both over the transition period and on an ongoing basis. TfGM did not identify any omitted costs on the basis of these comments. However, it should be noted, in relation to employment costs, which represent the most significant ongoing cost, that the Proposed Franchising Scheme did not include provision for a harmonisation upwards of current terms and conditions. Additional capital costs for retrofitting or replacing fleet vehicles to meet environmental standards were not included in the costs of the Proposed Franchising Scheme or any of the options considered in the Assessment. Instead, the Clean Air Zone Outline Business Case included these requirements and GMCA has made clear the requirement for the Government to provide financial support for these proposals.
- 17.9.4 Some local authorities raised concerns in response to the first consultation over the financial risks of the Proposed Franchising Scheme and the potential impact on the delivery of local priorities; whilst, incumbent operators, for the most part, considered that a partnership option would avoid the transfer of risk to the public sector.
- 17.9.5 The Assessment acknowledged that, allied to greater control, the Proposed Franchising Scheme would carry greater financial risks than other options, and in the event of a downside scenario, GMCA would retain policy levers to address such risks principally in relation to fares policy, network scale and funding. The proposed funding strategy set out for the first consultation also considered the ongoing sustainability of the Proposed Franchising Scheme during and after transition through the precept requirement which would provide an ongoing source of revenue funding.
- 17.9.6 Some incumbent operators also raised concerns in response to the first consultation over the ongoing availability and value of public funding from BSOG and concessionary reimbursements. Greater Manchester currently receives approximately £16.1 million of BSOG per annum which, as set out in the Assessment, was assumed to be retained at the current nominal value over the appraisal period under all bus reform options.
- 17.9.7 The Assessment acknowledged the availability of BSOG from Government is a risk, which, if the risk materialised, TfGM consider would very likely impact all options. As GMCA would face this risk more directly under the Proposed Franchising Scheme, the quantified risk assessment included a risk provision in the event there were an unforeseen reduction in BSOG. However, a reduction in value or withdrawal of this funding over the long term could not be accommodated within the risk provision and would necessitate GMCA undertaking mitigating actions to achieve a balanced budget.

- 17.9.8 Similar concerns were raised in relation to funding for concessionary reimbursements and that a reduction in the value of this funding compared with the Assessment assumptions would represent a 'cost' or loss of Government funding to GMCA. However, TfGM considers that, whilst the English National Concessionary Travel Scheme (ENCTS) is a national mandatory scheme, in practice the risk of variation in concessionary reimbursement costs (and the associated funding) sits locally with GMCA, as the travel concession authority, and with local authorities who provide funding through the statutory contribution.
- 17.9.9 In relation to proposed funding, the Assessment set out a range of credible funding sources that could fund the additional net costs identified in the Assessment to implement the Proposed Franchising Scheme. GMCA, at its 7 October 2019 meeting, approved, for the purposes of the first consultation, a subset of the credible funding sources identified in the Assessment, for the reasons set out in the report, including that these sources are in the control of local decision-makers.
- 17.9.10 Under the funding proposal, the local authorities of Greater Manchester would provide a one-off contribution of £17.8 million for the additional costs to implement the Proposed Franchising Scheme. The Mayor's 2020-21 budget report to GMCA set out the individual local authority shares of the proposed contribution on a proposed population-weighted basis.
- 17.9.11 Some local authorities, whilst supportive of the Proposed Franchising Scheme more generally, made their support conditional on there being no further funding requirement from authorities after transition.
- 17.9.12 TfGM consider it relevant to note that, as set out in the Assessment, the value of required public sector funding was forecast to grow in cash terms under all bus reform scenarios; however, the funding proposal approved for the first consultation by GMCA included approximately £12.5 million of forecast cost escalation/indexation in current budgets over the transition period that was forecast to occur under all options, as well as the Do Minimum, and the requirement from the Mayoral precept would provide an ongoing source of revenue funds, providing a level of base funding for forecast escalation in funding beyond the transition period.
- 17.9.13 A number of consultees commented that it would be desirable if the Government provided additional funding. This was fully acknowledged in the 7 October 2019 report to GMCA and Government subsequently made a number of policy announcements in relation to the funding of bus services, including through the Spending Review 2020.
- 17.9.14 Whilst the immediate availability of additional Government funding would be welcome, it was not in itself a precondition of the Proposed Franchising Scheme being implemented, as the Assessment set out credible sources of funding that exceeded the transition requirement identified in the Assessment and the GMCA approved a funding proposal for the first consultation that did not rely on additional Government funding and that reflected sources of funding that were in the control of local decision-makers.
- 17.9.15 Incumbent operators, for the most part, raised a number of concerns in response to the first consultation over the funding proposal and associated matters, including the availability of the identified funding sources; and the appropriateness of using, and the impact on, the Mayoral precept/council tax.
- 17.9.16 In the context of these concerns, TfGM considers it relevant to note that local sources of funding already make a significant contribution to the funding of bus services (currently up

to £86.7 million per annum is funded by the local authorities of Greater Manchester), and this would continue to be the case under all bus reform options, not just the Proposed Franchising Scheme. In relation to the Mayoral precept, it should be noted that the majority of the proposed funding to implement franchising was provided from non-precept sources and that the proposed contribution from local authorities to implement franchising was not anticipated to result in a net impact on local authority budgets over the transition period.

- 17.9.17 In relation to funding, whilst an element of the identified earn back funding was already retained, the principal risk to the funding strategy, approved by GMCA in October 2019, was the release of the next five-year tranche of earn back covering financial years 2020-21 to 2024-25. The release of this funding was subsequently confirmed by Government and consequently mitigated this risk.

Second consultation

- 17.9.18 The Covid-19 Impact Report considered the impact of Covid-19 on the Financial Case of the Assessment, taking into consideration the uncertainties that now exist and a range of possible outcomes identified in the Scenarios.
- 17.9.19 The report identified, in particular, locally controlled options that could mitigate a reduction in farebox revenues over the transition period as a result of the increased uncertainty caused by Covid-19. The locally controlled mitigation options are payment of concessionary reimbursements over the transition period in line with actual rather than pre-Covid journeys; a reduction in transition costs; a reduction in the cost of operating the bus network, and; additional locally-controlled funding sources (Integrated Transport Block and incremental uncommitted earn back funding).
- 17.9.20 The report also noted that under the Proposed Franchising Scheme, GMCA's financial risk ultimately relates to impacts on net revenues. In relation to affordability risks on an ongoing basis, the report noted GMCA would likely have greater confidence over the impacts of Covid-19, the ability to adapt the network and a planning period to implement mitigations if required to achieve a balanced budget if the Proposed Franchising Scheme were introduced. The report also set out further funding mitigations that could be available after the transition period, including the proposed precept, which would provide an ongoing source of additional revenue funding and uncommitted earn-back funding which could be available up to 2045/46. At its meeting on 27 November 2020, GMCA approved the funding proposal as previously set out for the first consultation and the further mitigations.
- 17.9.21 Ipsos MORI's March 2021 Consultation Report found that a slight majority of members of the public made negative comments on the Financial Case: 327 members of the public made unfavourable comments and 300 members of the public made positive comments. Further information on some of the specific comments and points raised responses from members of the public is set out at section 9 of Ipsos MORI's March 2021 Consultation Report.
- 17.9.22 Ipsos MORI's March 2021 Consultation Report also notes that 13 previous statutory consultees made positive comments on the Financial Case, whilst 12 previous statutory consultees made negative comments; and 9 other stakeholders made negative comments, whilst 5 other stakeholders made positive comments.
- 17.9.23 In response to the second consultation, a number of affordability concerns in relation to the Proposed Franchising Scheme were raised. An incumbent operator considered that,

- despite the mitigations proposed, there was a financial ‘gap’ during the transition period and that ongoing affordability risk had not been adequately addressed. TfGM did not identify any funding gap as a result of these comments and noted in response how ongoing affordability risks had been addressed. It is also important to note that the Covid-19 Impact Report acknowledged that, whilst the mitigations identified could provide significant additional resources and resilience to offset a loss of farebox income, there was still a residual risk (for example, if the most adverse Scenario transpired) which GMCA would need to accept and underwrite with incremental local funding.
- 17.9.24 Whilst generally supportive of the aims of the Proposed Franchising Scheme, some Greater Manchester local authorities raised concerns or made their support conditional. A concern raised by some authorities related to the proposed network mitigation and that this should be a last resort. It is noted in response that network reduction was only one of the mitigations proposed and that similar choices would likely be faced by deregulated operators.
- 17.9.25 A further concern raised by some authorities was the impact of proposed precepts on residents, and Bolton Council made its support conditional upon there being no additional financial burden on the local authorities. Similar points were made in response to the first consultation. It is noted that the majority of the proposed funding, including the proposed funding mitigations identified in the Covid-19 Impact Report, are from non-precept sources and that the proposals were not expected to result in a net impact on local authority budgets over the transition period. The Covid-19 Impact Report also proposed to defer the local authorities’ contribution until the end of any transition period in approximately 2025/26, which was approved as part of the funding proposals at GMCA’s November 2020 meeting.
- 17.9.26 Further concerns raised, particularly by incumbent operators, related to increased uncertainty and viability of the Proposed Franchising Scheme; a lack of detail on the impacts of the proposed mitigations; whether the proposed sources of funding were available and secured; and that there was a lack of consideration of alternative uses of this funding in the context of the financial pressures experienced as a result of Covid-19.
- 17.9.27 It was acknowledged in the Covid-19 Impact Report that there was and is significantly greater uncertainty as a consequence of Covid-19, which would likely impact all bus reform options, as well as the Do Minimum: this is the reason a scenario-based analysis was undertaken and that, as revenue risks would accrue to GMCA, rather than operators, more directly under the Proposed Franchising Scheme, mitigation options have been considered and previously approved by GMCA.
- 17.9.28 It is necessarily the case that the identified mitigations are options that GMCA would need to consider in light of prevailing circumstances in the future if the Proposed Franchising Scheme were introduced. Any proposed changes would be subject to due consideration by GMCA/TfGM having regard to the requirement of the public sector equality duty.
- 17.9.29 It remains the case that the proposed sources of funding, including those sources identified as mitigation options, have not been committed to another purpose and that, whilst significant financial pressures were acknowledged in the Covid-19 Impact Report, it is for GMCA determine if it wishes to prioritise funding for the purposes of bus reform or other alternative uses.
- 17.9.30 Having considered the responses to the first and second consultations, TfGM considers that it remains the case that in light of Covid-19, there is now significantly greater uncertainty

over future bus patronage and related factors. Whilst this uncertainty is not specific to the Proposed Franchising Scheme, and GMCA would still face risks under a Do Minimum or partnership, it would assume financial risks more directly under the Proposed Franchising Scheme. For this reason, it is important that GMCA notes this uncertainty and accepts the potential requirement for proposed mitigation options of the form and scale identified in the Covid-19 Impact Report. If this were the case, TfGM considers this would provide an acceptable balance of risks to achieve GMCA's objectives for bus services.

17.10 Management Case Conclusion

Responses to the First Consultation

- 17.10.1 In response to the first consultation overall there were more favourable than unfavourable comments on the approach to the transition, implementation and management of the Proposed Franchising Scheme. All responses from statutory and other consultees were reviewed carefully and in detail.
- 17.10.2 In response to the first consultation of the 183 responses to managing franchised operations under the Proposed Franchising Scheme, 73 provided favourable comments while 56 were unfavourable. Of the 14 statutory consultee responses, 6 were favourable and 5 were unfavourable. Those which were unfavourable were mostly bus operators. There were 62 favourable comments from members of the public with 47 unfavourable. Most of the concerns raised focus on the costs and difficulties associated with securing sufficiently qualified staff for the relevant core and support teams. There were also concerns associated with additional management costs. Comments from bus operators were generally unfavourable and operators agreed that the additional required full-time employees would be costly to attract, recruit and train and would ultimately be not sufficient to cover the necessary responsibilities. The members of the public making unfavourable comments were also concerned with costs, affordability and VfM on the proposed approach. Most of the favourable comments from members of the public were on the opportunity to boost employment and that the Proposed Franchising Scheme would give TfGM / GMCA more authority and control of bus services.
- 17.10.3 On the approach to the transition and implementation of the Proposed Franchising Scheme in the first consultation, of the 258 comments, 130 were favourable and 81 unfavourable. Around a third of those statutory consultees which provided comments made favourable ones while around half made unfavourable comments. The main concerns were criticism relating to timescales and lack of time built in for evaluating and reviewing progress during the transition. Others expressed similar opinions that the associated costs had been underestimated. The feasibility of the timescales was the main point from unfavourable comments from members of the public. Favourable comments from non- statutory consultees agreed TfGM would be capable of managing franchised operations throughout transition and implementation and favourable comments from members of the public agreed with the approach and accepted there was a level of risk that would be inevitable in such a change.
- 17.10.4 The Assessment acknowledged the complexity that would be involved during implementation, transition and management of the Proposed Franchising Scheme but also identified sufficient resource and existing capability and processes from which to build on and what was required to be added. Complex areas such as the transfer of staff, staffing requirements, current capability and the need to undertake a wider organisational change have all been planned for and allocated resources. Recognising the complexity of implementation, transition and management of the Proposed Franchising Scheme risk provisions and mitigation plans were included in the Assessment.
- 17.10.5 In conclusion, for the reasons given, there were no challenges arising from the first consultation that required alterations to the Management Case or would impact the ability

to deliver the transition, implementation and management of the Proposed Franchising Scheme as outlined

- 17.10.6 In the second consultation overall, there were more positive than negative comments on the approach to the transition, implementation and management of either the Proposed Franchising Scheme or a partnership when considering the impact of Covid-19. Of the 342 participants who made comments about the Management Case the majority 222 made positive comments and 87 made negative comments. Of the 14 responses from previous statutory consultees, 8 were positive and 6 were negative. Most of the concerns raised were about detail on how the operating model would be implemented, particularly if Scenario 3 emerged as the recovery scenario and that the complexity of transition and transition risk had been underestimated. There were also challenges around VfM on the transition cost. The above responses address these concerns.
- 17.10.7 In the second consultation, there are several issues and comments from the first consultation that were re-iterated; however, the conclusions remain as per the first consultation. The issues raised and addressed were:
- Perceived low salaries
 - No provision for additional operator on-street resources
 - Reducing salaries and terms and conditions to submit lower-cost bids
- 17.10.8 In summary, GMCA recognises the risks and challenges resulting from the impact of Covid-19 when implementing and transitioning to any of the options. However, GMCA concluded that despite this risk and uncertainty it would be able to manage the transition and manage the Proposed Franchising Scheme or a partnership option.
- 17.10.9 In conclusion, for the reasons given, there are no challenges arising as a consequence of Covid-19 that require alterations to the Management Case, other than need for a flexible approach to recruiting resource, or would impact the ability to deliver the transition, implementation and management of the Proposed Franchising Scheme as outlined.

17.11 Conclusion on challenges to the audit and assurance processes

- 17.11.1 During the first and second consultation periods, some consultees made comments relating to the auditor's ("GTs") reports on both the Assessment and the Covid-19 Impact Report.
- 17.11.2 In the first consultation period challenges were raised by Stagecoach and Rotala including in relation to whether GT had adequately reviewed transition assumptions; their approach to materiality and whether it had justified its view on the quality of the data.
- 17.11.3 In the second consultation period a number of challenges were raised by Rotala and Stagecoach and their respective advisors which included that the scope of work required was not clear or adequate; that an assurance framework should have been used to perform the work; questioned whether the review work undertaken supported the conclusions drawn; queries about whether there were updated financial models; and the absence of specific comments on funding, affordability and risk, and recommendations.
- 17.11.4 In conclusion it is not agreed that the respondents have shown either that GT failed to consider anything material or that its opinion was not one that they were reasonably entitled to reach when carrying out their audit of the Assessment. Further, with regard to the criticisms of the approach to the assurance review of the Covid-19 Impact Report made in response during the second consultation period, it is not accepted that a further audit report was required under s123D of the Act, but rather that reliance can be placed on the Covid-19 Impact Report and GT's assurance of it.

17.12 Partnership Plus Conclusion

- 17.12.1 In preparing its Assessment of a Proposed Franchising Scheme, consideration was given by GMCA on how the Proposed Franchising Scheme would compare with other courses of action. That led to the development of two partnership options. TfGM determined that those discussions had reached a stage in which they could be appropriately compared with the Proposed Franchising Scheme.
- 17.12.2 The Act and statutory guidance do not provide any specific guidance to how GMCA may consider alternative options which are received during the course of a consultation. However, conscientious consideration must be given to any such response. This section of this report details the work undertaken by TfGM in reviewing the Partnership Plus proposal, which includes consideration of that option against each of the five cases to the Assessment.
- 17.12.3 TfGM is confident that sufficient consideration has been given to Partnership Plus to come to the view that, overall, it is expected that the proposal would deliver no greater benefits than the Ambitious Partnership modelled in the Assessment. This proposal, therefore, does not impact our overall conclusion in the Assessment of the relative benefits and costs of a partnership and franchising. This conclusion has not changed as a result of Covid-19, and OneBus has now confirmed to TfGM that, due to the current levels of uncertainty, its partnership offer is no longer valid and that it no longer has a detailed partnership proposal to put forward.
- 17.12.4 Section 17.2 of this report considers whether, in the absence of any detailed partnership proposals from operators at this stage, it would be appropriate to make a decision whether or not to introduce the Proposed Franchising Scheme. At this stage and in response to the second consultation, OneBus commented that a 'recovery partnership' should be considered as a short-term option. This is considered separately at section 13 of this report.

17.13 Stagecoach Partnership Proposal Conclusion

17.13.1 During the first consultation, TfGM received a proposal from Stagecoach to set up a partnership in the South of Greater Manchester that “*would complement any decision to franchise the North*”. In its proposal, Stagecoach put forward 35 initiatives over the key areas of network, fares, fleet investment and customer, and a governance structure to coordinate the market.

17.13.2 The proposals can be summarised as follows:

- Operations & fleet investment – Investment in fleet to deliver a reduction in the average age of Stagecoach’s fleet in the South of Greater Manchester to seven years, investment in fleet to deliver Euro VI compliance by September 2021 (subject to funding from Defra), as well as a target to ensure that 45% of Stagecoach’s fleet in the South of GM is “*better*” than Euro VI compliant by the same date.
- Network planning & performance – Improved consultation on changes made to services including the provision of additional data on unprofitable routes and the establishment of KPIs including a performance regime. Stagecoach notably also propose to commercialise a portion of the currently subsidised services in the South of Greater Manchester and have calculated that this would represent a saving of approximately £1.8 million to GMCA per annum.
- Customer – Various initiatives to improve customer experience (eleven in total) including a proposed unified brand and a proposed single point of customer contact.
- Fares, Ticketing & Retail – Initiatives aimed at simplifying the fares and ticketing proposition including reducing the number of fare bands to four on its services, the creation a single suite of period tickets for its services in the South of Greater Manchester by January 2021, extending the introduction of carnet ticketing, introducing a flat fare in the evenings and rolling out fare capping on its services in the South of Greater Manchester by the summer of 2021.
- Financial proposals – A proposed profit-sharing mechanism that would split any profit generated by Stagecoach above an agreed “*target level of profit*” between GMCA, a ‘South Manchester Partnership Fund’ and Stagecoach. The money received by GMCA could be spent across the whole of Greater Manchester on initiatives that benefit the bus user experience and encourage modal shift to bus. Stagecoach proposes that the money in the partnership fund would also be spent on initiatives that benefit the bus user experience and encourage modal shift to bus, with two thirds specifically for reinvestment in the South of Greater Manchester.
- Community & Employee – Stagecoach intends to continue to enhance the role that it plays in the community throughout the duration of the partnership.

17.13.3 Stagecoach anticipated that the partnership would be set up using a VPA, making use of AQPSs on key routes and corridors to enforce certain standards. Stagecoach’s intention was that other commercial operators in the South of Greater Manchester may also enter into the South Manchester partnership and confirm that they have received initial support from Arriva. Stagecoach proposed an initial partnership term of 10 years.

17.13.4 The sections set out above analyse the implications of the proposals from the perspective of each of the five cases to understand how likely the proposals are to deliver on GMCA’s

- objectives (Section 11.2 Strategic Implications), whether there is likely to be any economic benefit from Stagecoach's proposals (Section 11.3 Economic Implications), and whether there are any other commercial (Section 11.4 Commercial Implications), financial (Section 11.5 Financial Implications), management (Section 11.6 Management Implications) or legal (Section 11.7 Legal and Other Considerations) issues to consider for GMCA.
- 17.13.5 Section 11.2 Strategic Implications, above, analyses whether the proposals would have enabled GMCA to achieve the Vision for Bus as part of its Greater Manchester Transport Strategy 2040. The Strategic Implications section finds that overall, whilst Stagecoach intends that its proposal will create a 'seamless' market in Greater Manchester, under the scenario proposed, it would not be possible for GMCA to achieve all of its objectives on simplicity, integration and in a number of other key areas, including network, for Greater Manchester as a whole.
- 17.13.6 There remains a risk around the longevity of any partnership in South Manchester (one of GMCA's objectives) as the partnership is voluntary in nature. This is an important consideration given that GMCA is seeking to achieve its Greater Manchester Transport Strategy 2040.
- 17.13.7 In respect of a franchise scheme in the North, there is also the fact that, as explained at section 11.7 Legal and Other Considerations above, the need to assess a new franchise scheme covering the North (alongside assessing a partnership in the South) of Manchester and follow all relevant statutory procedures will inevitably result in delay to the introduction of any franchise scheme, and delivery of the associated benefits, in the North. Therefore, while potentially accelerating the introduction of some initiatives in the South, there would be a delay to when any franchise scheme in the North of Greater Manchester could be delivered.
- 17.13.8 The implications of the proposals from a commercial perspective are considered at section 11.4 Commercial Implications above. The Commercial Implications section explained that whilst Stagecoach's proposals would result in a combination of two options already considered in the Assessment, the proposal would mean allowing two different regulatory frameworks for the bus network in Greater Manchester and this would lead to some complications (particularly for services at the boundary between the North and South of Greater Manchester) and potential inefficiencies in managing the network. This means that, as Section 11.6 Management Implications explains, whilst the incremental operating costs of operating a partnership alongside a franchising scheme could be less than operating the Proposed Franchising Scheme, it is likely that the overall scenario would be less efficient to manage, as TfGM would be effectively monitoring the bus network in Greater Manchester under two different regulatory frameworks.
- 17.13.9 The impact on affordability for TfGM is considered at section 11.5 Financial Implications. The Financial Implications section analyses how the overall funding requirement would be likely to change and finds that it would not reduce in proportion to the scaled down revenues and costs in a franchised area, as there would be costs to manage the partnership. It is also worth noting that as Stagecoach is commercially the most successful and profitable operator in Greater Manchester, there is a risk that the revised franchised area would be commercially weaker and require additional ongoing funding as a result.
- 17.13.10 Section 11.3 Economic Implications concludes that there would likely be significantly lower benefits associated with Stagecoach's proposal when compared with the Proposed Franchising Scheme (partly due to some of the strategic issues noted at section 11.2 Strategic Implications). Combined with costs that are likely to be proportionally higher for

the partnership and franchise areas (compared with when introducing either of these proposals across the whole of Greater Manchester on their own), Section 11.3 Economic Implication concludes that the NPV and BCR of both networks under Stagecoach's proposal are likely to be substantially lower than the Proposed Franchising Scheme. The NPV may even be lower than the Ambitious Partnership option, as Stagecoach's proposal would not result in the existing premium between the individual and multi-operator tickets being reduced, as was assumed possible.

- 17.13.11 Overall, given that GMCA would not be able to achieve its objectives as set out in the Assessment under Stagecoach's proposal to have a partnership in the South and a franchising scheme in the North of Manchester, the conclusion that the proposal would deliver an NPV that is likely to be substantially lower than the Proposed Franchising Scheme and the other matters referred to above, the conclusion in the Assessment that the Proposed Franchising Scheme is the best option for reform of the bus market remains valid in comparison to Stagecoach's proposal.
- 17.13.12 This conclusion has not changed in light of Covid-19. As set out at section 11.8, Stagecoach's proposed partnership was reviewed again in the context of Covid-19 and the changes that has had on the bus market in GM. Stagecoach has confirmed that it would like to develop a long-term proposal, but that it is not in a position to "*offer a fully developed alternative*", given the passenger demand uncertainty and the wider economic impact both locally and nationally in light of Covid-19 which is such in its view that developing any reliable partnership is impossible at this time.
- 17.13.13 Stagecoach has also suggested that, once restrictions start to be lifted and passenger demand and wider behaviour starts to reset, local authorities, central government and bus operators should collaborate and deliver an interim 'recovery partnership' as a bridge to a situation when central government funding is no longer required and the future environment is clearer. This is considered separately at section 13 of this report and, in the context of whether, in absence of any detailed partnership proposals from operators at this stage, it would be appropriate to make a decision whether or not to introduce the Proposed Franchising Scheme at section 17.2.

17.14 First's Partnership Proposal Conclusion

- 17.14.1 This section of this report details the work undertaken by TfGM in reviewing First's proposal to introduce a pilot LP in Oldham. There remains a risk around the longevity of any intervention given that the partnership is voluntary in nature and is currently being proposed to be run on a trial period, initially for a five-year term with a review of performance after three years. There was little detail provided on each of the proposals, and no further detail was provided by First as part of its response to the second consultation, although First reiterated that they believe that it "*remains the best option going forward*".
- 17.14.2 In broad terms, there were a handful of commitments contained within this proposal that did not feature in Partnership Plus, such as the additional fleet investment of 22 vehicles per year, the time-limited emergency tender fund and the localised livery. However, given there are also a number of Partnership Plus commitments that were not present in the First proposal, and the ability for Partnership Plus to be applied across the whole of Greater Manchester, providing a greater opportunity for the objectives being met, it is concluded that First's proposal would not provide any greater benefits than Partnership Plus. There is also uncertainty about extending the pilot across Greater Manchester, should it be successful in Oldham, given that it has not been tested with any other operators.
- 17.14.3 TfGM is confident that sufficient consideration has been given to First's pilot LP proposal to come to the view that overall it is likely that the proposal would deliver (when implemented in parallel with any new franchising or similar scheme being piloted in another area of Greater Manchester), no greater benefits than the Partnership Plus proposal operating across the whole of Greater Manchester and significantly less benefits than the Ambitious Partnership modelled in the Assessment. This conclusion has not changed as a result of Covid-19.

17.15 'Recovery Partnership' Conclusion

- 17.15.1 To date, the Department for Transport's National Bus Strategy, which is expected to set out a roadmap for bus recovery post-CBSSG, has not yet been released. It is also currently unknown what this will say in regard to 'recovery partnerships' or similar.
- 17.15.2 TfGM has engaged with OneBus to understand its proposals in relation to 'recovery partnership' in more detail. Those discussions have clarified that interim arrangements involving a coordinated local response are required to help the local bus network in Greater Manchester to transition from the current arrangements based on CBSSG-R.
- 17.15.3 TfGM agrees that interim arrangements are required to help the local bus network in Greater Manchester to transition from the current arrangements based on CBSSG-R. TfGM and OneBus also discussed and agreed that any such 'recovery partnership' would not be an alternative to a long-term arrangement such as the Proposed Franchising Scheme, and would instead aid the short- to medium-term recovery of the market.
- 17.15.4 To this end, TfGM agrees that a coordinated local response is critical. Throughout the Covid-19 pandemic, TfGM has worked closely with bus operators and would expect this to continue as the network recovers. Some of this dialogue has already commenced and will be further developed when there is greater level of clarity from the Department for Transport of the arrangements to follow CBSSG-R.

17.16 Go North West alternative three-stage proposal Conclusion

- 17.16.1 TfGM has considered Go North West’s alternative three-stage proposal, and has engaged with Go North West to understand its proposal in more detail. Those discussions have clarified how it is important that operators continue to have access to additional funding whilst restrictions are eased and the market recovers from Covid-19.
- 17.16.2 TfGM and Go North West also discussed the benefits of direct awards and whilst it is accepted that directly awarding franchise contracts during transition would assist with mitigating some of the risks of transition to the Proposed Franchising Scheme, TfGM does not believe that GMCA would be able to use the exceptions under regulation 50 of the Utilities Contract Regulations 2016 to direct award all of the franchise contracts during transition as proposed by Go North West.
- 17.16.3 However, as set out as sections 13.3.3, TfGM agrees that interim arrangements are required to help the local bus network in Greater Manchester to transition from the current arrangements based on CBSSG-R.

17.17 EQIA Response Themes Conclusion

- 17.17.1 As considered above, there are no aspects of the EqIA which would require significant changes at this stage. This means that the revised form of EqIA published following the second consultation is not materially different to the EqIA published for the purposes of the first consultation.
- 17.17.2 Several useful points were raised during the consultations, which has also provided additional insight into the concerns of passengers. These points and concerns have been considered, as detailed above and nothing has emerged which would alter the EqIA or call into question the benefits of the Proposed Franchising Scheme.
- 17.17.3 The importance of accessibility was emphasised in several responses to the first consultation, including the University of Manchester Students' Union, who suggested driver training, audio cues at bus stops and a second door on buses as ways of improving accessibility. Additionally, Greater Manchester Disabled People's Panel identified 11 priorities for bus travel by disabled people, including audio-visual real-time information at stops and on buses, improved signage and driver training.
- 17.17.4 The Bus Services Act gives the Secretary of State for Transport the power to create, "*for the purpose of facilitating travel by disabled persons*" regulations governing the standards of information provided by bus operators, including audio-visual announcements. Following a public consultation on this by the Department of Transport in the summer of 2018, it had been expected that these regulations would be made in 2019. Although the regulations have yet to be made, it is expected that they will be in due course and that thereafter those operating bus services will be required to provide information on-board buses in compliance with those regulations. It is anticipated that these measures would improve the accessibility of buses for those with physical disabilities and those with communication or sensory impairments.
- 17.17.5 As stated above, GMCA recognise any future proposed changes would be subject to due consideration by GMCA/TfGM of the public sector equality duty and the impact on those with protected characteristics, and they would be analysed in further EqIAs as required.
- 17.17.6 Following a review of the responses to the consultations, it is not anticipated that the Proposed Franchising Scheme would have any adverse impacts on those with protected characteristics and there would be positive impacts of varying degrees on certain groups. The EqIA has been updated to reflect comments from both consultations. A full Equality Impact Assessment is not required as no adverse impacts have been identified within the screening process.

17.18 The Proposed Franchising Scheme: Legal and other considerations Conclusion

- 17.18.1 This section has considered the responses to both consultations that related to the Proposed Franchising Scheme. This was done by reviewing the replies to the questions on the Proposed Franchising Scheme (see Section 16.2) and by reviewing some other substantive points that were raised by consultees outside of questions included in the consultation document (see Sections 16.4 to 16.6). This included the responses from OneBus and the incumbent operators, who during both consultations opposed the introduction of the Proposed Franchising Scheme and challenged the legal process undertaken by GMCA, as well as saying that the Proposed Franchising Scheme would have a disproportionate impact on its business and A1P1 rights.
- 17.18.2 In general, there was a lot of support for all aspects of the Proposed Franchising Scheme from both statutory consultees and others. Section 13.2 above looks at some of the unfavourable comments and suggestions put forward by consultees and considers whether any aspect of the Proposed Franchising Scheme should be modified. For example, some consultees thought that the Proposed Franchising Scheme should not apply to the entirety of Greater Manchester and should instead apply to a smaller area; however, in order to meet GMCA's objectives and to reduce any consequences from having competing models within Greater Manchester, it is important that any intervention applies consistently across the entirety of Greater Manchester.
- 17.18.3 Go North West and First also suggested during the first consultation that the Proposed Franchising Scheme should effectively be trialled in a smaller area first. First reiterated that suggestion during the second consultation however for similar reasons as set out above, it was not considered appropriate to propose that the Proposed Franchising Scheme should be introduced on a trial basis only.
- 17.18.4 During both consultations Go North West commented on the proposed Sub-Areas in the Proposed Franchising Scheme and that they would cause problems for cross-boundary services. The Proposed Franchising Scheme included a map which illustrates these Sub-Areas. It is proposed to amend the Proposed Franchising Scheme, however, to specify that the map in Annex 5 is for illustrative purposes only and that the map that defines the Sub-Areas is a larger scale version in which the boundaries are more clearly delineated that will be deposited at TfGM's offices. It is also proposed that the list of services in the Proposed Franchising Scheme is updated to ensure that they reflect the existing services and to ensure that they are appropriately classified in the scheme.
- 17.18.5 Many consultees commented that the proposed timescales for introducing franchising and the proposed nine-month mobilisation period in the Proposed Franchising Scheme were unrealistic. Those issues were considered in the Commercial Case at sections 6.9.7 to 6.9.69. This section did consider the responses to the question on the proposed date for making the Proposed Franchising Scheme and as set out above at section 16.2; if a decision was taken to introduce the Proposed Franchising Scheme, it is proposed that dates are inserted consistent with the timing of that decision.
- 17.18.6 During the first consultation, some consultees also commented on GMCA's plans for consulting on how well the Proposed Franchising Scheme is working and suggested that GMCA should consult sooner than originally proposed. It was found that consulting sooner would have benefits. After the first consultation the Proposed Franchising Scheme was modified for the purpose of the second consultation to provide that GMCA would consult sooner and in particular, within 12 months of franchising being operational in all sub-areas.

It is recommended that such modification should be made. During both consultations some consultees commented that certain groups should be specifically mentioned in the Proposed Franchising Scheme. Whilst there may be benefits in consulting those groups, it would be for GMCA to decide at the time of any such consultation who it would be appropriate to consult. As the choice of such groups may change it would not be appropriate to specify them in the Proposed Franchising Scheme now.

- 17.18.7 As well as these questions, some consultees, mainly OneBus and some of the incumbent operators who opposed the Proposed Franchising Scheme, made comments about the process undertaken by GMCA so far. They claimed that there were flaws in the Assessment, in the audit and in the consultation process. They also commented on the process undertaken by TfGM in preparing the Covid-19 Impact Report and by the auditor in reviewing the same. These claims are considered in detail at section 9 above. Having carefully considered the consultation responses and having undertaken its own detailed assessment of the lawfulness, propriety and reasonableness of the procedural matters discussed, TfGM is confident that the criticisms addressed by consultees are not well founded.
- 17.18.8 Consideration was also given to the potential impacts of the options and how the Proposed Franchising Scheme may impact on operators. Some commented that the Proposed Franchising Scheme would result in a significant change in how the market operates and that it could lead to operators having stranded assets (such as depots and vehicles) and/or outstanding pension liabilities. Consideration of these issues and the potential mechanisms proposed by GMCA to reduce some of these issues, such as through the proposed RV mechanism and by GMCA proposing to acquire strategic depots from operators, have been given.
- 17.18.9 Stagecoach's consultation response also made the case that the Proposed Franchising Scheme would impact on its property (or A1P1) rights and that it would be a disproportionate intervention by GMCA. Detailed consideration of this issue was given between Sections 16.6.59 to 16.6.78 and TfGM has set out its understanding of this particular issue to inform GMCA's determination on it when it makes its final decision.
- 17.18.10 It is recommended that, if the Proposed Franchising Scheme is made, the draft included in the second consultation should be modified to define the Sub-Areas by reference to a deposited map and to adjust the Annexes as explained and for the reasons given above. Although the Mayor has always been the person who has to decide whether or not to make a franchising scheme, the draft need also to be amended so that any scheme is made by him on behalf of the GMCA (as that is a function under section 123H of the Act exercisable only by him given article 4 of, and paragraph 3(i) of Schedule 1 to, the GMCA (Functions and Amendments) Order 2019).

17.19 Overall TfGM Conclusion and recommendation

Comments on the Assessment

- 17.19.1 During the first consultation, whilst there was support for the Proposed Franchising Scheme from the majority of public and statutory respondents, there was also some opposition and challenge to TfGM's analysis in the Assessment. Those who opposed the Proposed Franchising Scheme, principally the incumbent bus operators in Greater Manchester, set out some challenges to the analysis. This was done in three broad areas – challenging the case for change and the conclusion that the Proposed Franchising Scheme would best fit GMCA's objectives; the economic and financial forecasts showing that the Proposed Franchising Scheme represented good VfM and was affordable; and the commercial and management arrangements showing that GMCA would be able to successfully implement the Proposed Franchising Scheme in the timescales proposed.
- 17.19.2 During the second consultation, there was again support for the decision to implement the Proposed Franchising Scheme and to take the decision to do so now, despite the uncertainty created by the Covid-19 pandemic. Some incumbent operators challenged the basis of the analysis presented in the Covid-19 Impact Report, particularly the approach taken to look at the future in terms of different potential scenarios, and to test the conclusions of the Assessment in the light of those. They criticised how the Scenarios were created and the subsequent analysis that was based on them. They suggested it was not a sufficiently secure basis to make a decision. They also argued that the future was too uncertain to take a decision to implement the Scheme now, and that this should be postponed until more and better analysis of the market could be undertaken.

The scenario approach

- 17.19.3 Whilst some operators criticised the scenario approach taken by TfGM, a number of points should be noted. Whilst there was criticism of how the projections of patronage were arrived at, no operator suggested a wider specific range of potential outcomes. Indeed, scenarios used by operators themselves, and other organisations held up as positive examples (Transport for London and Transport for the North) were considerably more optimistic. The Scenarios used by TfGM provide a sufficiently rigorous basis for testing the validity of the conclusions reached on the Proposed Franchising Scheme in the Assessment under a wide range of different potential circumstances.

The case for change

- 17.19.4 The operators raised concerns in their responses to the first consultation about the analysis presented in the Assessment on the challenges facing the bus market. They considered that too little emphasis had been placed on congestion and Metrolink as causes of the decline in bus patronage, and hence too much emphasis had been placed on the problems of network inefficiency and complex fares and ticketing (issues that franchising would address). The Strategic Case in the Assessment acknowledges and analyses the effects of congestion and sets out how further 'Phase 2' interventions could address it. The Assessment also sets out the impact that Metrolink and other exogenous factors have on bus patronage. Considering the responses to the consultation, TfGM remains confident in the analysis of congestion presented. Whilst there are undoubtedly external reasons that have impacted bus patronage, this does not mean reform of the bus market should not be pursued.

- 17.19.5 Overall, there was support for GMCA’s objectives in both consultations. There was some disagreement with the analysis of the areas in which the Proposed Franchising Scheme is likely to perform better than the alternatives. On the network, some operators argued that franchising would not enable the network to be improved significantly, although they did not present any counterargument to the key point that planning one integrated network as opposed to a set of competing, separately planned networks could bring significant advantages. Some operators disagreed with the idea of simplifying ticketing and said that the proposition that period tickets should give access to all buses was not necessarily advantageous to passengers. However, other responses and the evidence presented in the Assessment and its supporting documents makes a convincing case that simplifying ticketing in the way described in the Assessment would be of advantage to passengers. Operators also argued either that a single brand was not as advantageous as claimed, or that a partnership could deliver its key aspects – such as a similar livery for buses. However, TfGM remains of the view that the unifying the bus network under one brand with simplified ticketing and sources of information and clear accountability enhances confidence in the network for both current and potential passengers.
- 17.19.6 In the second consultation, some incumbent operators argued that the challenges facing the bus market had changed and that this meant GMCA’s objectives were no longer valid. They argued that instead of the Proposed Franchising Scheme GMCA should focus on recovery and the potential for ‘recovery partnerships’. GMCA in January 2021 re-issued its Local Transport Strategy and adopted the delivery plan associated with it. This Strategy included the same Vision for Bus as previously, and, while the context has changed, the importance of the objectives in terms of the network, fares, customer service and VfM remain. These are the aspects of the service that will need to be focused on to also assist recovery.
- 17.19.7 Concerns were also raised by some operators and some neighbouring authorities in terms of the potential effects on cross-boundary services. The statutory tests that would be necessary to grant a service permit mean that some services – albeit a small proportion – might require some conditions to be placed upon them. This could mean operators ceasing to operate them on a commercial basis. This report sets out how GMCA could work with neighbouring authorities using existing powers to replace services and ensure that passengers did not lose out.
- 17.19.8 Considering points made by incumbent operators and others, TfGM considers that the Proposed Franchising Scheme will provide considerable benefits and that its advantages as set out in the Assessment for passengers are substantial. Looking at the performance of the different options in the light of the different scenarios consequent on the Covid-19 pandemic showed that the Proposed Franchising Scheme remains more likely to achieve GMCA’s objectives for the bus network than the alternatives.

Economic and financial forecasts

- 17.19.9 The economic and financial analysis presented in the Assessment was based upon a modelling exercise that created a baseline for the bus market and tested the effect of different interventions. A report from Jacobs was commissioned by OneBus that detailed some criticisms of this analysis that in some cases were repeated, or added to, by some of the incumbent operators. This report details how these points are either misplaced or would not affect the conclusions drawn about the VfM or affordability of the Proposed Franchising Scheme.

- 17.19.10 Forecasting by its very nature involves a large number of assumptions that feed into the outputs that are produced and there are different levels of confidence for each of them. Thus, it is recognised, for instance, that the evidence-base for the specific values placed on unifying the bus service in Greater Manchester under a single brand is not deep or broad. However, the discussion set out in the response shows that TfGM is confident in the outputs that show the Proposed Franchising Scheme to be better VfM than the alternatives. It is also the case that TfGM is confident that the Proposed Franchising Scheme is affordable for GMCA given the flexibility in how it may be implemented and the mitigations available if necessary.
- 17.19.11 The effect of Covid-19 is to increase the uncertainty about the future and therefore the economic and financial forecasts. Conclusions on VfM and affordability were examined in the light of different scenarios, including the pessimistic ‘Scenario 3’ that sees patronage drop to 25% of its previous levels. Under three of the four scenarios, the Proposed Franchising Scheme remains VfM in terms of the monetised benefits and costs – but this would be in doubt if the outcome for the market was more like Scenario 3. As mentioned, the Proposed Franchising Scheme would remain affordable under the different scenarios, but mitigations necessary under Scenario 3, would potentially see changes to fares and the network that could harm passengers. This would be the case under any market model in such circumstances including the current deregulated market – and in that instance there would be pressure for GMCA to intervene and spend public money to support the bus service, as has been done in during the Covid-19 pandemic.

Implementing the Proposed Franchising Scheme

- 17.19.12 A number of respondents to the first consultation suggested changes to the commercial model for implementing franchising, for instance in terms of the ownership of assets, the size or length of franchise packages. Although these have been reviewed in detail, TfGM is still confident that the commercial approach proposed will best meet the objectives of achieving strong competition and VfM. However, ongoing engagement with the market will continue as any procurement activity commences and refinement of the detail will continue based on feedback.
- 17.19.13 The main objections from incumbent operators during the first consultation concerned the proposal that GMCA should acquire the strategic bus depots. Some operators said that they would not cooperate with GMCA in the voluntary sale of the depots, despite the fact that this would mitigate one of the largest potential impacts of the Proposed Franchising Scheme on them if they did not win a relevant local service contract. Given that, TfGM considers that it is not unreasonable in the circumstances to proceed on the basis that depots could be purchased voluntarily from operators. But in any event, GMCA has alternative proposals (most of which were not commented on) to provide alternative depots if needed. It is considered that depot ownership will support enduring competition and lower barriers to entry, a point endorsed by the CMA. None of the feedback received has led to any changes being proposed to how the Proposed Franchising Scheme should work.
- 17.19.14 Some incumbent operators thought that the cost and timescales for implementation of the Proposed Franchising Scheme were unrealistic, as they doubted the capability of TfGM (who would be charged with managing the Proposed Franchising Scheme). Incumbent operators stated that the assessed costs of TfGM for the partnership proposals were too high and that the implementation of franchising would take longer and cost more – for instance because of the difficulty of purchasing depots. There are uncertainties in the implementation process, and, if operators were to choose not to cooperate, that would

make the process more difficult. However, the response sets out that the original assumptions were reliable, that the plans for implementation were capable of being implemented and are capable of being modified should that be necessary.

- 17.19.15 In response to the second consultation, some operators argued that the Covid-19 pandemic would make the transition more difficult, although one (Abellio) suggested it made a more logical 'jumping off point' as there were similarities in terms of the public support for the network and the lack of competition. Whilst uncertainty due to Covid-19 will affect the implementation and greater attention will need to be paid to some risks (such as operators withdrawing services early), it would not make the process fundamentally different in character or so risky as to be a barrier.
- 17.19.16 TfGM recognise the need to change its organisation to deal with the challenge of running a franchised bus operation. Whilst some services are currently contracted by TfGM, that capability would need to be augmented and extended to allow the running of a network covering the whole of Greater Manchester. This is explained in the Assessment. The critiques offered of the capability of TfGM do not contain any persuasive evidence or reasons why the organisation would not be able to implement and manage the Proposed Franchising Scheme.

Alternatives to franchising

- 17.19.17 In terms of alternatives to the Proposed Franchising Scheme, during the first consultation incumbent operators in Greater Manchester argued that the Operator Proposed Partnership had not been given sufficient credit in the Assessment and they put forward new partnership proposals additional to those considered in the Assessment. They also suggested that measures to reduce congestion should be put in place, alongside partnership, in preference to the Proposed Franchising Scheme. These would rely on using the transition funding that GMCA had approved in October 2019 for the Proposed Franchising Scheme.
- 17.19.18 Two substantive proposals were put forward during the first consultation – firstly by OneBus, following discussions with TfGM between October 2017 and June of 2019, which was called Partnership Plus and was claimed to add further commitments to the Operator Proposed Partnership. Secondly, Stagecoach put forward a proposal that a partnership with them as majority operator in the South of Greater Manchester could be combined with a franchising scheme in the North. Consideration was also given to a proposal by First for a local partnership in Oldham and consideration of that proposal is set out further at section 12.
- 17.19.19 During the second consultation, OneBus and Stagecoach both effectively confirmed that the proposals they had put forward during the first consultation were no longer valid. This was because of the uncertainty caused by Covid-19 on the bus market. Instead, operators said that no decision should be taken to make the Proposed Franchising Scheme until there is more certainty in the market and when they are able to put forward detailed partnership proposals. In addition to this, some operators commented that GMCA should instead consider 'recovery partnerships' to assist with the recovery of the market and to ensure that they are able to access any continued Government funding which may be announced. During clarification meetings with TfGM the operators agreed that any such 'recovery partnership' would not be an alternative to a long-term arrangement such as the Proposed Franchising Scheme, and would instead aid the short- to medium-term recovery of the market.

- 17.19.20 Notwithstanding the fact that operators have not been able to propose any detailed partnership proposals at this time, the analysis of the partnership proposals in the Assessment showed that in themselves, they did not achieve comparable benefits to the Proposed Franchising Scheme, and the proposals put forward by operators during the first consultation did not perform significantly better. The first consultation showed support for a reinvigorated bus offer in Greater Manchester, with many looking to see bus journey times improved alongside (not as an alternative to) the Proposed Franchising Scheme. Measures to address congestion are part of GMCA's transport policy, whether the market is franchised or continues to be deregulated, as is set out in the Delivery Plan for the Greater Manchester Transport Strategy 2040 published in 2021. The Proposed Franchising Scheme would enable a broader range of further measures to be undertaken and with better value for money than would be possible in the current, deregulated, market.
- 17.19.21 Incumbent operators, as well as some local authorities, raised the point during both consultations that greater costs and risks would be borne by GMCA if the Proposed Franchising Scheme were implemented. In the second consultation, operators pointed to more straightened public finances as a result of Covid-19. Whilst there was endorsement of the approach to risk analysis performed (even from opponents of the Proposed Franchising Scheme) it remains the case that the Proposed Franchising Scheme entails a transfer of revenue risk to the public authorities in Greater Manchester, as well as a significant transition cost in the early years of the scheme. The future direction of the bus market and travel is by its nature uncertain, and the Covid-19 pandemic has increased the uncertainty in terms of patronage and revenue that would be available to support the service. GMCA would thus have revenue risk and the responsibility for determining how the bus market in Greater Manchester should respond to pressures of costs or reduced patronage if franchising is introduced. Whilst the uncertainty caused by Covid-19 is not specific to the Proposed Franchising Scheme, and GMCA would still face risks under a Do Minimum or partnership, it would assume financial risks more directly under the Proposed Franchising Scheme. For this reason, it is important that GMCA notes this uncertainty and accepts the potential requirement for proposed mitigation options of the form and scale identified in the Covid-19 Impact Report. More broadly, GMCA and its constituent authorities will bear the risks of the bus system in Greater Manchester and responsibility for ensuring that economic growth is not impeded by a weaker transport system.
- 17.19.22 GMCA, as set out in the Assessment, has approved funding for the Proposed Franchising Scheme, but it should be recognised that development of the bus network should not be achieved at the expense of other competing costs faced by fiscally constrained local authorities. GMCA should continue to engage with central Government to establish sustainable funding propositions to support network growth and increased bus use, including the use of 'recovery partnerships' or whatever structure DfT wish to put around further funding for the recovery of the bus network. Whilst progress on some key issues such as clean air will require some further investment, it is concluded that the Proposed Franchising Scheme is affordable and offers a stronger basis for investment of public money into a broader range of measures and better VfM than the alternatives for bus reform, and this remains the case despite the uncertainty created by the Covid-19 pandemic.
- 17.19.23 There are reasons to take the decision now. Further delay would postpone the structural reform of the bus market in accordance with the GMCA's strategic policies which is required to best meet the challenges it faces in any event and it would reduce the GMCA's ability to help recovery. A 'recovery partnership' type arrangement would be pursued irrespective of the decision on the Proposed Franchising Scheme, but the long-term

recovery of the bus market in Greater Manchester would be best served by a 'recovery partnership' followed by the implementation of the Proposed Franchising Scheme. On balance it considered that the disadvantages of further delay outweigh its possible advantages in terms of gaining further information, whether by use of the DfT guidance once published or from an offer of a new, longer term partnership (especially as there is no reason to believe that this would outperform the previous proposals).

Recommendation

17.19.24 Considering the analysis in the Assessment and the responses to the two consultations held, it is concluded that the Proposed Franchising Scheme offers the best opportunity to achieve GMCA's objectives and to drive further improvements to the bus service and to the wider public transport system in Greater Manchester. Although it is likely to interfere with the peaceful enjoyment of the possessions of those operating bus services in Greater Manchester without compensation, it is considered that making the Proposed Franchising Scheme is in the public interest and that it is in all the circumstances nonetheless justified. It is therefore proposed that the Proposed Franchising Scheme should be made as consulted upon, subject to the use of a more detailed map, the services identified being updated (as explained in sections 6.9.53 and 16.2.45 of this Report respectively) and it being made clear that it is for the Mayor to make the Proposed Franchising Scheme on behalf of the GMCA.

18. Appendix 1

18.1 Consultees

18.1.1 Section 123E(4) of the Act lists categories of organisations and individuals with whom GMCA was required to consult.

18.1.2 These group are outlined below:

- **All bus operators running local services in Greater Manchester.** TfGM records identified 66 bus operators in this group.
- **All other persons holding a PSV operator's licence or community bus permit who would be affected by the proposed scheme.**
- **Such persons who appear to represent employees of bus operators running local services in Greater Manchester.** GMCA and TfGM identified nine bodies and contacted the General Secretary for each.
- **Such organisations appearing to represent bus passengers.** Transport Focus are specified below; GMCA and TfGM identified two further organisations as appearing to fall within this category – Travel Watch North West and Bus Users UK.
- **A Traffic Commissioner.** GMCA and TfGM identified the Traffic Commissioner for the North West and Wales as the relevant consultee.
- **The Chief Constable of Greater Manchester Police.**
- **The Passengers' Council** (which is now known as Transport Focus).
- **The Competition and Markets Authority (CMA).**
- **Any other relevant local authority whose area would be affected by the proposed scheme.** In addition to the 10 Greater Manchester Councils, GMCA and TfGM sought to identify all local authorities who may be affected by the proposed franchising scheme. This includes neighbouring local authorities where local services operate in and out of Greater Manchester. 23 neighbouring local authorities were identified across Lancashire, Merseyside, Cheshire, Derbyshire and West Yorkshire.



Ipsos MORI
Social Research Institute

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Doing Buses Differently: Consultation on a Proposed Franchising Scheme for Greater Manchester

Summary Report

Produced by Ipsos MORI for Transport for Greater Manchester
(Instructed by Greater Manchester Combined Authority)

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Executive summary

This section provides an overall summary of the key issues raised by participants in the consultation. It provides core information concerning the background and context of the 'Doing Buses Differently' consultation on a Proposed Franchising Scheme, and summarises the key sections including:

- **ES1: Background and context**, covering the purpose of the consultation and response options;
- **ES2: A summary of overall opinion**, covering overall support/opposition for the introduction of the Proposed Franchising Scheme and the reasons underpinning this;
- **ES3: Changes to the Proposed Franchising Scheme**, covering the proportion of participants who think there should be changes to the Proposed Franchising Scheme and what those changes should be;
- **ES4: The Proposed Franchising Scheme**, covering corrections and changes, coverage, services to be included, exceptions, implementation dates, types of contracts, role of small/medium size operators, depots;
- **ES5: The Strategic Case**, covering the case for reforming the bus market, GMCA's objectives for the future provision of bus services, the contribution of franchising to achieving GMCA's objectives and the partnership options;
- **ES6: The Economic Case**, covering value for money, Net Present Value (NPV), phase 2 intervention/investment;
- **ES7: The Commercial Case**, covering packaging strategy, length of contracts, allocation of risk, impact on employees, depots, fleet, ITS approach, procurement of contracts, impact on achieving objectives of neighbouring transport authorities, securing operation of services, impact of partnership options on employees;
- **ES8: The Financial Case**, covering funding and the affordability of the Proposed Franchising Scheme and the affordability of partnership options;
- **ES9: The Management Case**, covering managing franchised operations, the proposed approach to the transition and implementation of the Proposed Franchising Scheme, the proposed approach to the implementation and management of the partnership options;
- **ES10: Impact of different options**
- **ES10: The Equality Impact Assessment;**
- **ES11: Campaign responses and petitions;**
- **ES12: Late responses;**
- **ES13: Response Rates**

ES1: Background and context

- Greater Manchester Combined Authority (GMCA) is proposing changes to how local bus services should be run across Greater Manchester in the future. Specifically, this includes the introduction of a Proposed Franchising Scheme;

- GMCA launched a public consultation, which ran for just over 12 weeks from midday on 14 October 2019 to 23:59 on 8 January 2020;
- Participants could choose to complete a short version of the questionnaire containing nine questions, or a longer version containing 48 questions about the proposed changes¹. Both versions of the questionnaire were made available electronically and in hard copy². Participants could also take part in the consultation via email or by letter in the post instead of completing a questionnaire; and
- The consultation asked participants for their comments about the Proposed Franchising Scheme. Participants were asked to comment on the overall Proposed Franchising Scheme, as well as on specific aspects of the Proposed Franchising Scheme and were also asked to comment on the Strategic, Economic, Commercial, Financial and Management Cases which formed part of TfGM’s assessment of the Proposed Franchising Scheme and as set out in a separate consultation document³;
- Please note that some of the comments received may reflect a lack of understanding of the Proposed Franchising Scheme. Nevertheless, such comments have been reported as provided. Other than the correction of typos in verbatim comments, no attempt has been made to change or amend any comments which may not be factually correct or accurate;
- Consultation is a valuable way to gather opinions about a topic, but there are a number of points to bear in mind when interpreting the responses received. While consultations are open to everyone, participants are self-selecting and certain categories of people may be more likely to contribute than others – this consultation is no exception and it means that the responses can never be representative of the population as a whole, as would be the case with a representative sample survey;
- An open consultation can therefore never measure the exact strength of particular views or concerns amongst the wider general public and all organisations and elected representatives, nor may the responses have fully explained the views of those responding on every relevant matter. It cannot, therefore, be taken as a comprehensive, representative statement of opinion;
- Although Ipsos MORI’s analysis is qualitative in nature, it can be valuable to understand how frequently particular points were made. The following terms have therefore been used throughout the report when summarising the views of statutory and non-statutory consultees:
 - **A handful/several** – less than 10 responses;
 - **A few** – between c.10-50 responses;
 - **Some** – c.50-200 responses;
 - **Many** – more than 200 responses; and
 - **Most** – more than half of participants commenting on a particular issue.

¹ All nine questions from the shorter version of the questionnaire featured in the longer version of the questionnaire.

² During the consultation period, the electronic versions of the questionnaires could be obtained via the consultation page of the GMCA website <https://www.gmconsult.org/>. Paper copies of the questionnaire were made available in designated public buildings in Greater Manchester and could also be downloaded from the GMCA website.

³ The consultation document can be found on the GMCA website: https://issuu.com/greatermcr/docs/greater_manchester_bus_franchising_consultation_do

- Whilst the above phrases are used throughout the report, some participant groups (e.g. statutory consultees) have fewer participants. Terminology has therefore been used in the context of the number of participants making up those groups – readers should therefore review the tables at the beginning of each chapter to contextualise the number of participants responding to the specific question:
 - **A handful/several/a few** – fewer than 5-10 responses;
 - **Most** – more than half of participants commenting on a particular issue.
- While attempts are made to draw out the variations between the different audiences, it is important to note that responses are not directly comparable. Participants will have chosen to access differing levels of information about the proposals. Some responses are therefore based on more information than others and may also reflect differing degrees of interest across participants;
- Please note that throughout the report, findings are reported on in terms of the number of respondents who made comments, and/or the number of comments made. It is important to bear in mind that a single participant can make both supportive and opposing comments and also raise concerns in a single response. When numbers are mentioned, the report makes clear that this is either the number of participants who made comments or the number of comments made. This will explain why for example that the number of comments made will generally add up to more than the number of participants who made comments. It is important to bear this in mind when interpreting the consultation findings;
- Finally, those who responded on behalf of an organisation or group were classified as stakeholder organisation responses. This also includes responses from both statutory consultees and elected representatives. In the summary sections that follow respondents are referred to as:
 - Statutory consultees – as defined by statute;
 - Non-statutory consultees – other organisations and elected representatives;
 - Members of the public; and
 - Participants – anyone who has responded.

A full list of the organisations that took part, including statutory consultees can be found in Appendix B.

ES2: Summary of overall opinion

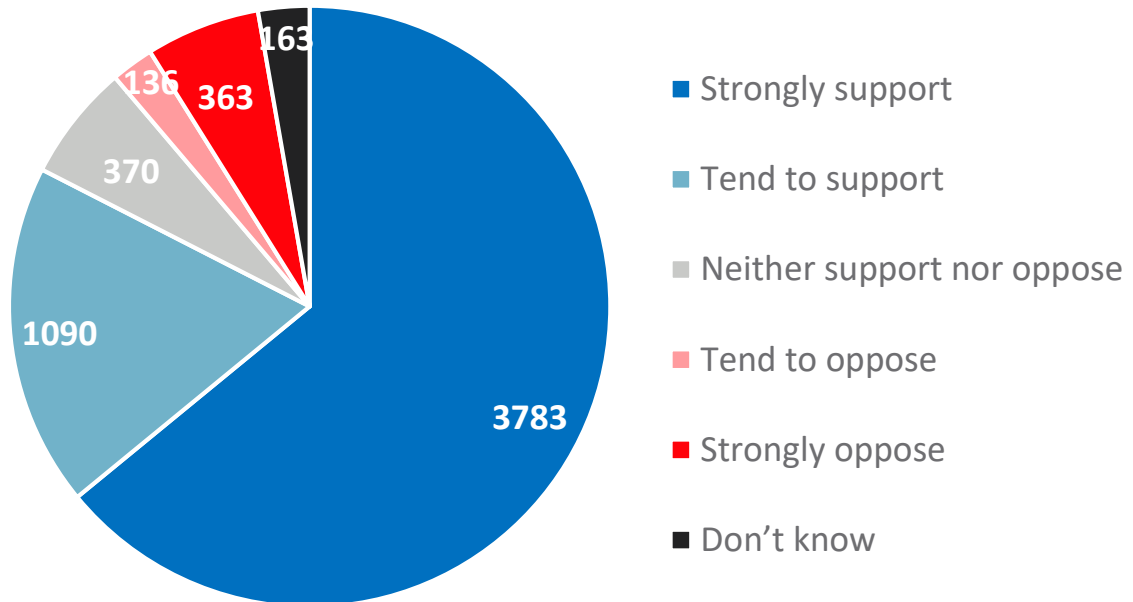
- Most of those who provided a response to the consultation were supportive of the introduction of the Proposed Franchising Scheme⁴. For example, of those who completed a questionnaire and chose to tick a box to indicate their support or opposition (5,978 participants), the vast majority (83%) were

⁴ It should be noted that over half of statutory consultees and just under half of non-statutory consultees did not complete the questionnaire and are therefore not reflected in these numbers. For these, a more qualitative summary of their overall responses is contained in the relevant sections of the report, depending on the specific issue raised.

supportive of the introduction of the Proposed Franchising Scheme, while far fewer (8%) were opposed;

- There was very little difference between statutory consultees and non-statutory consultees (87% and 86% were in support of the Proposed Franchising Scheme respectively). Of 5,905 members of the public who completed the question on the questionnaire, most (83%) indicated their support for the introduction of the Proposed Franchising Scheme. Fewer (8%) were opposed to the proposal;

Figure ES1: Levels of support for the proposal among members of the public completing a formal response form



Base: 5,905 members of the public who answered the question in the questionnaire

- Overall, there were 4,285 participants who provided comments about the introduction of the Proposed Franchising Scheme – the majority provided favourable comments;
 - The most frequently cited favourable comments included general support for the proposal, that it would represent an improvement in comparison to the system at present, that it would improve value for money for passengers through reduced fares, and that what was proposed would result in a coordinated and integrated wider public transport network;
 - On the other hand, the most frequently-cited unfavourable comments included general opposition to the Proposed Franchising Scheme, concerns about how affordable the proposals could be, and a belief that there was little evidence to prove that the proposals could work and be successful. However, some of the organisations that provided comments, and in particular, some bus operators favoured a partnership opinion, rather than the introduction of the Proposed Franchising Scheme;
- As well as being asked to comment on the introduction of the Proposed Franchising Scheme, participants were also asked to comment on the conclusion of the Assessment that the Proposed Franchising Scheme would be the best way to meet GMCA's objectives. Of 3,403 participants who provided comments about the Assessment, most (but not all) of the comments were favourable comments:
 - The main favourable comment by frequency of response was a general agreement with the conclusion of the Assessment. Other, less frequently cited favourable comments included a

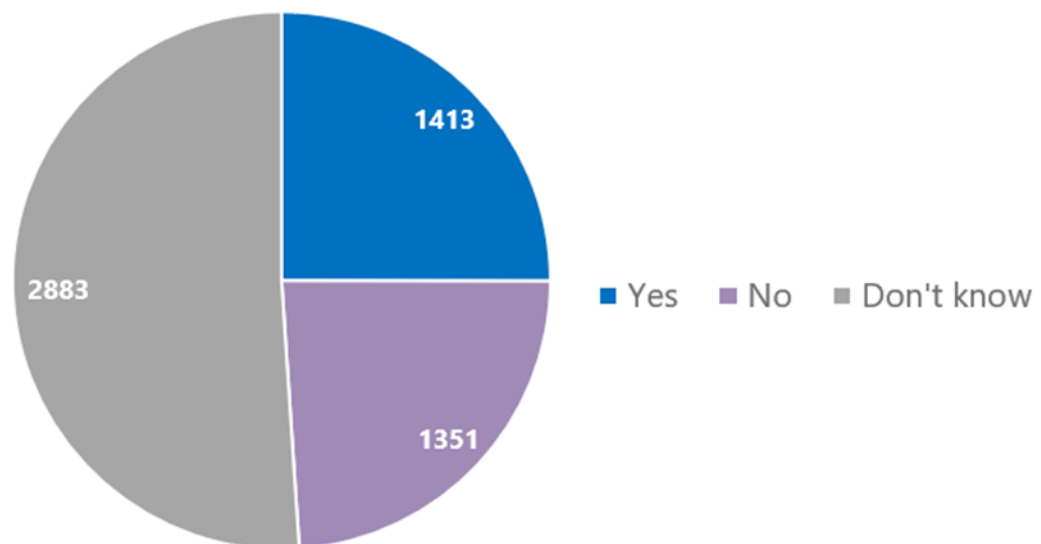
view that bus services would be improved for the better, that there would be increased frequency and availability of buses, and that the changes represented good value for money for passengers;

- The main unfavourable comments were around general disagreement with the Assessment, concerns around cost and value for money, and a belief that the Proposed Franchising Scheme would not be feasible or workable.

ES3: Changes to the Proposed Franchising Scheme

- Those who responded to the consultation were asked if there were any changes they thought would improve the Proposed Franchising Scheme. Of the 5,583 members of the public who responded to this question, half (51%) did not know if there were any changes that they thought would improve the Proposed Franchising Scheme. A quarter (25%) felt there were changes which could improve the Proposed Franchising Scheme and around the same proportion could not identify any changes (24%).

Figure ES2: Changes which would improve the Proposed Franchising Scheme



- For statutory and non-statutory consultees, two in five (42%) felt there were changes that would improve the Proposed Franchising Scheme whilst a quarter (25%) felt there were no changes and a third (33%) did not know;
- Overall there were 1,170 participants who provided further comments and suggestions on changes they thought would improve the Proposed Franchising Scheme. The most cited suggestions to the Proposed Franchising Scheme concerned reducing journey times, subsidising travel for young people and/or students, and ensuring cross-boundary services were considered;

- Of 482 members of the public who completed the question on the consultation response form, 37% would be unlikely to support the introduction of the Proposed Franchising Scheme if the changes they suggested were made. Slightly fewer would be supportive (35%).

ES4: The Proposed Franchising Scheme

- Participants were asked for comments on corrections and changes made to the Proposed Franchising Scheme. In response to this question, many of the comments made were about the Proposed Franchising Scheme, rather than about changes and corrections to it. Those who made favourable comments made general comments in favour or support of what was being proposed, albeit that many of the comments were about support for the overall Proposed Franchising Scheme rather than changes to it. Of those who provided unfavourable comments, the main comment was about general opposition rather than anything specific;
- Overall comments about the Proposed Franchising Scheme being applied to the entirety of Greater Manchester were more favourable than unfavourable. Most of those who provided favourable comments provided general comments in support of universal coverage. However, not all of those who provided comments were in favour. Some of the bus operators in particular raised concerns and/or advocated an alternative approach;
- Consultees were also asked to provide comments on local services proposed to be franchised. The main favourable comment was general support for this aspect of the Proposed Franchising Scheme. Of those who provided unfavourable comments, the main comment was about general disagreement or opposition to what was being proposed;
- There were a mix of comments received in response to the proposal that the Proposed Franchising Scheme would be split into three sub-areas, and on arrangements proposed for the purposes of transition. The main favourable comments were general support for this aspect of the Proposed Franchising Scheme, followed by that it would allow issues in one area to be smoothed out in the other areas due to having a staged or staggered approach. Most of those providing unfavourable comments offered general opposition, whilst some others thought it would be unfair to prioritise one area over the others. There was also concern about timescales;
- When asked for comments on services excepted by regulation under the Proposed Franchising Scheme, most provided generally favourable or unfavourable comments (i.e. just declaring support or opposition for the proposal). A commonly cited unfavourable comment was about opposition to Scholars services being excepted;
- Overall, the majority of comments received about the date that the Proposed Franchising Scheme is currently proposed to come into operation was favourable. Most favourable comments were in support of the proposed date of operation, whereas for those who provided unfavourable comments, the most frequently cited was a belief that there would not be enough time to prepare, followed by general opposition;
- Overall, the majority of comments received about dates that franchise contracts may be first entered into was favourable. Most favourable comments were general comments in support of what was being proposed. The most frequently cited unfavourable comments were about concerns over

timescales, including the length of transition period, and concern about there being possibly too much change at the same time;

- When asked about 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, there were a mix of general favourable and unfavourable comments. Most comments received were suggestions, and the main suggestion was that the nine-month period should be shorter;
- When asked to comment on the proposals for how GMCA would consult on how well the Proposed Franchising Scheme is working, the majority made suggestions rather than favourable or unfavourable comments, although most favourable comments were in general agreement with how GMCA proposes to consult. Of those who made unfavourable comments, the mostly frequently made were concern about the timeframe, and that consultation would be unnecessary, bureaucratic and/or a waste of money. When it came to suggestions, these included comments that the public and passengers should be consulted, that groups who represent passengers should be included, and that performance reviews should be conducted regularly;
- Consultees were also asked if they had any comments on GMCA's plans for allowing small and medium sized operators the opportunity to be involved in the Proposed Franchising Scheme. The majority of comments were favourable. Most of the favourable comments received were general comments in favour of this aspect of the Proposed Franchising Scheme, followed by a belief that inclusion of small and medium operators would allow competition and create a level playing field. Of those who provided unfavourable comments, the most frequent were a belief that smaller operators would be less likely to provide a reliable service, a view that bus services should be provided by large operators, and general opposition to inclusion of small and medium sized operators;
- Consultees were also asked if they had any comments on the proposal that it would be appropriate for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme. Again, the majority provided favourable comments which generally supported this part of the Proposed Franchising Scheme, were that some believed that TfGM and GMCA would have control over depots. The most frequently cited unfavourable comments (including from some incumbent operators) were concerns about costs, general opposition, and that depots should be the responsibility of bus operators.

ES5: The Strategic Case

- Most participants agreed with the challenges facing the local bus market as set out in the Strategic Case, that reform was needed, and that such reform would be the right thing to do to address such challenges. Of the 6,032 participants who completed the tick-box question on the questionnaire, approaching nine in ten (89%) agreed that the Strategic Case for reform was the right thing to do. Furthermore, while approaching three-quarters (74%) agreed strongly with reform, just one in twenty-five (4%) disagreed strongly;

Table ES1: Levels of agreement for reform of the bus market⁵

Q13a. The Strategic Case says that reforming the bus market is the right thing to do to address the challenges facing the local bus market. To what extent do you agree or disagree with this?	Agree	Disagree	Net agree +/-
All who provided a response (6,032)	5,398	355	+5,043
Statutory consultee (16)	15	1	+14
Non-statutory consultee (59)	56	1	+55
Member of the public (5,957)	5,327	353	+4,974

- Of those who provided comments about reform and the case for change (across all response channels, including email and letter, and on the questionnaire) the majority of the comments received were favourable. This included comments about how under the Proposed Franchising Scheme, in the opinion of consultees, bus services would be improved and made more reliable, how ticket prices and fares would be reduced with greater value for money for passengers, and how a more simplified and equitable fare structure would be provided;

Table ES2: Number of participants overall who provided favourable and unfavourable comments

Q12. The Strategic Case sets out the challenges facing the local bus market and says that it is not performing as well as it could. Do you have any comments on this?	Q13. The Strategic Case says that reforming the bus market is the right thing to do to address the challenges facing the local bus market...why do you say this?	
	Number of participants who made favourable comments (Q12/Q13 combined)	Number of participants who made unfavourable comments (Q12/Q13 combined)
All who provided a response (5,638)	5,299	542
Statutory consultee (39)	35	20
Non-statutory consultee (101)	99	15
Member of the public (5,498)	5,165	507

- Not all of those who took part in the consultation agreed that reform was needed and/or that the Proposed Franchising Scheme was the right thing to do. Some of those who provided comments believed that change was unnecessary, or raised concerns about cost and affordability issues, or about how operators and employees in particular could be negatively impacted. Some of the bus

⁵ It should be noted that over half of statutory consultees and just under half of non-statutory consultees did not complete the questionnaire and are therefore not reflected in the tables presented throughout this Executive Summary. For these, a more qualitative summary of their overall responses is contained in the relevant sections of the report, and they are summarised where relevant in the Executive Summary.

operators and transport companies in particular did not think that the Proposed Franchising Scheme was the right approach at all, preferring instead a partnership option;

- However, for those who did provide comments on GMCA’s objectives for the future provision of bus services as set out in the Strategic Case, there were more favourable than unfavourable comments. Many of those who made comments provided general support for GMCA’s objectives, and that the Proposed Franchising Scheme could have a number of benefits (e.g. lower fares, simplified ticketing structure, increased reliability of service, better reach and coverage etc);
- On the other hand, of those who made unfavourable comments about GMCA’s objectives, this included concerns about cost and affordability, a view that objectives could not be realised or met under the Proposed Franchising Scheme, or even that objectives were not ambitious or far reaching enough, or that one or more objectives were missing. A number of suggestions were therefore made as to how GMCA’s objectives could be best achieved and maintained in the medium to long term. This included reducing journey times, and introducing express services;
- Overall, there was more support for the Proposed Franchising Scheme than for any alternative option, including a partnership option. For a majority of those who made comments, they believed that the Proposed Franchising Scheme would be more likely than a partnership option to achieve objectives. However, some bus operators and transport organisations preferred partnership to the Proposed Franchising Scheme. Others provided more balanced or neutral comments about the positives and shortcomings of both the Proposed Franchising Scheme and a partnership option.

ES6: The Economic Case

- Those who responded to the consultation were asked to respond to the conclusion of the Economic Case.

Table ES3: Number of participants who provided favourable and unfavourable comments about the conclusion of the Economic Case

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (2693)	2,147	480
Statutory consultee (22)	16	13
Non-statutory consultee (45)	40	8
Member of the public (2626)	2,091	459

- When responding to the questions concerning the Economic Case, participants tended to reiterate comments made elsewhere in the consultation which focussed on the outcomes which the Proposed Franchising Scheme would deliver, with cheaper and better value bus fares one of the most commonly mentioned positive outcomes (266);

- Specific to the Economic Case, the opinion that bus services should serve the public benefit and not be run for profit (133) and that the Proposed Franchising Scheme provides best value for money of the options presented (130) were other commonly-cited favourable comments;
- On the other hand, of the 480 participants providing unfavourable comments, 139 disagreed with the conclusion of the Economic Case. The main reasons for this included concern about the costs and associated affordability of it the Proposed Franchising Scheme (110) and the perceived lack of evidence to support the conclusion (97);
- A total of 63 participants made suggestions within their response to the conclusion of the Economic Case which concerned potential changes to the Proposed Franchising Scheme. These concerned the importance of subsidised travel for young people (10), free bus travel (7) and that bus services should run 24/7, 365 days per year (5). A total of 366 participants made suggestions within their response to the conclusion of the Economic Case which are already proposed/covered in the Proposed Franchising Scheme Assessment. The main suggestions made included the importance of considering more than just economic value or the cheapest bid (79), that quality of service should be prioritised (46) and that the impact of congestion and effective traffic management to enable any future bus network to operate more efficiently should also be considered (41).

ES7: The Commercial Case

- Overall participants showed favouritism towards the packaging strategy as set out in the Commercial Case.

Table ES4: Number of consultees who provided favourable and unfavourable comments about the proposed packaging strategy

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (224)	114	51
Statutory consultee (16)	9	3
Non-statutory consultee (16)	9	2
Member of the public (192)	96	46

Statutory consultees were generally favourable towards the proposal, although it was felt by some that route-by-route packaging could be a better approach. Members of the public making favourable comments generally reflected those given by statutory and non-statutory consultees, namely that it will allow different size operators to compete for contracts (13), and that it will drive competition across the market (6). Those who were unfavourable (46) were opposed to the proposed packaging of services (18), while specific comments concerned employee and job security (6) or that the proposals are particularly complicated to understand and lack simplicity of explanation (5);

- Sentiment towards the length of franchise contracts under the Proposed Franchising Scheme was mixed.

Table ES5: Number of consultees who provided favourable and unfavourable comments about the proposed length of franchise contracts

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (382)	159	145
Statutory consultee (15)	11	6
Non-statutory consultee (16)	6	5
Member of the public (351)	142	134

Statutory consultees were generally supportive, citing favourability to the five year let for large operators and deeming the proposed differences between contract types to be sensible and appropriate. A few had concerns that the proposed length might be too short and the cost implications of the contract lengths;

- Participants were generally more favourable to the allocation of risk between GMCA and bus operators as set out in the Commercial Case.

Table ES6: Number of consultees who provided favourable and unfavourable comments about the proposed allocation of risk between GMCA and bus operators

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (273)	124	88
Statutory consultee (17)	9	8
Non-statutory consultee (16)	7	4
Member of the public (240)	108	76

Amongst those who were favourable, comments made included general agreement with the proposal to give more authority/risk to GMCA/TfGM. There was also concern about the speed of moving towards a franchising model. Those members of the public who were favourable showed general support towards the proposal, while more detailed favourable comments included the fact GMCA would retain revenue / patronage risk in the spirit of maintaining simpler fares and tickets, and retain more authority over services. The principal unfavourable comments tended to relate to the fact GMCA will retain too much risk or responsibility, and that operators should retain a higher allocation of risk;

- Sentiment towards the potential impact of the Proposed Franchising Scheme on the employees of operators (as set out in the Commercial Case) was mixed.

Table ES7: Number of consultees who provided favourable and unfavourable comments about the impact on employees of operators

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (398)	183	151
Statutory consultee (15)	7	11
Non-statutory consultee (10)	5	4
Member of the public (373)	171	136

Statutory consultees gave mixed views on the proposals in terms of favourability. Amongst the few favourable comments, it was felt by some that the proposal will protect employees or uphold their legal rights through TUPE. For those who voiced an unfavourable view, the main concerns were around the threat to job security under the Proposed Franchising Scheme, such as wages and contracts. Amongst members of the public, general support was slightly higher with favourable comments focussing on how the proposal will protect employees and treat them fairly, that it will protect job security and protect pensions. Unfavourable comments were generally reflective of the concerns voiced by statutory and non-statutory consultees: that it might pose a threat to job security, wages, contracts and/or legal rights;

- Overall participants were favourable about the approach to depots as set out in the Commercial Case.

Table ES8: Number of consultees who provided favourable and unfavourable comments about the proposed approach to depots

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (262)	143	69
Statutory consultee (12)	4	7
Non-statutory consultee (10)	6	5
Member of the public (240)	133	57

This was particularly the case for members of the public, the majority of which supported the proposal, in particular towards GMCA's proposed CPOs of depots or GMCA taking over depots. Those members of the public who were unfavourable cited general feeling that depots should remain with the operators, while others expressed that it would be better to use existing depots (as opposed to building new ones) or questioned the affordability of purchasing depots. More statutory consultees were unfavourable – these comments tended to come from bus operators and cited concern about CPOs and the affordability of the approach, unrealistic timescales, or the general principle that depots should remain under the ownership of bus operators;

- Comments towards the approach to fleet as set out in the Commercial Case were mixed.

Table ES9: Number of consultees who provided favourable and unfavourable comments about the proposed approach to fleet

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (327)	97	69
Statutory consultee (19)	5	7
Non-statutory consultee (16)	5	8
Member of the public (292)	87	54

Many of the favourable comments were in general support, particularly around the commitment to low emission buses. Unfavourable comments tended to surround the issue of affordability of the proposal, or the fact that the responsibility of the value of fleet should remain with the operators;

- There was support across all participant groups for the proposed approach to Intelligent Transport Systems (ITS) as set out in the Commercial Case.

Table ES10: Number of consultees who provided favourable and unfavourable comments about the proposed approach to Intelligent Transport Systems (ITS)

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (403)	241	62
Statutory consultee (16)	9	3
Non-statutory consultee (19)	14	3
Member of the public (368)	218	56

Overall, it was felt that the introduction of such technology was long overdue. Unfavourable comments centred on the affordability aspect or that it will not work due to GMCA/TfGM lacking the expertise to implement such systems that might be better left for the operators to deal with;

- Views towards the proposed approach to procuring franchising contracts as set out in the Commercial Case were missed.

Table ES11: Number of consultees who provided favourable and unfavourable comments about the proposed approach to procuring franchising contracts

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (160)	59	45
Statutory consultee (12)	7	6
Non-statutory consultee (10)	4	1
Member of the public (138)	48	38

Favourable comments tended to generally agree with the proposed approach, while a small number of responses were favourable because of the likelihood that it will drive up competition between operators. Unfavourable comments cited a range of issues, including the timescales and consideration that a route-by-route approach would be better. The reasons given by members of the public tended to echo those made by statutory and non-statutory consultees, although some unfavourable comments again questioned whether it was affordable;

- Overall comments towards the achievement of neighbouring transport authorities as set out in the Commercial Case were more favourable than unfavourable.

Table ES12: Number of consultees who provided favourable and unfavourable comments about the impact of the options on the achievement of the objectives of neighbouring transport authorities

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (240)	121	46
Statutory consultee (25)	16	9
Non-statutory consultee (15)	10	4
Member of the public (200)	95	33

Favourable comments supported bus services working together with neighbouring authorities and favoured the retention of cross-boundary services, as well as the importance of a cross-boundary ticketing system. Unfavourable comments included concern about the impact on customers travelling from neighbouring authorities, the asserted failure to promote bus usage as opposed to travelling into Greater Manchester by car, and concerns around the affordability of the proposed approach to addressing the objectives of neighbouring transport networks;

- Comments concerning the Commercial Case conclusion that GMCA would be able to secure the operation of services under franchise contracts were mixed.

Table ES13: Number of consultees who provided favourable and unfavourable comments about the conclusion that GMCA would be able to secure the operation of services under franchise contracts

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (194)	118	68
Statutory consultee (11)	5	5
Non-statutory consultee (10)	5	6
Member of the public (173)	108	57

Of the statutory consultees providing a response, there was a mix of favourable and unfavourable comments. The favourable comments were typically in general agreement with the conclusion whilst unfavourable comments were made about the concern about there being sufficient incentive for operators to bid for contracts or provide services under a Proposed Franchising Scheme. Bus operators were generally unfavourable towards the conclusion. Members of the public were more favourable overall, whilst unfavourable comments were made about operators requiring incentives or profits in order to bid / provide services and the affordability / cost control or value for money of the proposal;

- Across the participant groups there were more unfavourable comments made about the commercial implications of the partnership options as set out in the Commercial Case, than favourable comments.

Table ES14: Number of consultees who provided favourable and unfavourable comments about the assessment of the commercial implications of the partnership options

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (166)	49	92
Statutory consultee (12)	5	8
Non-statutory consultee (13)	6	11
Member of the public (141)	38	73

Bus operators responding to the assessment of the partnership options tended to argue against the limited benefits as set out in the consultation document. Those who left favourable comments tended to be supportive of the proposed partnership option, either generally or relating to the Voluntary Partnership Agreement (VPA) proposed by operators. Members of the public mentioned support for the Enhanced / Ambitious Partnership, while slightly fewer indicated favourability towards the VPA / Operator Proposed Partnership. Other members of the public left unfavourable comments,

which disagreed with the partnership options, presented concerns around costs and felt that the partnership model is flawed;

- Overall, there was a mix of comments about the potential impact of the partnership options on the employees of operators.

Table ES15: Number of consultees who provided favourable and unfavourable comments about the potential impact of the partnership options on the employees of operators

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (174)	46	92
Statutory consultee (8)	6	2
Non-statutory consultee (6)	3	3
Member of the public (160)	37	87

Many of the statutory consultees responding to this question around the impact on employees made favourable comments, agreeing that the partnership options would not impact employees and would keep jobs secure. Members of the public who were favourable generally agreed with the statement, or state in further detail that they agree it will have no impact or effect on employees. Members of the public who were unfavourable mostly expressed concern about employees' job security under a partnership approach.

ES8: The Financial Case

- Those who responded to the consultation were asked to respond to the Financial Case, including the affordability of the Proposed Franchising Scheme and the approved funding proposal.

Table ES16: Number of participants who provided favourable and unfavourable comments about the conclusion of the Financial Case

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (1986)	1411	499
Statutory consultee (19)	8	15
Non-statutory consultee (38)	26	8
Member of the public (1929)	1377	476

- Almost three times as many participants provided a favourable comment compared to an unfavourable comment, with members of the public providing proportionally more favourable comments than other categories of participant. Statutory consultees made almost double the amount of unfavourable comments about the Financial Case conclusion compared to favourable comments;

- A concern expressed by some Greater Manchester local authorities was the uncertainty over the financial contribution which they might be expected to make towards the Proposed Franchising Scheme. Both Tameside MBC and Bolton Council identified a potential risk as to whether future fare contribution would be sufficient to part-fund the Proposed Franchising Scheme, whilst Stockport Council were concerned that this would be levied before residents have experienced the benefits of the Proposed Franchising Scheme and Salford City Council wanted further detail on the impact of using the precept (and Mayoral 'earn back' funds) on future projects and programmes;
- The bus operators questioned the costs identified in the Financial Case to run and operate a Proposed Franchising Scheme whilst several bus operators did not accept the accuracy of the Financial Case (although recognised that based on its conclusion then the Proposed Franchising Scheme was affordable for GMCA). Other concerns from operators related to specific challenges of elements of the Financial Case, including projected farebox revenue and other sources of funding and the Proposed Franchising Scheme not appearing to meet the statutory test for value for money;
- Of the 1,377 members of the public who made a favourable comment towards the Financial Case conclusion, just over a third made general comments in agreement with the conclusion, or offered their support to it. A smaller proportion of participants reiterated the positive outcome, which would be a reformed and improved bus service, whilst a similar number of participants considered it was long overdue; and
- Of the 476 members of the public who made unfavourable comments about the conclusion of the Financial Case, the main comments expressed general opposition to the conclusion of the Financial Case. The principal specific concern was around the affordability of the Proposed Franchising Scheme, particularly concerning the control of costs and associated value for money.

ES9: The Management Case

- Comments on the approach to managing franchised options under the Proposed Franchising Scheme were mixed.

Table ES17: Number of participants who provided favourable and unfavourable comments on the proposed approach to managing franchised options under the Proposed Franchising Scheme

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (183)	73	56
Statutory consultee (14)	6	6
Non-statutory consultee (9)	5	3
Member of the public (160)	62	47

Responses from statutory consultees, although relatively few, tended to focus upon the costs and difficulties associated with securing sufficiently qualified staff for the relevant core and support

teams. There was also concern raised around the risks associated with additional management costs. Comments from bus operators were generally unfavourable, particularly from those operators whose responses focused upon concerns around the stated requirement to employ approximately 57 more full-time employees. Otherwise, operators generally agreed that the additional required full-time employees would be costly to attract, recruit and train and would ultimately not be sufficient to cover the necessary responsibilities. Members of the public making favourable comments thought that the Proposed Franchising Scheme would create jobs, boost employment and/or lead to the recruitment of more staff and drivers and that the Proposed Franchising Scheme would give TfGM/GMCA more authority and control of bus services. Those making unfavourable comments concerned costs, affordability and value for money of the proposed approach, as well as concerns around increases to council tax and precept payments and the use of public funds for further subsidisation through taxation;

- Overall, there were more favourable comments on the approach to the transition and implementation of the Proposed Franchising Scheme than unfavourable comments.

Table ES18: Number of participants who provided favourable and unfavourable comments on the approach to transition and implementation of the Proposed Franchising Scheme

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (258)	130	81
Statutory consultee (13)	5	6
Non-statutory consultee (9)	4	1
Members of the public (236)	121	74

Around a third of those statutory consultees which provided comments made favourable comments, whilst around half made unfavourable comments within their response regarding transition and implementation. A number of the statutory consultees focused their criticism relating to this case on timescales and the lack of time built in for evaluating and reviewing progress during the transition period. Others expressed similar opinions that the associated risks and costs of this transition had been under-estimated and could be avoided under partnership-led approaches. Some non-statutory consultees agreed that TfGM would be capable of managing franchised operations throughout transition and implementation. More favourable comments were made by members of the public, with the majority agreeing with the approach and that risk would be inevitable in such a change. Less favourable members of the public raised concerns regarding the proposed objectives and the feasibility of timescales, referring specifically to the length of transition and potential for delays to implementation and viewed the approach to transition management as over-complicated;

- Comments made in response to the implementation and management of the partnership options were also mixed.

Table ES19: Number of participants who provided favourable and unfavourable comments on the proposed approach to the implementation and management of partnership options

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (168)	83	69
Statutory consultee (10)	4	2
Non-statutory consultee (7)	4	4
Member of the public (151)	75	63

Statutory consultees were broadly favourable and identified that required levels of resource would be lower than that necessary under the Proposed Franchising Scheme in terms of additional recruitment. Other bus operators also thought that additional resource would be more limited under the partnership options. Members of the public cited favourable responses provided by participants were in general agreement of the premise outlined within the Management Case, with some agreeing that TfGM would have the expertise to transition to a partnership option. Members of the public who were unfavourable opposed the proposed partnership options as they were supportive of the Proposed Franchising Scheme instead.

ES10: Impact of different options

- Those who responded to the consultation were asked if they had any comments on the impacts of the Proposed Franchising Scheme on passengers.

Table ES20 Number of participants who provided favourable and unfavourable comments about the impacts on passengers of the Proposed Franchising Scheme

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (400)	192	91
Statutory consultee (16)	6	8
Non-statutory consultee (20)	14	4
Member of the public (364)	172	79

Bus operators who made comments on the impacts of the Proposed Franchising Scheme on passengers were all unfavourable. There was some concern amongst local authorities about the negative impact of cross boundary services on their residents, whilst concern about ticket prices was raised by other non-statutory stakeholders. Members of the public were overall more favourable about how the Proposed Franchising Scheme would benefit passengers, particularly concerning the

introduction of a single ticketing fare. They expressed concern over a potential increase in fares and also felt it would not generally benefit passengers.

- Participants were asked if they had any comments on the impacts of the partnership options on passengers, as set out in the sub-section on Impacts of the different options.

Table ES21 Number of participants who provided favourable and unfavourable comments about the impacts on passengers of the partnership options

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (202)	48	111
Statutory consultee (15)	7	6
Non-statutory consultee (11)	2	9
Member of the public (176)	39	96

Bus operators felt a partnership option provided greater benefits to passengers than the Proposed Franchising Scheme. Other statutory consultees thought that a partnership option would carry lower risk, particularly when it comes to protecting cross-boundary services. Members of the public were less favourable about the impact on passengers of the partnership options, with a belief that it didn't provide value for money and a general preference towards the Proposed Franchising Scheme. Favourable comments towards the impact of the partnership options came from those who preferred the options and on the basis that there might be fare freezes, with costs being absorbed by operators.

- Participants were asked if they had any comments on the impacts of the Proposed Franchising Scheme on operators, as set out in the sub-section on Impacts of the different options.

Table ES22 Number of participants who provided favourable and unfavourable comments about the impacts on operators of the Proposed Franchising Scheme

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (161)	63	60
Statutory consultee (14)	6	9
Non-statutory consultee (10)	5	4
Member of the public (137)	52	47

Relatively few participants responded to this question. Bus operators warned against potential loss of business if franchising contracts are not awarded, which could result in operators exiting the market

and resultant legal action. On the flip side, other statutory consultees, particularly local authorities outside of Greater Manchester, felt it could be an opportunity for new operators to enter into the market and/or let smaller operators grow. Of the few members of the public who responded to this question, main points mirrored those raised by other consultees, in that it would level the field for smaller operators and actually drive competition. There was concern that current operators should receive fair treatment and/or compensation for losses and whether there would be insufficient services for operators.

- Participants were asked if they had any comments on the impacts of the partnership options on operators.

Table ES23 Number of participants who provided favourable and unfavourable comments about the impacts on operators of the partnership options

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (77)	34	36
Statutory consultee (7)	5	1
Non-statutory consultee (6)	3	3
Member of the public (64)	26	32

Bus operators made detailed comments in response to this question, which included the lower risk for GMCA under a partnership option, with market competition and scrutiny being greater under such an arrangement. However, Stagecoach Manchester felt they could not comment fully on the commercial implications of the partnership options as they felt the Ambitious Partnership considered in the assessment had not been tested with operators. As one Greater Manchester local authority identified, it felt that the partnership options would have limited impact on the operators as services, timetables and ticketing would continue to be decided the operators and there would be little change. Members of the public making favourable comments generally cited overall support towards partnership options or a preference for the Proposed Franchising Scheme (17).

- Participants were asked if they had any comments on the impacts of the different options on GMCA as set out in the sub-section Impacts of the different options.

Table ES24 Number of participants who provided favourable and unfavourable comments about the impacts on GMCA of the different options

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
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All who provided a response (113)	60	35
Statutory consultee (11)	6	8
Non-statutory consultee (9)	4	2
Member of the public (93)	50	25

Bus operators felt that GMCA would be subject to greater financial and legal risk through the Proposed Franchising Scheme, whilst Bolton Council were clear that none of the risk should be transferred to any of the 10 Greater Manchester local authorities. On balance, members of the public showed support, more generally of the Proposed Franchising Scheme but also specifically concerning the reinvestment of surplus into the transport network.

- Participants were asked if they had any comments on the impacts of the different options on wider society as set out in the sub-section Impacts of the different options.

Table ES25 Number of participants who provided favourable and unfavourable comments about the impacts on wider society of the different options

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (344)	187	74
Statutory consultee (14)	11	9
Non-statutory consultee (19)	13	9
Member of the public (311)	163	56

Bus operators referred to the Jacobs Review of Consultation Economic Case concerning the methodology used to calculate the benefits of the Proposed Franchising Scheme and that partnership options would bring about greater benefit. TravelWatch NorthWest highlighted the Proposed Franchising Scheme's forecast that it would reduce car use and promote more sustainable travel. Members of the public tended once again to reiterate support for the Proposed Franchising Scheme in their response, also citing the, positive environmental impacts, such as less pollution and cleaner air. Unfavourable comments included ruling out the 'do minimum' option.

ES11: Equality Impact Assessment

- Under equality legislation, GMCA is required in the exercise of its functions to have due regard for 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; and

- Foster good relations between those who have a relevant protected characteristic and those who don't.
- The draft Equality Impact Assessment (EQIA) concludes that the Proposed Franchising Scheme would have a high positive impact on children and young people, older people and people with physical and sensory impairments and a medium positive impact on women, transgender people, lesbians, bisexuals and gay men, people with mental health problems and people from a variety of ethnic backgrounds. It does not identify any groups that would suffer an adverse impact;
- There were 285 participants who provided comments on the EQIA, including from 12 statutory consultees, 29 non-statutory consultees, and 244 members of the public;

Table ES26: Number of participants who provided favourable and unfavourable comments on the draft Equality Impact Assessment

	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (285)	130	61	+69
Statutory consultee (14)	4	4	0
Non-statutory consultee (27)	13	5	+9
Member of the public (244)	113	52	+61

- Of those who made favourable comments, the main comments by frequency of response were about general support for what was covered in the draft Equality Impact Assessment, and a belief that it would take into account the needs of all passengers, including minority groups;
- On the other hand, the most frequently cited unfavourable comments were about disagreement or opposition to what was covered in the draft Equality Impact Assessment, or that it was considered to be too vague, lacked detailed or that it was a superficial exercise;
- Most of those who made suggestions made suggestions about aspects that would be already covered or taken into account by the draft Equality Impact Assessment. This included comments that disabled and vulnerable passengers should be considered, that operators should be held to account if they fell short of requirements, and that the draft Equality Impact Assessment should be on similar lines to those in other major cities with franchises, such as in London.

ES12: Campaign responses and petitions

- Of all responses received, 1,240 were considered to be campaign responses. All of these responses related to one campaign from Better Buses for Greater Manchester. The main points contained within the Better Buses for Greater Manchester campaign gave support for a better, publicly controlled bus network. Of these:

- 930 responses included text which Better Buses for Greater Manchester included on its website, which made several points in response to the Strategic Case, including the challenges facing the local bus market and the conclusion that it is not performing as well as it could be. The campaign also provided comments in response to the agreement that reforming the bus market is the right thing to do to address the challenges facing it;
 - 502 responses provided a comment which replicated text used by Better Buses for Greater Manchester on its Facebook page (entitled Publicly Controlled Buses). Support for better, publicly controlled buses which could see Greater Manchester set a precedent across the UK; and
 - 63 responses provided a comment which replicated text used on a postcard produced by Better Buses for Greater Manchester.
- In addition, Better Buses for Greater Manchester submitted a petition. A total of 11,510 members of the public and other organisations signed the petition, the text of which was as follows:

“Our buses aren’t good enough. Right now, bus companies do what they like and it’s a free market wild west. We need public control.

Andy Burnham, Mayor of Greater Manchester, has said he will regulate your buses. Regulation would mean affordable fares, and more evening and weekend services, all with a smart ticket where daily spending is capped.

The final decision hasn’t been made. Sign the petition now to make your buses better.

Dear Andy Burnham, please regulate our buses.”

- Another petition was submitted by Councillor Adrian Pearce of Stalybridge North Ward. This supported the Proposed Franchising Scheme as it would make bus services more responsive to the needs of the people of Ridge Hill in Stalybridge. It was signed by 53 residents.

ES13: Late responses

- While the consultation closed at 23:59 on Wednesday, 8 January 2020, 72 responses were received after the consultation deadline. As per the protocols set up at the beginning of the consultation, late responses have been analysed separately, with a short summary of what was said included in this chapter of the report. Key points raised included:
 - The Competition and Markets Authority provided a response in support of making the bus market work better. They provided a response focused upon their view of franchising and the

provided alternatives with the stated offer to have input into the final packaging strategy and design if the Proposed Franchising Scheme were to be adopted;

- The Association for British Commuters provided a response which stated their full support for the Proposed Franchising Scheme, with the caveat that stronger legislation will be needed and the option for a fully integrated, publicly owned transport system should be urgently explored. They recognised the benefits which would be brought to Greater Manchester;
- Members of Age UK Bolton met to discuss the consultation and provided the following comments. They discussed current challenges such as unreliability of services, cancellation of services, poor standards and cleanliness and a lack of information through timetabling. They also had criticisms about the consultation document and its accessibility and usability;
- Councillor Charlotte Martin (Audenshaw, Tameside) raised issues caused by privatisation of the bus services such as price increases, lack of investment, poor timetabling and no effort to integrate ticketing. Councillor Martin was supportive of the Greater Manchester Better Buses campaign, in order to utilise powers to coordinate the network and introduce standards;
- Venture Arts shared notes taken from a steering group session run regarding the Proposed Franchising Scheme. They provided a number of comments regarding the experiences of members with learning disabilities, about how current use of buses impacts on them; and
- Finally, there were 27 late responses submitted by members of the public. All of these responses provided comments which were in-keeping with the themes raised by members of the public analysed in detail in throughout this report.

ES14: Response Rates

The table below summarises the response to the consultation via the various response channels⁶.

○ Response channel	○ Members of the public	○ Statutory consultee	○ Non-statutory consultee	○ Overall total
Online response form	5,700	13	56	5,769
(Short version)	(4,534)	(5)	(37)	(4,576)
(Long version)	(1,166)	(8)	(19)	(1,193)
Paper response form:	308	5	3	316
(Short version)	(276 ⁷)	(0)	(3)	(279)

⁶ Excludes campaign responses

⁷ This number includes 4 attachments that were sent in with paper forms and coded separately and included in the analysis.

(Long version)	(32)	(5)	(0)	(37)
Email	1,100	23	55	1,178
Whitemail ⁸	12	0	1	13
Total	7,120	41	115	7,276

⁸ Responses submitted by post not using the response form structure (letters, reports etc).

1. Introduction

1.1 Overview

Greater Manchester Combined Authority (GMCA) is proposing changes to how local bus services should be run across Greater Manchester in the future. Specifically, this includes the introduction of a Proposed Franchising Scheme.

In order to allow statutory⁹ consultees and other interested parties (including service users) the opportunity to comment on the proposed changes, GMCA launched a public consultation. The consultation ran for just over 12 weeks from 12.00 on 14 October 2019 to 23:59 on 8 January 2020.

Participants could choose to complete a short version of the questionnaire containing nine questions, or a longer version containing 48 questions about the proposed changes¹⁰. Both versions of the questionnaire were made available electronically and in hard copy¹¹. Participants could also take part in the consultation via email or by letter in the post instead of completing a questionnaire.

Ipsos MORI was commissioned by Transport for Greater Manchester (TfGM) on behalf of GMCA to analyse responses to the consultation, and to prepare an independent report of the findings. This document contains a summary of the comments that were received.

1.2 Context

The Bus Services Act 2017¹² amended the provisions of the Transport Act 2000 (“the Act”) and provides new franchising and partnership powers with the aim of strengthening, and in some circumstances, reforming, the operation of local bus services in England.

The Act contains powers for mayoral combined authorities to create bus franchising schemes in their regions. Following the introduction of the Act, GMCA considered the use of the new franchising powers and decided to prepare an assessment of a Proposed Franchising Scheme in accordance with sections 123B and section 123C (4) of the Act. The assessment took the form of a five-model business case in line with The Department for Transport’s (DfT) Franchising Scheme Guidance (“the Guidance”), and compared a Proposed Franchising Scheme with other available options.

⁹ Statutory consultees are organisations and bodies, defined by statute, which GMCA was legally required to consult with before reaching a decision on how local bus services should be run across Greater Manchester in future. A list of the organisations that participated in the consultation is included in Appendix C of this report.

¹⁰ All nine questions from the shorter version of the questionnaire featured in the longer version of the questionnaire.

¹¹ During the consultation period, the electronic versions of the questionnaires could be obtained via the consultation page of the GMCA website <https://www.gmconsult.org/>. Paper copies of the questionnaire were made available in designated public buildings in Greater Manchester and could also be downloaded from the GMCA website.

¹² <http://www.legislation.gov.uk/ukpga/2017/21/enacted>

Having met the various requirements of the Act and Guidance, including the assessment having undergone an independent audit, the Proposed Franchising Scheme was determined as the preferred option for Greater Manchester and it was decided that a statutory consultation should be carried out.

The Guidance covered what should be included in the consultation (as detailed in Section 123E of the Act). TfGM, on behalf of GMCA, has taken such Guidance into account, and has undertaken a statutory consultation on a proposal to replace the current system of deregulated bus services in Greater Manchester with the Proposed Franchising Scheme, in which all bus services continue to be operated by private companies but under contract to GMCA.

TfGM have reviewed the consultation responses and TfGM has now finalised its report on the consultation. As the consultation closed before the outbreak of COVID-19 and any effects of COVID-19 on the bus market in particular and the economy more generally manifested themselves, the consultation did not address those matters. Consideration of this would need to be carried out by TfGM on behalf of GMCA before any decision could be taken by the Mayor as to whether or not to make the Proposed Franchising Scheme (with or without modifications).

1.3 Why GMCA believes changes are necessary

GMCA believes that the current system is disadvantageous to users and detracts from its ambition to provide world class public transport across Greater Manchester as set out in the Greater Manchester Transport Strategy 2040¹³. As set out in Section 4.18 of the consultation document, GMCA is of the opinion that the current system offers limited competition which results in:

- **Fare increases.** Fares have increased above inflation between 2003 and 2017, and recent increases have confirmed this trend, although some of the increase may be attributable to increases in cost factors.
- **Lack of co-ordination of networks.** Firms operate individual networks that are not co-ordinated with each other's or with the wider transport network, particularly with Greater Manchester's rail and the Metrolink system.
- **Services for social and economic need are not provided where they are not profitable.** This can reduce the utility of the network as a whole for passengers as evening and weekend services cannot be provided, which in some cases leads GMCA to have to step in and fund a replacement service.
- **Complex fares and ticketing arrangements.** The market does not incentivise integrated fares as operators seek to keep passengers on their own buses and networks. This creates a confusing picture for passengers with a vast range of tickets available for trips, often at different prices.

Subject to the outcome of the consultation and as part of the Greater Manchester Transport Strategy 2040, GMCA believes that the introduction of the Proposed Franchising Scheme would align with its

¹³ <https://tfgm.com/2040>

ambitions for network integration, provision of a simplified and integrated fares system, a consistent customer experience, and value for money. If the proposed changes are implemented, such ambitions could be realised given that bus services throughout Greater Manchester would come under local authority control, with GMCA deciding on which bus routes to run in the interests of service users.

1.4 Scope of the consultation

The consultation therefore asked participants for their comments about the Proposed Franchising Scheme. Participants were asked to comment on the overall Proposed Franchising Scheme, as well as on specific aspects of it, including whether it should apply to the entirety of Greater Manchester and about arrangements for the purposes of transition from the system that operates at the moment. The consultation also asked for comments on a number of aspects of the Proposed Franchising Scheme, including services excepted from regulation, the proposals for funding the Proposed Franchising Scheme and the proposed date of implementation. Participants were also asked to comment on the Strategic, Economic, Commercial, Financial and Management Cases which formed part of TfGM's assessment of the Proposed Franchising Scheme and as set out in a separate consultation document¹⁴. Where appropriate, questions were also asked about the partnership options that provided the comparison to the Proposed Franchising Scheme in the assessment.

A separate Draft Equality Impact Assessment (EQIA) was also consulted on as part of the consultation. The EQIA asked participants if they believed certain groups with protected characteristics would be more likely to be impacted as a result of the proposed changes. Please see Chapter 13 of this report for a summary of the responses received.

It should be noted that the Act does not set out the questions that should be asked in a consultation on a Proposed Franchising Scheme. It does, however, include detail on the requirement of the consultation document and other materials to be published for the purposes of consultation. The consultation document and the consultation questions were prepared by TfGM on behalf of GMCA. Please see Appendix F for full details of all questions that were asked in both the short and longer versions of the consultation questionnaire.

1.5 Report structure

This report has been divided into 15 chapters.

- The first three chapters cover the background and objectives of the consultation, including how the consultation was carried out, the number of participants, including statutory consultees, who responded via the various advertised channels, and how the responses were analysed and reported on;

¹⁴ The consultation document can be found on the GMCA website:
https://issuu.com/greatermcr/docs/greater_manchester_bus_franchising_consultation_do

- Chapters 4 to 11 include a summary of comments received on the possible changes to the Proposed Franchising Scheme, as well as comments on the Strategic, Economic, Commercial, Financial and Management Case;
- Chapter 12 provides a summary of the impact of different options on passengers, local bus operators, the GMCA and on wider society;
- Chapter 13 comprises a draft Equality Impact Assessment, focussed on how participants believe the proposed changes could impact on people with protected characteristics;
- Chapter 14 includes a summary of the campaigns and petitions that were received; and
- Chapter 15 is the final chapter and includes a short summary of responses received after the consultation closed. In the interests of fairness to those who took part within the consultation window, late responses have been summarised separately.

The appendices include a participant profile, a list of organisations and statutory/non-statutory consultees that responded to the consultation, copies of the long and short response forms, comments on the consultation process and technical details on the coding and analysis process. The complete analytical codeframe and short and long response forms are provided as appendices under separate cover. The data tables are also available under separate cover.

1.6 Reading the report

The responses set out in this summary report are based on the comments members of the public and statutory and non-statutory organisations/consultees made in their responses to the consultation. Each section presents the number of favourable and unfavourable comments made in response to the open-ended question overall and then explores in more detail responses from statutory consultees, non-statutory consultees and finally members of the public.

It is important to point out that not all of those who took part in the consultation made specific comments about the Proposed Franchising Scheme. For example, some of those who participated in the consultation made general comments about bus services. This might include general comments such as *"I prefer to walk to/from a train station than use a bus"*, neutral comments about the operators in specific areas (e.g. *"in my area I use the bus provided by Stagecoach Manchester"*) or about staff employed by the bus operators (e.g. *"the bus drivers are always friendly and polite"*).

Please note that some of the comments received may reflect a lack of understanding of the Proposed Franchising Scheme. Nevertheless, such comments have been reported as provided. Other than the correction of typos in verbatim comments, no attempt has been made to change or amend any comments which may not be factually correct or accurate. Further details of how responses were analysed, including their interpretation are included in Chapter 3 of this report.

2. The consultation process

2.1 Publicising the consultation

GMCA and TfGM developed a comprehensive communications and engagement plan to raise awareness of and encourage participation in the consultation across a range of channels. This activity was designed to ensure that as many people as possible knew about the consultation, the reasons why GMCA were consulting on the Proposed Franchising Scheme and the Proposed Franchising Scheme itself, how to participate in the consultation and where to obtain the information to do so.

A full overview of this activity is included within the GMCA report on the consultation as it did not involve Ipsos MORI.

2.2 Consultation response channels

The consultation document¹⁵ and response form were available to download from the GMCA website. In addition, copies of the consultation documents and response form were also made available in designated public buildings across the Greater Manchester area.

A number of response channels were set up so participants could provide feedback on the proposals. These response channels were:

- a **response form** on the dedicated response platform setup for the consultation, which could be accessed via the consultation webpage: <https://www.gmconsult.org/>. Two response forms were available, a long response form comprising 48 questions about the proposal, and a shorter form comprising nine questions. All nine questions from the shorter version of the questionnaire featured in the long version of the questionnaire. The content of each response form is detailed further in Appendix C.
- **pdf versions of the response forms** that could be downloaded from the consultation webpage. This could be completed electronically and submitted via email, or it could be printed out and sent as a hard-copy response through the post.
- a **freepost address** (FREEPOST GM Bus Consultation) was provided in the consultation documents to enable members of the public and organisations to post their response, either as a completed response form or a letter; and
- a dedicated **consultation email address** (gmbusconsultation@ipsos-mori.com) was set up to enable people to respond via this method if they preferred.

¹⁵ This is the document that sets out the objectives of the consultation, and includes a copy of the consultation questions, and details about how to take part. The consultation document also includes where to get more information, and next steps.

These response channels were all managed by Ipsos MORI on behalf of GMCA.

All responses dated and received within the consultation period were analysed and are summarised in this report. In addition, to make allowance for any potential delays with the post or misdirection of emails, paper responses, letters and emails received up until 17:00 on Monday 13 January 2020 were reviewed to check the date and time at which they were sent. If they were sent before the closing deadline, they were accepted. All responses with a postmark on or before 8 January 2020, or other verifiable proof of postage before the deadline, were included in the analysis.

In addition, some responses to the consultation were sent through other channels. Where such correspondence was received during the advertised consultation period, it was forwarded to Ipsos MORI by GMCA. Any such correspondence received by GMCA within the consultation period was processed and included within the consultation analysis where relevant.

Responses received after the consultation closed were not analysed by Ipsos MORI but forwarded to TfGM on behalf of GMCA to take forward as appropriate.

2.3 Number of responses to the consultation

In total, 7,276 participants submitted a response to the consultation. The responses were received through a number of channels, as set out in Table 2.1.

Table 2.1 Responses received to the consultation by response channel and consultee type¹⁶

Response channel	Members of the public	Statutory consultee	Non-statutory consultee	Overall total
Online response form	5,700	13	56	5,769
(Short version)	(4,534)	(5)	(37)	(4,576)
(Long version)	(1,166)	(8)	(19)	(1,193)
Paper response form:	308	5	3	316
(Short version)	(276 ¹⁷)	(0)	(3)	(279)
(Long version)	(32)	(5)	(0)	(37)
Email	1,100	23	55	1,178
Whitemail ¹⁸	12	0	1	13

¹⁶ This table excludes the 1,240 campaign responses received (discussed in Section 2.4 below)

¹⁷ This number includes 4 attachments that were sent in with paper forms and coded separately and included in the analysis.

¹⁸ Responses submitted by post not using the response form structure (letters, reports etc).

Total	7,120	41	115	7,276
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Of those who responded to the consultation, 7,120 were from individual members of the public, and 156 were from organisations, including elected representatives. Organisational responses are responses sent on behalf of wider groups rather than individual members of the public. Examples of organisational responses include those from bus operators, local authorities and transport user groups. A full list of the organisations that responded is found in Appendix B of this report.

Those organisations determined as statutory consultees in line with the requirements of the Act have been highlighted. In total, 41 organisations that responded to the consultation were considered as statutory consultees.

2.4 Campaign and petitions

In addition to the responses in Table 2.1 above, there were a further 1,240 responses received that were considered to be campaign responses. It is common in high profile public consultations for interest or campaign groups to ask their members, supporters and others to submit responses conveying the same specific views. An organised campaign is defined as a co-ordinated approach by an individual or organisation to facilitate others into submitting responses. The outputs may include, but not be limited to, printed response postcards, suggested response text provided on a campaign website, or leaflets and reproduced response forms. Where such identical/near identically worded responses have been received these have been treated as organised campaign responses.

The very nature of many campaigns makes submitting a response to a consultation relatively easy. Those responding are provided with suggested text to use for each question. They are not asked to articulate their reasoning behind their opinion as a verbatim response within a specific field, nor do they have to submit a bespoke response in the form of a letter or report etc. We therefore present these responses separately in Chapter 14.

In addition, Better Buses for Greater Manchester submitted a petition. A petition differs from a campaign response in that it will comprise a single response alongside a number of signatures. This is detailed further in Chapter 14. A total of 11,510 members of the public and other organisations signed this petition.

Another petition was submitted by Councillor Adrian Pearce of Stalybridge North Ward. The petition was signed by 53 residents.

2.5 Late responses

There were a number of responses received after the closing date. The details of these responses have not been included in the consultation and are summarised in Chapter 15 of the report.

2.6 Deliberative research

Alongside the consultation process summarised in this report, a programme of qualitative research was also carried out to explore the Proposed Franchising Scheme and the other options considered by GMCA in its assessment with members of the public and other key interest groups, including businesses, young people and those residing outside of Greater Manchester in neighbouring authorities. These findings will be reported alongside the results of the consultation to help the Mayor to decide whether or not to deliver the Proposed Franchising Scheme and to consider whether there should be any modifications to the proposal.

Given that levels of knowledge and interest in how bus services are planned and run were expected to be low (based on previous GMCA research), GMCA was keen to conduct qualitative research having provided participants with the detail of how the current deregulated system of bus provision works and how any potential alternative models, such as partnerships and the Proposed Franchising Scheme, would work. They also wanted a forum in which participants could ask technical questions and then respond from an informed viewpoint. To this end, the qualitative research was a combination of deliberative workshops and focus groups discussions.

Deliberative workshops are designed to allow the detailed presentation of particular issues. In this case, a range of participants were recruited to attend a full day (10:00 until 15:15pm) which meant they could receive information about the Proposed Franchising Scheme and then be given an opportunity to express their spontaneous and then informed opinions, both within plenary sessions but also in small group formats. Recruitment quotas were set on gender, age, ethnicity, disability and socio-economic group to ensure a broadly representative mix of individuals from Greater Manchester participated. There was also a range of users, lapsed-users and non-users of public transport and a mix of frequent and infrequent bus users to ensure that a range of individuals with different experiences came together to share their views. Finally, quotas on local authority residence ensured that there was balanced representation from each of the ten boroughs in Greater Manchester. A total of 80 members of the public attended the two workshops over the two weekends, 40 in each.

GMCA also wanted to engage with some specific target groups as part of this qualitative research strand. These groups included young people, those residing outside of Greater Manchester and small and medium size businesses within Greater Manchester, specifically:

- Young people;
- Business owners; and
- Cross-boundary users of bus services in Greater Manchester.

A series of focus groups were held with these groups. These groups were shorter in length compared to the deliberative workshops. Given this, it was impractical to present the same level of detail about bus reform and the Proposed Franchising Scheme within these groups compared to the deliberative

workshops. The discussion within each group was therefore tailored to cover specific issues which were of interest to each target group. A total of 69 participated in the focus groups.

Please see the deliberative research report for further details and insights, which is presented under separate cover.

3. Analysis methodology

3.1 Receipt and handling of responses

The handling of consultation responses was subject to a rigorous process of checking, logging and confirmation to ensure a full audit trail. All original electronic and hard copy responses were securely filed, catalogued and given a serial number for future reference, in line with requirements of the Data Protection Act (2018), and General Data Protection Regulations (GDPR).

3.2 Analysis of responses

The questionnaire was made up of predominantly open questions because GMCA wanted to get the fullest possible understanding of participants' opinion.

As discussed in Chapter 1 of this report, participants could choose to complete a long questionnaire or a short questionnaire. All of the questions on the short questionnaire featured on the longer questionnaire. For those who completed the short questionnaire, their comments were analysed alongside the relevant question or questions in the long questionnaire. For example, if a participant provided comments to Question E (the open question about the Financial Case in the short questionnaire), this was analysed alongside comments at question 30 in the longer questionnaire. For those who provided comments via email or letter (and not in the questionnaire format), their comments were attributed to the relevant questions in the long questionnaire. This mean for example, that if a bus operator completed their response via email and made comments about the impact of the Proposed Franchising Scheme on operators, such comments were analysed alongside responses to question 37 in the long questionnaire.

While most questions were open questions, a small number of closed questions were also asked. The purpose of having closed questions was to enable measurement of agreement or disagreement with, for example the need for bus reform and support for, or opposition to, the introduction of the Proposed Franchising Scheme. Please note that these questions were not answered directly by those who submitted a response not on the response form (i.e. by e-mail/white mail etc.).

Coding of open question and free text responses

The process of analysing the content of each response was based on a system where unique summary 'codes' are applied to specific words or phrases contained in the text of the response. These codes include a sentiment, in this case whether a comment was favourable or unfavourable. A number of responses also made suggestions, and these have prefixed as such in the codeframe. The application of these summary codes and sub-codes to the content of the responses allows systematic analysis of the data.

Ipsos MORI developed an initial coding framework (i.e. a list of codes to be applied) based on the text of the first responses received. This initial set of codes was created by drawing out the common themes and

points raised. The initial coding framework was then updated throughout the analysis process to ensure that any newly-emerging themes were captured. Developing the coding framework in this way ensured that it would provide an accurate representation of what participants said.

Ipsos MORI used a web-based system called *Ascribe* to manage the coding of all the text in the responses. Ascribe is a system which has been used on numerous large-scale consultation projects. Responses were uploaded into the Ascribe system, where members of the Ipsos MORI coding team then worked systematically through the comments and applied a code to each relevant part(s) of them.

The Ascribe system allowed for detailed monitoring of coding progress, the organic development of the coding framework (i.e. the addition of new codes to new comments). A team of coders worked to review all of the responses as they were uploaded to the Ascribe system. All coders received a thorough briefing about the objectives of the consultation before they could undertake analysis of responses. It was also necessary for coders to have read the consultation document before undertaking their analysis of responses.

To ensure that no detail was lost, coders were briefed to raise codes that reflected what was being said in responses. These were then collapsed into a smaller number of key themes at the analysis stage to help with reporting. During the initial stages of the coding process, weekly meetings were held with the coding team to ensure a consistent approach in raising new codes and to ensure that all additional codes were appropriately and consistently assigned.

3.3 Interpreting the consultation findings

Consultation is a valuable way to gather opinions about a topic, but there are a number of points to bear in mind when interpreting the responses received. While consultations are open to everyone, participants are self-selecting and certain categories of people may be more likely to contribute than others – this consultation is no exception and it means that the responses can never be representative of the population as a whole, as would be the case with a representative sample survey.

Typically, with any consultation, there can be a tendency for responses to come from those more likely to consider themselves affected and more motivated to express their views. Responses are also likely to be influenced by local campaigns.

It must be understood, therefore, that the consultation, as reflected through this report, can only aim to catalogue the various opinions of those who have chosen to respond to the consultation. It can never measure the exact strength of particular views or concerns amongst the wider general public and all organisations and elected representatives, nor may the responses have fully explained the views of those responding on every relevant matter. It cannot, therefore, be taken as a comprehensive, representative statement of opinion.

Although Ipsos MORI's analysis is qualitative in nature, it can be valuable to understand how frequently particular points were made. The following terms have therefore been used throughout the report when summarising the views of statutory and non-statutory consultees:

- **A handful/several** – fewer than 10 responses;
- **A few** – between c.10-50 responses;
- **Some** – c.50-200 responses;
- **Many** – more than 200 responses; and
- **Most** – more than half of participants commenting on a particular issue.

Whilst the above phrases are used throughout the report, some participant groups (e.g. statutory consultees) have fewer participants. Terminology has therefore been used in the context of the number of participants making up those groups – readers should therefore review the tables at the beginning of each chapter to contextualise the number of participants responding to the specific question:

- **A handful/several/a few** – fewer than 5-10 responses;
- **Most** – more than half of participants commenting on a particular issue.

Verbatim quotes have been used to illustrate some of the points made by participants. These verbatims have been selected to provide a mix of positive and negative comments which best exemplify the issue raised in the analytical text of the report, and to represent the views of both members of the public and named stakeholder organisations.

While attempts are made to draw out the variations between the different audiences, it is important to note that responses are not directly comparable. Participants will have chosen to access differing levels of information about the proposals. Some responses are therefore based on more information than others and may also reflect differing degrees of interest across participants.

It is important to note that the aim of the consultation process is not to gauge the popularity of the proposal; rather it is a process for identifying new and relevant information that should be taken into account in the decision-making process. All relevant issues are, therefore, considered equally, whether they are raised by a single person or a majority. A consultation is not a referendum.

Participants vs. comments made

Please note that throughout the report, findings are reported on in terms of the number of participants who made comments, and/or the number of comments made. **It is important to bear in mind that a single participant can make both supportive and opposing comments and also raise concerns in a single response.** When numbers are mentioned, the report makes clear that this is either the number of participants who made comments or the number of comments made. This will explain why for example the number of comments made will generally add up to more than the number of participants who made comments. It is important to bear this in mind when interpreting the consultation findings.

3.4 Defining organisational responses including statutory/non-statutory consultees

Those who responded on behalf of an organisation or group were classified as *stakeholder organisation responses*. This also includes responses from both *statutory consultees*, *non-statutory consultees* and *elected representatives*.

The questionnaire asked participants to indicate whether they were responding on behalf of an organisation/group, or as an individual. Those who said they were responding on behalf of a group or organisation were generally classified as a stakeholder organisation, unless it was clear from their response that they were actually members of the public (for instance, those who stated that the group they represented was their family).

The questionnaire asked stakeholder organisations to indicate the category of organisation they felt best described themselves from a pre-determined list. For the purposes of consistency of reporting, Ipsos MORI has occasionally chosen to reallocate stakeholder organisations to a different category to the one that they self-selected. However, participants' own selections have been largely respected. Stakeholder organisations that responded by email or letter were allocated to categories by Ipsos MORI, to the best of its judgement.

Bus operators are divided between those currently running local bus services in Greater Manchester (statutory consultees) and those not currently doing so (non-statutory consultees).

A full list of the organisations that took part, including statutory consultees can be found in Appendix B.

3.5 General public responses

Those who said they were providing their own response in the online and paper response form were generally classified as members of the public, unless it was clear from their response that they were responding on behalf of a group or organisation (i.e. they self-identified as such on the tick-box question on the response form). Ten participants identifying as stakeholder organisations were reclassified as individual participants as a result. Those who responded by email or letter (i.e. not by use of the online response form) were classified as members of the public, unless it was clear that they were responding on behalf of an organisation or group.

3.6 Organised campaign responses and petitions

Where identically worded responses have been received, or those that contain text that has been centrally supplied by an organisation to be subsequently used in a response (and then sometimes added to), these have been treated as organised campaign responses. One organised campaign response was received and is reported on. In addition, two petitions were received. A petition differs from a campaign response in that it will comprise a single response alongside a number of signatures. Full details of the campaign and petitions received are included in Chapter 15.

4. Summary of overall opinion

This chapter summarises overall opinion towards the Proposed Franchising Scheme and covers the questions at the end of the response form and the reasons underpinning these views (Q45a-45b and Q42-43 of the consultation response form).

Please refer to section 3.3 of this report for more information on how to interpret the consultation findings.

Q45a. To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?

PLEASE TICK ONE BOX ONLY.

- Strongly support
- Tend to support
- Neither support nor oppose
- Tend to oppose
- Strongly oppose
- Don't know

Q45b. Why do you say this?

Q42. Taking everything into account, the Assessment concludes that the Proposed Franchising Scheme is the best way to achieve GMCA's objectives to improve bus services. Do you have any comments on this?

For more information see paragraphs 4.215 to 4.226 of the Consultation Document.

Q43. Do you have any other comments on the Assessment of the Proposed Franchising Scheme?

4.1 Overall views on the introduction of the Proposed Franchising Scheme

The overall weight of opinion from those who participated in the consultation was support for the Proposed Franchising Scheme. Most of those who provided a response indicated their support and or provided favourable comments. This was particularly true of those who completed a questionnaire. However, it must be pointed out that some of the large bus operators, particularly those that provide services across Greater Manchester were not supportive of the Proposed Franchising Scheme. Such consultees tended to send their detailed responses via email, letters and reports, and such responses tended to be opposed to the Proposed Franchising Scheme. As detailed throughout this report, some of the bus operators did not support the Proposed Franchising Scheme, but advocated reform in other ways, such as via a partnership option. It is important to bear this in mind when reading the report.

This chapter is set out by first looking at the responses to Q45a on the questionnaire followed by comments received across all response channels (i.e. the questionnaire, email, letters and reports). Table 4.1 shows levels of support and opposition to the introduction of the Proposed Franchising Scheme from those who answered the tick-box question on the questionnaire. As the table shows, most of those who provided a response to the question on the questionnaire were supportive of the introduction of the Proposed Franchising Scheme.

Table 4.1 Overall levels of support or opposition to the proposal

Q45a. To what extent to you support or oppose the introduction of the Proposed Franchising Scheme?	Strongly support	Tend to support	Tend to oppose	Strongly oppose	Net support +/-
All who provided a response (5,978)	3,834	1,102	136	366	+4,434
Statutory consultee (15)	10	3	0	2	+11
Non-statutory consultee (58)	41	9	0	1	+49
Member of the public (5,905)	3,783	1,090	136	363	+4,374

However, not all of those who provided a response to the consultation used the questionnaire. Some participants (particularly organisations), preferred to send their response by letter or reports in the post or by email. Table 4.2 shows the number of favourable and unfavourable comments received from statutory consultees, non-statutory consultees, and members of the public across all response methods (i.e. on the questionnaires, letters and email responses received within the consultation period). As the table shows, there were more favourable than unfavourable comments received about the Proposed Franchising Scheme. However, as the table also shows, half of statutory consultees who responded provided unfavourable comments, including issues or concerns they had about what was being proposed. Some of the large Greater Manchester bus operators in particular tended to provided unfavourable comments about the Proposed Franchising Scheme, preferring a partnership option instead.

Table 4.2 Overall levels of support or opposition to the proposal

Q45b. Why do you say this?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (4,285)	3,820	757	+3,063
Statutory consultee (33)	24	16	+8
Non-statutory consultee (95)	87	16	+71
Member of the public (4,157)	3,709	725	+2,984

The next sections of this chapter first look at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

4.1.1 Statutory consultees

The majority (13 out of 15 statutory consultees) who answered the question on the questionnaire were supportive of the proposal – most indicated strong support.

Of the 33 statutory consultees who provided comments about the introduction of the Proposed Franchising Scheme (including those who made comments by email and letter and on the questionnaire), the majority provided supportive and favourable comments. The following sections break down the responses received by category of organisation.

Bus operators / transport organisations

A mixed picture emerges in that while some of the bus operators and transport organisations supported the Proposed Franchising Scheme, others were opposed to it. Those in support of the proposal included HCT Group which believed that the Proposed Franchising Scheme would be the only way to ensure a comprehensive, affordable and integrated network which serves local residents. Warrington's Own Buses believed that the Proposed Franchising Scheme appeared to offer better value for money to GMCA than what a partnership approach would offer.

However, it was clear from comments received that not all of the bus operators and transport organisations were supportive of the proposal. For example, Stagecoach Manchester suggested that in its opinion, the Proposed Franchising Scheme would provide limited benefits to passengers, especially in South Manchester. Belle Vue (MCR) Ltd believed that the Proposed Franchising Scheme would be unfair to smaller sized bus operators. Rotala PLC was strongly opposed to the introduction of the Proposed Franchising Scheme. The operator called the proposal a "radical solution" that would need significant amount of public expenditure, and that there would be risks for GMCA and bus operators, particularly during the transition period without, in its opinion, any guarantee of success.

“In the context of Greater Manchester, franchising poses real risks to private sector operators ranging from significant financial detriment to, in some cases, closure of their business if they are not successful in tendering for one or more franchises...the reality is that, if the Proposed Franchising Scheme were to be implemented, it would have a negative impact on a large number of the bus companies operating in Greater Manchester and this will lead to costly and expensive legal challenge that would give rise to negative publicity.”

Rotala PLC

While Go North West Ltd stated that it was not opposed in principle to regulatory interventions in bus networks, the operator thought that the Proposed Franchising Scheme would be inappropriate and unworkable in its opinion, and that it would be unreasonable for GMCA to proceed with the Proposed Franchising Scheme as it would be at risk of a legal challenge. The operator supported continued dialogue on how the Proposed Franchising Scheme could be changed to improve it, and to reduce risks. It advocated a variation of the Proposed Franchising Scheme.

“GNW wishes to emphasise its support for continued collaboration and dialogue, including on how the Scheme could be altered to make it more deliverable, reduce the risks involved and deliver the outcomes that the GMCA wants and which the communities and passengers of Manchester deserve.”

Go North West Ltd

Some of those who provided unfavourable comments about the Proposed Franchising Scheme suggested that a partnership option would be a better option to take forward. Organisations that made comments about this included Stagecoach Manchester and Arriva UK Bus. Arriva UK Bus stated that it would accept the Proposed Franchising Scheme if it were to proceed, however, a partnership option would in its view result in the best outcome. The organisation made reference to its operations in Liverpool and London.

“We believe a partnership option is the best outcome for the people of Greater Manchester and for GMCA. However, if the Mayor resolves to proceed with Franchising, we will of course accept that decision and do our best to assist GMCA in delivering its bus improvement objectives. Our view on Partnerships and Franchising is based upon our experience in the UK’s most successful Partnership, the Liverpool City Region Bus Alliance (in which we are the largest bus operator) and our successful operations in the TfL, London bus market.”

Arriva UK Bus

One of the statutory consultees (Transdev Blazefield Ltd) indicated that it neither supported nor opposed the proposal but that regardless of whether a partnership scheme or the Proposed Franchising Scheme came into operation, it was committed to continuous improvement for bus users in Greater Manchester.

Local authorities

Local authorities were particularly supportive of the proposal, and this included Salford City Council, Tameside Metropolitan Borough Council, Trafford Council and Wigan Council. It was believed that the proposal would deliver a number of benefits across Greater Manchester, including provision of an integrated bus network, an improvement in standards, and a more simplified ticketing system which passengers would benefit from.

“Trafford Council believes that the Proposed Franchising Scheme will deliver real benefits by fundamentally changing and improving bus services in GM and the borough...the Proposed Franchising Scheme will provide for an integrated bus network that can properly connect to other public transport provision, deliver simplified and unified ticketing and information, improve standards and set a platform for investment to meet current and future need. It will also play a key role in increasing the use of public transport, reducing congestion and improving air quality.”

Trafford Council

While Rochdale Borough Council did not believe that all issues would be addressed by the proposal, it strongly supported the proposal because it felt that under a franchised system, passengers would be more likely to have their needs addressed because GMCA and TfGM would, in its opinion, be more accountable than bus operators.

Bury Council stated that it tended to support the proposal, but would welcome that GMCA take note of its comments and act upon them where appropriate to do so.

As well as local authorities in Greater Manchester, other neighbouring authorities also responded to the consultation. For example, Chorley Council stated that the Proposed Franchising Scheme would be the best option to improve the local bus market in Greater Manchester provided there would be no negative impact on the existing boundary bus services running to and from Chorley.

However, despite many positive and supportive comments from local authorities, Derbyshire County Council raised some concerns about the proposal. The Council was concerned about possible impacts to cross boundary services and requested that GMCA and TfGM have further engagement with it so that in its opinion its legitimate concerns can be taken into account to the satisfaction of both sides.

Other statutory consultees

A small number of other statutory consultees provided comments about the introduction of the Proposed Franchising Scheme. Some of those that provided comments, were very much in favour of the Proposed Franchising Scheme, and this included strong support from three unions: TUC North West, Unison North West and Unite the Union.

“De-Regulation in 1986 was supposed to liberate the industry and bring about competition, was supposed to increase services and passenger numbers and reduce fares. None of those things have happened and we now face a situation that passenger numbers are dropping, services are being dramatically reduced with fares rising. This is creating an ever decreasing spiral that if not checked will see more and more communities deprived of access to bus services.”

Unite the Union

“The benefits are clearly set out, and the opportunity to better direct services in the interests of Greater Manchester is not to be missed.”

TUC North West

While Transport Focus believed that the Proposed Franchising Scheme would deliver benefits for passengers, the test would be in assessing the delivery of resulting services. However, the organisation raised a few questions about how the Proposed Franchising Scheme would improve customer satisfaction.

“...it is less clear how proposals will influence the key drivers of satisfaction in tackling punctuality and reliability. People see transport as a public service and an enabler for supporting personal mobility. The scheme needs to include robust measures for providing the reassurance of consistently reliable and punctual journeys across modes and from door to door, to be able to deliver an attractive network that fosters growth and trust.”

Transport Focus

While Bus Users UK believed that the Proposed Franchising Scheme would produce in its words, some “limited benefits for passengers”, the organisation suggested that such benefits could have been much greater if meaningful consultation had been done at an earlier stage. The organisation believed that as the focus of the Proposed Franchising Scheme was on unified branding and not on customer service that it seemed to be targeting the wrong outcomes.

“We know that passengers want frequency, reliability, punctuality, affordability, accessibility, ease of information and ticketing, and excellent customer service. These schemes will not provide many of these as the focus simply does not appear to be on the needs of passengers.”

Bus Users UK

4.1.2 Non-statutory consultees

The majority of non-statutory consultees who answered Question 45a on the response form were in support of the proposal – just one out of 58 of the non-statutory consultees were opposed to the proposal to introduce the Proposed Franchising Scheme.

In total, 95 non-statutory consultees provided comments about the introduction of the Proposed Franchising Scheme. Most of those that provided comments indicated support and/or provided

favourable comments about the proposals. The following sections break down the responses received by category.

Academic institutions

A number of the institutions including Manchester Metropolitan University, IPPR North, LTE Group, and Royal Northern College of Music were strongly supportive of the proposals for a number of reasons including that change as a result of the proposal could bring benefits that other types of bus market reform could not, that there could be significant benefits of the Proposed Franchising Scheme to Greater Manchester, and that students could benefit from reduced fares, improved accessibility for disabled users, and that an integrated transport network could result in reduced waiting times waiting for 'the right bus'.

"...fully supportive of the Proposed Franchising Scheme. The benefits presented throughout the case show that there would be a real change in bus services in GM through the implementation of Franchising, which is not available through other types of bus market reform. We consider that the GMCA objectives for bus travel are closely aligned to the University's desire to see bus services become a crucial part of the future transport mix for our staff, students, visitors and local community. In particular, we believe that Franchising is the only opportunity to achieve the GMCA vision to ensure that bus services are considered a worthy modal choice amongst our staff, students and visitors."

Manchester Metropolitan University

Others that were also supportive of the introduction of the Proposed Franchising Scheme included the University of Salford, the University of Manchester, Burnage Academy for Boys, and Mobilities Justice.

Action groups

All of the action groups that made comments about the introduction of the Proposed Franchising Scheme indicated strong support. This included Steady State Manchester, Bus4Us, Walk Ride Heatons, and Sale Moor Community. A number of reasons were put forward in support of the proposal and this included that less popular routes would become more viable, and that social need would be more elevated and balanced alongside commercial considerations.

"Franchising is the only option that allows cross subsidy from popular/profitable routes to less busy/unprofitable routes."

Steady State Manchester

Transport stakeholders

Some bus operators that provided comments were supportive of the Proposed Franchising Scheme. For example, RatP Dev, and Abellio (both large operators) and Tower Transit indicated strong support for the proposal, and one (Manchester Airports Group MAG) stated that it tended to support the proposal.

Comments received in support of the proposal included that it appeared to be a more sustainable way to develop a bus network, and that a 'London style' approach of integrated ticketing and interchangeability would be an attractive proposition for passengers, to encourage a modal shift away from private vehicles.

"Abellio strongly supports the introduction of the Proposed Franchising Scheme and is keen to work with GMCA to deliver value to passengers and local taxpayers...Abellio believes that Greater Manchester would benefit greatly from having a similar degree of control over the provision of bus services in the region as Transport for London has over London's bus network – control that is simply not possible in the de-regulated market or through Partnership options. Abellio also believes that the people and economy of Greater Manchester would benefit from similarly predictable, affordable and joined up bus services as are available to passengers in London."

Abellio

Some of the non-statutory consultees raised issues or concerns about the Proposed Franchising Scheme. OneBus stated that it did not support the introduction of the Proposed Franchising Scheme as it believed that a similar result could be achieved through partnership at reduced risk to the taxpayer, and that partnership would in its opinion result in much needed improvements for passengers in a quicker timeframe.

Charity / voluntary sector

As with the views of action groups, there was very strong support for the proposal. Organisations that indicated strong support for the proposal included Greater Manchester Disabled People's Panel, Dunham Massey National Trust, Whalley Range Community Forum, and the Equality and Human Rights Commission. Reasons provided in support of the proposal included that it would lead to a better service, standardisation of services, greater accountability, better connected services, and with improved access for disabled passengers

"Dunham Massey's staff, volunteers and visitors require better connected services that run on time and are value for money. Public transport is a greener way to travel, but people won't choose buses over car use if the services are not reliable, deemed unsafe (during dark mornings/evenings), expensive and don't take you to where you want to go."

Dunham Massey National Trust

The proposed changes provide the opportunity for GMCA to embed principles of inclusive design throughout the network, reducing and removing the barriers across the whole journey experience for disabled passengers, including how bus services join up with other modes of transport within Greater Manchester."

The Equalities and Human Rights Commission

Elected representatives

All of the elected representatives who provided comments were in favour of the Proposed Franchising Scheme. Those who indicated their support and who provided favourable comments included Jonathan Reynolds (MP for Stalybridge and Hyde), Jeff Smith (MP for Manchester Withington), Graham Stringer (MP for Blackley and Broughton), and Barbara Keeley (MP for Worsley and Eccles South). Those who made comments described a number of benefits of the Proposed Franchising Scheme, including how they believed it would result in putting the service back in public hands, that the proposal would provide an opportunity to address existing challenges of the bus market, and that air pollution and traffic congestion could be reduced as more people use buses instead of other modes of transport, including private car.

“It is vital that the public takes control of bus fares and bus routes if passenger numbers are to be increased, air pollution and congestion reduced. Only Franchising system can do this, so I would urge that the bus system be reregulated in Greater Manchester.”

Graham Stringer, MP for Blackley and Broughton

Environmental, heritage, amenity or community groups

There was also very strong support for the introduction of the Proposed Franchising Scheme from environmental, heritage, amenity and community groups. Non-statutory consultees that provided strong support and favourable comments about the proposal, included Withington Civic Society, Transition Buxton, The Church of England – Diocese of Manchester, and Friends of Patricroft Station. It was believed that the Proposed Franchising Scheme would have a number of advantages, including provision of better co-ordinated fares, that it would be a cost-effective solution to meet the needs of the population of Greater Manchester, and that it would encompass environmental benefits, including helping to make Manchester a carbon neutral city through improved access to and usage of better bus services.

“I’m very keen to see a Franchising system for buses in Greater Manchester. I do believe this would have a number of very significant advantages. It should also be possible to better co-ordinate fares across the entire local public transport network (including trams and trains). Making public transport easier to access and to use has a vital contribution to make to the important plan of making Manchester a carbon neutral city by 2038.”

Church of England – Diocese of Manchester

Other non-statutory consultees

A range of other non-statutory consultees provided comments on the Proposed Franchising Scheme. Most of these organisations including Stockport Metropolitan Borough Council Liberal Democrat Group, Saddleworth Parish Council, Manchester University NHS Foundation Trust, and Altrincham Business

Improvement District were supportive of the proposal for the same or similar reasons provided from other categories of organisation.

“We view that this would be an improvement on current inadequate services and that it will have a beneficial impact, both economically and socially, across Greater Manchester.”

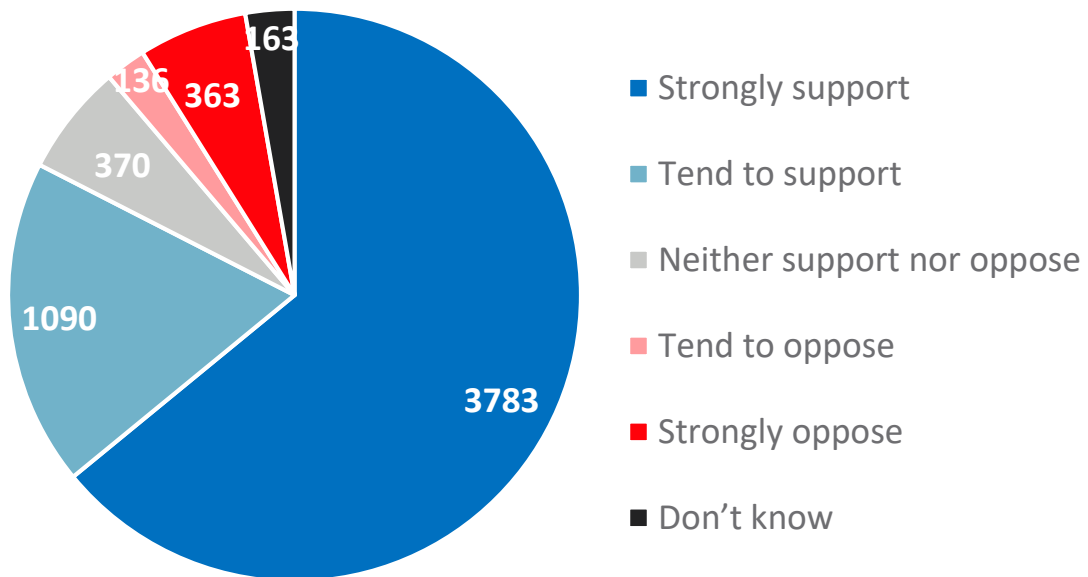
Saddleworth Parish Council

Very few of the organisations were opposed to the introduction of the Proposed Franchising Scheme. The Chartered Institute of Logistics and Transport – North West Policy Group indicated that it tended to oppose the proposal as it believed there could be an increase in congestion with no plans to deal with this issue, and that there could be high financial costs involved which would have to be picked up by the taxpayer.

4.1.3 Members of the public

Of the 5,905 members of the public who completed a response form and who answered Q45a, the vast majority indicated support for the introduction of the Proposed Franchising Scheme. On the other hand, fewer indicated that they were opposed to the Proposed Franchising Scheme.

Figure 4.1 Levels of support for the proposal among members of the public



Base: 5,905 members of the public who answered the question in the questionnaire

Looking at strength of opinion, while approaching two-thirds (64%) of those who answered the question indicated strong support for the proposal, just one in sixteen (6%) indicated strong opposition to the proposal. It was clear that most of those who provided a response were in favour of the Proposed Franchising Scheme and that levels of support were consistent across most key demographic subgroups and by geography.

It is interesting to note levels of support for the proposal depended on whether or not participants were employed by a bus operator, and/or had family members employed by bus operators. Most (84%) of those who had no association with a bus operator supported the proposal, while fewer than half of those who had an association with a bus operator did so.

The following table includes a breakdown of support and opposition to the proposal by key subgroups. It includes the responses from those who answered the tick-box question on the response form (which could not be answered in the same way by those who responded by letter or email).

Table 4.3 Levels of support for and opposition to the proposal among members of the public

Q45a. To what extent to you support or oppose the introduction of the Proposed Franchising Scheme?		Support	Oppose	Net support +/-
All who provided a response		4,936	502	+4,434
Age	16-34 (1,184)	1,013	65	+948
	35-54 (1,897)	1,582	177	+1,405
	55+ (2,664)	2,179	222	+1,957
Gender	Male (3,249)	2,684	342	+2,342
	Female (2,425)	2,037	111	+1,926
Ethnicity	White (5,110)	4,252	416	+3,836
	BME (398)	334	22	+312
Disability	Yes (1,247)	968	119	+849
	No (4,579)	3,849	370	+3,479
Works for a bus company and/or family works for a bus company	Yes (183)	85	84	+1
	No (5,622)	4,735	391	+4,344
Local authority area	Bolton (369)	287	36	+251
	Bury (428)	351	35	+316
	Oldham (348)	274	30	+244
	Rochdale (295)	244	22	+222
	Stockport (771)	635	76	+559
	Tameside (406)	300	64	+236
	Trafford (557)	477	30	+447
	Manchester (1,487)	1,284	101	+1,183
	Salford (563)	487	28	+459
	Wigan (400)	306	45	+261
	Overall within GM (5,624)	4,645	467	+4,178
	Outside of GM (252)	207	29	+178

The next sections examine the favourable and unfavourable comments provided by members of the public across all response channels (including via email and letter in the post, as well as on the questionnaire).

Comments received on the Proposed Franchising Scheme

Overall, 4,157 members of the public provided reasons to justify why they either supported or opposed the Proposed Franchising Scheme. This included 3,709 participants who provided favourable and supportive comments, and 725 participants who provided negative and opposing comments, or raised concerns.

Positive / favourable / supportive comments

The main comments by frequency of response were general support and agreement for the Proposed Franchising Scheme (1,131), that the proposal would result in improvements to bus services throughout Greater Manchester (1,152), that passengers would benefit from reduced fares and ticket prices (651), that what was proposed would result in a more integrated and joined up public transport system across Greater Manchester (618), that bus usage would be encouraged, resulting in fewer people needing to use private cars, leading to less congestion and improved environmental benefits (556), and that there would be a more simplified and straightforward ticketing system.

"We desperately need this to be implemented, the price of journeys that use multiple services is ridiculous, as is the fact that a passenger going a few miles pays as much for a day ticket as a person going from end to end."

Member of the public

Less frequently cited positive comments included that the Proposed Franchising Scheme could encourage the economic growth of Manchester (105), that accessibility, particular for disabled passengers would be improved (47), that there would be a level playing field with improved competition and reduced likelihood of monopolies (41), and that the proposals could address capacity issues, reducing the number of full and overcrowded buses (21).

"I think it has been well thought through and seems to address all my concerns about the current bus service. I think a single transportation service across teams and buses for Greater Manchester will help the city grow and enable better town planning in the future."

Member of the public

Negative / unfavourable / opposing comments

The most common unfavourable comment centred on general opposition to the introduction of the Proposed Franchising Scheme (208). Other negative or unfavourable comments included concern about affordability and value for money (147), that there was a perceived lack of evidence that the proposal could work (113), concern about a failure of GMCA to deliver on its objective of improving services and overall passenger experience (76), concern that the Proposed Franchising Scheme may need to be subsidised by the public purse and the taxpayer (72).

"I cannot see how the proposed arrangements will make the bus services in my area better. They are poor because of topography, road layouts, congestion and demand. The proposals do not address these issues. I do not want to subsidise bus services any more than I do now."

Member of the public

Other, less frequently cited negative comments included concern about the timetable for the implementation of the Proposed Franchising Scheme (41), concern that GMCA may be taking on too much risk and responsibility for the Proposed Franchised Scheme (26), that bus services should not be publicly run (20), and that innovation might be stifled as there would be no advantage for bus operators to be innovative.

"There is genuine potential that a regulated regime may lead to the current innovative, customer focused approach taken by key current operators such as the Go Ahead Group, Stagecoach and Transdev being lost forever and those operators could well leave the region, creating large scale job losses and ensuring greater cost to taxpayers by removing their bus fleets and taking them elsewhere."

Member of the public

General comments

In addition to the receipt of favourable and unfavourable comments, there were also 278 members of the public who made more general comments about the introduction of the Proposed Franchising Scheme. The main comment was a suggestion that consideration should be given to hospital routes and passenger access to hospitals and medical centres (47 comments). Other less frequently cited general comments included an observation that passenger numbers have declined because of trams and the Metrolink (7), and that passenger numbers may have fallen because of roadworks, traffic congestion and poor traffic management (6).

4.2 Comments received about the Assessment

This section of the report provides a breakdown of the comments received from statutory consultees, non-statutory consultees, and members of the public who made comments about the Assessment.

The Assessment concludes that the Proposed Franchising Scheme is the best way to achieve GMCA's objectives to improve bus services. Participants were asked if they had any comments on this, and any other comments they may have had about the Assessment of the Proposed Franchising Scheme. In total, 3,403 participants provided comments on the Assessment, including 2,933 participants who provided favourable comments about the Assessment, and 502 participants who provided unfavourable comments. Table 4.4 shows the number of favourable and unfavourable comments received about the Assessment from statutory consultees, non-statutory consultees, and members of the public

Table 4.4 Favourable and unfavourable comments received about the Assessment

Q42. Taking everything into account, the Assessment concludes that the Proposed Franchising Scheme is the best way to achieve GMCA's objectives to improve bus services. Do you have any comments on this?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
Q43. Do you have any other comments on the Assessment of the Proposed Franchising Scheme?			
All who provided a response (3,403)	2,933	502	+2,431
Statutory consultee (25)	14	9	+5
Non-statutory consultee (52)	45	9	+36
Member of the public (3,326)	2,874	484	+2,390

4.2.1 Statutory consultees

There were 25 statutory consultees who provided comments in reply to the Assessment. This included 14 statutory consultees who provided favourable comments, a further six who provided favourable comments on condition that the Proposed Franchising Scheme would result in an improved system, and nine who provided unfavourable comments. Please note that some of those who provided comments provided both favourable and unfavourable comments, and this means that the sum of the parts may add to more than the total number of consultees who made comments. The following sections break down the responses received by category.

Bus operators / transport organisations

Of those who made positive comments and/or were in favour, this included HCT Group which suggested that the Proposed Franchising Scheme was not only the best way to achieve objectives, but in its opinion, it was the only way to achieve objectives.

However, as some of the operators that provided a response did not agree with the Proposed Franchising Scheme and as such they did not agree with the conclusion of the Assessment. For example, Arriva UK Bus and First Manchester Ltd believed that a partnership option, and not the Proposed Franchising Scheme would be preferable.

“We do not agree for the reasons given above. Partnerships, voluntary or statutory, have been proven to deliver significant investment and improvements in city-wide bus networks, driving-up standards and patronage, whilst reducing fleet age and emissions. We feel this has been overlooked throughout the Assessment. The costs and risks to GMCA of a Franchising scheme, we feel, far outweigh any incremental benefits it may offer over a Partnership model.”

Arriva UK Bus

Go North West Ltd also did not agree with the Proposed Franchising Scheme and the Assessment’s conclusion. They stated that they did not agree that the Proposed Franchising Scheme would be the best way forward for GMCA to achieve objectives, and that GMCA should reconsider a proposal for franchising on a route-by-route basis, and that consideration should also be given to a partnership model.

Stagecoach Manchester was concerned in its opinion about how the Proposed Franchising Scheme would need public funding, with a number of negative associations. They challenged the Assessment and believed that it was based on an incorrect view of the market.

Rotala PLC reiterated its disagreement with the Proposed Franchising Scheme and suggested that a partnership would be able to achieve GMCA’s objectives without significant risk to the public purse – it stated that the Assessment was in its words “fundamentally flawed”.

“The Assessment seems to have started with the aim of finding the benefits of the franchise proposal rather than being a forensic analysis of each option... Rotala considers that the Assessment is fundamentally flawed on a number of levels. This includes that it is not based on the most up-to-date Partnership proposal, there is an inaccurate Assessment of decrease in bus patronage, while the Financial and Economic Cases for the Proposed Franchising Scheme are based on unrealistic and incorrect assumptions, skewed in favour of the Proposed Franchising Scheme, lacking in evidence, and not fully budgeted.

Rotala PLC

Local authorities

Given that local authorities were largely in favour of the Proposed Franchising Scheme, most of those commenting on the Assessment were agreeable about its conclusion that it would best achieve GMCA's objectives. Those that provided positive comments included Salford City Council and Manchester City Council.

"Salford City Council agrees that a Proposed Franchising Scheme is the best option for bus operations in Greater Manchester. The analysis concludes that Franchising provides the best option for increasing patronage and offers the highest Net Present Value (NPV), when compared to Partnerships. Franchising also offers the best opportunity to control the network, fares and customer experience, which are the core principles of delivering a better bus experience for passengers."

Salford City Council

While Trafford Council stated that it supported the proposal, and that the information within the consultation documents demonstrates great benefits, that future success of the bus network would depend on other issues being addressed, including securing new infrastructure to help improve reliability of bus services, and to reduce journey times. The Council also emphasised the importance of local plans.

"Linkages to new development will also be important and large development schemes could also help to deliver bus infrastructure improvements. Linkages to the Greater Manchester Spatial Framework and individual district Local Plans will therefore be essential in planning and delivering the future bus network."

Trafford Council

Bolton Council also agreed with the proposal provided any risks were mitigated and managed and the benefits shared. While Rochdale Council was in agreement, it stated that more evidence would be required to demonstrate that the proposal would deliver all of the aims as set out in the consultation document to the satisfaction of bus users. Stockport Council also had some concerns too.

"Stockport Council is supportive of the Proposed Franchising Scheme with recognition of the concerns and requests previously identified in the response regarding Council involvement, finance, realising benefits sooner and cross-boundary services."

Stockport Council

Despite strong support for the Proposed Franchising Scheme, a particular concern raised among local authorities outside of the Greater Manchester area was how cross-boundary services might be affected. For example, while Chorley Council agreed with the proposal, it stated that there would be concerns with regard to the impact of cross boundary services. Rossendale Borough Council also cited cross-boundary concerns and mentioned that it would welcome ongoing dialogue with GMCA to ensure objectives are aligned with their objectives. Lancashire County Council also made mention of cross-boundary routes

and services and stated that how services operate across boundaries is of great importance for both GMCA residents and those of its neighbours.

However, while Blackburn with Darwen Borough Council mentioned that whilst there are potential implications for cross-boundary services which originate outside Greater Manchester, it agreed with the Assessment's conclusion and welcomed the assertion that GMCA would seek to maintain cross-boundary services working with its neighbours and operators to mitigate any adverse impacts. The Council also made a request so that its residents would benefit from the Proposed Franchising Scheme.

"...the opportunities to put in place new fares and ticketing arrangements (which could benefit Blackburn with Darwen residents travelling into Greater Manchester) must be taken forward as part of the Franchising Scheme's development and implementation."

Blackburn with Darwen Borough Council

Other statutory consultees

A small number of other statutory consultees also made comments on the Assessment. Some of those who made comments were supportive of the Assessment, while others were opposed and/or provided unfavourable comments or raised some concerns.

Of those who provided supportive and favourable comments about the Assessment, this included trade unions. Unite the Union believed that the proposal would give GMCA more control over services and ticketing.

Bus Users UK also suggested a partnership model, and stated that the Assessment would be better to focus on an analysis of the options rather than trying to find benefits of a Proposed Franchising Scheme. Whilst TUC North West thought there would be resultant benefits for passengers. TravelWatch NorthWest was also supportive.

"We would support the Assessment's conclusion. The benefits and opportunities have been made clear, and would deliver a bus service for Greater Manchester that served their interests and needs, belonging to them and decisions made by them."

TUC North West

4.2.2 Non-statutory consultees

Overall, there were 52 non-statutory consultees who commented on the Assessment. The following sections break down the responses received by category.

Academic Institutions

Academic institutions were largely in favour of the Assessment's conclusion that the Proposed Franchising Scheme would be the best way to achieve GMCA's objectives to improve bus services. Those

in support of the conclusion included Manchester Metropolitan University, Royal Northern College of Music, Mobilities Justice CIC, LTE Group, IPPR North, and the University of Manchester Students' Union.

“Following a thorough review of the Assessment and supporting information, Manchester Metropolitan University supports the conclusion that the Proposed Franchising Scheme is the best way to achieve the desired outcomes for bus services in GM. Other bus market reforms would not provide the holistic benefits necessary to improve bus services. We also believe that the Phase 2 improvements should be delivered to ensure that the public bus network in GM is as user friendly and efficient as possible.”

Manchester Metropolitan University

While the University of Manchester also provided positive comments about the Assessment, it asked questions about safeguarding and monitoring performance against objectives.

“It seems the Assessment is well thought through in terms of benefits to the public and the scale of change and impact would be greater under the Proposed Franchising Scheme. How is the Proposed Franchising Scheme safeguarded against potential future changes in leadership and administrative model? What is the process for monitoring continual improvement and reporting against this?”

The University of Manchester

Action groups

A small number of action groups provided comments about the Assessment. For the most part, comments received were positive and supportive of the Assessment. For example, Walk Ride Heaton stated that it agreed with the conclusions and was supportive of Franchising as an improvement compared against the current system. Bus4Us also agreed, and while Steady State Manchester stated that it broadly agreed with the Assessment's conclusions and mentioned the potential for the Proposed Franchising Scheme to make things better for passengers, the environment and would provide better value for money than a partnership. However, Sale Moor Community cast doubt that the Proposed Franchising Scheme would come into fruition.

“It will never happen and if it does Stagecoach Arriva etc will just run new companies off the road by putting more of their buses on same routes just like it did with Finglands.”

Sale Moor Community

Transport stakeholders

A few of the non-statutory transport stakeholders agreed with the Assessment's conclusion. This included Ratp Dev which stated that it agreed, and that it appeared to be a good way forward. Tower Transit mentioned that Franchising could produce a more coherent, comprehensive, and coordinated bus

service than the current deregulated system. While Abellio stated that it did agree with the Assessment's conclusion provided that GMCA was able to allow open competition.

"Abellio agrees with the conclusion that Proposed Franchising Scheme is the best way to achieve GMCA's objectives to improve bus services, provided that GMCA is able to achieve successful transition to a steady state bus Franchising environment on the basis of genuinely open competition among potential operators, whether an incumbent or new entrant to the Greater Manchester bus market."

Abellio

OneBus also had concerns about how GMCA would be able to deliver on its own objectives to improve bus services, and believed there was no guarantee that objectives would be achieved. They also stated that whilst most of the detail in the Assessment relates to transition, it asked what would happen if funding was unavailable for Phase 2. It also believed that the Assessment had the wrong focus, and that it had failings.

"The Assessment is built upon assumptions based around soft measures and fails to address the key aspects of improving bus services – increased bus priorities and delivery of consistent journey times. The colour of the buses, the introduction of a one stop-shop for customer queries, inflation busting fare increases and networks based on social need and minimum frequencies are not enough to give passengers confidence to change from using their car."

OneBus

Charity / voluntary sector

Most of the charity and voluntary sector organisations that commented on the Assessment provided positive and supportive comments about it. This included Centre for Cities, Whalley Range Community Forum, Greater Manchester Disabled People's Panel.

However, while others in the sector also supported the Assessment, some of them believed that bus Franchising alone would not solve current issues. For example, while supportive of the Assessment's conclusion, Bolton CVC emphasised the importance of transport and stated that localities across Greater Manchester would need to be given equal opportunity to feed into future proposals and to help shape future transport. Dunham Massey National Trust also stated it would support the proposal and Assessment on provision that improvements could be realised.

"We would support the scheme if it improves: routes (more connected and joined up services) and are connected and joined up routes. Service timetables (better thought through for peak times) and they are reliable and regular. Also protect services that support rural/isolated communities. Cost (tickets are value for money). Safety (lighting and other infrastructure is well thought through and ensure the safety of users)."

Dunham Massey National Trust

Elected representatives

Of the small number of elected representatives who provided comments about the Assessment, all were in support in its conclusions. This included Barbara Keeley (MP for Worsley and Eccles South), Jonathan Reynolds (MP for Stalybridge and Hyde), and Councillor Charlotte Morris (Labour Member for Elton).

"I support this conclusion. I do not believe any other model will allow us to introduce the services and integrated ticketing systems that the public are asking for."

Jonathan Reynolds, MP for Stalybridge and Hyde

Environment, heritage, amenity or community groups

All of the environment, heritage, amenity or community groups that provided comments about the Assessment's conclusions were supportive. This included Transition Buxton, Northern Neighbourhood Forum M22, Withington Civic Society, Chorlton Voice, and Manchester Local Care Organisation.

Other non-statutory consultees

A broad range of other non-statutory consultees also provided comments about the Assessment, with most being supportive of its aims and objectives. Those in support included SE Manchester Community Rail Partnership, Scott-Grant Ltd, Bruntwood, Oxford Road Corridor, The Northern Care Alliance NHS Group, Manchester NHS Foundation Trust, INTU Trafford Centre, and Bryn and Makerfield Rug.

Very few of the organisations disagreed with the Assessment's conclusion, but one of the organisations that did so was an organisation that stated it was a passenger user group without elaborating further. The organisation stated that it disagreed because GMCA in its opinion already had this conclusion before it started any work.

4.2.3 Members of the public

Overall, there were 3,326 members of the public who provided comments about the Assessment. This included 2,874 participants who provided favourable comments, and 484 participants who provided unfavourable comments.

Of those who made favourable comments, the main comments cited by frequency of response were general support for the Assessment's conclusion (1,975), followed by positive comments about how bus services would be improved (261), made more widely available (237), and that ticket prices would be reduced so that passengers would receive better value for money (202).

"I agree, anything that brings a more joined up service to improve bus services is welcome."

Member of the public

"I strongly agree that the Proposed Franchising Scheme is the best way to deliver the GMCA's objectives. It offers significant improvements to the passenger experience and bus market and makes major contributions towards the delivery of Greater Manchester's strategic priorities."

Member of the public

Other, less frequently cited favourable comments included favourable comments about how the Proposed Franchising Scheme would be improved, based on the system in other cities such as London (175), that bus services will be provided for the public's benefit (52), and that newer, cleaner, and more modern buses would be introduced (39).

In addition to the favourable comments received, there were also 182 members of the public who endorsed the Assessment on condition that the Assessment would lead to a new model that would be effective and would meet objectives. Many of the comments received provided support for the Assessment provided that the Proposed Franchising Scheme would be done properly (126 comments). There were also 19 favourable comments on condition that the Proposed Franchising Scheme would lead to a reduction in ticket prices, and nine favourable comments provided the proposal would improve the punctuality of buses so that they could be more reliable than perceived to be at present.

"Only if you can afford it - affordability is clearly a key issue. It's no use Franchising and then having to cut services and increase fares - that's what operators do, and you say you don't like."

Member of the public

Of course, not all made favourable comments. Overall, there were 484 members of the public who raised concerns or made unfavourable comments about the Assessment. While many of these participants were also opposed to the introduction of the Proposed Franchising Scheme, some of those in support of the proposal also raised concerns or made unfavourable comments about the Assessment. The main unfavourable comments by frequency of response were general disagreement with the Assessment (164), concerns about affordability and cost of the Proposed Franchising Scheme (78), concern that the Proposed Franchising Scheme was not proven to work (62), that the Proposed Franchising Scheme did not go far enough (51), and a belief that the Assessment's consultation was that it was not impartial or that it was biased (36).

"From everything mentioned in the consultation documents I fail to see how this can be the case. This is for a number of reasons. It appears to be based on a lot of assumptions. There is no evidence that all alternative options have been considered, i.e. better TfGM ticket products, studies of systems operated by other local authorities where bus usage is increasing. Proposing that areas that currently have some of the worst service provisions are exempt from Franchising initially. Moving the increases in fares over to the public's council tax bills. Further work must be done before GMCA rush into this idea and risk wasting taxpayer's money on an ideal."

Member of the public

Other, less frequently cited unfavourable comments included criticism of the track record of TfGM and or GMCA (30), concerns that the taxpayer would have to fund the Proposed Franchising Scheme (29), concern that the Proposed Franchising Scheme would not deliver an improved customer experience (25), and a belief that a partnership opinion would be a preferred or better option to the Proposed Franchising Scheme (24).

There were also 357 members of the public who made suggestions about the Assessment. A range of different suggestions were made, and these included comments that consideration should be given to reorganising the routes and/or timings of bus services (12), that a trial of pilot should be considered (10), that services should run for 24 hours a day, 7 days a week (7), and that consideration should be given to the introduction of free bus travel (6).

“All buses should run all year round even Christmas Day, Boxing Day and New Year’s Day like it was when it was GM buses. Think of all the people going to work or going to visit family and friends over these 3 days - run a public service 365 days a year and not when they want to run (as) people need to travel on these days.”

Member of the public

It was also notable that 167 members of the public made suggestions about the Proposed Franchising Scheme that had already been considered by TfGM in preparing its assessment. This included a suggestion that consideration should be given to roadworks, congestion and traffic management (43 comments), that disabled, elderly and vulnerable passengers should be considered (22), and that local infrastructure should be improved, including provision of additional bus lanes (19).

As well as favourable and unfavourable comments and suggestions received about the Assessment, there were also 101 members of the public who made general comments about the Assessment. The main comment was whatever was the best option should be the option taken forward (27).

5. Proposed changes to the Proposed Franchising Scheme

5.1 Overall views on proposed changes made to the Proposed Franchising Scheme

This chapter summarises the responses on whether respondents were able to suggest any changes that would improve the Proposed Franchising Scheme (Q46 of the consultation response form) and the likelihood of them supporting the Proposed Franchising Scheme if the changes were made (Q47 of the consultation response form).

Please refer to section 3.3 of this report for more information on how to interpret the consultation findings.

Q46a. Are there any changes that you think would improve the Proposed Franchising Scheme?

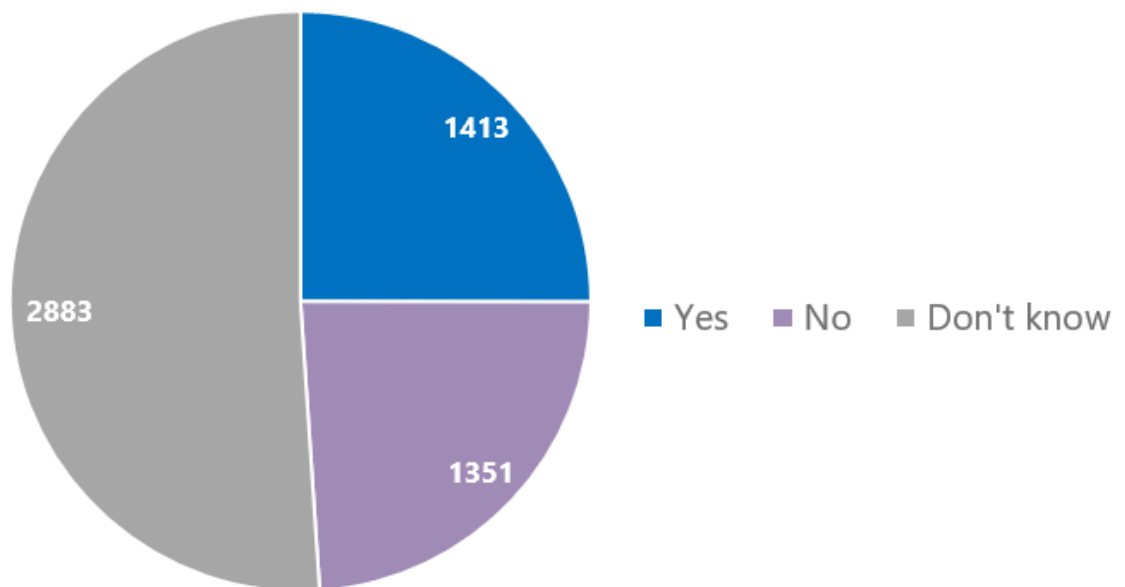
Yes

No

Don't know

Q46b. Please provide further details as to the changes you think would improve the Proposed Franchising Scheme.

Figure 5.1 Number of those who had changes which would improve the Proposed Franchising Scheme



5.1.1 Statutory consultees

There were a number of statutory consultees that suggested changes which they thought would improve the Proposed Franchising Scheme. The following sections break down the responses received by each category of consultee.

Bus operators / transport organisations

A number of bus operators and transport organisations provided details on the changes they thought would improve the Proposed Franchising Scheme.

Those who were supportive of the Proposed Franchising Scheme and had changes which they thought would improve it, such as Warrington's Own Buses, suggested that small and medium sized enterprises (SMEs) should be eligible for large franchising contracts. HCT Group on the other hand suggested embedding social value and community transport into the Proposed Franchising Scheme.

Bus operators who were not supportive of the Proposed Franchising Scheme suggested more large-scale changes, with some suggesting alternatives to the Proposed Franchising Scheme itself, such as Stagecoach Manchester and First Manchester Ltd who advocated a partnership led approach. Arriva UK Bus suggested that consideration must be given to ensure operators and their employees are not negatively affected.

"...in essence, we feel more should be done to ensure operators do not suffer significant financial harm as a result of the introduction of franchising (which in turn may result in the closure of businesses/depots and redundancy) and that the timescales proposed should be re-considered as they seem somewhat unrealistic given the unprecedented change a scheme would require, if it is to be successful."

Arriva UK Bus

Go North West Ltd suggested a number of changes to the Proposed Franchising Scheme with the aim of improving its feasibility, with a particular focus on franchising by routes rather than by sub-area. However, if franchising was to go ahead by sub-area, they suggested there should be time allowed to refine the Proposed Franchising Scheme which will improve the remaining roll-out. Go North West Ltd's other suggested changes included not providing depots for large franchisees and altering the timetable for operators to acquire them in advance of bidding.

Belle Vue (MCR) Ltd suggested that smaller and medium sized operators should be provided with grants or subsidies as they previously expressed that the Proposed Franchising Scheme would be unfair to smaller-sized operators.

Local authorities

While many local authorities were supportive of the proposal, there were some that provided suggestions on how they thought the Proposed Franchising Scheme might be enhanced.

Suggestions from Rochdale Borough Council and Tameside Metropolitan Borough Council revolved around conducting further analysis on current routes to identify issues with the current offer, as well as allowing time after franchising has been implemented so improvements can be identified.

"It is suggested that there is an examination of individual route provision as part of the franchising process especially those to outlying areas, operate at weekend and evenings and to examine gaps in the current provision."

Tameside Metropolitan Borough Council

Bolton Council suggested that consideration should be given to linking up buses with other modes of transport such as train and tram, which in their view would ultimately reduce reliance on car journeys. There was also a suggestion to focus on sustainable transport modes, such as cycling.

"...bus services need to be linked up to other modes of transport such as train and tram. In order to provide a truly integrated solution, it is important to make the buses as part of the host of other transport solution in order to enhance travel choices and customer experiences and thus reduce reliance on car journeys. Buses should link up with trams, trains and cycle-hubs and buses should cater for cycle racks likes trains do."

Bolton Council

Cheshire East Council's suggestions related to the importance and timing of future GMCA consulting representatives of users on how well the Proposed Franchising Scheme is working; see further responses on this subject in chapter 6 (see section 6.9 covering question 9). In order to better evaluate the Proposed Franchising Scheme, the Council suggested that a consultation should be held *during* and before the expiry of the first franchised contracts as opposed to after those contracts had expired. They also go on to suggest that a consultation should align with the needs of the customers.

"...it would be more appropriate to undertake a consultation during the franchised contracts and certainly prior to expiry, in order to ensure that any requisite alterations/improvements are addressed in successor franchised contracts...Cheshire East Council attaches high importance to the engagement and consultation with customers and users of services..."

Cheshire East Council

Stockport and Trafford Council both suggested that the locations for bus depots should be agreed with local authorities and impacts on the local area must be considered, such as local traffic levels, air quality and noise disturbance.

“...there is a need to ensure that the acquired depots are not just historically valuable but meet the current needs of the areas being served and that any need or amended usage of locations is not detrimental to local congestion and other land use needs.”

Stockport Metropolitan Borough Council

Salford City Council suggested that further information on the residual value mechanism, which would ensure that the appropriate standard for bus fleets are met, would be beneficial as they feel there could be a risk that outdated buses could be reused under the mechanism. The Council also suggested changing Irlam and Cadishead from Zone C to Zone A if the Proposed Franchising Scheme was to go ahead.

“...existing operators may be negatively impacted by change to a franchised network if they fail to win enough tenders to support their existing fleet or depots. The mitigation for this is that the GMCA would buy strategic depots and introduce...a residual value mechanism. There may be a risk that outdated buses and equipment are retained in Greater Manchester through this mechanism...Further information on the mechanism for ensuring that fleets remain current and meet appropriate standards would be beneficial to ensure that passengers are protected.”

Salford City Council

Other neighbouring local authorities, such as West Yorkshire Combined Authority, suggested adopting national standards, such as ‘TransXchange’ and ‘SIRI’ to enable easier communication with neighbouring authorities and non-franchise operators running into the Greater Manchester area. Blackburn with Darwen Borough Council, on the other hand, requested they be part of the decision making process in relation to the granting of service permits.

Other statutory consultees

Among the other statutory consultees, Unite the Union, Transport Focus and Bus Users UK suggested changes they thought would improve the Proposed Franchising Scheme.

Unite the Union suggested implementing protection for bus workers’ pay and their pensions. They went on to suggest that bus workers should have the ability to re-join the Local Government Shared Services (LGSS) or establishing a Greater Manchester bus workers specific pension, which would require franchisees to join and contribute to.

Transport Focus set out a number of changes they would like to see implemented to improve the Proposed Franchising Scheme.

- Investing in a *critical friend* who would be able to *articulate the passenger voice*. This change was echoed by Bus Users UK.

- Setting up a *passenger promise* which would explain the services available to passengers, compensation for delays and disruptions, and rights of passengers (which should comply with EU Passenger Rights Regulations).
- Prioritising infrastructure which would make buses more competitive to cars, such as bus lanes and bus specific traffic light technology.

5.1.2 Non-statutory consultees

There were a number of non-statutory consultees who felt there were changes that would improve the Proposed Franchising Scheme. The following sections break down the responses received by each category of consultee.

Academic institutions

Burnage Academy for Boys suggested that the Proposed Franchising Scheme should provide free travel for young people and that there should be even more competitive pricing than is currently available.

The University of Manchester Students' Union suggested placing more focus on accessibility and sustainability of services. They also suggested further engagement with local communities to ensure that services align with demand. Manchester Metropolitan University on the other hand felt that further developments are needed for the infrastructure of bus services.

"Having Accessibility as a priority and doing much more around environmental sustainability. More work needs to be done with community groups to properly look at what they want the buses to be and how GMCA can best use the buses as a benefit to Greater Manchester."

University of Manchester Students Union

Action groups

Bus4Us suggested allowing neighbouring authorities to opt into the Proposed Franchising Scheme for certain routes.

Transport stakeholders

There were several non-statutory transport stakeholders who provided changes which would improve the Proposed Franchising Scheme.

Both RATP Dev and Manchester Airports Group suggest fare integration with other modes of transport such as Metrolink and train, as well as sustainable methods of transport which are becoming more widely available.

“...it is important that franchising ensures that integrated ticketing can be developed, enabling flexible interchange without penalty between modes, particularly bus and Metrolink, but ultimately also heavy rail and other modes, including emerging options, such as cycle hire.”

Manchester Airports Group

Abellio, while supportive of the Proposed Franchising Scheme, suggest implementing a delay in the procurement programme which they feel will ensure equal opportunities for all franchise bidders.

“The ability of GMCA to provide depot premises for large franchises is central to ensuring effective competition in the procurement process...addressing this concern may require a short delay in the procurement programme in order to absolutely ensure that incumbent operators do not successfully stonewall TfGM in its stated plans to achieve control of strategic depots...”

Abellio

Charity / voluntary sector

The suggested changes by charity and voluntary sector consultees mainly revolved around accessibility features on buses and upholding high standards of services for all age groups.

Whalley Range Community Forum suggested that buses must not exclude access to any age groups. The Proud Trust express similar changes by asking for concessionary passes to be inclusive of even younger age groups.

“£10 for Our Pass¹⁹ is ok, but extend to include under 16's, as LGBT+ youth groups start at 13 years.”

The Proud Trust

Friends of Patricroft Station suggested a bigger emphasis on integrated fares and services, including with different modes of public transport.

The Equalities and Human Rights Commission suggested improvements which focus on ensuring that bus services meet legislative accessibility requirements and are equipped with facilities for those with accessibility requirements. The consultee also suggested that those with protected characteristics should have sufficient input into the design of reform (including design of physical infrastructure).

“We recommend that GMCA utilise the opportunity of reforms to bus services to embed inclusive design principles across the bus network. This extends to design and maintenance of physical infrastructure (such as bus stops), ticketing, information, journeys and customer service...We recommend that the proposed performance regime for operators under contract to GMCA is extended to include penalties and incentives to ensure high levels of service and access for disabled people with accessibility requirements...”

The Equalities and Human Rights Commission

¹⁹ 16-18 bus pass which allows travel on all buses across Greater Manchester

Other consultees

A number of other non-statutory consultees also suggested changes which they thought would improve the Proposed Franchising Scheme.

The Manchester Local Care Organisation suggested that consideration should be given to providing consistent health & social care worker discount on buses to ensure the labour market can reach as far as possible. Manchester University NHS Trust on the other hand suggested that environmental improvements to the fleet should be fully costed and implemented within the first phase of rollout.

“We would like to advocate for the inclusion of a simplified and consistent approach to staff discounts under any new arrangements emerging from the consultation. The current offer includes considerable variation between the different providers... The financial burden of travel can impact significantly on people’s work choices and our commitment to recruiting local people is particularly focused on those living in our more deprived communities.”

Manchester Local Care Organisation

Altrincham Business Improvement District highlighted a number of changes which they thought would improve the Proposed Franchising Scheme, including:

- A programme of research which would identify if existing services meet current and future demand. This suggested change is echoed by The Chartered Institute of Logistics and Transport - North West Policy Group.
- Promotional activities which would accompany the Proposed Franchising Scheme with the aim to increase patronage.
- Shuttle buses in town centres, which would operate in a similar fashion to shuttle buses in Manchester City Centre i.e. hop-on, hop-off.
- Consideration being given to future housing developments and creating transport links within them to reduce congestion and car usage.

Other suggested changes included Chorlton Voice who propose that a representative group of passengers who would work with Transport for Greater Manchester to ensure services are meeting customer demand and objectives of the Proposed Franchising Scheme being expanded and developed further once it has been rolled out.

“...We would also expect to see a passenger stakeholder group operating alongside TfGM.”

Chorlton Voice

5.1.3 Members of the public

One quarter of the public (25%) who answered the question using the response form suggested changes which they thought would improve the Proposed Franchising Scheme. A slightly smaller proportion (24%) did not have any changes and more than half (51%) were unsure and said they don't know.

The suggestions provided by members of the public across all response channels (including the response form and via email and letter in the post) are set out below.

Suggested changes to the Proposed Franchising Scheme

Overall, 1,110 members of the public provided suggestions which they thought would improve the Proposed Franchising Scheme. There were 399 members of the public who suggested changes to the Proposed Franchising Scheme, 641 who provided suggestions already covered by the Proposed Franchising Scheme and 228 other suggestions. The most cited suggested changes to the Proposed Franchising Scheme include:

- Reducing journey times and providing direct or express services on certain routes (61 responses)

"We need more express routes so that buses have a rapid transit element - this is the only way to increase usage."

Member of the public

- Providing bus passes or subsidised travel to children, students and young people (38)
- Consideration being given to cross-boundary services (38)

"A requirement to join up in some small way with bordering bus operators. For example I live in Orrell, Wigan which borders west Lancashire, and I work 12 miles away in west Lancashire too, but I currently cannot travel easily by bus to work because it crosses borders."

Member of the public

- Bus services being run 24/7, every day of the year (33)
- Allowing cyclists to bring cycles on buses and the provision of more cycle lanes (28)

"I would like to see a focus on cycling integration as well as metro etc. The buses could have bike racks on front and rear where they can provide important hops between bike routes."

Member of the public

Less-often cited suggested changes to the Proposed Franchising Scheme include consideration being given to advertising and marketing to increase bus patronage (25), implementing bus conductors or

ticket inspectors on services (20), introducing ‘travel zones’ similar to that on the Metrolink (19) and the introduction of free bus travel (17).

Suggested changes to the Proposed Franchising Scheme already included within the Proposed Franchising Scheme

There were 641 members of the public who suggested changes which were already covered by the Proposed Franchising Scheme. The most cited suggested changes include:

- Improving infrastructure for buses such as bus priority measure, bus lanes and bus only routes (118)

“In order to maximise the effects with franchising, local authorities must look at how they can streamline bus journeys, including through the use of red routes, removing car parking spaces, increasing bus lanes, and the introduction of bus gates.”

Member of the public

- Consideration being given to:
 - Roadworks, congestion and traffic management (114)
 - The disabled, elderly, or vulnerable passengers (96)

“Local control should be responsive to local voices i.e. concern about local air quality, routes and timing. Elderly people need easy transport or become excluded.”

Member of the public

- Reorganising routes and timings of services (53)

Less often cited suggested changes which were already covered by the Proposed Franchising Scheme include free bus passes for the disabled, elderly, or vulnerable passengers (42), and more investment for buses (41).

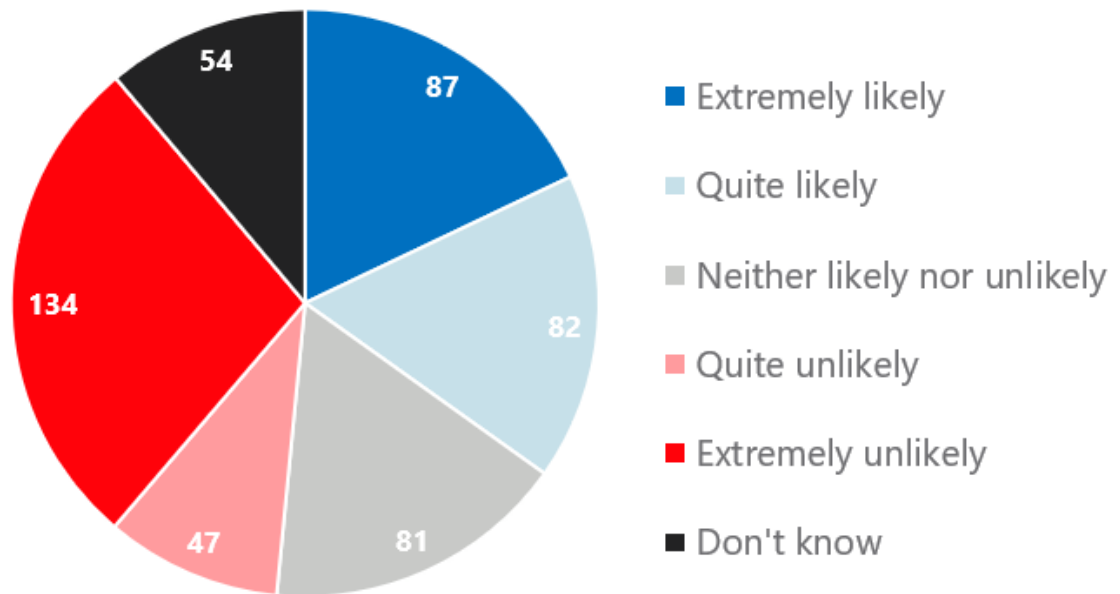
Other suggested changes

In addition to the suggested changes to the Proposed Franchising Scheme and those already covered by the Proposed Franchising Scheme, there were 228 members of the public who suggested other changes. These included bus services being publicly owned and run for public benefit (95) and consideration being given to funding from central government (75). Less frequently suggested changes include nationalising bus services (29), bus services being run by a single TfGM/GMCA owned operator (15) and giving TfGM/GMCA ownership of bus services (12).

5.2 Likelihood of support if suggested changes were made

Those who opposed the introduction of the Proposed Franchising Scheme and responded via the consultation response form were asked how likely they would be to support the Proposed Franchising Scheme if the changes they suggested were made. Of the 485 participants who answered the question, 35% would be likely to support the introduction of the Proposed Franchising Scheme, with 18% saying they would be extremely likely and 17% quite likely. Under two in five (37%) would be unlikely to support the Proposed Franchising Scheme if the changes they suggested were made, with 28% saying they would be extremely unlikely and 10% quite unlikely. Less than one in five (17%) were neither likely nor unlikely to be supportive.

Figure 5.2 Likelihood of support for Proposed Franchising Scheme if suggested changes were made



Base: 485 participants who oppose the introduction of the Proposed Franchising Scheme and answered Question 47 on the response form

Of 482 members of the public who completed the question on the consultation response form, 37% would be unlikely to support the introduction of the Proposed Franchising Scheme if the changes they suggested were made. Slightly fewer would be supportive (35%). There were three statutory and non-statutory consultees who completed the question on the consultation response form. Two non-statutory consultees were extremely unlikely to be supportive of the Proposed Franchising Scheme if their changes were made, whereas one statutory consultee was neither likely nor unlikely to be supportive. The table below summarises the participants who provided a response to this question (combining 'extremely' and 'quite' likely/unlikely).

Table 5.1 Likelihood of support of the Proposed Franchising Scheme if changes were made²⁰

Q47. If you oppose the introduction of the Proposed Franchising Scheme, how likely would you be to support it if the changes you suggested in answer to the previous question were made?	Likely	Unlikely	Net likely +/-
All who provided a response (485)	169	181	-12
Statutory consultee (2)	-	1	-1
Non-statutory consultee (1)	-	1	-1
Member of the public (482)	169	179	-10

²⁰ Excludes 'neither likely nor unlikely' and don't know responses

6. The Proposed Bus Franchising Scheme

This chapter analyses the responses to the questions posed about the Proposed Bus Franchising Scheme at the start of the long version of the response form. It covers the:

- Proposed corrections and changes made to the Proposed Franchising Scheme;
- Proposal that the Proposed Franchising Scheme should apply to the entirety of Greater Manchester;
- Local services which are proposed to be franchised;
- The services which have been excepted from regulation under the Proposed Franchising Scheme;
- Date on which the Proposed Franchising Scheme is currently proposed to be made;
- Dates by which it is proposed that franchise contracts may first be entered into;
- Nine-month period it is proposed will expire between entering into a franchise contract and the start of a service under such a contract;
- Proposals for how GMCA would consult on how well the Proposed Franchising Scheme is working;
- GMCA's plans for allowing small and medium sized operators the opportunity to be involved in the Proposed Franchising Scheme; and the
- Proposal that it would be appropriate for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme.

Due to the relatively smaller number of responses to the questions in this section, each sub-section is not always broken down into types of statutory/non-statutory consultees unless necessary.

Please refer to section 3.3 of this report for more information on how to interpret the consultation findings.

6.1 Overall views on corrections and changes made to the Proposed Franchising Scheme

Q1. Do you have any comments on the corrections and changes made to the Proposed Franchising Scheme?

For more information see page 33 of the Consultation Document.

Consultees were asked if they had any comments on corrections and changes made to the Proposed Franchising Scheme. As Table 6.1 shows, there were 323 consultees who provided comments, and this included 209 who made favourable comments, and 42 who made unfavourable comments.

Table 6.1 Favourable and unfavourable comments received on the corrections and changes made to the Proposed Franchising Scheme.

Q1. Do you have any comments on the corrections and changes made to the Proposed Franchising Scheme?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (323)	209	42	+167
Statutory consultee (5)	4	1	+3
Non-statutory consultee (8)	3	2	+1
Member of the public (310)	202	39	+163

There were also 171 consultees who made suggestions, and eight consultees who made general comments. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public. It should be noted here that many of those who made comments at this question made comments about other matters, rather than about changes and corrections to the Proposed Franchising Scheme.

6.1.1 Statutory consultees

Very few statutory consultees commented on corrections and changes to the Proposed Franchising Scheme. Of those who did provide comments, TravelWatch NorthWest stated that it was happy with the proposal, and Bolton Council stated that it had no objections.

“Bolton Council has no objections or any comments to the corrections and changes made to the Proposed Franchising Scheme. The Council sees this as a function of Transport for Greater Manchester (TfGM) as they have the expertise to understand best the effect of corrections and changes and their potential impact on the Proposed Franchising Scheme.”

Bolton Council

Go North West Ltd mentioned that while it had noted some changes, that in its opinion such changes would not have an effect on the Proposal Franchising Scheme, and that it had failed to tackle congestion.

“The single biggest issue which should be addressed by the Scheme, but for which there is no mention, is traffic congestion. Congestion is the largest contributor to the fall in bus patronage in cities and is 14% worse than five years ago in the UK's largest cities...GMCA has noted in the Consultation Document that the Scheme if made will include changes such as the correction of typographical errors and inserting a clearer map. It is noted that these 'have no practical effect on the Proposed Franchising Scheme.”

Go North West Ltd

6.1.2 Non-statutory consultees

Of the non-statutory consultees who provided comments on the corrections and changes made to the Proposed Franchising Scheme, three consultees provided favourable comments, whilst a further two consultees provided unfavourable comments. Of those who provided favourable comments, they included single comments that bus fares and ticket prices would be reduced, that anything would be an improvement compared to the system at present, and general support for the proposed amendments.

Of those who provided unfavourable comments, these included single comments including a belief that TfGM and GMCA would lack expertise to oversee the introduction of the Proposed Franchising Scheme, concern about employees of bus operators, worry about how standards would be monitored, and a view that there was a lack of evidence as to how successful bus franchising schemes might be.

OneBus mentioned that it had no comments as it had not been given access to the original draft proposal so that it could compare and contrast as to what the changes and amendments were.

6.1.3 Members of the public

There were 310 members of the public who provided comments on changes or corrections made to the Proposed Franchising Scheme. This included 202 consultees who made favourable comments, and 39 consultees who made unfavourable comments.

Of those who made favourable comments, the main comment was about general agreement and support for the proposed changes and amendments. Other, less frequently cited favourable comments tended to merge in with overall support of the Proposed Franchising Scheme, including that it would simplify ticketing and fares (44), that it would allow bus services to be integrated into the wider public transport network (40), support for bus services being run by a single operator (21), that there were too many operators at present (19), and that bus services would be run for the public good, rather than commercial reasons (13).

"I am happy with the corrections and changes made."

Member of the public

There were 38 members of the public who provided unfavourable comments about the proposed changes and corrections to the Proposed Franchising Scheme. Such comments included general opposition (12), that proposals were not ambitious enough (6), and concern about how workable or viable the proposals could be (5).

In addition to favourable and unfavourable comments received, 167 members of the public also made suggestions. Of these, 18 members of the public made suggestions that had not currently been considered by the Proposed Franchising Scheme, including comments about more needing to be done to address empty buses and those not at maximum capacity (5). However, most of those who made suggestions (153 members of the public), suggested aspects already incorporated into the Proposed

Franchising Scheme, including comments about improving bus services (45), improving reliability of services (40), and reducing ticket prices (33).

6.2 Applicability to entirety of Greater Manchester

Q2. Do you have any comments on the proposal that the Proposed Franchising Scheme should apply to the entirety of Greater Manchester?

For more information see paragraph 3.5 of the Consultation Document.

In total, there were 818 consultees who provided comments about if the Proposed Franchising Scheme should apply to the entirety of Greater Manchester. As Table 6.2 shows, of those who made comments, they included 695 consultees who made favourable comments, and 67 consultees who made unfavourable and comments.

Table 6.2 Favourable and unfavourable comments received on the proposal that the Proposed Franchising Scheme should apply to the entirety of Greater Manchester?

Q2. Do you have any comments on the proposal that the Proposed Franchising Scheme should apply to the entirety of Greater Manchester?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (818)	695	67	+628
Statutory consultee (16)	12	5	+7
Non-statutory consultee (24)	18	3	+15
Member of the public (778)	665	59	+606

In addition, there were 261 consultees who made suggestions, and 19 consultees who made general comments. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

6.2.1 Statutory consultees

Many of the statutory consultees who provided comments made favourable comments in support of the Proposed Franchising Scheme covering Greater Manchester in its entirety. This included TravelWatch NorthWest which stated that it was happy with the approach. Bolton Council believed that complete coverage would ensure consistency in standards.

"The Franchising scheme should apply to the whole of Greater Manchester to ensure consistency in standards."

Bolton Council

However, not all of those who provided comments were supportive of a uniform approach. Go North West Ltd thought that the Proposed Franchising Scheme should not apply to the entirety of Greater

Manchester and should first be trailed in Sub Area A first. Rotala PLC stated that the Proposed Franchising Scheme should not be implemented at all (regardless of whether it is applied to the whole of Greater Manchester or not) and advocated a partnership approach.

“Rotala considers that the Proposed Franchising Scheme should not be implemented at all regardless of whether it is to apply to the entirety of Greater Manchester or only to a part of Greater Manchester. Moreover, the benefits and advantages of a unified service throughout the Greater Manchester region can equally be achieved through a Partnership Plus approach that could apply to the entirety of Greater Manchester.”

Rotala PLC

“GNW has significant concerns about GMCA's proposed approach to and timetable for introducing the Scheme across the entirety of Greater Manchester. GMCA has itself identified a very significant number of risks arising from the Scheme including serious risks during transition such as the possibility that operators are left financially unable to continue services or that depots cannot be purchased, and alternative arrangements need to be pursued.”

Go North West Ltd

Stockport Metropolitan Borough Council requested in its words “proper engagement” outside of Greater Manchester for services that cross its southern borders, including High Peak and Cheshire East.

Stagecoach Manchester put forward an alternative approach of a partnership in south of Manchester only.

“The proposal put forward by Stagecoach Manchester in parallel to this consultation response is an example of a partnership model that could help GMCA achieve the objectives in its transport strategy without disproportionately impacting relevant bus operators in the area of the partnership.”

Stagecoach Manchester

6.2.2 Non-statutory consultees

Most of the non-statutory consultees made comments in favour of the Proposed Franchising Scheme covering the entirety of Greater Manchester. Those who made favourable comments included The University of Manchester, Steady State Manchester Collective, Kate Green (MP for Stretford and Urmston), Manchester Friends of the Earth, The Chartered Institute of Logistics and Transport – North West Policy Group, and OneBus.

“It should envelope the entirety of Greater Manchester, in order to not disadvantage people living in certain areas (who would still have to live with the issues created by the current system), the benefits will show due to the scale of the area...from the University's point of view a GM-wide franchise would be preferable as many staff live within GM & it is therefore more simplistic to provide incentives for staff to travel by bus (and reduce scope 3 emissions) when under one system.”

The University of Manchester

However, despite being in support of application across the entirety of Greater Manchester, some of the non-statutory consultees who made comments raised issues of concern. For example, Steady State Manchester Collective thought that as only Mayor-led metropolitan authorities are able to take the Franchising option, it could make it difficult to plan effectively for routes into and out of the conurbation. Others, including Manchester Friends of the Earth also raised concerns or questions about cross boundary services, even if as acknowledged this was outside of the scope of the consultation.

“Manchester Friends of the Earth agrees that the scheme should cover the whole Greater Manchester area. However, given that many people travel across the Greater Manchester boundaries from/to other local authority areas it would make more sense if bus regulation was applied at a national level, although we understand that this is outside of the scope of the current consultation.”

Manchester Friends of the Earth

6.2.3 Members of the public

Of 778 members of the public who provided comments on the proposal that the Proposed Franchising Scheme should apply to the entirety of Greater Manchester, the majority (665) made favourable comments about this proposal, while 59 made unfavourable comments.

The main favourable comment received were general comments in support of the proposal (600). Other, less frequently cited favourable comments were that application to the entirety of Greater Manchester would result in better coordination and integration of bus services into the wider public transport network (83), that a more simplistic ticketing system could be introduced (50), and that bus services across the entire city region could then be run by a single operator (35).

“Given the nature of the areas that bus passengers travel between for both work and leisure it's essential that the Franchising Scheme covers the whole of Greater Manchester.”

Member of the public

Of those who made unfavourable comments they included general opposition or disagreement with the proposal (16), concerns about cost and affordability of the proposal (8), that reform was not required as bus services were performing well (6), and a view that Manchester would be too diverse to have a uniform system across the entire region (5).

Of those who made suggestions about the proposal, these included that there should be consideration for cross-boundary services (57 comments), that the Proposed Franchising Scheme should be extended beyond the boundary of Greater Manchester (18). Other suggestions already being considered were that bus services across the region should be improved (35), that ticket prices should be reduced (26), and reliability of the service should be improved (26).

"I think it should apply entirely within Greater Manchester with connecting services running out of the region to border towns."

Member of the public

6.3 Local services proposed to be franchised

Q3. Do you have any comments on the local services that are proposed to be franchised?
For more information see paragraphs 3.6 to 3.8 of the Consultation Document.

Consultees were asked to comment on local services that are proposed to be franchised. As Table 6.3 shows, there were 512 consultees who provided comments on this, including 293 who provided favourable comments, and 76 who provided unfavourable comments.

Table 6.3 Favourable and unfavourable comments received on local services that are proposed to be franchised

Q3. Do you have any comments on the local services that are proposed to be franchised?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (512)	293	76	+217
Statutory consultee (14)	8	6	+2
Non-statutory consultee (14)	9	1	+8
Member of the public (484)	276	69	+207

There were also 270 consultees who made suggestions, and 16 consultees who made general comments. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

6.3.1 Statutory consultees

Of the 14 statutory consultees who provided comments about local services proposed to be franchised, eight provided favourable comments, and six provided unfavourable comments. Of those who made favourable comments, this included comments in general support of this aspect of the proposal (4), about how bus services could be integrated into the wider public transport network (2), and about how bus services would be run for the public good as a result of the proposal (2).

Unfavourable comments included two comments concerning costs and affordability issues, and two comments about services that would be excluded. Go North West Ltd was particularly concerned about exclusion of services operating from Queens Road depot.

“If GNW's understanding is not correct and GMCA proposes that services operating from GNW's Queens Road depot were to be within the scope of Franchising in sub-area A, GNW would have no option but to consider all legal avenues to challenge the proposal.”

Go North West Ltd

Of those who made suggestions, they included a belief that inclusion of cross-boundary services would be essential to maintain a regular and continuous service, and to protect revenue of bus operators.

6.3.2 Non-statutory consultees

There were also 14 non-statutory consultees who made comments on local services that are proposed to be franchised. These included nine consultees who made favourable comments, and one consultee who made unfavourable comments. Of those that made favourable comments, they included four comments in support of including as many local services as possible, and three comments in general agreement with the proposal. On the other hand, the consultee who made unfavourable comments raised concerns about accessibility issues, and worried about failure to deliver an improved customer or passenger experience.

6.3.3 Members of the public

There were 276 members of the public who made favourable comments, while 69 members of the public made unfavourable comments.

The main favourable comments received were comments in general agreement with the proposal to franchise local services (128). This was followed by comments supporting the franchising of as many local services as possible (69), that services would then be joined up and integrated into the wider public transport network (40), and that bus services would be controlled by a single operator (21).

“I agree that all local bus services should be included in the franchise scheme.”

Member of the public

Of those who made unfavourable comments, they included general disagreement or opposition to the proposal (18), concerns about affordability and cost (9), unfavourable comments about services that might be excepted (9), and a view that the proposals did not go far enough, or were not ambitious enough (6).

“Local services should not be franchised, as it removes any possibility of entrepreneurs entering the market, not just other large group subsidiaries.”

Member of the public

As well as favourable and unfavourable comments received, 255 members of the public made suggestions. These included suggestions that consideration should be given to cross-boundary services (14), and that consideration should be given to reducing journey times, such as through the introduction

of direct or express services (12). Others who made suggestions included what was already considered as part of the proposal, including to make services more reliable (62 comments), to improve local bus services (48), and that bus services should be reformed (42).

6.4 Sub-areas

Q4. Do you have any comments on the proposal that the Proposed Franchising Scheme would be split into three sub-areas and on the other arrangements proposed for the purposes of transition?

For more information see paragraphs 3.9 to 3.14 of the Consultation Document.

Consultees were asked to comment on the proposal that the Proposed Franchising Scheme is split into three sub-areas and on other arrangements proposed for the purposes of transition. As table 6.4 shows, there were 506 consultees who provided comments about this, including 192 who made favourable comments, and 173 who made unfavourable comments.

Table 6.4 Favourable and unfavourable comments received on the proposal that the Proposed Franchising Scheme would be split into three sub-areas and on the other arrangements proposed for the purposes of transition

Q4. Do you have any comments on the proposal that the Proposed Franchising Scheme would be split into three sub-areas and on the other arrangements proposed for the purposes of transition?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (506)	192	173	+19
Statutory consultee (15)	8	7	+1
Non-statutory consultee (24)	10	14	-4
Member of the public (467)	174	152	+22

There were also 220 participants who made suggestions, and 43 consultees who made general comments. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

6.4.1 Statutory consultees

There were 15 statutory consultees who made comments about this aspect of the proposal. They included eight consultees who made favourable comments, and also seven consultees who made unfavourable comments. In terms of favourable comments received, each of the eight comments were in general agreement with the proposal, with three comments adding that the proposed transition would ensure that any teething issues in one area could then be resolved for the other two areas.

“The Council does not disagree with the approach to be undertaken in that the proposed franchising scheme will be phased in and Greater Manchester split into three sub-areas.”

Bolton Council

While Manchester City Council stated that it understood the rationale for the approach, it requested that TfGM continue to consider how the transition could take place in a way that minimises disruption to bus users in the city.

While Go North West Ltd believed that in order for risk to be managed, and disruption minimised that it would be very important that any Proposed Franchising Scheme be implemented in a staged manner, the consultee believed that the timetable for each sub-area did not, in its opinion, represent a genuine trial. Go North West Ltd advocated route-by-route franchising which it believed would be more effective than sub-area by sub-area franchising.

“In order to manage risk and minimise disruption it is paramount that any franchising scheme is implemented in a staged manner. However, the timeframe for the implementation of the Scheme in sub-areas A, B and C does not represent a genuine trial...if nevertheless, GMCA pursues a franchising scheme on the basis of a sub-area by sub-area implementation, it would need to be amended so that the introduction of franchising in sub-area A constituted a genuine trial, followed by a period of consultation and reflection prior to roll-out to sub-areas B or C.”

Go North West Ltd

Of other statutory consultees who made unfavourable comments about this aspect of the Proposed Franchising Scheme, it included five comments concerning timescales for implementation, three comments in general opposition to having sub-areas, and two comments about how the proposal might make things more complicated than might otherwise have been needed. Those who raised specific concerns or issues included Stockport Metropolitan Borough Council.

“We are disappointed that Stockport will be in the final phase of the franchising process and we fear this will mean two years of worsening services whilst Stockport residents contribute to the cost of improvements elsewhere. This may also impact the air quality in Stockport whilst drawing cleaner bus fleets to the first two sub-areas. This is not equitable, and we oppose this decision.”

Stockport Metropolitan Borough Council

6.4.2 Non-statutory consultees

There were 24 non-statutory consultees who made comments about the proposal to split the Proposed Franchising Scheme into three sub-areas. They included ten consultees who made favourable comments, and 14 consultees who made unfavourable comments. Of those that made favourable comments, seven were in general support of the proposal, and two comments about how issues arising in one of the areas could be ironed out and implemented in the other areas.

“Splitting into three sub-areas allows the integration of Franchising to be more manageable and allows for a smoother transition via staggering. Lessons can therefore be learned between the introduction of Franchising to each of the three sub-areas.”

The University of Manchester

OneBus believed that while it was sensible to have sub-areas, that it would increase some challenges and introduce some complications.

“...the splitting into sub areas is sensible however this increases the challenges where services in one area are either de-regulated (operating commercially or with TfGM support) or within the franchise or operating on a service permit basis. This will be complicated for bus users – fares and ticketing acceptance and for driving staff – terms and conditions, customer charters etc. This all seems very messy in comparison to the Partnership proposal which retains buses operating under the present regime but with a much better customer offer and greater control by the Mayor and TfGM.

OneBus

Of those who made unfavourable comments, they included seven comments raising concerns about timescales and the length of the implementation period, three comments about how sub-areas could be unfair, and two comments about the timescale for delivery.

“Manchester Friends of the Earth believes that the implementation timetable is too slow. As currently proposed, it will be late 2023, four years from now, before the franchise arrangements will operate in Area C. We believe that people in Greater Manchester should not have to wait that long for a properly planned public bus service. We urge the Greater Manchester Combined Authority (GMCA) to introduce the proposed changes with a common date. Whilst this may require an increase in ‘upfront’ expenditure, it will also result in the benefits being realised earlier.”

Manchester Friends of the Earth

In total, there were 12 non-statutory consultees who made suggestions about sub-areas. However, just four non-statutory consultees made suggestions that had not been considered in the proposals. For example, Kate Green, MP for Stretford and Urmston stated that while she understood the need for sub-areas, she did not wish to see some residents disadvantaged – she suggested that a form of compensation should be considered.

“I understand the arguments for a 3-stage approach, but would urge that those residents living in the second and final sub-areas are not disadvantaged during the earlier stages. Interim compensatory arrangements (for example in relation to fares) would be desirable in those areas which come later in the scheme.”

Kate Green, MP for Stretford and Urmston

6.4.3 Members of the public

There were 174 members of the public who made favourable comments about the Proposed Franchising Scheme being split into three sub-areas, and 152 members of the public who made unfavourable comments

The most frequently cited favourable comments were general agreement and support for the proposal (149), that it would allow time for bedding in and the resolution of teething problems (24), and that the proposal should be enacted as soon as possible given for some that bus service reform was long overdue (9).

"I believe this phased approach is the only way to ensure there is a smooth transition."

Member of the public

Of negative comments received, this included general opposition and disagreement with the proposal (54), concerns about timescales (31), a view that it would be unfair to make the changes to one area first before rolling it out to other areas (28), and that the proposal was complicated or made it more difficult that it might otherwise have needed to be (25).

"No, I don't think this should happen just get on with it the whole of Greater Manchester should be treated as a whole and equally and by setting up sub-areas that just leaves it open for delays and potential unfair treatment of different areas."

Member of the public

In total, 202 members of the public made suggestions about the proposal. A common suggestion (83 comments) was that the Proposed Franchising Scheme should be uniformly introduced across Greater Manchester with no split at all. Other suggestions made included that consideration should be given to cross-boundary services (14), that travel zones should be introduced (4), and/or that priority should be given to children and young people (4). While many other suggestions were also made, such suggestions tended to be aspects already considered and covered by the proposal, including the better coordination and integration of bus services into the wider local public transport network (9).

6.5 Services excepted from regulation

Q5. Do you have any comments on the services which have been excepted from regulation under the Proposed Franchising Scheme?

For more information see paragraphs 3.15 to 3.16 of the Consultation Document.

Consultees were asked to comment on services which would be excepted from regulation under the Proposed Franchising Scheme. As Table 6.5 shows, there were 249 consultees who provided comments about this, including 105 who made favourable comments, and 52 who made unfavourable comments.

Table 6.5 Favourable and unfavourable comments received on the services which have been excepted from regulation under the Proposed Franchising Scheme

Q5. Do you have any comments on the services which have been excepted from regulation under the Proposed Franchising Scheme?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (249)	105	52	+53
Statutory consultee (9)	3	4	-1
Non-statutory consultee (8)	3	4	-1
Member of the public (232)	99	44	+45

There were also 131 consultees who made suggestions, and a further seven consultees who made general comments. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

6.5.1 Statutory consultees

There were nine statutory consultees who provided comments about services to be excepted from regulation under the Proposed Franchising Scheme. They included three consultees who provided favourable comments, and four consultees who provided unfavourable comments. Two of the statutory consultees who provided favourable comments offered general support for the proposal, and one of the statutory consultees was in agreement with the proposal that the Scholar's Service would be excepted.

Of those who provided unfavourable comments, they included single comments about timescales for delivery, and opposition to having the Scholars Service excepted from the Proposed Franchising Scheme. Go North West Ltd also queried how services would operate between sub-areas during the transition period.

"We refer to our answer to Q3 and in particular our assumption that none of the services operating from Queens Road (located in sub-area B) would be included in the franchising of sub-area A and that GNW would be required to obtain a service permit in respect of services which travel into or through sub-area A. If this were not the case, and it was proposed that such services would not be permitted to operate, the depot would be partially utilised and this could lead to withdrawal of non-franchised services, with serious detrimental consequences for passengers during the transitional phase. In such circumstances GNW would be required to consider options for legal challenge."

Go North West Ltd

6.5.2 Non-statutory consultees

There were eight non-statutory consultees who provided comments about services excepted from regulation under the Proposed Franchising Scheme. These included three consultees who provided

favourable comments, and four consultees who provided unfavourable comments. Of those who provided favourable comments, they included two comments in favour of the exception of the Scholars Service, and single comments in support of the proposal and also support of services temporarily excepted, but to be included at a later date.

“Understandable that Scholars services are exempt from the Franchising plans, exceptions allow for a smoother transition. Making exception for scholar services is sensible as they are used at only particular times of the day and do not serve the general public.”

The University of Manchester

Of those that provided unfavourable comments, they included two comments raising concerns about services or routes being cut, and single comments raising concerns about increases in bus fares, reduction in the quality or service, and/or that not enough routes or services had been excepted.

6.5.3 Members of the public

There were 99 members of the public who made favourable comments about services excepted from regulation under the Proposed Franchising Scheme, and 44 members of the public who made unfavourable comments.

Of those who made favourable comments, the main comments were general comments in support of the proposal (58), followed by support for the Scholar’s Service (20), and support for services temporarily excepted, but to be integrated at a later date (13).

“I don't see how there is any other sensible way to manage the transition that adopting the proposal. I would expect that the sub-areas have been considered sufficiently that these 'crossing over' services are minimised to avoid confusion and advertised appropriately during the transition to avoid people having the wrong ticket.”

Member of the public

The main unfavourable comments were general disagreement or opposition to the proposal (13), and a view that the Scholars Service should not be excepted (11). Other, less frequently cited unfavourable comments included concerns about over-complicating the introduction of the Proposed Franchising Scheme (4), and concerns over the timetable (3).

“Although not serving the general public, “Scholars' Services” must still be regulated in some way to ensure they offer affordability to families with school-age children. It is important that taking the bus to school is seen as a cheaper and more attractive option than driving, given the issues with air pollution and illegal parking around schools.”

Member of the public

Overall, 121 members of the public made suggestions about services that would be excepted. A main comment here was that all bus services should be included in the Proposed Franchising Scheme, with no exceptions (60). A range of other suggestions were made, many of which already considered by the Proposed Franchising Scheme, including making services more reliable.

6.6 Date of implementation

Q6. Do you have any comments on the date on which the Proposed Franchising Scheme is currently proposed to be made?

For more information see paragraphs 3.17 to 3.18 of the Consultation Document.

Consultees were asked to comment on the date on which the Proposed Franchising Scheme is currently proposed to be made. As Table 6.6 shows, there were 435 consultees who made comments about this, including 347 who made favourable comments, and 69 who made unfavourable comments.

Table 6.6 Favourable and unfavourable comments received on the date on which the Proposed Franchising Scheme is currently proposed to be made?

Q6. Do you have any comments on the date on which the Proposed Franchising Scheme is currently proposed to be made?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (435)	347	69	+278
Statutory consultee (10)	3	4	-1
Non-statutory consultee (13)	7	5	+2
Member of the public (412)	337	60	+277

There were also 39 consultees who made suggestions about the proposed date of implementation. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

6.6.1 Statutory consultees

There were ten statutory consultees who provided comments about the date on which the Proposed Franchising Scheme is currently proposed to be made. These included three statutory consultees who provided favourable comments, and four statutory consultees who provided unfavourable comments. All three of those who made favourable comments were in general support of the proposed date of implementation. For example, Bolton Council stated that it had no objections to the date being proposed.

On the other hand, of those who provided unfavourable comments, they included four comments that it would be too soon to implement the Proposed Franchising Scheme, and a single comment about concerns regarding the impact of the proposal on quality of service.

“GNW has two major concerns about GMCA's proposed timetable for making the Scheme. Firstly, the deadline for consultation responses is 8 January 2020 and GMCA proposes making a decision as to whether to implement the Franchising Scheme on 6 March 2020. GMCA cannot meaningfully take into account responses to this consultation and make any changes as necessary to the Scheme in less than two months... Secondly, GMCA does not appear to have taken into account the obligations and associated timescales for Greater Manchester bus operators to comply with CAZ.”

Go North West Ltd

6.6.2 Non-statutory consultees

There were 13 non-statutory consultees who provided comments about the date on which the Proposed Franchising Scheme is currently proposed to be made. These included seven consultees who provided favourable comments, and five consultees who provided unfavourable comments. Of those who provided favourable comments, they included five comments in support of the implementation of the Proposed Franchising Scheme as soon as possible, and two comments in general support of the proposed date of implementation.

Of those who made unfavourable comments, they included two comments about the proposed timescale to implement the Proposed Franchising Scheme, and single comments about general opposition to the proposal, and that it would be too soon, without enough time to prepare fully.

“This date seems very ambitious and we appreciate the references to it likely to change for various reasons as explained within the Assessment.”

OneBus

6.6.3 Members of the public

Most of those who made comments made positive comments about the proposed date of implementation of the Proposed Franchising Scheme. In total, 337 members of the public made favourable comments, while 60 made unfavourable comments.

Of those who made positive comments, a main comment was about general support for the introduction of the Proposed Franchising Scheme, including a view that it was long overdue (246). There were also 108 favourable comments in general support of the proposed date.

“I am surprised and excited that the date is closer than I expected. Given that the proposed franchise scheme is expected to be completely rolled out by 2023, this date seems well planned.”

Member of the public

Of those who made unfavourable comments, the main comments received were that the introduction of the Proposed Franchising Scheme would be too soon, and that there would not be sufficient time to properly prepare (19), general disagreement with the proposal (12) and concerns about delays to implementation (9).

“Ridiculously early. As usual, public transport decisions in this country are rushed for political purposes. Don't show us up by a rushed, half-baked half-arsed political stunt. If this is so important, and it is, why rush? This is what has caused some of the problems in mass public transport. No plan, just get it done. This council couldn't organise an egg hunt by March 2020, let alone this. Not realistic- if it gets delayed, we all look daft. If it doesn't, it will be daft.”

Member of the public

There were 36 members of the public who made suggestions about the proposed date of implementation. A range of suggestions were made including that consideration should be given to cross-boundary services (3). However, many of the suggestions made were already covered as part of the Proposed Franchising Scheme, including comments about improving and reforming bus services (11), reducing ticket prices (5), and encouragement of bus usage (4).

6.7 Date contracts may first be entered into

Q7. Do you have any comments on the dates by which it is proposed that franchise contracts may first be entered into?

For more information see paragraphs 3.19 to 3.21 of the Consultation Document.

Consultees were asked to comment on the dates by which it is proposed that franchise contracts may first be entered into. As Table 6.7 shows, there were 363 consultees who provided comments, including 271 who made favourable comments, and 81 consultees who made unfavourable comments.

Table 6.7 Favourable and unfavourable comments received on the dates by which it is proposed that franchise contracts may first be entered into?

Q7. Do you have any comments on the dates by which it is proposed that franchise contracts may first be entered into?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (363)	271	81	+190
Statutory consultee (11)	5	6	-1
Non-statutory consultee (9)	3	3	0
Member of the public (343)	263	72	+191

In addition, 47 consultees made suggestions about this aspect of the proposal. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

6.7.1 Statutory consultees

In total, there were 11 statutory consultees who provided comments about the dates franchise contracts may first be entered into. These included five who provided favourable comments, and six who provided unfavourable comments. Of favourable comments, these included four comments in general support of this aspect of the proposal.

“We accept the need for staging over that period of time.”

TravelWatch NorthWest

Of those who provided unfavourable comments, these included four comments about timescales to deliver, and single comments about there not being enough time to fully prepare, and general opposition to the proposal.

“Looking at the experience in London when franchising was introduced there the whole process took a considerable number of years to complete from the late 1980s until the mid-1990s. The timetable proposed in the consultation does seem very quick considering the number of services involved.”

Derbyshire County Council

“In preparing its timetable it does not appear that GMCA has taken into account the possibility of legal challenge(s) from operators in respect of the decision to implement the Scheme. In GNW's view, in light of the multitude of serious issues with the Scheme, there is a serious risk to GMCA of legal challenge. A judicial review of the decision would undoubtedly increase the risk of delay to GMCA's timetable.”

Go North West Ltd

6.7.2 Non-statutory consultees

There were nine non-statutory consultees who provided comments about the dates by which it is proposed that franchise contracts may first be entered into. They included three consultees who made favourable comments, and three consultees who made unfavourable comments. Of favourable comments received, they included two comments about having the proposal brought forward as much as possible as it was believed reform was long overdue, and one comment in general support of what was being proposed. Of the two consultees who made unfavourable comments, they included one who was generally opposed to the proposal, and one who was concerned about timescales and the proposed transition period.

6.7.3 Members of the public

There were 263 members of the public who made favourable comments about the dates by which it is proposed that franchise contracts may be first entered into, and 72 members of the public made unfavourable comments.

Of those who made favourable comments, the main comments were in general support of the proposals, including a view that the dates should be brought forward as far as possible (203). Other favourable comments received included general support for this aspect of the proposal (63).

“These dates are appropriate. I believe the contracts should be entered into at the earliest possible opportunity.”

Member of the public

Of those who made unfavourable comments. This included concerns about timescales for delivery and implementation (27), the length of the transition period (17), general disagreement or opposition (16), and a view that there would not be enough time to properly prepare (10).

There were also 41 members of the public who made suggestions. A number of suggestions were made, and these included that consideration should be made to cross-boundary services (3), and that Area A should be prioritised (2). Other suggestions were made about the proposal, but already incorporated, including about simplifying ticketing and reducing fares (4).

6.8 Nine-month period between entering in a franchise contract and start of service

Q8. 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?

For more information see paragraph 3.22 of the Consultation Document.

Consultees were asked to comment on the nine-month period it is proposed will expire between entering into a franchise contract and the start of service under such a contract. As table 6.8 shows, there were 457 consultees who provided comments about this, including 110 who made favourable comments, and 55 who made unfavourable comments.

Table 6.8 Favourable and unfavourable comments received 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

Q8. 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?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-

All who provided a response (457)	110	55	+55
Statutory consultee (17)	10	6	+4
Non-statutory consultee (12)	3	3	0
Member of the public (428)	97	46	+51

In addition, 318 consultees made suggestions about this aspect of the proposal. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

6.8.1 Statutory consultees

In total, there were 17 statutory consultees who provided comments on the nine-month period it is proposed that will expire between entering into a franchise contract and that start of service under such a contract. These included 10 consultees who made favourable comments, and six consultees who made unfavourable comments. Of those who made favourable comments, they included seven comments in general support of the proposed time period, two comments about how the time period would allow operators to procure new vehicles, and two comments about how the time period would allow operators to recruit new staff.

“This nine-month period is sensible especially if the chosen operator has to procure or lease a significant number of new buses, garage facilities if required and the employment of appropriate staff before the start of the local service(s).”

Tameside Metropolitan Borough Council

Of those who made unfavourable comments, they included two comments raising concerns about costs and affordability, two comments about the period being too short to allow full promotion and encouragement of increased bus usage and reduced car usage, two comments concerning timescales to deliver, and single comments about lack of transparency and openness, and that a partnership option would be a better solution.

“Rotata PLC considers that the proposed nine-month period between entering into the Local Service Contracts and starting to provide the applicable services is insufficient. In London the equivalent period (where, it should be noted, Franchising has been implemented on a route-by-route basis and covers approximately 20 vehicles per franchised route), is between eight and ten months. Accordingly, Rotata believes that the transition time required in Greater Manchester for the larger franchises, given their size (which could run to 200 vehicles) and particularly where whole depots are involved, should be 24 months.”

Rotata PLC

Some of those who provided comments made observations and/or suggestions about this aspect of the proposal. For example, West Yorkshire Combined Authority believed that the nine-month period might need to be extended to give operators sufficient time to ensure their fleet could be as environmentally

sustainable as possible, and that operators should have engagement to ensure fleet commitments are attainable.

“Recent discussions with operators indicate that the manufacturing lead time for new buses is currently nine months. It is likely that increased demand for zero-emission buses could extend the nine-month timescale...the consultation pledges to introduce a zero-emission bus fleet by 2024. It is important to engage operators with the Clean Air Plan in advance of Franchising to ensure the fleet commitments are attainable within the given nine-month period between contract award and implementation.”

West Yorkshire Combined Authority

Manchester City Council stated that if the Proposed Franchising Scheme went ahead, it would be keen to discuss the detail of transitional arrangements further as the process develops and to offer assistance in informing residents of the proposed transition process and in minimising any disruption during the period. And Arriva North West suggested that a longer period may be necessary.

“A nine-month period to undertake mobilisation will only be feasible if the requirements of the relevant franchise contract are such that ULEV or hybrid vehicles and infrastructure is not required.”

Arriva North West

6.8.2 Non-statutory consultees

There were 12 non-statutory consultees who made 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. These included three consultees who made favourable comments, and three consultees who made unfavourable comments. All three of those who made favourable comments made comments in general support of this particular aspect of the proposal. On the other hand, of those who made unfavourable comments, these included single comments raising concerns about the period being too short or too long, that it could inhibit competition, and general opposition to the proposal.

“We are a little puzzled as to why an additional 3 months is required. We suggest that 6 months preparation would be sufficient after the franchise is agreed.”

Steady State Manchester Collective

6.8.3 Members of the public

There were 97 members of the public who made favourable comments, and 46 members of the public who made unfavourable comments. Most of those who made favourable comments made general comments in support of this aspect of the Proposed Franchising Scheme (96 comments).

“This should allow enough time for operations to be setup and the process to be finalised before the contract begins.”

Member of the public

In addition, there were 12 members of the public who provided favourable or supportive comments on condition that the proposal would be properly executed, that it would have rigorous checks and appropriate legal scrutiny, and that there would be openness, honesty and transparency.

In terms of unfavourable comments received, the main comments by frequency of response were about general opposition and disagreement (19), concerns about the quality of service (11), concerns about accessibility and that unprofitable routes may still be cut or reduced (6), and concerns about the timescale for delivery (5).

“Too long. Put the travelling public at the heart of this strategy. The bus companies need to get on board with this, we are not re-inventing the wheel here. All of this was done years ago in London.”

Member of the public

As well as favourable and unfavourable comments received, there were 301 members of the public who made suggestions about this aspect of the proposal. Such suggestions included that an extension should be allowed if it was needed (5), but conversely that an extension should not be allowed (5). However, the main suggested comment was that the nine-month period should be shorter, receiving 202 comments. There were also 40 suggested comments that the period should be six months (40), and 15 comments that the nine-month period should be longer.

6.9 Consulting on performance

Q9. Do you have any comments on the proposals for how GMCA would consult on how well the Proposed Franchising Scheme is working?

For more information see paragraphs 3.23 to 3.24 of the Consultation Document.

Consultees were asked to comment on the proposals for how GMCA would consult on how well the Proposed Franchising Scheme was working, once it had become operational. As Table 6.9 shows, there were 397 consultees who provided comments about this, including 99 who provided favourable comments, and 64 who provided unfavourable comments.

Table 6.9 Favourable and unfavourable comments received on the proposals for how GMCA would consult on how well the Proposed Franchising Scheme is working

Q9. Do you have any comments on the proposals for how GMCA would consult on how well the Proposed Franchising Scheme is working?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (397)	99	64	+35
Statutory consultee (23)	3	6	-3
Non-statutory consultee (26)	5	5	0

Member of the public (348)	91	53	+38
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In addition, 254 consultees made suggestions, and 20 consultees provided general comments about how performance could be evaluated. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

6.9.1 Statutory consultees

In total, there were 23 statutory consultees who provided comments on the proposals for how GMCA would consult on how well the Proposed Franchising Scheme is working. These included three consultees who provided favourable comments, and six consultees who provided unfavourable comments. There were three favourable comments in general support of what was being proposed, and one favourable comment about how this would lead to increased accountability. On the other hand, unfavourable comments included four comments in disagreement with the proposed timeframe for evaluation, two comments about cost and affordability, and two comments about the proposed timescales for evaluation of the Proposed Franchising Scheme.

“As a statutory consultee to this consultation TWNW would expect to be consulted on how well the scheme is working. Consultation should be wide-ranging but balanced.”

TravelWatch NorthWest

Some of those who provided comments raised questions about how the consultation would be effective.

“How would GMCA ensure they have reached the right people. What methods are to be used? Would any support be required from the ten GM Local Authorities? We feel it is important that any consultation undertaken to determine how the franchise is working is used to implement passenger-led improvements.”

Bolton Council

There were 22 statutory consultees who made suggestions about how GMCA should consult on how well the Proposed Franchising Scheme is working. For example, Arriva North West suggested that a consultation is undertaken during the life of the first franchise contracts to ensure any adjustments or improvements are implemented as part of Sub-Area B and C deployment. Cheshire West and Chester Council also considered it to be more appropriate to undertake consultation during the franchised contacts, prior to expiry. The Council believed that this would ensure that any requisite alterations and/or improvements could be addressed in successor franchised contracts.

“Given the overall magnitude of change for transition to the Proposed Franchising Scheme, the stated assumption that few network changes will be made upon implementation of the scheme has a risk that service design may not be aligned to the ongoing changing needs of the passenger market. Consultation within this period would provide an important opportunity to help avoid this and ensure that public resources are most effectively used within the transition period as well from the early stages in the life of the franchise contracts.”

Cheshire West and Chester Council

6.9.2 Non-statutory consultees

There were 26 non-statutory consultees who provided comments about proposals to consult on the performance of the Proposed Franchising Scheme. These included five consultees who provided favourable comments, and five consultees who provided unfavourable comments. Of those that provided favourable comments, four consultees were in general agreement with the proposal. On the other hand, of those that provided unfavourable comments, these included two comments in opposition to the proposed timescale for evaluation of performance, and single comments in belief that nothing would change, concern about timescales, and an assertion that TfGM and GMCA have a poor track record, and that it would be best leaving the operation of the Proposed Franchising Scheme to operators themselves. Others made suggestions or raised questions about this aspect of the proposal.

“The consultation proposal refers to ‘organisations representing bus users’ whereas in legal terms, as set out in the Assessment, the consultation will actually be much wider. This should be clarified.”

Chartered Institute of Logistics and Transport – North West Policy Group

“Manchester Friends of the Earth believes that a strong passenger and citizen voice is vital to developing a better public transport service in Greater Manchester. Current and potential bus passengers should not have to wait until after the first transitional franchises have expired before having opportunities to be consulted.”

Manchester Friends of the Earth

6.9.3 Members of the public

There were 348 members of the public who provided comments about how GMCA should consult on and evaluate performance of the Proposed Franchising Scheme once it had become operational. They included 91 members of the public who provided favourable comments, and 53 members of the public who made unfavourable comments.

Of those who made favourable comments about how the Proposed Franchising Scheme should be evaluated, the main comment received was in general support of how GMCA had proposed to achieve this objective. There were also a small number of comments about accountability and that evaluation would make things better.

“Consulting is a good thing to do and I think that you will find that if it is not working properly then feedback will make decisions about routes better.”

Member of the public

Of those who made unfavourable comments about evaluation, they included proposals would be a waste of time or money and would be bureaucratic (14), disagreement with the proposed timeframe for

monitoring and evaluation (11), that monitoring would not achieve anything (7), and that evaluation and monitoring would not happen (7).

"I am not overly concerned about being consulted on how the Franchising is working. I am not consulted on how the buses currently work, nor does the model matter to me and much as the buses running the right routes, consistently and on time. I think this should be contract managed, and don't see the benefit of costly consultation for this."

Member of the public

As well as favourable and unfavourable comments received, there were also 210 members of the public who made suggestions. Suggested comments received included that a consultation should be carried out with service users (66), that groups that represent the public should be consulted (21), that monitoring and evaluation outcomes should be made public (20), and that there should be regular performance review carried out (18).

6.10 Opportunities for small and medium sized operators

Q10. Do you have any comments on GMCA's plans for allowing small and medium sized operators the opportunity to be involved in the Proposed Franchising Scheme?

For more information see paragraphs 3.25 to 3.27 of the Consultation Document.

Consultees were asked to comment on GMCA's plans to allow small and medium sized operators the opportunity to be involved in the Proposed Franchising Scheme. As Table 6.10 shows, there were 714 consultees who provided comments on this, including 409 who provided favourable comments, and 101 who provided unfavourable comments.

Table 6.10 Favourable and unfavourable comments received on GMCA's plans for allowing small and medium sized operators the opportunity to be involved in the Proposed Franchising Scheme

Q10. Do you have any comments on GMCA's plans for allowing small and medium sized operators the opportunity to be involved in the Proposed Franchising Scheme?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (714)	409	101	+308
Statutory consultee (19)	15	3	+12
Non-statutory consultee (25)	18	4	+14
Member of the public (670)	376	94	+282

There were also 183 consultees who made suggestions, and 42 consultees who made general comments. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

6.10.1 Statutory consultees

There were 19 statutory consultees who provided comments on GMCA's plans for allowing small and medium operators the opportunity to be involved in the Proposed Franchising Scheme. These included 15 consultees who provided favourable comments and three consultees who provided unfavourable comments. Of those who provided favourable comments, they included 10 comments in general support of this aspect of the proposal, and nine comments that the proposal would allow for a level playing field.

"This seems a reasonable way to protect the smaller operators and possibly introduce some elements of sensible competition and efficiencies."

TravelWatch NorthWest

On the other hand, unfavourable comments included two comments raising concerns about the financial viability of smaller operators, two comments about a perceived failure to allow competition, and single comments about concern for employees of bus operators, a view that smaller operators may be less likely to provide the breadth of service needed, and a belief that smaller operators may not have the required expertise to be part of the Proposed Franchising Scheme and to make it a success.

"GNW supports initiatives to promote competition in the market at all levels...(but) GNW is concerned about the poor record of SMEs that have been awarded franchising contracts in other contexts. For example, in the early days of bus franchising in London, TfL sought to improve competition in the market by awarding contracts to SMEs which had inadequate experience and comprehension of the complexity of the operations required. This led to a number of companies failing to perform their obligations and/or becoming insolvent. Examples include Harris Bus and Boro'line Maidstone."

Go North West Ltd

6.10.2 Non-statutory consultees

In total, there were 25 non-statutory consultees who provided comments on GMCA's plans for allowing small and medium operators the opportunity to be involved in the Proposed Franchising Scheme. These included 18 consultees who provided favourable comments, and five consultees who provided unfavourable comments. On those who provided favourable comments, 13 comments were made in general support of this aspect of the proposal, seven comments about how the proposal would allow competition and a level playing field, and two comments believing that smaller operators would provide a better service compared to larger operators. Of those who made unfavourable comments, they included two comments in general opposition to this aspect of the proposal, and two comments raising concern about how the proposals might not lead to increased competition and a level playing field.

“Manchester Friends of the Earth support the proposals to allow small and medium sized operators to be involved in the Proposed Franchising Scheme.”

Manchester Friends of the Earth

“OneBus supports the opportunity afforded to small and medium operators. We do have some concern about the limit on the number of contracts that can be held by one operator. If the intention of Bus Reform is to introduce ‘competition for the market’ rather than ‘competition in the market’ then there should be no restrictions on bidding for the market. Introducing restrictions can lead to distortions in bids. For example, if a bidder is aware that someone else is unable to bid that can influence their own bid favourably costing the franchise scheme more than anticipated. What consideration is given to the small or medium operator who doesn’t win a contract?”

OneBus

6.10.3 Members of the public

Overall, there were 670 members of the public who provided comments about allowing small and medium operators the opportunity to be involved in the Proposed Franchising Scheme. These included 376 members of the public who made favourable comments, and 94 who made unfavourable comments.

The main favourable comments by frequency of response were general support and agreement for the inclusion of smaller operators (302), followed by a view that smaller operators could drive competition and prevent a monopoly (81), and that smaller operators could provide a better service than larger operators (22). Other less frequently made comments included that small operators could provide jobs and help the economy (15), that accessibility would be improved as smaller operators might cover areas where larger operators would not or could not (12), and that it would support the economic growth of Manchester (7).

“This would be good and allow smaller/independent/local companies, who may know the local market better, to compete.”

Member of the public

As well as favourable comments, there were also 195 members of the public who made favourable comments on condition that one or more things would be improved or achieved. These included 67 comments about support provided the proposal would improve standards and quality of service, 28 comments that the service would become more reliable, and 18 comments in support, provided operators would be regulated and held to account if services fell below an agreed standard of acceptability.

“I think this is good and fair. As long as the operators meet the necessary standards, obviously.”

Member of the public

The main unfavourable comments received were general opposition to inclusion of smaller and medium sized operators and that only larger operators should be included (22), concerns about how smaller operators might not be as reliable as larger operators (21), opposition in general to the proposal (19), and concern that smaller operators might be less stable financially, and at greater risk of insolvency (15).

“In all honesty - Manchester needs large operators who are used to running services in large cities who are less likely to go bump and who have enough employees to cover when Joe the driver can't get out of bed on time. If you want more people on public transport it must be reliable.”

Member of the public

There were also 166 members of the public who made suggestions about the inclusion or involvement of small and medium size operators in the Proposed Franchising Scheme. Most of those who made suggestions here had already been included as part of the Proposed Franchising Scheme, including that consideration should be given to all operators, regardless of their size (70 comments), that consideration should be given to local operators who would have local knowledge of the routes (21), and support and inclusion of smaller operators (9).

6.11 Depots

Q11. Do you have any comments on the proposal that it would be appropriate for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme?

For more information see paragraph 3.28 of the Consultation Document.

Consultees were asked for comments on the proposal that it would be appropriate for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme. As Table 6.11 shows, there were 512 consultees who provided comments. This included 270 consultees who provided favourable comments, and 127 consultees provided unfavourable comments.

Table 6.11 Favourable and unfavourable comments received on the proposal that it would be appropriate for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme?

Q11. Do you have any comments on the proposal that it would be appropriate for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme?	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Net +/-
All who provided a response (512)	270	127	+143
Statutory consultee (19)	9	9	0

Non-statutory consultee (16)	10	4	+6
Member of the public (477)	251	114	+137

There were also 69 consultees who made suggestions, and 72 consultees who made general comments about this proposal. The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

6.11.1 Statutory consultees

There were 19 statutory consultees who provided comments on the proposal for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme. These included nine consultees who provided favourable comments, and also nine consultees who provided unfavourable comments. Of those who provided favourable comments, these included six comments in general support of the proposal, two comments that it would give TfGM and GMCA control over depots, two comments that it would prevent operators with existing depots from having an unfair advantage, and two comments that it would level the playing field.

Of those who made unfavourable comments, these included four comments about concerns about affordability and cost control, three comments that it would not be right to offer operators an incentive to bid, three comments that depots should remain the responsibility of operators, and two comments in favour of the utilisation of existing rather than new depots, and/or that money would be better spent on service improvements rather than on property.

“There are huge risks with depot construction and management. Construction is expensive and there are major planning issues to overcome (not least environmental). Also, day to day operation requires a great deal of expertise, which is closely linked to the operations from that depot. GMCA involvement could create major challenges, increase costs and add to the bureaucracy of managing bus services.”

TravelWatch NorthWest

Bus operators in particular tended to be more negative about the proposal, or had reservations about it. For example, Rotala PLC believed that operators should own depots, and any sale of such infrastructure could have implications for the local bus market. Go North West Ltd did not believe it would be necessary for GMCA to provide depots, and Transdev Blazefield Ltd called for a consistent approach.

“Ownership of depots by bus operators is part and parcel of the competitive dynamic among bus operators and compulsorily forcing their sale would disrupt this dynamic to the detriment of the Greater Manchester bus market and ultimately consumers.”

Rotala PLC

“GNW does not consider that it is necessary for GMCA to provide depots to facilitate the letting of large franchise contracts. It does not agree that without this, an operator owning a depot would have a significant competitive advantage compared to other operators and that this would constitute a barrier to entry and accordingly reduce competition. Moreover, and crucially, GNW also does not consider that it is possible for GMCA to obtain depots within a timescale that would enable delivery of its proposed timescale for procurement and transition to the Scheme.”

Go North West Ltd

“While Transdev, globally, is a large operator, its Rossendale Transport Ltd entity meets the SME criteria. The franchise scheme is effectively committing to absorb, one way or other, the property of the ‘large GM’ operations and ensure there is a mechanism from SME’s to continue to participate. Other large operators seem to be excluded from proposals for their depots to be purchases, leaving them with assets to dispose of. We feel there ought to be a consistent approach.”

Transdev Blazefield Ltd

Some of the other statutory consultees who provided comments raised questions, and this included Liverpool City Region Combined Authority (LCRCA), which stated that it would be interested in how the proposal to provide depots progresses in practice. While LCRCA believed that local control of local bus depots may be an appropriate course of action under a variety of different models in order to support zero emissions bus fleets, it said that it would be particularly interested in where GMCA may have identified potential depot locations close to the LCR boundary.

A small number of statutory consultees also mentioned that depots should have appropriate facilities, including to accommodate electric bus infrastructure and/or referenced having electric buses in the future, with the inference being that there needed to be the appropriate infrastructure in place to facilitate this.

“A further issue will be if all or a large proportion of the new buses needed to operate the franchises are fully electric, the depots will require a substantial electricity supply to enable the buses to be fully charged. This could impact upon depot sites chosen if the local electricity supply is not sufficient and will need substantial infrastructure upgrades to allow this to take place. With GMCA owned depots these would simply be handed over to the next franchisee at the end of each period without the need for operators to look for new depot sites each time.”

Tameside Metropolitan Borough Council

While Arriva North West believed this aspect of the proposal could be beneficial for some operators, it suggested that such depots should need to be future-proofed.

“We believe such a proposal would remove a significant barrier to entry for some operators and therefore enhance the tender process and outcome. However, we would suggest that such depots would need to be “future-proofed” to ensure that the requirements of the franchise contracts can be fulfilled, such as the provision of appropriate charging or other infrastructure. If this is not done, the barrier to entry (significant investment in charging infrastructure as an example) would remain and not be removed simply by providing a generic bus depot.”

Arriva North West

6.11.2 Non-statutory consultees

There were 19 non-statutory consultees who provided comments on the proposal for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme. These included 10 consultees who provided favourable comments, and four consultees who provided unfavourable comments. Of those who provided favourable comments, such comments included seven comments with general support for this aspect of the proposal, two comments that the proposal would facilitate a good working relationship between TfGM, GMCA and operators, and two comments that it would help to level the playing field and to prevent a monopoly.

Of those who provided unfavourable comments, these included single comments about utilisation of existing depots rather than newly built depots, that depots should be the responsibility of operators and not TfGM or GMCA, concern about employees of operators, and worry about reliability of the service.

6.11.3 Members of the public

There were 477 members of the public who provided comments on the proposal to provide depots to facilitate the letting of large franchise contracts. Of those who made comments, they included 251 participants who made favourable comments, and 114 who made unfavourable comments.

Of those who made favourable comments, the main comments were general comments in support of this proposal – there were 203 members of the public who agreed or thought that this would be a good idea. Other, less frequently cited favourable comments about the proposal included that TfGM and GMCA would have more control (19), a view that existing large depots would be used for this purpose (16), and that it would help franchisees (13).

“This makes perfect sense and would allow for continuity of provision in the event of another service provider being awarded a franchise in later years.”

Member of the public

There were also 84 members of the public who provided favourable comments with conditions. These included support for the proposal provided TfGM and/or GMCA would own the depots (21), provided that operators would pay rent and contribute to maintenance costs (16), and that TfGM and/or GMCA would have overall control of depots (11).

Of those who made unfavourable comments, the main comments by frequency of response were concerns about costs, affordability and value for money (33), general disagreement or opposition to the proposal (30), a view that depots should be the responsibility of operators of franchises (23), and that operators should use existing depots rather than new depots (14).

“Depots should be provided by the operating companies as per in London. GMCA does NOT need to own depots. Let the operating companies sort these things out themselves”.

Member of the public

There were 55 members of the public who made suggestions about the proposal. The main suggestion was that smaller operators should be facilitated with provision of depots (21). Other suggested comments not specifically relating to the topic, but submitted at this question included that operators should be held to account (5), that bus services should be for the public benefit (5), and that they should not be run for profit (4).

Of the 59 members of the public who made general comments, the main comment was that consideration should be given to the location of depots (31). Other comments included that consideration should be given to the sharing of depots (8), and that operators could continue to use their own/existing depots (5).

7. The Strategic Case

This chapter examines views on reforming the local bus market, including how such changes could meet GMCA's objectives for future provision of bus services, the contribution of the Proposed Franchising Scheme to the achievement of GMCA's objectives, and how a partnership option as opposed to a Franchising model could meet objectives.

The question sequenced was deliberately set by TfGM when designing the response form. It sought responses which asked:

- Firstly, the challenges facing the local market and the conclusion that it is not performing as well as it could (Q12);
- Secondly, that reforming the bus market is the right thing to do to address these challenges (Q13a);
- Thirdly, what GMCA and TfGM are trying to achieve and its objectives (Q14); and
- Finally, seeking feedback on the Proposed Franchising Scheme and alternative partnership options.

When responding, participants did not follow the intended sequencing of questions and make different comments against each element in the logical order intended. Therefore, responses to Q12 and Q13 were similar in their content, and therefore analysis combined the issues raised within the two questions. The analysis presented in this chapter is therefore reflective of participants not setting out their views as per the intended sequencing, but represents a summary of the key issues raised within each.

Please refer to section 3.3 of this report for more information on how to interpret the consultation findings.

Q12. The Strategic Case sets out the challenges facing the local bus market and says that it is not performing as well as it could. Do you have any comments on this?

For more information see paragraphs 4.15 to 4.21 of the Consultation Document.

Q13a. The Strategic Case says that reforming the bus market is the right thing to do to address the challenges facing the local bus market. To what extent do you agree or disagree with this?

For more information see paragraphs 4.15 to 4.21 of the Consultation Document.

PLEASE TICK ONE BOX ONLY.

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree
- Don't know

Q13b. Why do you say this?**Q14. Do you have any comments on GMCA’s objectives for the future provision of bus services as set out in the Strategic Case?**

For more information see paragraph 4.22 of the Consultation Document.

Q15. Do you have any comments on how the Proposed Franchising Scheme might contribute to GMCA’s objectives for bus services as set out in the Strategic Case?

For more information see paragraphs 4.29 to 4.37 of the Consultation Document.

Q16. Do you have any comments on how a Partnership option might contribute to GMCA’s objectives for bus services as set out in the Strategic Case?

For more information see paragraphs 4.29 to 4.37 of the Consultation Document.

7.1 Overall views on the Strategic Case

Those who completed the questionnaire had the opportunity to select a tick-box to indicate the extent of agreement or disagreement with reform of the bus market as the right thing to do. As Table 7.1 shows, 6,032 participants who completed the response form indicated their level of agreement, with the majority being in agreement that reform was the right thing to do. As the table also shows, most statutory consultees, non-statutory consultees and also members of the public who answered the question agreed that reforming the bus market was the right thing to do.

Table 7.1 Levels of agreement for reform of the bus market

Q13a. The Strategic Case says that reforming the bus market is the right thing to do to address the challenges facing the local bus market. To what extent do you agree or disagree with this?	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Net agree +/-
All who provided a response (6,032)	4,456	942	84	271	+5,043
Statutory consultee (16)	9	6	0	1	+14
Non-statutory consultee (59)	45	11	0	1	+55
Member of the public (5,957)	4,402	925	84	269	+4,974

Participants were also asked for their comments on a Strategic Case for reform of the bus market across Greater Manchester based on a view that it was not performing as well as it could do, and that reform would be the right thing to do. In total, 5,638 participants provided comments on these questions, with the majority of comments being in favour of reform. In total, there were 5,299 participants who provided favourable comments, and 542 participants who provided unfavourable comments.

Table 7.2 sets out the number of participants by category of participant who provided favourable and unfavourable comments. This included those who not only completed a response form, but also those who sent their response via email or letter and commented on their agreement or disagreement with the proposal to reform the bus market in Greater Manchester.

Please note that not all of those who made comments made favourable or unfavourable comments, as some of those who provided comments made more general points, or suggestions. It is also possible for a participant to make both favourable and unfavourable comments in a single response, hence why the sum of parts may add to more than the total number of participants who made comments overall.

Table 7.2 Number of participants overall who provided favourable and unfavourable comments

Q12. The Strategic Case sets out the challenges facing the local bus market and says that it is not performing as well as it could. Do you have any comments on this?

Q13. The Strategic Case says that reforming the bus market is the right thing to do to address the challenges facing the local bus market...why do you say this?

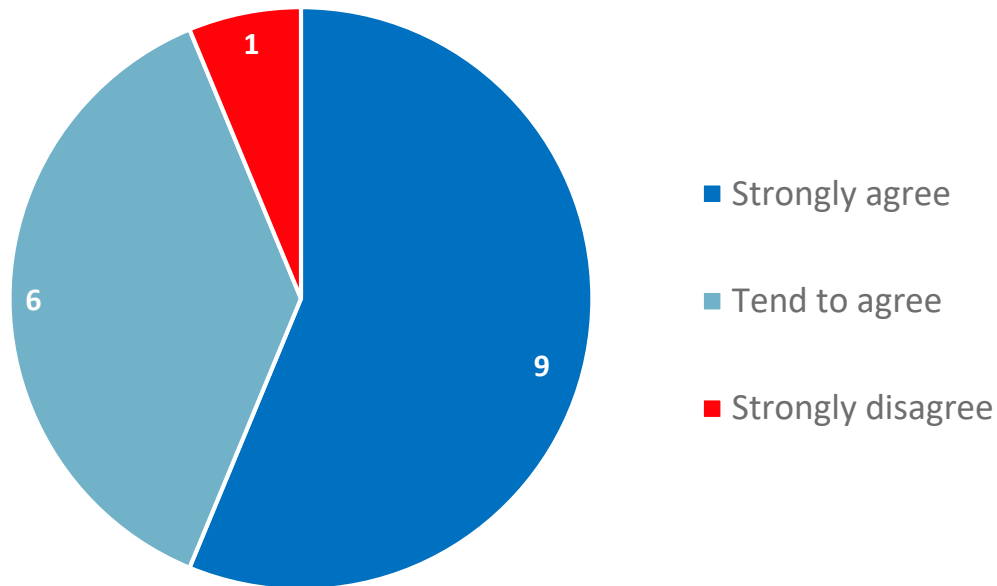
	Number of participants who made favourable comments (Q12/Q13 combined)	Number of participants who made unfavourable comments (Q12/Q13 combined)
All who provided a response (5,638)	5,299	542
Statutory consultee (39)	35	20
Non-statutory consultee (101)	99	15
Member of the public (5,498)	5,165	507

The next sections of this chapter first look at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public. Question 12 on the questionnaire asked participants about existing challenges facing the local bus market, while Question 13 asked for comments on reform of the local bus market as being the right thing to do. As the majority of participants who made comments on this made very similar comments at both questions, it was decided to combine the two questions and summarise the response together, rather than to repeat very similar responses made at both questions.

7.1.1 Statutory consultees

Of the 16 statutory consultees who completed the tick-box question on the questionnaire, all but one of them agreed that reform of the bus market would be the right thing to do to address existing challenges.

Figure 7.1 Levels of agreement with reform among statutory consultees



Base: 16 statutory consultees who answered question 13a on the response form

Statutory consultees also provided comments on the questionnaire and via email and letter about the Strategic Case. The following sections break down the responses received by category of organisation. In total, there were 39 statutory consultees who provided comments about the Strategic Case for change - most, but not all were in agreement that there was a case for change and that reform would be necessary.

Bus operators / transport organisations

As with comments received about other questions/topic areas covered in the consultation, a mixed picture emerges when the views of bus operators and transport organisations are examined. Some consultees, including HCT Group, strongly agreed that reform was necessary to address shortcomings in the current system, while others disputed this assertion. HCT Group cited several current issues including declining passenger numbers, increasing fares, routes being cut and so on and that the Proposed Franchising Scheme would be an effective solution to resolving such issues. HCT Group also believed that while a few operators remain opposed to Franchising, they would reluctantly concede that the bus market isn't performing well, and that they may look to lay the blame for this on externalities.

“The few operators who remain opposed to Franchising will reluctantly concede that the GM bus market is not performing well but they then usually lay blame at the feet of their new god, Congestion. Additional traffic on the road is undoubtedly a genuine challenge to operators, but the premise that Franchising will exacerbate this is misdirection. Franchising will create a better, more reliable, affordable network. As this happens, ridership will increase, and this modal shift will reduce congestion.”

HCT Group

While it was generally agreed and acknowledged that the bus market was in need of reform, comments from some of the operators, including from Arriva UK Bus and First Manchester Ltd were that a partnership option, rather than a Proposed Franchising Scheme would be the optimum way to make necessary changes.

However, some of the operators that provided comments about the Strategic Case did not agree that the current bus market was underperforming. For example, Stagecoach Manchester did not agree with the challenges set out in the Strategic Case, and questioned GMCA’s analysis.

“As a successful operator in Greater Manchester since 1996, Stagecoach does not share the view that the market in Greater Manchester is performing at a sub-optimal level, and would question the completeness of the analysis which has been used to make these assertions.”

Stagecoach Manchester

Rotala PLC suggested that it would be better to focus on issues such as pollution, and congestion.

“Rotala considers that, rather than move to the Proposed Franchising Scheme as a knee-jerk reaction to falling bus patronage, it would be make eminently better sense to tackle pollution, congestion, car usage, and the price of parking with a view to driving the public more to use bus services. Indeed, use of the Low Emission Zone in London has had a direct impact on bus patronage there.”

Rotala PLC

However, Belle Vue (MCR) Ltd stated that it strongly disagreed with the proposed changes. The organisation believed that reform would serve only to benefit the largest of bus operators, with small and medium sized operators being unable to compete given they do not have the resources or financial backing.

Greater Manchester local authorities

Local authorities concurred with the existing shortcomings of the current bus market as set out in the Strategic Case, and were in agreement that reform of the bus market was the right thing to do to address issues. Those in strong favour of change included Salford City Council, Stockport Metropolitan Borough Council, Wigan Council, Tameside Metropolitan Borough Council, and Trafford Council.

Trafford Council mentioned a number of areas it believed to be poorly served by buses at present, including Partington, Sale West, and rural areas of Carrington, Warburton and Dunham Massey. The Council strongly agreed that change was needed and supported the Proposed Franchising Scheme, and made a suggestion to help ensure opportunities of the Proposed Franchising Scheme could be maximised.

“The Proposed Franchising Scheme needs to use the opportunity to deliver a proper integrated bus network with other sustainable travel modes such as Metrolink, which if integrated ticketing can also be provided, may encourage more sustainable multi-modal trips.”

Trafford Council

Bury Council stated that it recognised the challenges as outlined in the consultation document, and that congestion was a particular issue for Bury, especially in the town centre and with knock-on effects in terms of air pollution in areas such as Bolton Street. The Council also stated that the current bus market is less adaptable to change in social infrastructure, and that a Proposed Franchise model would more proactively address such challenges.

Stockport Council stated that it was supportive of the opportunity to address supply issues facing bus users in Stockport borough and wider conurbation. It was also supportive of opportunity to ensure that there are bus provisions that support Greater Manchester’s aging population, as well as desires to address congestion issues and encourage sustainable travel. The Council also mentioned the importance of the future of public transport and how it a prerequisite of regeneration.

“The future of public transport is also central to Stockport’s regeneration, with Stockport Interchange at the heart of the new Mayoral Development Corporation (MDC). For the MDC to reach its full potential, decent public transport must be at the heart of it.”

Stockport Council

Wigan Council was one of a number of local authorities that also mentioned a number of existing issues with the current bus market, how the Proposed Franchising Scheme would have potential to improve bus patronage, and to reduce car ownership and congestion in Greater Manchester.

Tameside Metropolitan Borough Council stated that the proposed reforms of the bus market as set out within the Strategic Case would help to address many of the challenges currently faced by the local bus market. In the opinion of the Council, this would include increasing the number of trips made by public transport, reduce congestion, introduce affordable fares, and provide services based on social and economic need, but which could not be provided within a deregulated bus market. However, the Council also mention that there were a number of other factors which had not been mentioned in the Strategic Case, including changes to where people live in Greater Manchester, and changes in location of public services which it believed should also be factored in.

Salford City Council stated that while there would still be external challenges for the bus market regardless of the model of operation, under a franchised model the negative impacts of challenges as set out in Section 4.16 of the consultation document would be the responsibility of GMCA to manage.

Examples given for more 'tepid' agreement included from Rochdale Borough Council which suggested that radical reform was required to address issues, but that even more intervention and in its words "imagination" would be required through the Proposed Franchising Scheme.

Other local authorities

Some of the other local authorities that provided comments also supported the need for change, but it was notable that such local authorities, including Rossendale Borough Council and Chorley Council indicated that they tended to agree that reform of the bus market was the right thing to do, rather than indicating strong support for such change. Chorley Council wanted more clarity in terms of how cross-boundary services could be affected by the Proposed Franchising Scheme.

While supportive of change and reform, some local authorities also raised some concerns. For example, Chorley Council was concerned about impacts on cross-boundary services.

"...there are concerns regarding the impact of the Proposed Franchising Scheme on cross boundary services running to/from Chorley to Greater Manchester. Whilst the consultation document states that GMCA will work with neighbouring authorities it is not clear what the financial impact will be on these services and whether conditions would be attached to the permit which would make the service unviable. It is also not clear whether there will be a charge for the service permits that will be required to continue to operate these services."

Chorley Council

The potential for negative impacts on cross-boundary services was also an issue of concern for Cheshire East Council.

"It is a particular concern that the proposals for permitting cross boundary services seem to be deferred until after the franchise scheme is operational (paragraph 4.99). We take the view that for all parties, including operators, to take informed investment and service planning decisions, the conditions relating to cross-boundary services should be known at the time of any decision to adopt Franchising."

Cheshire East Council

Other statutory consultees

There were also comments received from a range of other statutory consultees. For example, Transport Focus mentioned from its perspective that the key challenge would be whether the proposal would reflect the needs and priorities of both existing and potential passengers. The organisation believed that

the closer the specifications and targets reflect people's needs, the better the chance they will have to deliver the type of services that people value, and to increase bus patronage with new users too.

While TravelWatch NorthWest agreed that reform was necessary, and that there would be benefits of doing this (e.g. cheaper fares and better ticketing), it stated that such reform should be accompanied by improvements in infrastructure.

"...it must be accompanied by vast improvements to infrastructure – bus stations and stops – also information including real time, bus priority measures, better driver awareness training and greater attention to the needs of the mobility impaired in all manifestations – the elderly, the physically and wider disabled, families with children, etc."

TravelWatch NorthWest

Both of the unions that provided comments strongly agreed that reform of the bus market as set out in the Strategic Case was the right thing to do. UNISON North West mentioned that it was involved in the Better Buses for Greater Manchester campaign, and support GMCA's proposals. Unite the Union stated that re-regulation would bring back a form of local control and accountability to how and where services are run, and that the current system of de-regulated services was not working for passengers and communities across Greater Manchester.

Peak District National Park stated that while it recognised desire from GMCA to provide the best possible public transport system across Greater Manchester, the organisation raised some concerns about possible impacts to cross-boundary services.

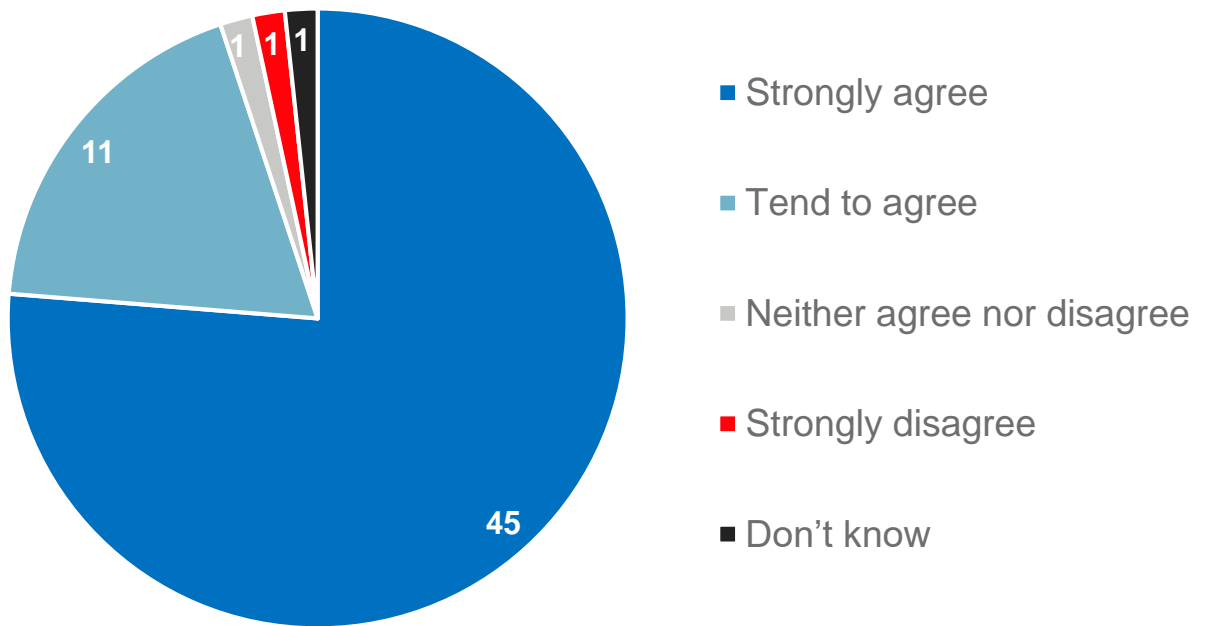
"...we are concerned to ensure that existing cross-boundary services continue to operate effectively. This is particularly important where the loss of such services could generate additional car journeys to and from the National Park; and on cross-Park routes. Such additional journeys would result in negative impacts on the National Park and on communities within the Greater Manchester Combined Authority area. Such impacts include on air quality, noise pollution, road safety and severance."

Peak District National Park

7.1.2 Non-statutory consultees

As is shown in the chart, most of the non-statutory consultees who answered the tick-box question on the response form were in agreement that reform of the bus market would be the right thing to do to address existing challenges.

Figure 7.2 Levels of agreement with reform among non-statutory consultees



Base: 59 non-statutory consultees who answered question 13a on the response form

The next section covers the comments and feedback received from a range of non-statutory consultees through the questionnaire, email and letter that made reference to the challenges as set out in the Strategic Case for reform, and if reforming the bus market would be the right thing to do to address the challenges.

Academic institutions

Academic institutions were largely in favour of reforming the bus market to address challenges. Those that indicated strong agreement for this included Royal Northern College of Music, Manchester Medical School, Manchester Metropolitan University, Mobilities Justice CIS, LTE Group, IPPR North, and the University of Manchester. It was believed that reform would result in benefits for passengers, including greater and easier mobility for students, more uniform coverage, reduced/cheaper fares, improvements in disabled access, and integration of the bus network into the wider transport network so that it would be more joined up. It was also believed that resultant changes from the Proposed Franchising Scheme would reduce car journeys across Greater Manchester, and as such there would be environmental benefits with reduced pollution.

“We know that accessible and affordable bus networks are key to mobility in all forms – socially, economically and culturally. They enable all our residents to access education, training, employment and other opportunities (e.g. culture and wellbeing). We support any reforms that will improve service frequency, network accessibility, fare prices and integration with other forms of public transport. Further, we agree that the proposed Franchising model represents the best option for reforming the bus market.”

LTE Group

Some of the academic institutions that answered the question stated that they tended to agree, rather than strongly agree, that reform was the right thing to do to address existing challenges. Such institutions included Burnage Academy for Boys, and the University of Manchester Students’ Union. When few reasons were given for this level of agreement, it was considered the proposed reform could not resolve every issue.

“The Proposed Franchising Scheme will allow the GMCA much more control over the bus network and therefore where a problem is identified could be much more easily dealt with than the current system. However, one of the challenges highlighted in paragraph 4.18 is the lack of “On-Road” competition. This is something which the Franchising scheme isn’t going to be able to improve however it may solve the other issues highlighted namely, fare increases above inflation, lack of coordination of networks, the need for services where they’re less profitable and for more integrated fares.”

The University of Manchester Students’ Union

Action groups

Action groups were strongly in favour of reform of the bus market as being the right thing to do. This included Bus4us, Steady State Manchester, Walk Ride Heatons, and Sale Moor Community. For the action groups that provided comments, they saw reform as a best way of improving bus services for local people across Greater Manchester. As with other categories of organisation that agreed with reform, perceived or actual benefits included having a more integrated bus network, cheaper fares, and a more straightforward ticketing system.

“...agree with the summary of the challenges. As an out of town user not having the ability to buy a zone ticket and know that it integrates with the Metro is a very big obstacle to bus usage.”

Bus4us

“Walk Ride Heatons supports taking control of our bus network, to give local authorities control of our bus routes, fares, and ticketing, so that the network as a whole can join up to make an integrated bus network that is both more accountable to our community, and more accessible. We need buses that are clean and green and accessible, in order to make active transport more pleasant for people in Greater Manchester.”

Walk Ride Heatons

Transport stakeholders

All of the transport stakeholders that provided comments agreed that reform was needed to address existing challenges. This included Ratp Dev, Tower Transit, Manchester Airports Group (MAG), and Abellio.

OneBus stated that any successful business could not survive by failing to meet objectives as covered by the Strategic Case. OneBus believed that while the Strategic Case recognised the value of buses, and that while reform was needed, that the Strategic Case wrongly blamed the decline in bus use on the current deregulated system.

“Whilst the Strategic Case recognises the value of buses it wrongly blames the decline in bus use on the current de-regulated system. If that is the case, then why during the 1980s when buses were in public ownership or public control, passenger numbers fell from 417m per annum to 350m between 1980 and 1985? Was that due to a failure of the system in place at that time? Likewise, between 1986 and 1996 when buses were still in public control passenger numbers plummeted to 238m. If so, what is the rationale for going back to that system?”

OneBus

Charity and voluntary sector consultees

Charity and voluntary sector consultees were in strong agreement that reform of the bus market was the right thing to do to address existing challenges. This included Age Friendly Manchester Older People’s Board, Whalley Range Community Forum, Dunham Massey National Trust, Bolton CVS, Centre for Cities. There was strong support for the reform which it was believed would lead to standardisation in services, an integrated network, better accessibility, cheaper fares, and elimination of multi-operator tickets to simplify the system for passengers.

“The Strategic Case is correct to say that reforming the bus market is the right thing to do to address the challenges facing the local bus market. The challenges facing the GM bus market are deeply entwined with the structure of the market.”

Centre for Cities

“The Age Friendly Manchester Older People’s Board welcomes the Doing Buses Differently proposals for a Bus Franchising Scheme. We agree bus services need reforming...”

Age Friendly Manchester Older People’s Board

As well as perceived or actual benefits for passengers as noted above, Better Buses for Greater Manchester also believed that a regulated bus market would also be beneficial to drivers. Some of those who provided comments also made suggestions about proposed reforms. For example, while Guide Dogs for the Blind Association stated that it did not take a view on the merits of Franchising, it suggested

that if Franchising is adopted, that TfGM and GMCA would need to adopt a standards framework for buses operating under the Proposed Franchising Scheme.

"If Franchising is adopted across Greater Manchester, TfGM and the GMCA will need to adopt a standards framework...existing and new buses should have audio-visual (AV) next stop and final-destination announcements...all drivers should receive equality and diversity training. Accessible ticketing should be introduced."

Guide Dogs for the Blind Association

Elected representatives

Most elected representatives who provided comments about the Strategic Case for reform were in agreement and supportive of the proposed approach. For example, Graham Stringer (MP for Blackley and Broughton) referenced how London benefits from a franchised model which he believed had doubled the number of passengers there compared to a decline in passenger numbers in Greater Manchester as a consequence of having a deregulated system where in his words operators had "cherry-picked" their preferred routes. Others who agreed to reform included Jonathan Reynolds, (MP for Stalybridge and Hyde), Jim McMahon (MP for Oldham West & Royton), Kate Green (MP for Stretford and Urmston), Barbara Keeley (MP for Worsley and Eccles South), Cllr Eddie Newman (Labour Councillor for Woodhouse Park), Councillors for the North Ward of Stalybridge, and Cllr Tafheen Sharif (Elected Representative for Mossley).

"I agree wholeheartedly with this statement. The bus market is not working at present, serving profit over passengers. TfGM currently has its hands tied to deal with any of the issues I outlined in response to the previous question without taking control of the buses. Our buses should be taken out of private hands and into public control."

Cllr Charlotte Morris, Labour Member for Elton

"I receive many complaints from constituents about bus services. These are complaints about buses being late, buses that are not accessible and bus services are being cut. In the past year my constituents have lost two vital services with the 100 bus in Eccles being routed away from Peel Green and the 34 and X34 in Worsley...I believe that my constituents deserve a bus service that is reliable, punctual, has frequent services on route that help to connect people to all town and city hubs and which provides value for money."

Kate Green, MP for Stretford and Urmston

The City Mayor of Salford mentioned that there were limitations with existing bus provision, and that in a situation where multiple operators compete for business, this is detrimental to passengers. He suggested that given the right conditions, current problems could be resolved, with several benefits arising.

“This focus on commercial routing results in a dominance of services on key radial corridors leading to poor north / south connectivity across the city of Salford leaving some of our most important sites such as Salford Royal Hospital and MediaCityUK poorly served from many areas... given the right infrastructure, promotion and management, the decline in bus usage across Greater Manchester that we have seen in recent years could be reversed, and the successes we have seen in Vantage could be replicated more widely. This would benefit all commuters by tackling congestion, improving air quality and reducing carbon, which are 3 key issues for Salford and Greater Manchester...”

City Mayor of Salford

Environment, heritage, community or amenity groups

Environment, heritage, community or amenity groups were also in agreement that reform of the bus market was the right thing to do to address existing challenges. Most of those who provided comments indicated strong agreement for reform, and this included Northern Neighbourhood Forum M22, Transition Buxton, Chorlton Voice, Withington Civic Society, Walkride Greater Manchester, and Friends of Patricroft Station. It was considered that reforms would be in the interest of passengers rather than bus operators, and that as there would be service improvements, people would be more likely to leave their cars and use bus instead. It was believed that there would be direct environmental benefits and reductions in carbon emissions.

“It is not performing well because services are too expensive, too infrequent, routes are too complicated and hence slow (because of trying to make a cut service maintain access to communities). Climate change emergency requires us to reduce car dependency. This will only happen through the provision of cheap, frequent, fast public transport - it must be subsidised at first to establish it - it may well pay later as people make the change.”

Transition Buxton

Other non-statutory consultees

A small number of non-statutory local authorities provided comments about the challenges the current bus market is facing as set out in the Strategic Case, and on the need for reform. This included Saddleworth Parish Council which agreed that the current bus market was not performing at an optimum level.

Tameside Council’s Place and External Relations Scrutiny Panel was also in favour of a regulated and more integrated bus market across Greater Manchester. However, the organisation believed that the feasibility of delivering a system-wide public transport system would require a significant amount of research and planning, and made a number of suggestions about the proposed reform. Such suggestions included that Tameside becomes part of a simplified integrated public transport system which concentrates more on the needs on an individual journey rather than the service operator of transport type; that a regulated bus network becomes accessible, reliable, affordable and consumer

focused; and, that where income is generated from financially sustainable parts of the network, that such income is used to support expansion into areas where a bus service would be essential for social reasons. It also suggested that there could be a need for a community needs Assessment for each local authority area across Greater Manchester.

A range of other non-statutory consultees also provided comments on the Strategic Case for reform. The vast majority of those who provided comments indicated strong levels of agreement for the necessity of proposed reform to address existing challenges in the existing bus market. This included South East Manchester Community Rail Partnership, Bruntwood, Altrincham Business Improvement District, Oxford Road Corridor, The Christie NHS Foundation Trust, INTU Trafford Centre and Bryn and Makerfield RUG. Reasons given in support of reform included a belief that the Proposed Franchising Scheme would address current inadequacies in the present system, including improving bus routes, reducing fares, and streamlining the ticketing system. There was also a belief that changes would be a prerequisite for the future growth and success of the Greater Manchester City region.

“We really struggle to attract & retain employees who aren't able to drive as there are limited bus services to our head office (in Pendlebury) and these are often unreliable.”

Nycomm Ltd

Northern Powerhouse Partnership was also in favour of change.

“As representatives of businesses in the GM region and more widely across the North, Northern Powerhouse Partnership firmly believe that the current situation must change. As part of this review, we propose that GMCA should oversee a franchised network, bringing the system under direct local control. This would form a central part of the wider GM integrated transport vision as outlined late in 2019 by Mayor Andy Burnham, with smart ticketing and fluid, flexible, seamless movement between different modes of transport. Any profit would be reinvested in the network for the benefit of passengers.”

Northern Powerhouse Partnership

While very few of the non-statutory consultees that provided comments were against the proposed reform, one organisation that was critical of the proposed changes drew parallels with other industries.

“You only care about your own area and when you will have a monopoly about management of bus services you don't need to care what the passenger thinks. Is your next step to franchise supermarkets? Perhaps for the next 5 years you want everyone to go to Tesco because you think you should decide and know better what I want?”

Passenger User Group

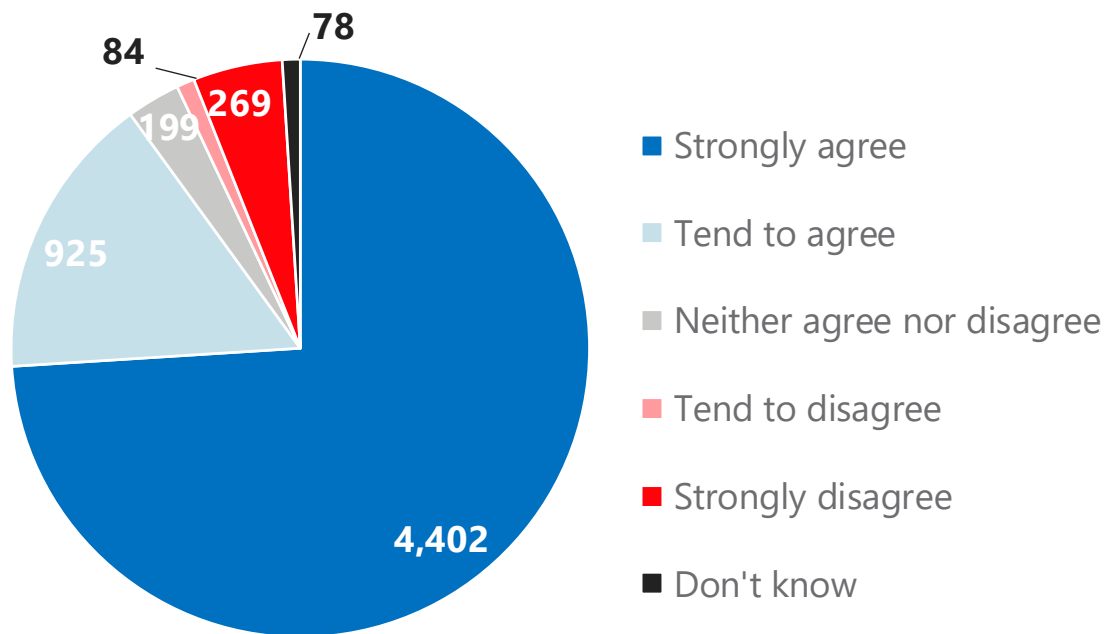
The Chartered Institute of Logistics and Transport – North West Policy Group believed that while there was a need to improve the reliability and punctuality of bus services, it believed there was no evidence that the Proposed Franchising Scheme would improve these aspects. The organisation believed that

proposed reform could lead to a worsening service in terms of the frequency of journey times, and advocated a partnership approach which it believed would be better to achieve what matters most to passengers. It did not elaborate as to what these aspects were.

7.1.3 Members of the public

As Figure 7.3 shows, most of those who answered the tick-box question on the response form were in support of reforming the bus market as the right thing to do to address the existing challenges. The majority (89%) who provided a response agreed, including three-quarters (74%) who strongly agreed. A minority (6%) disagree with the proposed reform of the bus market.

Figure 7.3 Levels of agreement with reform among members of the public



Base: 5,957 members of the public who answered Question 13a on the response form

As well as completing a questionnaire, participants could provide comments via email and letter. Of the 5,498 members of the public who provided comments, 5,165 provided favourable comments, while 507 provided unfavourable comments. There were also a further 50 participants who provided favourable comments on condition that the proposed reform would result in an improved service.

Looking at favourable comments, the most common comments made by frequency of response were that bus services would be more reliable than at present (1,908), that passengers would receive better value for money with cheaper tickets (1,489), that the bus service would be reformed or changed for the better (1,438), general support for the proposal (1,300), and that as the passenger would be at the heart

of the changes, bus services would be made better and made more widely available, such as having a good service on unprofitable routes, in the evenings, and at weekends (1,130).

“Part of the problem with the bus scheme is the weak and expensive interlink between different companies. Franchising this would be perfect as it gets rid of the different operators, different tickets, different prices and disjointed timetables.”

Member of the public

Other, less frequently cited favourable comments included a view that the reform would encourage increased bus usage, reducing the number of cars on roads, and thus reducing congestion and improving environmental benefits at the same time (1,084), that services would be run more for public benefit rather than based on profit (516), that the reforms would lead to a more consistent service across Greater Manchester (279), and that as operators would be relegated, they would be held to account if services fall below an acceptable standard (222).

There were also 50 members of the public who provided favourable comments on condition that the reform would make a difference, this included 24 comments that reform would be good provided it was done properly, seven comments in agreement provided the change process was open and transparent, and a further six comments on the condition that bus services would be more reliable than at present.

Of course, as with responses to other questions, some participants made unfavourable comments. Of the 507 members of the public who made unfavourable comments about the proposed reform, the main comment received was that the Strategic Case for reform was unnecessary, including that bus services are performing well at present (169). Other, less frequently cited unfavourable comments included concerns about the cost and affordability of the reform (69), concerns about employees of bus operators in terms of their job security, pay and conditions, and their livelihoods (64), concerns about the cost of change on the tax payer and public purse (49), and general disagreement with the proposed changes (41).

“...the most viable solution to me involves you dipping into my council tax. I chose to work at home to reduce my carbon footprint. I won't benefit (one) bit (and) will have to pay yet again. Just like older pensioners who are struggling to cope financially. Funding needs not to involve charging people who can't afford it or don't use it.

Member of the public

As well as favourable and unfavourable comments received, some of those who provided comments made general comments, and others made suggestions about the proposed changes. Overall, 687 members of the public made general comments, including comments about a perceived or actual fall in passenger numbers because of congestion and roadworks (81), or because of the trams and Metrolink in Manchester (64).

Of the 1,801 members of the public who made suggestions about the proposed change to the bus market, it was considered that 924 had made suggestions not currently under the Proposed Franchising

Scheme, and 1,095 had made suggestions that had already been considered. Of the suggestions made that were not currently considered as part of the reform, this included 334 comments that consideration should be afforded to reorganising the routes and/or timings of bus services, and 246 comments that consideration should be given to reducing journey times through having express services.

Of suggestions already considered as part of the proposed reform, this included 336 comments that the disabled, elderly and vulnerable passengers should be considered, 293 comments that consideration should be given to roadworks, congestion and traffic management, and 144 comments suggesting that bus infrastructure should be improved.

7.2 GMCA's objectives

Overall, there were 493 participants who provided comments on GMCA's objectives for the future provision of bus services as set out in the Strategic Case. Participants were also asked to comment on how the Proposed Franchising Scheme might contribute to GMCA's objectives for bus services also set out in the Strategic Case, of which 349 participants did so. Table 7.3 sets out the number of participants who provided favourable and unfavourable comments overall, and by type of consultee. As the table shows, there were more participants who provided favourable comments than unfavourable comments.

Table 7.3 Number of participants who provided favourable and unfavourable comments about achievement of GMCA's objectives

Q14. Do you have any comments on GMCA's objectives for the future provision of bus services as set out in the Strategic Case?

Q15. Do you have any comments on how the Proposed Franchising Scheme might contribute to GMCA's objectives for bus services as set out in the Strategic Case?

	Question 14		Question 15	
	Number of participants who made favourable comments	Number of participants who made unfavourable comments	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (Q14 base is 493 and Q15 base is 349)	355	95	248	80
Statutory consultee (Q14 base is 18 and Q15 base is 14)	15	8	10	5
Non-statutory consultee (Q14 base is 25 and Q15 base is 21)	18	8	17	5
Member of the public (Q14 base is 450 and Q15 base is 314)	322	79	221	70

The next sections of this chapter first look at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public

7.2.1 Statutory consultees

Comments received from statutory consultees about GMCA's objectives for the future provision of bus services included from Bolton Council that was supportive of GMCA's objectives, and believed these should be expanded to include sustainable improvements that could be measured over time. If this was not included as an objective, the Council questioned the rationale for paying more through a levy and one-off funding for what it believed would be the same services. Derbyshire County Council suggested that consideration should be given in the objectives to the provision of services to areas outside of the franchise zone. TravelWatch NorthWest stated that it broadly agreed with the content.

While Transdev Blazefield Ltd called the objectives "logical", the bus operator raised some concerns about how integrated and simplified fares balanced with offering value for money could be achieved.

"...Page 29 of the Strategic Case states "in the first instance, the fare level for a Greater Manchester ticket would be set at the lowest current single operator fare for the larger incumbent operators, pending longer-term review with government of transport funding regimes in Greater Manchester; single fares would be simplified as far as possible." Based on current prices this would be £16/week. This will represent a 6.7% increase for customers using Rosso's GM Saver ticket and therefore we would challenge the notion that this represents value for money. The reference that single fares would be simplified as far as possible is open to challenge..."

Transdev Blazefield Ltd

In terms of how the Proposed Franchising Scheme might contribute to GMCA's objectives for bus services as set out in the Strategic Case, Rotala PLC was concerned that as there were in its opinion no committed funds or a timescale to Phase 2, and that this would contribute a sizeable risk when there was no guarantee of Phase 2. The organisation was concerned that there was no specific plan for a more enhanced network, no proposal for greener buses, no investment to improve bus quality, and no planned or budgeted measures to tackle congestion and deliver faster or more reliable journeys. West Yorkshire Combined Authority mentioned that while GMCA could specify fleet standards, funding opportunities would need to be available to support the delivery of the Clean Air Plan.

7.2.2 Non-statutory consultees

A number of non-statutory consultees provided comments on GMCA's objectives for the future provision of bus services, and how a Proposed Franchising Scheme might contribute to these objectives.

Steady State Manchester believed that GMCA's objectives were good, that they could be more ambitious. The action group was concerned that there was nothing on achieving modal shift from private vehicle to collective forms of transport, and active travel.

Manchester Friends of the Earth welcomed GMCA's objectives, but believed they did not go far enough in encouraging a significant modal shift from private motor vehicle use to active travel and public transport.

The University of Manchester stated that it agreed with the Strategic Case for the Proposed Franchising Scheme and that it would support rapid transition to decarbonisation. The University of Manchester suggested that an app would be welcomed as this would support staff and student timely travel to the university. It believed that functionality of such an app would outperform existing offers and would be accessible by all, but that the current proposal does not meet this criterion.

The Chartered Institute of Logistics and Transport – North West Policy Group believed that a partnership option would be better able to achieve service quality and environmental standards at lower cost and risk to the public purse.

In terms of how the Proposed Franchising Scheme might contribute to GMCA's objectives for bus services, comments received from non-statutory consultees included from the University of Manchester which believed that there would be a number of benefits, including a single network, simplified fare structure, smart ticketing, and the promotion of increased bus usage which would chime with the university's sustainability objectives. The Church of England (Diocese of Manchester) stated that it was hoped that the Proposed Franchising Scheme would improve levels of service, especially on Sunday mornings at times when people are seeking to reach their church services.

OneBus believed that the Proposed Franchising Scheme would fall short of GMCA's objectives. The organisation suggested that the objectives as set out in the consultation document could be delivered by the Proposed Franchising Scheme, but also at lower cost to the public purse under a partnership scheme. However, the organisation was concerned that the network would not be built around the needs of passengers but with a degree of political influence. In terms of objectives to improve customer experience, OneBus believed that only a partnership model would include new buses from day 1. It queried why economic benefits linked to customer improvements from a partnership proposal had not been included in the Assessment. The organisation also had concerns about how political intervention in the Proposed Franchising Scheme could reduce forecast fare rises which could then lead in its opinion to the franchising proposal failing.

7.2.3 Members of the public

GMCA's objectives for future provision of bus services

There were 450 members of the public who provided comments on GMCA's objectives for the future provision of bus services as set out in the Strategic Case. This included 322 participants who made favourable comments and 79 participants who made unfavourable comments.

Looking at favourable comments received by frequency of response, these were general agreement or support with GMCA's objectives (202), that bus services would be better co-ordinated than at present, and integrated with the rest of the public transport network (55), that ticketing would be more simplified with resultant reductions in fares (47), and linked to this, a belief that as bus fares were currently too expensive, that the reform would provide better value for money for passengers (43).

"I agree with all the points especially making it easy to use and affordable."

Member of the public

Of those who provided unfavourable comments about GMCA's objectives for the future provision of bus services, the main comments received by frequency of response were concerns around affordability and cost control (17), and a view that objectives were not extensive enough (16).

"It doesn't add up financially. Our roads will be overwhelmed because buses don't run on time."

Member of the public

In addition, there were 192 members of the public who made suggestions. This included 42 participants who made suggestions not currently considered as part of the Proposed Franchising Scheme , and 150 participants who made suggestions that had already been considered by GMCA as part of the Proposed Franchising Scheme . Of comments received about suggested measures not currently considered, this included seven comments that consideration should be given to direct services such as an express service, and five comments suggesting that routes and timings of services should be reorganised or changed.

Of suggested comments made that are already under consideration as part of the Proposed Franchising Scheme , this included a suggestion that bus services should be more reliable (35), that GMCA should encourage increased usage of buses and have fewer cars on the road (34), that bus services should be improved (32), and that the Proposed Franchising Scheme should be based on a franchising model in other cities, such as the London model (27).

How the Proposed Franchising Scheme might contribute to GMCA's objectives

As well as comments received about GMCA's objectives for the future provision of bus services, 314 participants also made comments about how the Proposed Franchising Scheme might contribute to GMCA's objectives. This included 221 participants who made favourable comments, and 70 participants who made unfavourable comments.

The most commonly made favourable comments included general agreement or support for the Proposed Franchising Scheme (150), that ticketing would be simplified (37), and that services would be better coordinated as they would be run by a single operator under the Proposed Franchising Scheme (15).

"I hope a simpler fare system can be achieved, with seamless transfer between modes and between operators."

Member of the public

There were also 70 members of the public who made unfavourable comments about how the Proposed Franchising Scheme might contribute to GMCA's objectives. The main comments received here centred on affordability and value for money issues (16), general disagreement with objectives (16), worry about how the Proposed Franchising Scheme would work (10), and concern about how the Proposed Franchising Scheme might need to be subsidised from the public purse (8).

There were also 125 members of the public who made suggestions about how the Proposed Franchising Scheme might contribute to GMCA's objectives for bus services. This included 22 participants who made suggestions not currently considered under the Proposed Franchising Scheme, and 115 participants who made suggestions that have already been incorporated into the Proposed Franchising Scheme. Of suggested comments made that have not been considered under the Proposed Franchising Scheme, this included that consideration should be given to the reorganisation of bus routes and timings (5), that travel zones should be introduced (3), and that direct services and expressways should be considered (2).

"Journey speed could be improved by running small buses round estates and big buses on the main roads. Having a bus route doing laps of every estate along its route really slows it down."

Member of the public

Of suggestions made that have already been considered under the existing Proposed Franchising Scheme, these included a suggestion that ticket prices should be reduced (31), that bus services should be improved to encourage usage (20), and that reliability of bus services should be improved (19).

7.3 Partnership options

Participants were asked for comments on how a partnership option might contribute to GMCA's objectives for bus services as set out in the Strategic Case. In contrast to comments received about the introduction and objectives of the Proposed Franchising Scheme, it was noticeable that there were more participants who provided unfavourable comments than favourable comments on a partnership option. Table 7.4 provides a count of the number of participants overall and by category of consultee who provided favourable and unfavourable comments about a partnership option.

Table 7.4 Number of participants who provided favourable and unfavourable comments about a partnership option

Q16. Do you have any comments on how a partnership option might contribute to GMCA's objectives for bus services as set out in the Strategic Case?

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (461)	122	290
Statutory consultee (17)	8	11
Non-statutory consultee (25)	4	18
Member of the public (419)	110	261

The next sections of this chapter first look at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

7.3.1 Statutory consultees

A mixed picture emerges in that some of those who provided comments favoured the Proposed Franchising Scheme, while others preferred a partnership option.

TravelWatch NorthWest thought that the Proposed Franchising Scheme would seem to secure the maximum network and integrated benefits for passengers, and that it was always sceptical about practical benefits to passengers when some routes are monopolised by single operators. Bolton Council also advocated the Proposed Franchising Scheme over a partnership model.

"A Partnership agreement is unlikely to bring about the changes required to improve the system. Bus operators would still dictate routes, fares and frequency and services would still be operated on a commercial basis."

Bolton Council

On the other hand, some statutory consultees were in favour of a partnership option. Stagecoach Manchester was concerned that a Proposed Franchising Scheme would in its view absorb a considerable amount of public money. It believed that such money could be put to better use on other projects, and

that a solution could deliver a world-class service for users and value for money for the taxpayer in Greater Manchester Rotala PLC also advocated a partnership approach.

“Rotala considers that the Partnership Plus option would undoubtedly achieve all of the GMCA’s stated objectives. Moreover, as mentioned in response to question 15 above, Phase 2 could be implemented more swiftly under the Partnership Plus option as compared with the Proposed Franchising Scheme – this is particularly the case given that the franchise costs could be diverted into Phase 2 immediately. The “tap on tap off” system is likely to increase bus patronage considerably and this could be introduced sooner under the Partnership Plus option. ”

Rotala PLC

Transdev Blazefield Ltd believed that GMCA’s objectives could be achieved through either the Proposed Franchising Scheme or a partnership option. While it stated there are strengths and weakness in both options, the organisation believed though that the appraisal of the partnership option would be somewhat more negative.

7.3.2 Non-statutory consultees

As with the views and opinions of statutory consultees, some of the non-statutory consultees who provided comments favoured the Proposed Franchising Scheme, while others preferred a partnership approach. Those who preferred the Proposed Franchising Scheme included the University of Manchester who did not think that a partnership option could meet objectives, and that a partnership would be less transparent. It also believed that the partnership option would restrict GMCA’s ability to make improvements. Steady State Manchester also concurred with this and believed that a partnership would result in too much power with bus operators.

“A Partnership option does not appear to meet objectives and would be less transparent. This option appears to be ‘business as usual’ with some more loose agreements. GMCA would lack the power to make meaningful changes and will be reliant on the general good will of the operators. It is less likely for the Partnership option to contribute to objectives given the minimal likelihood of companies working together – states that they have ‘very limited agreement’. Individual operators could improve customer service but there would be a need for consistency across all operators.”

The University of Manchester

Some of the non-statutory consultees who provided comments favoured a partnership option over the Proposed Franchising Scheme. OneBus believed that a partnership option would contribute to most of the objectives, but much sooner than the Proposed Franchising Scheme without any risk to the public purse, or inconvenience to customers in its opinion. Similarly, the Chartered Institute of Logistics and Transport – North West Policy Group which believed a partnership would address concerns it had about the Proposed Franchising Scheme, and at lower cost. The Confederation of Passenger Transport UK (CPT) also believed that improvements could be more quickly realised under a partnership option.

“We can deliver these improvements for passengers in Greater Manchester more effectively and efficiently through a Partnership approach, and take faster, impactful action to address the biggest challenges of crippling congestion and poor air quality. We disagree with the very narrow interpretation of the potential benefits of Partnership working that the GMCA has taken in its assessment.”

The Confederation of Passenger Transport UK (CPT)

Those who preferred the Proposed Franchising Scheme included the City Mayor of Salford who believed that a partnership option would not be able to deliver an integrated solution, and would be unable to realise the full range of benefits to the public.

7.3.3 Members of the public

There were 110 members of the public who made favourable comments about a partnership option, and 261 who made negative comments about such an option. The most commonly cited favourable responses provided by members of the public were about general agreement with a partnership approach (52), that a partnership could provide more benefits and higher returns than the Proposed Franchising Scheme (18), and that a partnership would result in bus operators, TfGM and GMCA working together with none having an advantage over the other (16).

“A Partnership scheme would vastly improve working between GMCA/TfGM and operators while ensuring taxpayer subsidy is kept to a minimum. Yes, some operators’ decisions might not be wanted but when all said and done, buses run for when passengers use them. They don’t run 20 minutes out the way for little Doris to go 3 stops up the road.”

Member of the public

Of those who provided unfavourable comments about a partnership option, the main comments received by frequency of response were about general disagreement with partnerships (90), that a Proposed Franchising Scheme would be a better option than a partnership (52), that a partnership would not result in objectives being realised (41), that it would be too similar to the present system (37), and concerns about regulation and lack of accountability (15).

“I don’t feel partnerships will offer the best value for buses as operators still dictate routes, fares etc.”

Member of the public

There were also 146 members of the public who made suggestions about partnership options. This included eight members of the public that made suggestions that had not been considered, and 98 members of the public who made suggestions that had already been considered. The main suggested comments already considered were about how bus services should be run by a single operator (35), and that bus services would need to be changed or reformed (20).

8. The Economic Case

This chapter summarises questions on the Economic Case, its conclusion that the Proposed Franchising Scheme provides the best value for money (Q17 in the consultation response form).

Please refer to section 3.3 of this report for more information on how to interpret the consultation findings.

Q17. The Economic Case concludes that the Proposed Franchising Scheme provides the best value for money compared to the partnership options because it would:

- offer a ‘high’ ratio of benefits to the cost to GMCA, one which is broadly comparable with the partnership options;
- provide the most economic value (Net Present Value); and
- create the best platform from which further economic value could be delivered.

Do you have any comments on this?

For more information see paragraphs 4.43 to 4.63 of the Consultation Document.

Overall there were 2,693 participants who provided comments about the conclusion of the Economic Case. Most comments (2,147) were favourable, whilst 480 participants provided unfavourable comments. The most frequently cited favourable comments were general support/agreement with the conclusion of the Economic Case (1,119).

Table 8.1 Number of participants who provided favourable and unfavourable comments about the conclusion of the Economic Case

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (2693)	2,147	480
Statutory consultee (22)	16	13
Non-statutory consultee (45)	40	8
Member of the public (2626)	2,091	459

8.1 Overview

Participants tended to reiterate comments made elsewhere in the consultation which focused on the outcomes which the Proposed Franchising Scheme would deliver, with cheaper and better value bus fares one of the most commonly mentioned positive outcomes (266). Specific to the Economic Case, the opinion that bus services should serve the public benefit and not be run for profit (133) and that the Proposed Franchising Scheme provides best value for money of the options presented (130) were other commonly cited favourable comments.

On the other hand, of the 480 participants providing unfavourable comments, 139 disagreed with the conclusion of the Economic Case. The main reasons for this included concern about the costs and associated affordability of it the Proposed Franchising Scheme (110) and the lack of evidence to support the conclusion (97).

A total of 63 participants made suggestions within their response to the conclusion of the Economic Case which concerned potential changes to the Proposed Franchising Scheme. These concerned the importance of subsidised travel for young people (10), free bus travel (7) and that bus services should run 24/7, 365 days per year (5). A total of 366 participants made suggestions within their response to the conclusion of the Economic Case which are already proposed/covered in the Proposed Franchising Scheme. The main suggestions made included the importance of considering more than just economic value or the cheapest bid (79), that quality of service should be prioritised (46) and that the impact of congestion and effective traffic management to enable any future bus network to operate more efficiently should also be considered (41).

8.2 Statutory consultees

Responses from statutory consultees tended to engage with the conclusions of the Economic Case in some detail, often offering a balanced appraisal of the detail and associated arguments contained within it.

The majority of the statutory consultees which provided a comment in response to the Economic Case made a favourable comment about it. Some of these comments offered general agreement with its conclusion, whilst other comments identified the benefits of reform in terms of the co-ordination/integration of the network with other transport modes and how reliability could be improved.

Local authorities

Manchester City Council, West Yorkshire Combined Authority, Trafford Council, Stockport Council and Tameside Metropolitan Borough Council all provided comments which were broadly supportive of the conclusion of the Economic Case.

Four local authorities (Tameside Metropolitan Borough Council, Wigan Council, Manchester City Council and Cheshire East Council) referenced the positive value for money which the Proposed Franchising Scheme offered, compared to the other reform options presented. Bolton Council trusted the model utilised by TfGM to calculate value for money.

On the whole commentary from local authorities accepted the methodology used to arrive at the Economic Case conclusion without challenge and in line with best practice.

“The council notes the assessment which has been undertaken in line with HM Treasury requirements and is positive in terms of the greater expected passenger, environmental and societal benefits of the franchising scheme.”

Blackburn with Darwen Council

The future ridership forecasts did represent a concern from some of the local authorities, although the Proposed Franchising Scheme was projected to minimise this decline compared to the other options. There was an acknowledgment and acceptance amongst most local authorities that further intervention (either at local authority or combined authority level) would be necessary to further arrest the projected decline whatever the proposed reform option. This would still present a challenge in the long-term. Linked to this, Rochdale Borough Council felt that a stronger focus should be placed on the Proposed Franchising Scheme providing a solid baseline for further (Phase 2) intervention.

Some local authorities went on to make specific representations in response to the Economic Case:

- Stockport Council expected costs to be revisited as the Proposed Franchising Scheme develops to enhance the realisation of potential and actual benefits;
- Tameside Metropolitan Borough Council acknowledged that the Proposed Franchising Scheme had the highest costs (although the best value for money);
- Blackburn with Darwen Council was positive towards the greater expected passenger, environmental and societal benefits of the Proposed Franchising Scheme;
- Wigan Council, whilst supporting the economic value element, also acknowledged that the two partnership options have better cost-benefit ratios given their lower costs;
- Manchester City Council was concerned about the lack of transparency about overall value for money to the public sector under current arrangements. It concluded that the Proposed Franchising Scheme would provide this strategic control and therefore visibility.

“A franchised system of operation in contrast, would allow the public sector to specify the key outputs that it expects in return for the substantial levels of public investment resources and subsidies devoted to the bus network.”

Manchester City Council

- Cheshire East Council expressed concerns about the potential for the Proposed Franchising Scheme to distort the landscape for future investment decisions, and referred to precedents in Greater London which informed this concern. It posed a question: *What arrangements will GMCA put in place to monitor for any distorting impacts of franchises that may be to the detriment of adjacent local authorities?*

Bus operators/transport organisations

Seven statutory bus operators made detailed representation in response to the Economic Case.

Stagecoach Manchester (and other bus operators) noted GMCA's refusal to provide the models used to prepare the GMCA Assessment, which restricted their ability to comment on the Economic Case. Specifically, Stagecoach Manchester criticised the lack of visibility of the Demand and Revenue Model (and the refusal to provide it to OneBus under the Freedom of Information Act) which they say has prevented detailed interrogation of the model. It also highlighted the low level of risk/contingency values allocated to revenue.

The response from Go North West Ltd (also echoed by Stagecoach Manchester) countered that the Economic Case does not meet the statutory criteria, which it believed must be demonstrated in order for GMCA to proceed with the Proposed Franchising Scheme.

“On analysis of the information available, it appears that the Scheme does not meet the statutory criteria set out in section 123B(3)(d) and (e) of the 2000 Act. It is neither affordable nor represents value for money and it would not therefore be lawful for such a scheme to be made.”

Go North West Ltd

Go North West Ltd shares the view of Stagecoach Manchester that necessary detail has not been provided. It also highlighted the risk of the Proposed Franchising Scheme compared to the partnership models concerning NPV. Concern was also raised as to the perceived inflation of the benefits of the Proposed Franchising Scheme, which it considered as optimistic. Another concern was expressed around the adequacy of the sensitivity testing applied to key outputs. Go North West Ltd also believed that modelled analysis based on London was flawed given the material differences between the two cities. Finally, its criticism of the Economic Case also centred around what it considered to be out of date views of the prospects of the bus market in Greater Manchester (informed by their own, in-house data).

Arriva Bus UK identified that a benefit of the Proposed Franchising Scheme was a consequence of reduced congestion, but that projected falling patronage under the Proposed Franchising Scheme would in fact lead to more travelling by car, thus causing an increase in congestion.

First Manchester Ltd questioned the economic analysis in the table at paragraph 4.60 of the Consultation Document. It argued that the Proposed Franchising Scheme essentially continues to deliver the market status quo, with patronage falling and no infrastructure measure which will deliver a more efficient bus

operation. The response also questioned the ‘time savings’ figure presented in the analysis. The operator felt that costs would fall to the local taxpayer, or that the Proposed Franchising Scheme would have a negative impact on investment in improvements in the wider transport network in Greater Manchester. It did not therefore agree that the Proposed Franchising Scheme offers the best value for money.

Rotala PLC also did not accept the Economic Case conclusion, and pointed to what they considered to be a number of flaws. These included the Economic Case being skewed in favour of the Proposed Franchising Scheme, the high fare increases underpinning the Economic Case which are incorrect, the under-estimation of associated risks and its unaffordability.

The HCT Group supported the Economic Case, which it acknowledged costs more but warranted the investment due to the benefits it would accrue and the NPV.

Other statutory consultees

A further six statutory consultees made comments in response to the Economic Case conclusion.

Whilst some of the bus operators felt that they weren’t provided with sufficient methodological information in relation to the Economic Case, there was also some confusion amongst other consultees as to the economic calculations which underpin the conclusion. For example, TravelWatch NorthWest referred to the time savings associated with the Proposed Franchising Scheme and how they did not understand how the figure had been arrived at. Bus Users UK also criticised the presentation of the Economic Case and how it is not comprehensible for the average reader.

“The Economic Case as provided is using a basis which, while accepted by economists and academics, is not intuitive or ‘real world’ and is therefore unhelpful for the purpose of consultation with the public”

Bus Users UK

The trade unions responding to the Economic Case conclusion were supportive of the Proposed Franchising Scheme. Unite the Union emphasised that the Proposed Franchising Scheme should not be delivered to the detriment of existing employees’ pay, terms and conditions whilst UNISON North West felt that public control would also lead to busy routes cross-subsidising those routes which are not profitable but yet necessary for the public good. Overall, they thought the franchising will lead to a better bus network.

8.3 Non-statutory consultees

Transport stakeholders

OneBus stated that the high ratio of benefits to the cost to GMCA was misleading, with partnership presenting a better benefits to cost ratio than the franchising proposal. It also questioned the lack of

evidence underpinning the Economic Case conclusion that franchising provides the most economic value (i.e. Net Present Value, or NPV) and creates the best platform.

“There is no evidence to prove this conclusion as the key issues affecting the delivery of good bus services have not been answered.”

OneBus

Academic institutions

A number of academic institutions made comments in response to the Economic Case conclusion (15 responded via the response form). On balance most academic institutions were supportive of the Economic Case, in the main for its wider societal and economic benefits for Greater Manchester. Of particular support is the greater NPV of the Proposed Franchising Scheme compared to the alternative reform options presented (despite the lower benefits to cost ratio).

“Although the benefits to cost ratio of the Proposed Franchising Scheme is marginally lower than the alternative options, this is directly attributable to the high cost of implementing franchising. The delivery of the economic and societal improvements is considered worthwhile, despite the higher costs”

The University of Manchester

Other non-statutory consultees

Other non-statutory consultees expressed support for the conclusion of the Economic Case which identified franchising as the best value for money bus reform option of those presented. There was support for the principle of the financial benefits being re-invested by GMCA to the benefit of Greater Manchester (rather than private operators). There was broad acceptance of the greater, upfront cost to establish a franchising model, but this was considered a price worth paying given the better value for money and other societal benefits.

“We understand that although the NPV of the Proposed Franchising Scheme is lower than the alternative options, this is due to the initial costs of implementing a franchising system. However, this Economic Cost is overlooked given the wider societal benefits that the franchising scheme will bring, particularly in low socio-economic areas”

Manchester University NHS Foundation Trust

8.4 Members of the public

Overall, a total of 2,626 members of the public provided a comment in response to the conclusion of the Economic Case.

Overall, 2,091 members of the public made favourable comments. Of these, 1,100 were comments which reiterated general support

"I am strongly persuaded by the economic case."

Member of the public

"Seems well thought through."

Member of the public

Other comments went into more detail about specific aspects of the Economic Case conclusion which they supported, specifically:

- That the Proposed Franchising Scheme would lead to better value ticket prices (257)

"If this affects bus fares being fairly assessed then yes passengers would get best value."

Member of the public

- The model for Greater Manchester would bring the city into line with integrated transport networks in other major cities, including London (144)

"I agree that the Proposed Franchising Scheme offers the best way forward. I know the London Transport system reasonably well as a consumer. This offers an integrated and value for money fare structure across the various transport options - bus, rail, tube."

Member of the public

- The impact of the Proposed Franchising Scheme on promoting and encouraging bus use instead of other modes of transport (usually private cars), which could lead to a cut in congestion levels (137)

"The benefits to wider society from increased efficiency of transport system and reduced congestion are important. Shift from car to public transport use is essential."

Member of the public

- 135 participants who thought that the Proposed Franchising Scheme would lead to an improvement in bus services
- A number of comments which supported the operation of buses to serve the public benefit rather than be run for profit (131)
- That the Proposed Franchising Scheme provides the best value for money (115)

"The partnership options first and foremost are concerned with profit. The evidence for this is uncontested. The proposed Franchising scheme aims to improve services and provide best value."

Member of the public

- Integration of bus services with the wider public transport network (120)

- Improved reliability and therefore frequency of buses (117)
- A simplified ticketing system, which would introduce a single fare across different routes (119)
- That bus services would service the public benefit under the Proposed Franchising Scheme (106) and will no longer be under the control of the commercial sector (50)

“The transport system needs to be run for users and provide the best value for both customers and GMCA.”

Member of the public

One fifth of members of the public responding to the consultation (459) commenting on the conclusion of the Economic Case made unfavourable comments in response, specifically:

- A number of those comments (131) did not agree with the conclusion of the Economic Case, without elaborating on their reasoning to underpin this view
- The main concern cited was around the cost element, with many questioning the affordability and value for money of the Proposed Franchising Scheme (102), whilst a small number felt that it was a misuse of public funds/taxpayer subsidies (36) and others did not consider that council tax should be increased to pay for it (43)

*“Franchising does not necessarily provide the best value for money for two reasons:
1) The money has to come from somewhere - and that somewhere has to be the taxpayer. The Mayoral precept (and any planned increase) will still be a tax increase.
2) Look at Transport for London's current deficits for running the bus network (over £900m per year). That has led to large service cuts to avoid tax increases.”*

Member of the public

- The absence/lack of evidence to substantiate the conclusion of the Economic Case (92)
- A preference for a partnership option, which would deliver a better solution from a value for money perspective (42)
- Other concerns around the failure to encourage bus use (i.e. a decrease in patronage) (14), plus a failure to deliver an improved passenger experience as a result (16)

A small number of comments were received by members of the public which offered conditional support for the conclusion of the Economic Case. A total of 58 participants supported it provided it is executed well, whilst for others their support was conditional on no increase to fares (13), provided there is adequate investment (5), whilst a further five wanted to see bus operator employees' jobs, contracts and terms and conditions (5).

Suggestions concerning the conclusion of the Economic Case

A total of 63 participants made suggestions within their response to the conclusion of the Economic Case which concerned potential changes to the Proposed Franchising Scheme. These included:

- Consideration should be given to subsidised travel for young people (10)
- Free bus travel should be introduced (7)
- Bus services should run 24/7, 365 days per year (5)
- The operation of school buses services should be considered (4)
- Improving the negative image of bus travel, and the stigma attached to using them (4)
- More cycle lanes should be introduced, with a priority given to cycle lanes and bikes allowed on buses (3)
- Bus conductors should be re-introduced (1)

A total of 366 participants made suggestions within their response to the conclusion of the Economic Case which are already proposed/covered in the Proposed Franchising Scheme. These included:

- Consideration should be given to more than just economic value or the cheapest bid (79)

"I would caution prioritising just money and value for money over all the other benefits, for e.g. more sustainable transport, cleaner and safer buses, efficient timetables, introducing faster (non-stop) services on busy routes, etc. I would pay the same if not more than I do currently to get the full range of benefits listed above."

Member of the public

- The quality of service should be a priority (46)
- Consideration should be given to the impact of congestion and effective traffic management to enable any future bus network to operate more efficiently (41). Linked to this, the need for an improved bus infrastructure (bus priority measures) should also be considered a priority (28)
- Further consideration should be given to the environmental value (31)
- Consideration should be given to the needs of vulnerable passengers (e.g. elderly, disabled) (25) with the need for services to be subsidised (25)
- Ensuring that the bus market is not determined by market forces and/or bus operators (18)
- The reorganisation of routes and timetables (17)

- A suggestion to not base the Proposed Franchising Scheme on the London model (15) because of the operational deficit which that system suffers from.

"It does not represent the best value for money if you were to follow TfL example which is propped up by hundreds of millions every year from the Mayor's budgets.....money can be better spent!"

Member of the public

A total of 72 participants made other suggestions in their response to the conclusion of the Economic Case. The principal suggestion concerned the preference to take the bus network in Greater Manchester into public ownership (37). A small number of other suggestions preferred the re-nationalisation of the network altogether (17).

There were other, more general comments made in response to the conclusion of the Economic Case – 158 participants in total. The main comment concerned the priority given to social value within the Proposed Franchising Scheme, and the need to focus on the contribution of the bus network to community cohesion (56). A further 47 participants did not hold an opinion as to which bus reform option was best, and would support whichever provided the most effective solution and best value for money.

9. The Commercial Case

This chapter analyses the responses to the questions posed about the Commercial Case. It covers the:

- Packaging strategy for franchising contracts under the Proposed Franchising Scheme;
- Length of franchise contracts under the Proposed Franchising Scheme;
- Proposed allocation of risk between GMCA and bus operators under the Proposed Franchising Scheme;
- Potential impact of the Proposed Franchising Scheme on the employees of operators;
- Approach to depots under the Proposed Franchising Scheme;
- Approach to fleet under the Proposed Franchising Scheme;
- Approach to Intelligent Transport Systems under the Proposed Franchising Scheme;
- GMCA's approach to procuring franchise contracts under the Proposed Franchising Scheme;
- Impacts of the options on the achievement of the objectives of neighbouring transport authorities;
- Commercial Case conclusion that GMCA would be able to secure the operation of services under franchise contracts;
- Assessment of the commercial implications of the partnership options; and the
- Potential impact of the partnership options on the employees of operators.

Please refer to section 3.3 of this report for more information on how to interpret the consultation findings.

9.1 Commercial Case: Proposed packaging strategy²¹

Those who responded to the consultation were asked if they had any comments on the proposed packaging strategy. The question on the consultation response form was as follows:

Q18. Do you have any comments on the packaging strategy for franchising contracts under the Proposed Franchising Scheme as set out in the Commercial Case?

For more information see paragraphs 4.73 to 4.75 of the Consultation Document.

A total of 224 consultees responded to this question. Of these 114 gave favourable comments, whilst 51 expressed unfavourable views.

²¹ by which routes are grouped together for the purpose of offering them for tender

Table 9.1 Number of consultees who provided favourable and unfavourable comments about the proposed packaging strategy

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (224)	114	51
Statutory consultee (16)	9	3
Non-statutory consultee (16)	9	2
Member of the public (192)	96	46

9.1.1 Statutory consultees

Statutory Consultees that provided comments in response to the proposed packaging strategy were generally favourable towards the proposal.

Of the favourable comments, some offered general agreement with the proposed strategy, while others identified the fact that the proposals would offer opportunities to level the playing field for market competition, and allow for letting of contracts to both small and large operators. Other favourable comments surround the view that the proposed packaging of services will have a positive impact on delivery, in terms of performance standards and service delivery.

Bus operators / transport organisations

Rotala PLC also stated that the packaging proposals weigh in favour of the larger existing companies currently residing in the market.

Similarly Go North West Ltd stated that route-by-route packaging would be a better approach, to encourage better quality of competition.

“A better approach to franchising would be route-by-route franchising. As well as offering the benefit of enabling a staggered implementation of franchising (as discussed elsewhere), this would enable better competition in the market since operators could choose which routes to bid for.”

Go North West Ltd

Stagecoach Manchester stated that they felt the implementation of the proposed approach was set within an unrealistic timeframe. Bus operator Transdev Blazefield Ltd made similar comments to other companies concerning a more localised packaging system, which it felt would be better than the proposals outlined in the Proposed Franchising Scheme.

“We think packaging into smaller geographic lots would allow more flexibility, and sharing revenue risk will encourage operators to stimulate growth and harness our skills in marketing, branding and promotion.”

Transdev Blazefield Ltd

Local authorities

Some statutory consultees voiced concern over the proposed packaging strategy, particularly when compared to a route-by-route system. Derbyshire County Council stated that the decision lay with GMCA but was concerned that the proposed packaging strategy would continue to benefit the larger companies.

“Whilst this is a decision for GMCA to make, DCC does find the package strange as it seems to be attempting to replicate the existing arrangement with the 10 large franchises area being based on the 10 large bus depots currently in operation. The opportunity to encourage more small and medium size operators to take part by packaging contracts on a route-by-route basis, such as was done in London when franchising was introduced there, will be lost under the arrangements proposed.”

Derbyshire County Council

9.1.2 Non-statutory consultees

There were a small number of non-statutory consultees that responded with comments to the proposed packaging of franchises, with many of these being generally supportive without providing great detail of specification as to why.

The University of Manchester communicated a favourable view toward the packaging proposal, citing the opportunities it might bring to smaller operators.

Very few non-statutory consultees were unfavourable, but those who did respond commented on concerns around job security for operator employees, and a lack of transparency over how the contracts are awarded.

9.1.3 Members of the public

Of the 192 members of the public who commented on the proposed packaging of services, 96 indicated they were favourable, while 46 gave unfavourable views. Others gave conditional or general comments such as the need for the packaging to be executed properly. These views are fairly consistent across different sub-groups.

Those who made favourable observations generally reflected those given by statutory and non-statutory consultees, namely that it will allow different size operators to compete for contracts (13), and that it will drive competition across the market (6).

“Happy with this: the larger providers bring with them an economy of scale (but not to the detriment of passengers and services) but smaller providers can help bring new ideas and thinking.”

Member of the public

Many of the 46 unfavourable comments made by members of the public were general comments in opposition to the proposed packaging of services (18), while specific comments concerned employee and job security (6) or that the proposals are particularly complicated to understand and lack simplicity of explanation (5).

“What will happen to workers pay and conditions, pensions, hours of work, driving portions, if 1 company loses a franchise, they must have the minimum standards of bus drivers for all companies to adhere too, not undercut the big companies to save money, as that will be to the detriment of drivers, not improve the franchise”

Member of the public

9.2 Commercial Case: Length of Franchise Contracts

Q19. Do you have any comments on the length of franchise contracts under the Proposed Franchising Scheme as set out in the Commercial Case?

For more information see paragraph 4.76 of the Consultation Document.

Consultees were invited to share any comments on the proposed length of franchise under the Proposed Franchising Scheme. It is proposed that larger contracts are to be let for five years with an optional two-year extension, while smaller franchises and school services would have three to five-year contracts. There was a total of 382 consultees that made comments on this question, of which 159 voiced favourable views and 145 were unfavourable. Others gave conditional comments (112) and a small number made other general or miscellaneous comments.

Table 9.2 Number of consultees who provided favourable and unfavourable comments about the proposed length of franchise contracts

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (382)	159	145
Statutory consultee (15)	11	6
Non-statutory consultee (16)	6	5
Member of the public (351)	142	134

9.2.1 Statutory consultees

Statutory consultees responding to the proposals of contract length were generally supportive, citing favourability to the five-year let for large operators and deeming the proposed differences between contract types to be sensible and appropriate. Others stated that offering different franchising contract lengths would mean it is an attractive proposition for different types of operators, not just those who can commit to longer (or smaller) lengths.

Fewer statutory consultees made unfavourable comments on the proposed length of franchising contracts. Those who did commented that the length might be too short, or the cost implications of the contract lengths – as reflected below in verbatim comments from bus operators / transport organisations.

“Rotala PLC considers that five-year franchise contract cycles shift operators’ focus to short-term profitability while at the same time stifling investment and the long-term development of routes, personnel, and infrastructure.”

Rotala PLC

“...short term contracts may be unattractive to some operators and will be met with a higher cost per annum charge to TfGM than for a longer contract. Operator set up costs will be spread over a much shorter timescale and vehicle leasing costs will be higher for a shorter term.”

Stagecoach Manchester

Go North West Ltd offered favourable comments on the large franchise contracts, but said it was important to consider the practicalities when allocating bus fleet:

“GNW is in principle supportive of GMCA's proposal that the large franchise contracts would be let for five years with an optional two year extension at GMCA's discretion, subject to the following points: It is important that buses (which have an average approximate life span of 14 years) which are used in a five-plus-two year contract can be used on a further five-plus-two year contract. This will avoid wastage (that would occur if buses are re-specified from one contract to another), and prices being driven up.”

Go North West Ltd

9.2.2 Non-statutory consultees

Non-statutory consultees responding to the proposed contract lengths of franchises gave a more mixed response. Reasons given for support and oppose were similar to those given by the statutory consultees.

The Confederation of Passenger Transport UK (CPT) voiced a concern that shorter contracts could lead to focus on short term goals for operators.

“...these shorter contracts lead to short term thinking and prevent long term investment decisions which are needed to deliver improved services for passengers.”

Confederation of Passenger Transport UK (CPT)

9.2.3 Members of the Public

A total of 351 members of the public commented on the proposed contract length of franchises. As with statutory and non-statutory consultees, members of the public were split across a range of views - 142 made favourable comments and 134 made unfavourable comments. There were also 21 conditional comments and a small number of general comments.

Of the 142 that gave favourable views, 83 provided general support without elaborating on their particular reasons. Other more commonly cited reasons included support for the larger contracts (5 year (25) and 7 year (21) options), the fact they are attractive for different size operators (7), and the flexibility given to GMCA in awarding different types of contracts (6).

“The proposed lengths of franchise contracts are sensible and appropriate. They provide GMCA and TfGM with appropriate flexibility and will be attractive to operators.”

Member of the public

Members of the public who stated they were unfavourable primarily took issue with proposed length of the larger franchising contracts. More specifically these comments related to the proposed five years (+2) for large contracts would be either too long (27), or too short (23).

9.3 Commercial Case: Allocation of risk between GMCA and bus operators

Q20. Do you have any comments on the proposed allocation of risk between GMCA and bus operators under the Proposed Franchising Scheme as set out in the Commercial Case?

For more information see paragraph 4.77 of the Consultation Document.

All consultees answering the consultation were asked if they had any comments relating to the allocation or risk between GMCA and the bus operators. A total of 273 consultees gave feedback to this question, 124 of which were favourable. Conversely, 88 gave unfavourable responses and 47 made conditional comments and a small number of other types of general comments were also made.

Table 9.3 Number of consultees who provided favourable and unfavourable comments about the proposed allocation of risk between GMCA and bus operators

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (273)	124	88
Statutory consultee (17)	9	8
Non-statutory consultee (16)	7	4
Member of the public (240)	108	76

9.3.1 Statutory consultees

Some of the statutory consultees who responded voiced favourable comments to the proposed allocation of risk. Many of these favourable comments were that of general agreement with the proposal, while specific feedback included favourability towards the proposal giving more authority over risk to GMCA / TfGM.

Other statutory consultees responding to the question were unfavourable, with many of these comments coming from bus operators / transport organisations. The most common issue cited was around the risk allocation being too heavily placed under the responsibility of GMCA. For example, Rotala PLC expressed concern that removing some commercial risks from operators may drive down motivation to innovate amongst operators:

“Rotala PLC considers that taking away from bus operators what are standard commercial risks for bus operators is likely to remove the normal incentives to innovate that competition between operators typically engenders, thereby harming the market and consequently consumers.”

Rotala PLC

Go North West Ltd stated concern around GMCA’s ability to take on risks around defining and specifying the bus network:

“GNW notes that this is an exercise which involves a significant skill base which under a deregulated market GMCA has not had the opportunity to develop; and be responsible for a performance regime used to incentivise operational performance and service quality. Any performance system should be kept simple with clear and workable rules, for example focussed on operated mileage, punctuality, vehicle standards and safety.”

Go North West Ltd

Stagecoach Manchester expressed concern that the approach to transfer risks might happen too quickly, and that a better approach would be a more transitional phasing of risks:

“...other cities, including London, have transitioned their bus business models through various stages, where both operators and the ‘local authorities’ have at times retained both risk and reward, to a position now where quality incentives can enable operators to both develop their business and offer passengers service improvements.”

Stagecoach Manchester

Bus operator Transdev Blazefield Ltd also voiced concern around the balance of risk under the franchising proposal, in terms of the amount of risk GMCA would incur compared to the operators.

“...The BCR of partnership is only slightly lower than franchising – but with much lower costs and a burden of revenue risk placed on operators (willingly). It seems a high risk strategy to incur significant extra costs predicated on a risky profile of benefits when there is a much less risky approach.”

Transdev Blazefield Ltd

9.3.2 Non-statutory consultees

Of the non-statutory consultees who commented on the proposed allocation of risk and gave supporting comments, many indicated that they were generally favourable. Specific reasons cited included the fact GMCA would secure a level of responsibility of risk around revenue and patronage, in and this would be in the interest of delivering simpler fares / tickets.

Some other non-statutory consultees that responded were unfavourable. The top cause for concern was the fact that GMCA retains too much risk or responsibility under the Proposed Franchising Scheme.

The Confederation of Passenger Transport UK (CPT) commented that the proposal allocates the risk with underwriting shortfalls to GMCA, and therefore the taxpayer, rather than the operators, taking the view that if the operators took on this risk it would drive up service quality.

“As well as placing considerable upfront costs on the GMCA, local authorities and the taxpayer, moving to a franchised model for bus services places all the risks associated with underwriting any shortfalls in fares income on the GMCA and, ultimately, the taxpayer. Under a partnership model, that risk lies instead with commercial operators, along with strong incentives to continue to drive service improvements and increase passenger numbers.”

Confederation of Passenger Transport UK (CPT)

The University of Manchester made a comment that it was unclear what the repercussions would be in the event of risk factors being realised.

“Although risks have been identified and allocated, it is not clear what the repercussions would be should the Proposed Franchising Scheme not deliver against objectives and financial targets.”

The University of Manchester

9.3.3 Members of the Public

A total of 240 members of the public commented on the proposed allocation of risk under the Proposed Franchising Scheme, with 108 expressing favourable views. Most of the favourable comments were in general support of the proposal (81), while more detailed favourable comments included the fact GMCA would retain revenue / patronage risk in the spirit of maintaining simpler fares and tickets (8), and retain more authority over services (9). Others were favourable to risk being retained by operators to maintain performance (7).

“Seems sensible for CA to have revenue risk and responsibility to define network. Operators should have to comply with performance measures.”

Member of the public

A total of 76 members of the public that responded to this question made unfavourable comments. Specifically, these comments tended to relate to the fact GMCA will retain too much risk or responsibility (18), and that operators should retain a higher allocation of risk (14). Others voiced concerns about the fact that GMCA retaining monetary risk could mean the taxpayer may have to foot the bill, which could result in an increased financial deficit.

“It could result in a large financial deficit as seen in London, which may have to be recovered via cuts or tax/fare increases.”

Member of the public

A further 43 members of the public made conditional comments, and there were also a small number of other more general or miscellaneous comments.

9.4 Commercial Case: Impact of the Proposed Franchising Scheme on the employees of operators

Q21. Do you have any comments on the potential impact of the Proposed Franchising Scheme on the employees of operators as set out in the Commercial Case?

For more information see paragraphs 4.78 to 4.83 of the Consultation Document.

The Commercial Case of the Proposed Franchising Scheme sets out a section on the implications for employers of incumbent bus operators that will be affected. A total of 398 consultees responded to this question in total, with 183 favourable views, and 151 unfavourable. There were also a small number of conditional or general comments.

Table 9.4 Number of consultees who provided favourable and unfavourable comments about the impact on employers of operators

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (398)	183	151
Statutory consultee (13)	6	9
Non-statutory consultee (12)	6	6
Member of the public (373)	171	136

9.4.1 Statutory consultees

Statutory consultees gave mixed views on the proposals in terms of favourability. Amongst the few favourable comments, it was felt by some statutory consultees that the proposal will protect employees or uphold their legal rights through TUPE.

Bus operators / transport organisations

Go North West Ltd submitted a detailed response to this question, commenting that the legislation around TUPE and whether an employee's employment is principally connected with a local service must be upheld if an agreement with operators is not reached. They also voiced feedback in opposition to the proposal, making three key points:

- Concern about new entrants offering less favourable working conditions and pay than existing operators, due to undercutting on price in order to win contracts;
- The possibility of tighter scheduling demands on employees, and lower wages more generally across the market as operators are forced to cut costs; and
- The possibility that any employees made redundant under the Proposed Franchising Scheme would not re-enter the job market as many are unskilled or not trained in other markets.

"GNW employs drivers, engineers, management, directorate, cleaners, front line supervisors (inspectors, controllers), commercial function, HR, IT, finance department, CCTV and risk manager and driver trainers. All of these employees may be affected by the scheme."

Go North West Ltd

Stagecoach Manchester also submitted a detailed response to the proposal, first stating that the proposed impact on employers is likely to result in legal challenge from both operators and employees of operators. Stagecoach Manchester also gave some specific unfavourable feedback in response to the sections of the proposal concerning pension funding.

“The HSF legal paper highlights a number of other legal issues that suggest that GMCA's proposals may be unlawful, including concerns that franchising would breach Stagecoach Manchester's (and other operators') right to enjoyment of property under human rights legislation and may lead to significant damages claims not only from operators, but also employees of operators. Further, there also appears to be insufficient analysis on potential employment/TUPE issues and pensions, as well as concerns over whether GMCA have fully considered the timings and costs associated with the exercise of its compulsory purchase powers.”

Stagecoach Manchester

Rotala PLC also provided a detailed response, primarily voicing concern about the impact on job security and a lack of stability given that contracts are proposed to be retendered every 5-7 years. They also left a comment regarding the role of the employee changing under the Proposed Franchising Scheme (to a more limited and less rewarding role).

Local authorities

Bolton Council was generally in favour of the proposals, stating that the authorities were in the best position to handle the impact of franchising on operator employees, provided favourable conditions were assured.

“TfGM are best placed to understand the potential impact on employees of incumbent operators. However, the aim must be to harmonise pay and conditions and reward good performance.”

Bolton Council

Other statutory consultees

Similarly, UNISON Greater Manchester Transport Branch expressed that while they were generally supportive of the Proposed Franchising Scheme, they would like to be part of discussions about the impact on employees.

“We want to ensure that franchising can deliver quality, reliable bus services across a comprehensive network without causing a race to the bottom on terms and conditions of employment. We are keen to enter into further discussions over how this can be delivered going forward.”

UNISON Greater Manchester Transport Branch

For those who voiced an unfavourable view, the main concerns were around the threat to job security under the Proposed Franchising Scheme, such as wages and contracts, while others made a comment around the concern that employees would be treated fairly and have their legal rights protected. Some felt that a partnership option would be a better solution.

9.4.2 Non-statutory consultees

Transport stakeholders

OneBus also gave a detailed response, voicing some concerns that costs and employment needs under the proposed allocation of contracts have been underestimated. They primarily considered that 1) there will need to be a greater number of new staff to manage the transition of contracts (and the added responsibility this would place on TfGM) and the transition of data sharing, and 2) the risk of employees leaving the job market if they are forced to relocate or travel further to take different routes. OneBus also commented that representatives of employees (such as local trade unions) are likely to demand agreements to be put in place for parity of pay and working conditions.

“The Assessment has failed to account for the additional staff the bus operators will require to:

- Ensure that data required by TfGM is collated and maintained*
- Manage the punctuality and reliability of buses to provide the level of service as dictated by the contract and to ensure any operational penalties are avoided.”*

OneBus

Action groups

Of those that commented, there was a split in terms of favourability of proposed employee terms amongst non-statutory consultees. The favourable comments given can be summarised as similar to that of those given by supporting statutory consultees: that the proposals will protect employees and provide job security. For example, action group Steady State Manchester Collective gave supportive comments around the improvement of worker conditions.

“... We would encourage the improvement of worker terms and conditions, especially for those employed by those “rogue operators” that have entered the market free-for-all, to the extent that this is consistent with making radical improvements to the bus services in the region.”

Steady State Manchester Collective

Unfavourable comments mostly centred around concern for the potential impact on job security in light of the possible terms for franchised contracts.

Furthermore, there was some specific feedback that mirrors quite closely themes raised by statutory consultees, relating to underestimation of costs related to new staff required to fulfil the role that TfGM will play and the potentially negative impact on current employees (i.e. having to relocate, change or reduce their role), and the risks in service delivery during the transition phase. Amongst those to leave a critical comment were the Chartered Institute of Logistics and Transport- North West Policy Group.

9.4.3 Members of the public

A total of 373 members of public responded to the proposed impact on operator employees and 171 gave favourable comments, while 136 left unfavourable comments.

General support for the proposal was the most commonly given response (65), while other commonly cited reasons for support included that the proposal will protect employees and treat them fairly (60), that it will protect job security (24) and protect pensions (21).

“Employees should benefit from this arrangement and there should be no job losses as a result of this (there should indeed be vacancies as more services will run).”

Member of the public

Those who were unfavourable gave comments that were generally reflective of the concerns voiced by statutory and non-statutory consultees: that it might pose a threat to job security, wages, contracts (102) and/or legal rights (24).

“How will the terms and conditions of the workforce be managed when transferring over. Is there anything to prevent a race to the bottom scenario (i.e. cut employee costs) to win a franchise bid. Whilst some aspect of this is required in normal business to maintain the safety and quality of the services there should be some form of protections to the employees or minimum standards from GMCA (with trade union approval).”

Member of the public

9.5 Commercial Case: Approach to depots

Q22. Do you have any comments on the approach to depots under the Proposed Franchising Scheme as set out in the Commercial Case?

For more information see paragraphs 4.85 to 4.87 of the Consultation Document.

A total of 262 consultees left comments to this question with 143 leaving favourable comments, and 69 leaving unfavourable comments. There were also a small number of conditional and general comments (please also see Section 6.11).

Table 9.5 Number of consultees who provided favourable and unfavourable comments about the proposed approach to depots

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (262)	143	69
Statutory consultee (12)	4	7
Non-statutory consultee (10)	6	5
Member of the public (240)	133	57

9.5.1 Statutory consultees

There was a mix of favourable and unfavourable responses from statutory consultees with regards to the proposed approach to depots.

Favourable comments included general support for GMCA issuing Compulsory Purchase Orders (CPOs) to take ownership of the depots, while unfavourable comments tended to argue against this – citing concern about the affordability of the approach, unrealistic timescales, or the general principal that depots should remain under the ownership of bus operators.

Bus operators/transport organisations

Unfavourable comments tended to derive from bus operators. Go North West Ltd commented that they oppose the proposal as part of their wider opposition to the Commercial Case, stating that a route-by-route approach would be a preferable option.

“With respect to large franchise contracts, see answer to Q11²² for the reasons why we do not agree with the approach to depots and believe that this is a major flaw in the Scheme. A preferable approach would be for GMCA to revise its proposal and prepare a proposal for route-by-route franchising.”

Go North West Ltd

Stagecoach Manchester voiced concern over whether the acquisition of depots has been sufficiently costed, or financially viable for GMCA given other infrastructure challenges, as well as questioning the available resources and timescales that have been set out.

²² Please see section 6.11.1

“The recommended approach of procuring strategic depots places a further debt burden on TfGM and GMCA... We question whether the £58 million provision for the purchase of the ten strategic depots across the whole of Greater Manchester is reasonable, and what assumptions have been made in terms of management resource and timescales for just undertaking this activity. With interest payments this investment is set to cost £85.7 million, with so many other challenges facing Greater Manchester, with existing liabilities in relation to the Metrolink infrastructure, alongside the added challenge of Brexit, we do question the legitimacy and value of utilising local government resource in this way.”

Stagecoach Manchester

Transdev Blazefield Ltd stated that the proposition could be unfair to certain operators, due to the fact there is no guarantee that all depots in Greater Manchester would be purchased by GMCA, and that their preference would be to operate on a route-by-route system whereby operators can bid for routes and depots that are commercially viable.

“...It is also inconsistent that GMCA are proposing acquiring depots from some operators should they exit the market but not others. We would prefer an opportunity to bid for a network of routes based on an optimum depot location, rather than necessarily be fixed to operating from one of the strategic sites.”

Transdev Blazefield Ltd

9.5.2 Non-statutory consultees

Non-statutory consultees that responded to the proposed approach to depots gave similarly mixed favourable and unfavourable views. A slight difference in favourable comments included the hypothesis that the depot proposals will drive competition or level the playing field for smaller operators.

Transport stakeholders

Unfavourable comments also flagged concern around the costs and timescales required to deliver the depot acquisition, as voiced by OneBus:

“It is noted that there are contingency plans in place should the owners of the 10 strategic depots not be willing to negotiate a satisfactory transfer, however the timescales associated with these alternative plans will likely delay the process and all of the options would have to carry greater costs.”

OneBus

Academic institutions

The University of Manchester voiced that the proposal offers an opportunity to ensure depots are run in a sustainable way moving forward.

“Opportunity presents to ensure depots are built (where appropriate and absolutely necessary) managed and operated in an environmentally sustainable way to support GMCA’s 5-year ES Plan and carbon target.”

The University of Manchester

9.5.3 Members of the public

A total of 240 members of the public provided comments on the proposed approach to depots, 133 of which were favourable. The majority of favourable comments were that of general support for the proposals, while others voiced support for GMCA’s proposed CPOs of depots (30), and 14 stated they support GMCA taking over depots. Another 11 members of the public left favourable comments regarding GMCA building new depots.

“Think there should be a series of new, environmentally credible depots constructed as part of the plan, instead of the mixed, generally old depots retained.”

Member of the public

A total of 57 members of the public commented with unfavourable views – citing general disagreement / feeling that depots should remain with the operators (13), while others expressed that it would be better to use existing depots (as opposed to building new ones) (11) or questioned the affordability of purchasing depots (10).

“Operators need to be left to build/own and run their own depots. Specific operators run things very differently and so they need to build the depots to suit them. There is no need to own the depots as well unless as stated before you are power mad. Owning the depot is just extra costs for you and absolutely useless. It provides no operational benefit.”

Member of the public

9.6 Commercial Case: Proposed approach to management of the fleet

Q23. Do you have any comments on the approach to fleet under the Proposed Franchising Scheme as set out in the Commercial Case?

For more information see paragraphs 4.88 to 4.90 of the Consultation Document.

The Commercial Case for franchising proposes that operators would continue to own or lease bus fleet. A total of 327 consultees responded to this question, with 97 favourable comments, and 69 unfavourable. There were also 73 general comments made by members of the public.

Table 9.6 Number of consultees who provided favourable and unfavourable comments about the proposed approach to fleet

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (327)	97	69
Statutory consultee (19)	5	7
Non-statutory consultee (16)	5	8
Member of the public (292)	87	54

9.6.1 Statutory consultees

Of the statutory consultees which left a comment on the proposed management of bus fleet, there were a mix of favourable and unfavourable views. Many of the favourable comments were in general support, without further explanatory reasons provided.

Unfavourable comments tended to surround the issue of affordability of the proposal, or the fact that the responsibility for the value of fleet should remain with the operators.

Bus operators / transport organisations

Go North West Ltd responded with a detailed response that recognised the approach to be reasonable once operational. However, it also voiced concern about the transition period due to likely disputes about what is to be included in the Residual Value (RV) mechanism, and the need for a clear specification on assets to be included under the proposal.

“The RV approach will work best if GMCA provides precise vehicle specifications, recommended vehicle purchase prices and agrees future values at the outset. GMCA should underwrite the risk of all stranded assets for incumbent operators which means there should be no minimum standards for participation in the RV scheme.”

Go North West Ltd

Rotala PLC left an unfavourable comment relating to the likely cost incurred by operators under a franchising system, due to the fact that under current conditions large operators are able to negotiate their own (lower) prices.

“Rotala PLC considers that larger bus operators are likely to have considerably greater purchasing power than TfGM owing to the volumes they acquire across their national businesses and the ability to flex delivery to match much larger orders. Moving to a franchised model would introduce further cost as it would reduce the flexibility that enables operators to negotiate lower price.”

Rotala PLC

Transdev Blazefield Ltd left a detailed comment, and while not sharing direct opposition to the proposals, they did raise a number of questions which were deemed to be unclear in the consultation document, summarised below:

- Does the RV mechanism apply to the fleets of existing operators?
- Would operators of 2nd franchises be compelled to accept the vehicles of the outgoing operator?
- Who is responsible for bringing any substandard vehicles to the right standard?
- Should the operator of the second franchise wish to introduce additional new vehicles instead of inheriting the existing fleet, would the 1st operator be guaranteed the residual value or would they be required to sell on the open market. Or is this a risk the second operator needs to bear?

Local authorities

Cheshire West and Chester Council, along with Cheshire East Council, left separate responses to the fleet proposal. While generally favourable of the approach, these local authorities commented that the franchising proposal should work with other authorities to ensure that environmental considerations are central to future decision on bus fleets.

“There is a significant incremental cost of new zero / ultra-low emission buses compared to diesel powered vehicles. Accordingly, Cheshire West and Chester Council recommends that the GMCA works in collaboration with other major transport commissioners, the bus industry and central government to collectively commit to future zero / ultra-low emission vehicle orders to enable vehicle manufacturers to reduce the price based on better economies of scale. Such an approach would help bring forward such benefits in many other geographical areas, particularly those with air quality management issues.”

Cheshire West and Chester Council

Similarly, West Yorkshire Combined Authority left a comment about the need to ensure franchising works in tandem with the Clean Air Plan and engage with operators on this to ensure the target of a zero-emission fleet is realised.

Derbyshire County Council commented that the proposal may stifle opportunities for bus operators to come forward with new proposals or approaches to the fleet.

Other statutory consultees

TravelWatch NorthWest voiced their support for the franchising proposal in relation to the fleet, particularly around the commitment to low emission buses.

“We are happy with the proposed arrangements. On the subject of clean air, Manchester has high levels of air pollution. We understand that Manchester has one of the most polluting bus fleets in Europe, a product of decades of under investment, although there are exceptions. Franchising would allow co-ordinated investment and greater control over bus services, allowing low emission buses to be specified and thus contributing to the Clean Air Plan.”

TravelWatch Northwest

9.6.2 Non-statutory consultees

Favourable comments left by non-statutory consultees in relation to the proposed management of fleet were mostly of general agreement, while once again specific positive comments concerned future environmental considerations.

Transport stakeholders

OneBus identified concern about the requirement for operators who may be incumbent but lose out under franchising to sell their fleet, and could charge more to winning operators. They also commented that the Clean Air Plan not being included in the proposal could mean that it may not be delivered.

Academic institutions

The University of Manchester also indicated favourability toward the Proposed Franchising Scheme in terms of its environmental benefits.

“We support implementation of the best emission standards in the transition to carbon targets and improving air quality, and advocate for the rapid introduction of measures to reduce fleet emissions. A sensible balance should be met between removing buses from the road prematurely (before end of service) and replacing the fleet with new technology to lower pollution levels. Retrofitting should therefore be considered too.”

The University of Manchester

Other non-statutory consultees

Ryse Hydrogen Ltd, a company that specialises in renewable-powered fuel for buses, voiced their support for the proposals, particularly around GMCA having authority over emissions standards.

“GMCA would have the power to specify emissions standards of vehicles and the use of electric power (or alternatives), which builds upon one of the significant advantages of the current bus franchising model in London is ensuring wider clean air objectives can be better met.”

Ryse Hydrogen Ltd

Friends of Walkden station left a detailed response, outlining several benefits of the Proposed Franchising Scheme, but also some conditional comments for consideration. Their comments related specifically to the fleet and included some positive feedback about the environmental opportunities that franchising could offer.

Unfavourable comments included concern about the cost / affordability, failure to align with environmental objectives, and the fact operators will require incentives to provide services.

9.6.3 Members of the public

A total of 292 members of the public left a comment regarding the proposed approach to fleet management. Within these, 87 left favourable comments, and 54 responses were unfavourable. There were also 73 general comments made by the public, most of which considered to be out of scope in relation to this question.

A number of the favourable comments (72) were that of general agreement with the Commercial Case. Unfavourable comments were similar to those given by statutory and non-statutory consultees, including affordability (17), or that the responsibility for managing the fleet should be on the operators (8). A small proportion voiced concern about the use of public funds in relation to upkeep or new fleet (7).

"I can only imagine you would like an eco-friendly fleet, the cost of which would probably also fall to the taxpayer which I do not agree with. Operators in my area are constantly upgrading at their own expense so why change that."

Member of the public

9.7 Commercial Case: Intelligent Transport Systems (ITS)²³

Q24. Do you have any comments on the approach to Intelligent Transport Systems under the Proposed Franchising Scheme as set out in the Commercial Case?
For more information see paragraph 4.91 of the Consultation Document.

A total of 403 consultees left responses to the Intelligent Transport System (ITS) Proposal, 241 of which were favourable. Just 62 were unfavourable, while there were also a small number of conditional and general comments made by consultees.

²³ such as ticketing, vehicle location and driver communication systems

Table 9.7 Number of consultees who provided favourable and unfavourable comments about the proposed approach to Intelligent Transport Systems (ITS)

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (403)	241	62
Statutory consultee (16)	9	3
Non-statutory consultee (19)	14	3
Member of the public (368)	218	56

9.7.1 Statutory consultees

Bus operators/transport organisations

Bus operator Go North West Ltd also indicated favourability towards the proposal for ITS implementation, but flagged that CCTV should not be a part of the services included.

“GMCA's proposal to conduct one or more procurements to select a single preferred supplier for the majority of Intelligent Transport Systems equipment which would be made available to franchise operators appears sensible. GNW agrees however that CCTV should be excluded from such a procurement since operators run CCTV in-house.”

Go North West Ltd

Of the few unfavourable comments, it was raised that the timescales required to implement ITS may be unrealistic, while other responses voiced concern around the affordability of the proposals.

Local authorities

Responses to the proposed ITS section included mostly favourable comments from statutory consultees, typically general agreement with the proposal. For example, there were favourable comments made by Bolton Council offering their support for the proposal which was deemed to improve customer experience.

“The Council supports GMCAs approach to having a common integrated intelligent transport system put in place. This will allow passengers to track services in real time and enable integrated ticketing.”

Bolton Council

9.7.2 Non-statutory consultees

Non-statutory consultees who responded to the case for ITS voiced similar sentiment to that of the statutory consultees, in particular how it would improve overall customers experience, with many leaving favourable comments. Aside from general favourability, there was also some mention of the fact new technologies are long overdue and should be introduced as soon as possible. Others mentioned the need to improve bus services for customers, including accessibility for those with disabilities.

Transport stakeholders

OneBus shared the view that timings would be unrealistic and that franchising is likely to start before proposals for ITS are implemented, therefore there should be something else in place in the meantime. The Chartered Institute of Logistics and Transport shared a similar view, and also sought information around contingencies if implantation of ITS proves to be a long process and/or costly.

“Given the costs and unpredictability of implementation timescales associated with this type of investment on a large scale, it appears that it might impact significantly on the delivery of the Proposal. Are there contingency plans to adopt and strengthen existing links between current operators and TfGM systems?”

The Chartered Institute of Logistics and Transport

Elected representatives

Amongst those that share this view was Kate Green, MP for Stretford and Urmston.

“Franchising and the use of Intelligent Transport Systems have the potential to improve equality outcomes. The document identifies some of the benefits in terms of access to information, simplification of services, improved disability accessibility, and improved passenger safety and confidence which will be important for different equality groups.”

Kate Green, OBE MP

There were minimal unfavourable comments, and those left were also similar to those given by statutory consultees, including the perception that implementation of ITS is overly ambitious within the timeframes, or could be costly.

9.7.3 Members of the public

A total of 218 out of 368 members of the public who responded to the proposed ITS project gave favourable comments, the majority of which were expressions of general agreement (197). Other more specific feedback included favourability towards the prospect of vehicle location display systems (13).

“Having experienced the benefits of these types of system in other parts of the UK and abroad it is essential that such systems be adopted as a matter of priority within the franchised services.”

Member of the public

A total of 56 members of the public who responded to the ITS proposal gave negative views. Beyond general opposition, others voiced concern about affordability or cost control (15), or that it will not work due to GMCA/TfGM lacking the expertise to implement such systems that might be better left for the operators to deal with (10).

“Local authorities, the Greater Manchester Police and some government departments have a bad record with regard to the procurement and operation of IT systems. I think this could cause innumerable, unnecessary and avoidable problems.”

Member of the public

There were also a small number of conditional or general comments made by the public, these tending to be quite balanced views or out of scope in relation to the question.

9.8 Commercial Case: Approach to procuring franchise contracts

Q25. Do you have any comments on GMCA’s approach to procuring franchise contracts under the Proposed Franchising Scheme as set out in the Commercial Case?

For more information see paragraphs 4.92 to 4.93 of the Consultation Document.

A total of 160 consultees responded to this question, with 59 making favourable comments, and 45 unfavourable. There were also a small number of conditional or general comments.

Table 9.8 Number of consultees who provided favourable and unfavourable comments about the proposed approach to procuring franchising contracts

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (160)	59	45
Statutory consultee (12)	7	6
Non-statutory consultee (10)	4	1
Member of the public (138)	48	38

9.8.1 Statutory consultees

Many of the statutory consultee responses to the approach for procuring franchise contracts were positive. Reasons given tended to be general agreement, while a small number of responses were favourable because of the likelihood that it will drive up competition between operators.

Bus operators / transport organisations

Go North West Ltd left a detailed, critical response to the proposed approach to procuring contracts. Rotala PLC also left an unfavourable comment that due to the fact many operators oppose franchising, this may drive down competition for tendering.

“...However, it bears emphasis that there is actually little appetite among existing bus operators in Greater Manchester for the Proposed Franchising Scheme and there can be no guarantee that bus operators will in fact tender when the franchises are open for tender. The potential lack of interest in bidding for franchises represents a significant risk for the Proposed Franchising Scheme and could give rise to sub-optimal results from a competition perspective.”

Rotala PLC

Transdev Blazefield Ltd voiced concern over the fact there is a lack of middle ground in the shape of contract procurement for medium size (51-100 buses) franchises.

Local authorities

Within the unfavourable comments, there were a range of reasons given, including the timescales and consideration that a route-by-route approach would be better. This point was made by Derbyshire County Council.

“Whilst this is a decision for GMCA to make, DCC as explained in the answer to question 18, does find it strange that the proposal seeks to replicate much of the existing operation and the opportunity to encourage more small and medium size operators into the market by franchising on a route by route basis has not been taken.”

Derbyshire County Council

9.8.2 Non-statutory consultees

Comments left by non-statutory consultees tended to be similar to those of statutory organisations, with a number generally agreeing with the proposals in terms of them being fair and accessible for operators and the likelihood of it driving up competition between competitors.

Transport stakeholders

Some specific unfavourable comments were left by non-statutory consultees, including OneBus. They made a comment around the timescales of each tranche appearing to be over ambitious or unrealistic, with particular focus on the time between tranches not actually allowing time for lessons learnt, and the assumptions depots will be available for new bidders within the timeframe of procurement.

Academic institutions

Amongst those favourable were The University of Manchester, who praised the procurement process as reasonable for operators to make bids.

“The procurement of Proposed Franchising Scheme contracts seems accessible enough for operators to reasonably make bids with a fair chance of winning in return for a reasonable bid effort, helped by a two stage process.”

The University of Manchester

9.8.3 Members of the public

A total of 138 members of the public provided comments regarding the proposed procurement of contracts. A total of 48 made favourable comments, the majority of which (45) were generally favourable without giving specific reasons.

A total of 38 consultees were unfavourable, the most commonly cited reason was general disagreement (11), followed by worries about the costs/affordability (8).

“I hope it proves simple for all the potential operators, so that unsuccessful ones haven’t wasted much money.”

Member of the public

There were also a small number of conditional and general comments made by members of the public, giving either balanced views or comments considered to be out of scope for this question.

9.9 Commercial Case: Impact on objectives of neighbouring transport authorities

Q26. Do you have any comments on the impacts of the options on the achievement of the objectives of neighbouring transport authorities as set out in the Commercial Case?

For more information see paragraphs 4.97 to 4.101 of the Consultation Document.

A total of 240 consultees responded to this question. Within this, 121 made favourable comments, and 46 were unfavourable. There were also a small number of conditional or general comments made by consultees.

Table 9.9 Number of consultees who provided favourable and unfavourable comments about the impact of the options on the achievement of the objectives of neighbouring transport authorities

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (240)	121	46
Statutory consultee (25)	16	9
Non-statutory consultee (15)	10	4
Member of the public (200)	95	33

9.9.1 Statutory consultees

There were a number of comments left by statutory consultees regarding the impact on neighbouring transport authorities, including:

- Support for bus services working together with neighbouring authorities;
- Maintenance of cross-boundary services; and
- Support for the introduction of a cross-boundary ticketing system.

Unfavourable comments included concern about the impact on customers travelling from neighbouring authorities, the asserted failure to promote bus usage as opposed to travelling into Greater Manchester by car, and concerns around the affordability of the proposed approach to addressing the objectives of neighbouring transport networks.

Bus operators/transport organisations

Bus operators responding to the consultation on neighbouring authority impacts were concerned over the impact on service quality and passengers. Go North West Ltd issued a detailed comment to this effect (i.e. that outside services will not be included in the Proposed Franchising Scheme). Specifically, they stated that cross-boundary routes should be included in the Proposed Franchising Scheme in co-operation with transport authorities outside of Greater Manchester, and if it doesn't it would risk a reduction of services and reduced competition amongst operators.

"If such services are not included in the Scheme, there is a risk that routes into and out of the franchised zone will not be designed into the network. This could lead to a reduction in frequency of services, a loss of coordination and higher costs for passengers. The overall impact could be very detrimental to passengers."

Go North West Ltd

Stagecoach Manchester left a less detailed response along similar lines and identified the potential detrimental impact on services and communities that use transcending networks.

Bus operator Transdev Blazefield Ltd recognised support for a permit-based system that allows for services to work alongside franchised services, but did share concerns about the abstraction of specific services.

Local authorities

Local authorities, including those which considered themselves to be affected, left detailed feedback, some of which pertained to specific local routes and services, or suggestions put to GMCA. West Yorkshire Combined Authority (WYCA) acknowledged that the impact on neighbouring authorities has been considered in the Commercial Case, but made the following points in their detailed response:

- WYCA would welcome further discussions on the role local authorities can play in the service permit regime, such as ensuring cross boundary services are maintained and others are not being prevented from being established;
- A collaborative approach to marketing and cross boundary ticketing; and
- Greater interoperability to support the overarching transport strategy objectives to enhance connectivity and creating a more integrated public transport system.

Lancashire County Council also provided a detailed response outlining concern about the permit scheme should it place restrictions on services between Lancashire and Greater Manchester and would seek assurances that GMCA will ensure services are maintained.

“The county council would not wish to see any restrictions that would affect a services commercial viability, as any withdrawal may restrict resident's ability to travel by bus, therefore potentially generating additional car trips and other unwanted consequences. The county council would wish to seek assurance that the GMCA would work closely with neighbouring authorities to ensure that cross boundary services remain commercially viable in any future franchise arrangements.”

Lancashire County Council

Derbyshire County Council submitted similar concerns about the potential negative impact on neighbouring services and made a comment that the proposals lack sufficient detail or consideration over specific services that will be affected.

“The inevitable disturbance in the bus market the Franchising Scheme will create will effect services in a wide region outside of the GMCA area. The impact on cross boundary services also has the potential to effect a considerable number of passengers and may in some cases affect the long term viability of the operators of these services.”

Derbyshire County Council

9.9.2 Non-statutory consultees

There was a similar level of mixed response to the proposed impact on neighbouring authorities from non-statutory consultees. Many of those which gave favourable comments cited that it is important that other authorities are considered, and that cross-boundary services are being factored into the planning for a franchising model.

Similarly, those who commented with unfavourable views responded with comments concerning the complex nature of the impacts on cross-boundary services, the potential cost implications, and impact on passengers reliant on crossing between area boundaries.

Operator representative OneBus also commented with concern around potential cost implications and risk of services being withdrawn if neither operators nor neighbouring authorities are willing to account for the services.

“There is the potential that the introduction of a service permit system for cross boundary services may have cost implications and if the service is supported by the neighbouring transport authority, neither they, nor the operator may be willing or able to take on the additional cost and the service could be withdrawn.”

OneBus

9.9.3 Members of the public

A total of 200 members of the public responded to the proposed impact on the objectives of neighbouring local authorities, with 95 leaving favourable comments and 44 gave general support. Specific comments identified the importance of working in partnership to maintain cross-boundary services (35), bus services working closely together with neighbouring authorities (20) and establishing a cross boundary ticketing system (5).

A total of 33 members of the public were unfavourable towards the proposed impact on local authority objectives, primarily voicing general opposition(11) , concerns around routes and services outside of Greater Manchester that are expected to be maintained (9), or the lack of evidence to support the approach (5). There were also a very small number of conditional or general comments made by members of the public.

9.10 Commercial Case: GMCA's ability to secure the operation of services under franchised contracts

Q27. Do you have any comments on the Commercial Case conclusion that GMCA would be able to secure the operation of services under franchise contracts?

For more information see paragraph 4.102 of the Consultation Document.

A total of 194 people responded to this question with a comment, 118 of which were favourable and 68 were unfavourable. A small number of other comments were made considered to be miscellaneous or general.

Table 9.10 Number of consultees who provided favourable and unfavourable comments about the conclusion that GMCA would be able to secure the operation of services under franchise contracts

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (194)	118	68
Statutory consultee (11)	5	5
Non-statutory consultee (10)	5	6
Member of the public (173)	108	57

9.10.1 Statutory consultees

Of the statutory consultees providing a response, there was a mix of favourable and unfavourable comments. The favourable comments were typically in general agreement with the conclusion.

Bus operators / transport organisations

Go North West Ltd submitted a detailed response, the crux of which was unfavourable to the conclusion made by GMCA, specifically:

- The risk involved for passengers and GMCA during transition;
- GMCA's assumption it will acquire all depots is unrealistic; and
- The tendering process is likely to take longer than the timescale GMCA has allowed.

Rotala PLC also left a critical comment, first ascertaining that there is not an appetite for franchising amongst operators, and that the Greater Manchester-wide tendering process would not be suitable for Rotala PLC. They also commented about the potential for large operators to withdraw from the market, and overall stated a preference for the partnership option.

“...while there might be new entrants into the Greater Manchester bus market, it seems likely that there would equally be a large number of exits.”

Rotala PLC

Transdev Blazefield Ltd commented that the proposals should offer flexibility in contract size, depot provision and fleet provision.

Other statutory consultees

TravelWatch NorthWest offered positive comments, concluding that not all operators would oppose franchising contracts.

“A recent conference showed that opposition to franchising among bus operators is by no means universal. Some welcome it, especially those familiar with the London system.”

TravelWatch NorthWest

Unfavourable comments were mostly around concern about there being sufficient incentive for operators to bid for contracts or provide services under a Proposed Franchising Scheme.

9.10.2 Non-statutory consultees

There were a limited number of responses from non-statutory consultees on the conclusion that GMCA would be able to secure the operation of services under franchise contracts, and similarly a split of favourable and unfavourable comments.

Transport stakeholders

OneBus commented that a partnership option would be the preferred outcome for many bus operators, citing the need for a system that offers quality services and allows access to the market for small and medium operators, the final costs meaning it may be difficult to attract new operators to the market, and that the partnership model would be faster and cause less customer inconvenience.

9.10.3 Members of the public

A total of 173 members of the public responded to the conclusion that GMCA can secure franchise contracts. Of these 108 made favourable comments, the vast majority of which were that of general support (103). A total of 57 responded with unfavourable comments. Beyond just generally negative views (15), the most common reasons given that were unfavourable included:

- Concerns about operators requiring incentives or profits in order to bid / provide services (16) and;
- The affordability / cost control or value for money of the proposal (8)

“The franchise needs to be made attractive to a company to bid however the attractiveness is the downfall of the cases if too attractive it will fail due to low bids this needs to be made clear from the start the implications and costs to any potential bidder to ensure no offer is attractive to fail.”

Member of the public

9.11 Commercial Case: Implications of the partnership options

Q28. Do you have any comments on the assessment of the commercial implications of the partnership options as set out in the Commercial Case?

For more information see paragraphs 4.103 to 4.108 of the Consultation Document.

A total of 166 consultees left a comment regarding the implications of the partnership options as set out in the Commercial Case. Of these, 49 consultees were favourable towards partnership options, and 92 were unfavourable. There were also a small number of conditional or general comments made by consultees.

Table 9.11 Number of consultees who provided favourable and unfavourable comments about the assessment of the commercial implications of the partnership options

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (166)	49	92
Statutory consultee (12)	5	8
Non-statutory consultee (13)	6	11
Member of the public (141)	38	73

9.11.1 Statutory consultees

There were a limited number of comments left by statutory consultees – most were unfavourable.

Those who left favourable comments tended to be supportive of the proposed partnership option, either generally or relating to the Voluntary Partnership Agreement (VPA) proposed by operators.

Bus operators / transport organisations

Bus operators responding to the assessment of the proposed partnership model tended to argue against the limited benefits as set out in the consultation document. Go North West Ltd commented that the Partnership Plus model could deliver equal or better benefits, and also that it would allow flexibility to deliver services on a route-by-route basis.

“A partnership model could deliver the same or even better benefits than the Scheme (since it would enable innovation) but at much lower risk to GMCA and bus passengers in Manchester. This is especially so in light of the Partnership Plus proposal.”

Go North West Ltd

Rotala PLC also stated that a Partnership Plus option would bring benefits to meet GMCA’s objectives, citing the speed with which this option could be delivered.

Stagecoach Manchester suggested an alternative partnership arrangement. They also challenged the statement that GMCA would be in a similar position to operators in the current market in needing to adapt, because they feel operators could adapt more quickly, and reallocate resources faster to the benefit of passengers.

Transdev Blazefield Ltd also left a comment in favour of the proposed partnership options, stating not only does it offer a lower risk for operators and passengers, but also for local authorities and transport bodies.

“We believe the partnership can achieve similar levels of benefits at a lower risk to the public purse. Critically it increases the level of control and influence GMCA, TFGM and the mayor has in terms of network planning and fare structures, provides additional resource, additional accountability, a performance regime and a method to reinvest at least 50% of financial benefit gained from publicly funded infrastructure improvements.”

Transdev Blazefield Ltd

Local authorities

Bolton Council left an unfavourable comment towards the proposed partnership options as stated in the Commercial Case, stating that the options do not offer the same benefits of a Proposed Franchising Scheme.

“The partnership options do not offer the same controls as the proposed franchise scheme in terms of services to be run, uniform and integrated ticketing that can be used across all modes of transport. Neither will TfGM be able to insist on a certain standard of vehicle or deal with services that are underperforming.”

Bolton Council

9.11.2 Non-statutory consultees

As with the statutory consultees, non-statutory consultees held mixed views on the assessment of partnership options as stated in the Commercial Case. Bus operators responded in support of the

proposed partnership options, contesting the assertion that the Proposed Franchising Scheme would bring greater benefits.

Transport stakeholders

OneBus opposed the statement around interoperability benefit being reduced under a proposed partnership scheme, as part of a detailed response.

“The comment in the box at paragraph 4.106 is totally misleading in that it implies there is no ‘interoperability’ benefit at present and only the Franchising Scheme can deliver this. There is a range of multi operator and multi modal tickets available now and under the partnership proposal the operators have agreed that these products will be the prime products for targeted marketing.”

OneBus

Other non-statutory consultees

Others, including The Chartered Institute of Logistics and Transport-North West Policy Group, and Steady State Manchester Collective made unfavourable comments towards the proposed partnerships models (and in favour of the Proposed Franchising Scheme).

“It seems clear from the information given that both partnership options would deliver less of the needed systemic change than the franchising option. Moreover, the partnership options are based on incumbent operators and could, paradoxically, be anti-competitive in that they could act as a barrier for new entrants.”

Steady State Manchester Collective

9.11.3 Members of the public

A total of 141 members of the public left comments on the commercial implications of partnership options, of which 38 gave favourable views, with 25 voicing general favourability towards partnership options. Others mentioned support for the EPS / Enhanced / Ambitious Partnership, while slightly fewer indicated favourability towards the VPA / Operator Proposed Partnership.

A total of 73 members of the public left unfavourable comments, with quite a mix of different reasons given, including:

- General disagreement with partnership options (19);
- Stating that the partnership model is flawed (21);
- Preference for the Proposed Franchising Scheme (15); and
- Concern around costs / affordability related to partnership options (7).

“Commercial considerations should come after a new GMCA franchise system. We, the travelling public, should not be beholden to private companies profit margins or their shareholder dividends...the private bus companies will make a fair profit [hopefully] but will no longer be able to dictate who or when or at what price, the general public can travel. Obviously the companies will need paying a fair price for their services, but under the Franchise system we will be paying them to provide a public service [not a private service] and we [the passengers] will expect fair fares, regular services and efficient timetables.”

Member of the public

A small minority of the general public that responded made general or conditional comments such as the proviso the proposal is executed properly.

9.12 Commercial Case: Impact of the partnership options on the employees of operators

Q29. Do you have any comments on the potential impact of the partnership options on the employees of operators as set out in the Commercial Case?

For more information see paragraph 4.110 of the Consultation Document.

A total of 174 consultees responded to this question - 46 made favourable comments, while 92 made unfavourable comments. There were also a small number of conditional or general comments made by consultees.

Table 9.12 Number of consultees who provided favourable and unfavourable comments about the potential impact of the partnership options on the employees of operators

	Number of consultees who made favourable comments	Number of consultees who made unfavourable comments
All who provided a response (174)	46	92
Statutory consultee (8)	6	2
Non-statutory consultee (6)	3	3
Member of the public (160)	37	87

9.12.1 Statutory consultees

Many of the statutory consultees responding to this question around the effect on employees made favourable comments, agreeing that the partnership model would not impact employees and would keep jobs secure.

Bus operators/transport organisations

Rotala PLC provided more detail on this in support of the assumption and the importance of employee welfare.

“With a partnership, employees would not have any job security concerns, employee loyalty can be built up over time, employees have the potential to work for bus operators for their entire career, employees would retain their current functions and have more fulfilling roles, and there would be no disruption from transferring to new businesses.”

Rotala PLC

Similarly, Go North West Ltd responded with a favourable comment, stating that partnership approaches would have a more positive impact than a Proposed Franchising Scheme, due to the lack of disruption on employees.

9.12.2 Non-statutory consultees

There were a limited number of non-statutory responses to the impact on employees under a partnership model, but similarly supportive comments tended to come from responding transport stakeholders including OneBus.

Steady State Manchester Collective had an unfavourable view, stating that the current market does not benefit employees.

“The partnership options would mean no improvement for employees who are caught in the race to the bottom of the free market.”

Steady State Manchester Collective

9.12.3 Members of the Public

A total of 160 members of the public responded with comments on the proposed impact of the partnership options on employees, with 37 responses being favourable, and 87 being unfavourable. A small number gave conditional or general comments.

Those who were favourable tended to generally agree with the statement (31), or state in further detail that they agree it will have no impact or effect on employees (6).

Members of the public who were unfavourable mostly expressed concern about employees' job security under a partnership approach (69).

“Under a partnership scheme, employees would still be subject to the bus operator's commercial whims. If one of the operators pulls out of bus operations, there wouldn't be the same safeguards you get from transitioning to another operator, as under a franchised structure.”

Member of the public

10. The Financial Case

This chapter summarises questions on the Financial Case, its conclusion that GMCA could afford to introduce the Proposed Franchising Scheme and GMCA's proposal as to how it would fund its introduction. It also summarises responses to Q31 on the affordability of the partnership options.

Please refer to section 3.3 of this report for more information on how to interpret the consultation findings.

10.1 Affordability of the Proposed Franchising Scheme

The question on the consultation response form was as follows:

Q30. The Financial Case concludes that GMCA could afford to introduce and operate the Proposed Franchising Scheme. After completing the Assessment and in advance of this consultation, GMCA has proposed how it would fund the introduction of a fully franchised system. Do you have any comments on these matters?

For more information see paragraphs 4.111 to 4.136 of the Consultation Document.

The table below summarises the participants who provided a response to this question.

Table 10.1 Number of participants who provided favourable and unfavourable comments about the conclusion of the Financial Case

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (1986)	1411	499
Statutory consultee (19)	8	15
Non-statutory consultee (38)	26	8
Member of the public (1929)	1377	476

10.1.1 Statutory consultees

Local authorities

One of the main concerns expressed by some local authorities within Greater Manchester was the uncertainty over the financial implications on them to successfully implement bus reform. Whilst most local authorities acknowledged that this was a one-off financial contribution, a question remained about clarification of their individual share of the one-off increase in the statutory contribution. There was also uncertainty over any potential ongoing contribution which might be expected from Greater Manchester

local authorities, and which could impact on the delivery of other public services, and how this might be split between the 10 Greater Manchester local authorities. Linked to this, Bolton Council also emphasised the importance of the Proposed Franchising Scheme being fully funded by GMCA/TfGM, without the need for ongoing financial recourse for local authorities.

“Should further additional funding be required to continue to support services would this be required from districts through the levy process or elsewhere? This could potentially impact upon other public services which are provided by the Districts.”

Tameside MBC

“It should be noted that any further ongoing contributions will have a detrimental impact on what authorities can deliver locally and so should not become the normal source of funding.”

Salford City Council

Stockport Council and Salford City Council expressed concern towards the timing of the proposed precept for residents. Stockport Council were concerned that this would be levied before its residents have experienced the benefits of the Proposed Franchising Scheme, whilst Salford City Council wanted further detail on the impact of using the precept (and Mayoral ‘earn back’ funds) on future projects and programmes.

“There are significant contributions from the Mayoral “earn back” funds (£78.0 million) and £22.7 million of Mayoral precept funds in future years. More detail on the impact of utilising these funds on future GM projects / programmes would be beneficial.”

Salford City Council

Both Tameside MBC and Bolton Council identified a potential risk as to whether future fare contribution would be sufficient to part-fund the Proposed Franchising Scheme. They questioned what would happen if there was a shortfall. Tameside MBC felt that the level at which fares would be set at the start of the franchise process would impact on the additional financial support which might be expected. Both local authorities identified this area of the Financial Case as a significant risk.

Some local authorities also questioned the role of central government in contributing to the funding, with Rochdale Borough Council concerned that central government’s ongoing reduction of local authority funding would make the council’s contribution particularly challenging. Stockport Council also hopes that government would be able to make a greater financial contribution to the Proposed Franchising Scheme.

Salford City Council made further comment about ‘farebox revenue’²⁴ and other complementary funding sources and identified that the projected downward trend in patronage could require a mitigation strategy which might involve reduced service availability and/or raise fares. The council considered this

²⁴ Farebox revenue is the money paid by passengers to use the mode of transport

potential scenario to be challenging when put to the public, particularly when their aspirations have been raised through the franchise proposal.

Manchester City Council re-affirmed its commitment to work with GM treasurers to ensure that there is transparency on the financial implications.

Bus operators/transport organisations

The bus operators questioned the costs identified in the Financial Case to introduce and operate a Proposed Franchising Scheme, which is seen currently in London.

“We would highlight the current annual deficit and debt burden which can result from introducing and operating a franchised bus market, as can be seen in the only existing franchised bus market in the UK at present.”

Arriva UK Bus

Several bus operators did not accept the accuracy of the Financial Case or the costs included in the Assessment to introduce and operate the Proposed Franchising Scheme:

- Go North West Ltd made reference to what it considered several under-estimations concerning:
 - Farebox revenue, which it felt GMCA had over-estimated the amount which could accrue from ‘soft factor’ benefits’
 - The Bus Services Operator Grant²⁵, which could be reduced and would have a significant impact on costs.
 - Additional funding from Greater Manchester’s local authorities and the Mayor, which are unrealistic given residents may perceive that bus services are currently adequately provided at lower risk.
 - Lack of contingency relating to the fall-back position if funding from identified sources (i.e. local authorities, the Mayor and central government) did not materialise.
 - The perceived inadequacy of the sensitivity testing.

The operator also reiterated the potential for legal challenge as the Proposed Franchising Scheme does not appear to meet the statutory test for value for money.

- Stagecoach Manchester also referenced flaws in the assessment and audit:
 - It did not think that GMCA has complied with the requirements set out in the Transport Act 2000 and in the relevant Department for Transport guidance.
 - The significant expenditure taken to invest to set up bus franchising would be better spent elsewhere.
 - No change to labour models, which is at odds with the views of key stakeholders as to labour costs.

²⁵ BSOG is paid to operators of eligible bus services and community transport organisations to help them recover some fuel costs. The amount each bus operator receives is based on their annual fuel consumption.

- The reduction of revenue protection officers from 30 initially to 13 (Full Time Equivalent FTE) in 2026/27, which could have a negative impact on the fare box revenue.
- The Financial Case does not include impact for the Our Pass²⁶ scheme, which could be an oversight in the assessment.
- The statement at paragraph 42.1.10 provides £96m of benefits to franchising through the reallocation of central government funding, which in reality will just be reallocated to cover the costs of concessionary schemes and therefore should be not claimed as a benefit.

“A perfect storm is impacting bus markets throughout the whole of the UK, with falling propensity to travel, changing socio-demographics and enhanced micro mobility. GMCA is proposing taking on risk of market at a point where risks are accelerating and yet it does not have the commercial expertise and is constrained by the processes to respond in an agile way.”

Stagecoach Manchester

- Rotala PLC referenced the potential risk to bus operators, in terms of the significant financial detriment to, and in some cases, closure of their business in the event of being unsuccessful in winning one or more franchises. No compensation has been included as part of the Proposed Franchising Scheme and there is no provision for the cost of potential litigation when assessing the affordability of the Proposed Franchising Scheme.

Views of elected members

Bury Council collated views of elected members about the conclusion of the Financial Case. These sought additional clarifications about the one-off funding of £17.8m and how it would be split, further detail on the revenue funding, the implication of franchising on the future infrastructure improvement works, risk identification and mitigation and the potential for zonal pricing to be introduced.

Trade unions

UNISON North West considered the £14 increase in council tax was a price worth paying for an improved bus network. Unite the Union re-emphasised the importance of buses within Greater Manchester and the impact on reducing congestion and pollution.

Other statutory consultees

Bus Users UK questioned the need for ongoing taxes to fund the Proposed Franchising Scheme, above and beyond the one-off levy to introduce it. It also referenced the London model which shows that reinvestment to keep the vehicles up to date would use any surplus.

²⁶ Our Pass is for 16-18* year olds who live in Greater Manchester to travel across Greater Manchester via bus

“Just because a plan can be developed to make the scheme affordable does not mean it should go ahead when there are viable and prudent alternatives which would provide the same benefits without the same strain on the public purse and the unnecessary risk involved.”

Bus Users UK

10.1.2 Non-statutory consultees

Transport stakeholders

OneBus considered that the cost of transition and the ongoing annual costs are grossly underestimated. It also accepted in principle that GMCA could afford to introduce the Proposed Franchising Scheme but also did not accept the accuracy of the Financial Case.

Academic organisations

The University of Manchester Students’ Union expressed concern as to where franchising would sit in the list of priorities, given the likely funding cuts to local councils. The University of Manchester hoped there were plans to mitigate against significant change occurring mid-franchise, including the financial implications of low uptake, which it did not think was clear from the documentation.

Other non-statutory consultees

Better Buses for Greater Manchester considered the increase in council tax to be a price worth paying for the average household to have a better bus network. It identified the better value for money which would be an outcome from the Proposed Franchising Scheme compared to the current situation.

Other non-statutory consultees also agreed that the costs associated with the Proposed Franchising Scheme would be a good investment. Manchester Friends of the Earth identified its importance in the context of tackling the impact and costs from the transport sector on public health and climate change emissions.

Bruntwood suggested new ways of funding such a change, specifically concerning the devolution of road tax, or charges related to air quality or carbon taxes which could be further diverted.

The Christie NHS Foundation Trust could not find a reference to any cost for fleet improvement, whilst Manchester Airport Group warned against pursuing bus franchising instead of other transport investment priorities which have also been identified.

10.1.3 Members of the public

Overall, a total of 1,929 members of the public provided a comment in response to the conclusion of the Financial Case.

There were 1,377 members of the public who made a favourable comment towards the Financial Case conclusion. Of these, just over a third (703) made general comments in agreement with the conclusion, or offered their support to it. A smaller proportion of participants reiterated the positive outcome, which would be a reformed and improved bus service, whilst a similar number of participants (91) considered it was long overdue and reform should not be delayed any longer.

Other participants went into more detail about specific elements of the Financial Case. Throughout the consultation, a demand for cheaper ticket prices has been expressed, and participants reiterated this support in responses to this question (109). The positivity towards other outcomes was also evident in a similar number of other responses – the measures were seen as being ultimately necessary to encourage bus use and could lead to fewer cars on the road (101).

Some participants made specific comments in response to specific details of the Financial Case. The reform was seen as money well spent (69), whilst others felt a rise in council tax was a modest subsidy to spend to reform the market (80). A further 22 participants agreed that the taxpayer should pay a modest subsidy given the benefits of a reformed bus network which they would benefit from.

“I agree with the conclusion, and would be happy to pay higher council tax if it meant public transport was improved.”

Member of the public

“The suggested raise in council tax of about 14 pounds is reasonable. This investment will be excellent for improving transport in GM.”

Member of the public

Whilst the initial financial investment appears to be high to establish the Proposed Franchising Scheme, there was belief that the long-term benefit would reward this upfront cost (54). In particular, the resulting strategic co-ordination of the bus network with the wider public transport network was identified as a particularly positive outcome (55).

A number of participants supported the proposed funding sources identified for the Proposed Franchising Scheme, including projected funding from central government (40), from Greater Manchester’s local authorities (14) and from Mayoral funds (1).

“It would have to be subsidised and funded from both local and central government to work.”

Member of the public

Other favourable responses which were made in response to the Financial Case included:

- The importance of the Proposed Bus Franchising Scheme and how it would contribute to social value/the creation of a sense of community in Greater Manchester (37);
- Bus services will be more widely available (30), particularly at evenings and weekends (24), and will serve the public benefit and no longer run for profit (35);

- The importance of GMCA delivering a cost neutral service (i.e. not for profit) which meant any surplus revenue would be re-invested (26);

“The current system directly costs money already through subsidies required on routes operators wouldn't otherwise provide, these could be offset against fares on more popular routes and an increase of fare box income.”

Member of the public

- The numerous operators currently in the market, and how bus franchising would resolve the fragmentation of service by bringing it under central control (16). Others identified the competition on profitable routes as a major problem which would also be resolved (11); and
- Introduction of a more modern, comfortable fleet would overcome many of the quality issues which prevent greater usage of bus at the moment (14).

A total of 476 members of the public made unfavourable comments about the conclusion of the Financial Case.

A total of 57 participants expressed general opposition to the conclusion of the Financial Case. The principal concern was around the affordability of the Proposed Franchising Scheme, particularly concerning the control of costs and associated value for money (161).

“I fail to see how current plans will not incur further cost to residents in the future. There is continued reference to cities such as London which are already subsidised but also benefit from higher tourist rates and higher numbers of travellers in addition. This is not a culture that exists in Manchester.”

Member of the public

“I have concerns about the high initial costs of the PFS. Particularly, I wonder whether this cost would rise significantly as the project gets underway.”

Member of the public

The use of taxpayer subsidies and other public funds was another common concern (89), with specific concerns about the increase to council tax (or the Mayoral precept) mentioned by a similar proportion to explain why they were unfavourable towards the Financial Case conclusion (93).

“No subsidies. The Mayoral precept is growing each and every year. I do not want to pay any more tax. I see my council tax bill and note that the Mayoral precept is growing year on year -no more, it has to stop.”

Member of the public

There was concern about the lack of evidence to support the Proposed Franchising Scheme, mainly because it is a largely unproven concept in the UK (aside from London) (30), whilst doubt was expressed as to whether GMCA (and by extension TfGM) had the expertise to deliver (20).

“A contracting system involves considerable transaction costs and the ability of the franchisor to assess the relative merits of different bids by potential franchisees. There is no evidence that this ability resides in TfGM, while the use of external consultants can be expensive.”

Member of the public

A handful of other comments were raised by members of the public, including:

- Concern regarding the risk being carried by GMCA (18);
- Bus reform in itself is unnecessary, because it was felt they are actually performing well (13);
- The assessment was perceived by a few as favouring a pre-determined option and is not impartial (10).

“Financial cases can easily be made for anything - the Financial Case should be independently examined and the assumptions made risk assessed.”

Member of the public

A number of comments (151) were received by members of the public which offered conditional support for the conclusion of the Financial Case. The majority of these (41) would show support provided that the conclusion of the Financial Case is affordable, whilst some would support it provided it delivers against its objectives of improving the bus service (20) or if it leads to greater reliability (18).

“I think that the franchising scheme should go ahead should the consultation process and the financial situation prove the case.”

Member of the public

Others wanted a guarantee that bus fares and associated ticket prices would not rise (29). There was a call for greater openness and transparency concerning the process (18), with a call for greater due diligence and legal scrutiny being requested by others (10). A small number of participants were opposed to the increase in council tax and would support it only if this was ruled out (10).

A total of 235 members of the public made a suggestion within their response to the conclusion of the Financial Case which concerned potential changes to the Proposed Franchising Scheme. The principal suggestions were that consideration should be given to subsidised travel for young people (6), to prioritise cycle lanes and allowing bikes to be carried onto buses (3), that consideration should be given to free bus travel (4) and that the image of buses should be improved to remove the stigma of travelling on them (3).

“Buses need a complete overhaul to shake bad reputations. Friends of mine who drive say they could never take a bus, the old opinions that they smell of urine and are full of crazy people still stand strong. Invest in shaking this reputation through marketing and actually improving the services.”

Member of the public

A total of 150 members of the public made suggestions within their response to the conclusion of the Financial Case which are already proposed/covered in the Proposed Franchising Scheme.

These included:

- The consideration which needs to be given to roadworks, traffic congestion and any mitigatory traffic management measures (24);
- Consideration which should be given to farebox funding, so the Proposed Franchising Scheme can be self-funding (18);

“Concerned that the proposed funding could put more pressure on household budgets to provide something which ought to be self-funding.”

Member of the public

- The needs of disabled, elderly and vulnerable passengers (12);
- The need to consider environmental value (14);
- The need to provide improved infrastructure for buses, including bus priority measures (10);
- Reorganisation of the bus routes and timetables (12).

There were some other, general comments submitted concerning the conclusion of the Financial Case (70). A number of these comments were neutral and would be in favour of whichever option would be the most beneficial and best value for money (16).

“As long as it's efficient to move people quickly from point A-B and it doesn't cost more than the current options, don't think the people will mind too much if it's a franchise or not.”

Member of the public

There were also a small number of comments to consider social value and the importance of any bus reform to the community (12).

10.2 Affordability of the partnership options

This section summarises a question about the affordability of the partnership options.

Q31. Do you have any comments on the conclusion in the Financial Case about the affordability of the partnership options?

For more information see paragraphs 4.137 to 4.145 of the Consultation Document.

A total of 203 participants made comments about the affordability of the partnership options. The table overleaf summarises the participants who provided a response to this question.

Table 10.2 Number of participants who provided favourable and unfavourable comments about the affordability of the partnership options

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (203)	67	96
Statutory consultee (10)	5	5
Non-statutory consultee (8)	2	5
Member of the public (185)	60	86

10.2.1 Statutory consultees

A total of 10 statutory consultees made comments in response to question concerning affordability of the partnership options. The main issues raised in these comments included:

- A need to ensure that any additional costs are not covered by Greater Manchester local authorities;
- Concern that the partnership options would mean bus operators retain the farebox revenue;
- The issue of risk was also raised by Rotala PLC, which questioned why staffing risk had not been applied to the Proposed Franchising Scheme given the proposal requires new staff, and therefore should be as great as that applied to the partnership options;
- Concern as to the origin of the costs included in the proposed partnership options in the assessment, specifically the costs for partnership options were considered excessive (Rotala PLC);
- Go North West Ltd referenced a bond concerning the terms of the Partnership Plus model, which would give a guarantee to GMCA concerning operator funding. This bond would financially penalise any operator seeking to withdraw from the contract and would provide assurance of delivery to GMCA.

10.2.2 Non-statutory consultees

A total of eight non-statutory consultees provided a comment in response to the question concerning affordability of the partnership options. The main issues identified included:

- A difference in cost assumptions relating to the partnership options between bus operators and GMCA. Operators have assumed no additional costs associated with managing the partnership, which have been assumed in the assessment. OneBus have therefore disputed the cost assumptions included in the assessment;

"We fail to understand where any of the costs in the proposed partnership option have come from as at no time during our discussions with TfGM have likely costs been debated or agreed."

OneBus

- Partnership options require less taxpayer funding (1);
- Concerns about affordability and value for money (1);
- Partnership options do not provide the best value for money (2);
- There is a lack of evidence in support of the partnership options (1).

10.2.3 Members of the public

Overall, a total of 185 members of the public provided a comment in response to the conclusion of the Financial Case about the affordability of the partnership options.

A total of 60 members of the public made comments in favour of the affordability of the partnership options. The majority of these (43) provided general agreement and support for the conclusion of the Financial Case about the affordability of the partnership options. There were an additional two members of the public who supported the Ambitious Partnership model.

A handful of participants agreed that the partnership options provide better value for money than the Proposed Franchising Scheme (6), whilst others felt they posed less risk (4).

“Much better value for money than franchising and certainly worth trying before we even think about franchising.”

Member of the public

The lower levels of funding required from the taxpayer for the partnership options was also positive for some (3).

There were 86 members of the public who submitted an unfavourable comment about the affordability of the partnership options. The main concern was about the value for money and affordability of the partnership options (17).

“The conclusion is disturbing because the benefits claimed are, at best, marginal. It is a lot of money for rather little meaningful return and exposes GMCA to a great many needless, potential risks.”

Member of the public

“The partnership options seem to involve money being thrown at private bus companies with little or no return.”

Member of the public

A number of those not supporting the conclusion regarding the partnership options considered the Proposed Franchising Scheme to be better than either of the partnership options (16). Partnership options were not providing the best value (17), particularly when it comes to the use of taxpayer subsidies and other public funds (17). A further 18 participants made comments which generally disagreed with the partnership options (18).

Other, less common responses cited the lack of evidence to underpin the conclusion concerning the affordability of the partnership options (7) and that the conclusion is actually biased and not impartial (4).

Twelve participants made comments which were supportive of the Financial Case conclusion concerning the affordability of the partnership options but were conditional on certain things. For example, four participants would support the options if additional due diligence and legal scrutiny was applied to the conclusion. Other responses cited support for whichever option proved to be the best value for money (2), as long as the options provided more bus lanes/priority routes (3) and that they result in improved customer/passenger experience (2).

A total of 61 members of the public made a suggestion within their response concerning the affordability of the partnership options which concerned potential changes to the Proposed Franchising Scheme. These cited the potential consideration of a reserve contingency plan (2), consideration for cyclists and bikes to be allowed on buses (1) and the need to use double decker buses to address capacity issues (1).

A total of 46 members of the public made suggestions within their response concerning the affordability of the partnership options which are already proposed/covered in the Proposed Franchising Scheme.

A number of these comments concerned general outcomes for the future of the bus network in Greater Manchester, including the need to reform or change the current arrangements (8) and also improve the reliability and punctuality of the buses (6). Alternative suggestions were also made around the improvement in bus services necessary to reduce the cars on the road (5).

There was a suggestion that all bus services should be run by a single operator and controlled by GMCA (5), whilst some participants pointed to the London model and wanted Greater Manchester’s model to be based on it (5). Financially, there were suggestions to consider more than simply economic value (4).

11. The Management Case

This chapter summarises responses to the Management Case of the consultation (Q32-34 in the consultation response form). The Management Case set out:

1. How the different options would be implemented and managed;
2. How risks would be managed; and
3. How transition would be managed for the different options.

Please refer to section 3.3 of this report for more information on how to interpret the consultation findings.

11.1 Management Case: Managing franchised operations

The table below summarises the participants who provided a response to this question.

Q32. Do you have any comments on the approach to managing franchised operations under the Proposed Franchising Scheme as set out in the Management Case?

For more information see paragraphs 4.150 to 4.157 of the Consultation Document.

Table 11.1 Number of participants who provided favourable and unfavourable comments

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (183)	73	56
Statutory consultee (14)	6	6
Non-statutory consultee (9)	5	3
Member of the public (160)	62	47

Those who responded to the consultation were asked if they had any comments on the approach to managing franchised options under the Proposed Franchising Scheme. Overall there were 183 participants who provided comments to this question. Most comments were favourable (73), whilst 56 participants provided unfavourable comments. A total of 83 suggestions were made in response to the management of franchised operations under the Proposed Franchising Scheme.

11.1.1 Statutory consultees

Responses from statutory consultees, although relatively few, tended to focus upon the costs and difficulties associated with securing sufficiently qualified staff for the relevant core and support teams. There was also concern raised around the risks associated with additional management costs.

Bus operators/transport organisations

Most bus operators responding to the consultation provided comments regarding the management of the Proposed Franchising Scheme. Generally, these comments were unfavourable, particularly from those operators whose responses focused upon concerns around the stated requirement to employ approximately 57 more full-time employees. HCT Group did provide a favourable response here, stating that they thought the proposals to be logical and sensible.

Overall, operators generally agreed that the additional required full-time employees would be costly to attract, recruit and train and would ultimately not be sufficient to cover the necessary responsibilities.

Go North West Ltd highlighted the scale of task under the Proposed Franchising Scheme, stating that management of the franchised operations would include planning; designing and specifying the bus network; managing the customer interface; overseeing the commercial performance of the network; managing contractual relationships; support activities such as customer and stakeholder engagement; finance, sales and marketing.

“The extended responsibilities that GMCA would be taking on are significant and the volume of the work is far more extensive than that which is required for example for the operation of a light rail network”

Go North West Ltd

They concluded that GMCA has underestimated the number of employees required to undertake the stated management functions, particularly given the apparent lack of consideration given to TfL’s management of the franchised network in London (11,152 non-operational staff of which 868 worked on London Buses in 2018).

Similarly, a number of operators including Go North West Ltd, Rotala PLC and First Manchester Ltd commented upon the potential difficulties in recruiting these employees. Operators identified that these posts would be technical and require staff to have specialist levels of expertise and sector specific, local knowledge and would lead to a potentially costly and time-consuming recruitment process.

“...given the specialist nature of the skills, there should be sufficient cost factored in to GMCA's estimates for attracting high quality candidates”

Go North West Ltd

There was also scepticism around whether recruitment would be possible from within the bus sector as it may require staff to transfer from current operators. Transport organisations were unconvinced that operators would be willing to release their most experienced and best qualified employees to the management and operations teams required under the Proposed Franchising Scheme. Given the proposed salary costs, Rotala PLC were particularly sceptical that TfGM would be able to attract these specialist workers.

Similarly, there was concern that any employees from outside of the sector may not have the necessary experience, making it difficult for TfGM to meet the stated requirement of around 57 full time staff.

“Rotala further considers that the proposed salary costs are approximately 10% too low and this will mean that TfGM would be unable to recruit the staff they require unless they recruit from outside the bus sector, but then such staff would lack the requisite experience”

Rotala PLC

Go North West Ltd noted that GMCA has underestimated the potential risk associated with these staffing issues. They expressed concern that the inability to secure sufficient recruitment numbers with the necessary expertise to manage operations may expose the GMCA to greater risk than they have assumed within the assessment.

- First Manchester Ltd believed that these management costs (which they deemed unnecessary) could be avoided for both the public and private sectors under alternative reform models.

“These costs could be avoided for both parties under a partnership approach and instead their value could be invested in providing better services”

First Manchester Ltd

- Stagecoach Manchester posed two main questions challenging the basis upon which the Case had been made. Firstly, they questioned GMCA’s optimism regarding their capability to deliver such fundamental organisational change and the challenges associated with recruitment made by other operators. Secondly, they challenged the feasibility of risk mitigation plans which may have been softened to increase the attractiveness of the overall business case.

Local authorities

Bolton Council provided favourable comments in relation to the Management Case for reform. They stated their belief that TfGM have the skills, knowledge and process in place to successfully undertake the necessary management operations of the Greater Manchester bus market under the Proposed Franchising Scheme.

“Bolton Council supports the concept that TfGM should take on management of the Franchising operation. They have the necessary skills and knowledge to procure bus services, plan and design the networks and put the necessary performance measures in place”

Bolton Council

Lancashire County Council suggested that it would be appropriate to include ongoing engagement with neighbouring authorities as a work stream to ensure that either of the implementation options takes into consideration the views of neighbouring authorities when it comes to the operation of cross boundary services.

11.1.2 Non-statutory consultees

Academic institutions

The University of Manchester provided a favourable comment regarding centralised responsibilities, stating that there was a clear need and advantage for such arrangements as outlined in the Management Case.

Transport stakeholders

OneBus were in agreement with a number of bus operators, citing the significant and unnecessary cost of an additional 57 full time staff. Aside from cost, TfGM's track record and ability to award and manage contracts under the current system was questioned by OneBus, particularly in relation to the management requirements that would be necessary under the Proposed Franchising Scheme. They referenced 2018 school contracts being awarded during the Summer Holidays, when bids had been submitted in February, leaving little time for service registration, staff recruitment and vehicle acquisition before the start of term

"TfGM 's track record in the awarding and managing of the current small number of contracts is poor."

OneBus

They also stated that the Management Case had failed to take into account the additional staff that operators would have to employ to ensure that TfGM have the necessary data, information and skills to fulfil their role under the Proposed Franchising Scheme, as well as additional staff to manage 'on the road' operations to maximise punctuality and reliability. OneBus concluded that it would be unlikely for currently employed full time staff to TUPE transfer from operators to TfGM under the new model.

"It is also very unlikely that there are 25 staff employed in roles by the operators that would TUPE to TfGM".

OneBus

11.1.3 Members of the public

Overall, 160 members of the public provided a comment in response to Q32. There were 62 members of the public who made favourable comments about managing franchised operations and 47 who made unfavourable comments.

The most commonly cited favourable responses provided by participants were about general agreement/support for the approach to managing franchised operations (53).

Additional favourable comments included:

- The Proposed Franchising Scheme would create jobs, boost employment and/or lead to the recruitment of more staff and drivers (7); and

"I think it's great that this Scheme will provide 57 new employment opportunities!"

Member of the public

- The Proposed Franchising Scheme would give TfGM/GMCA more authority and control of bus services (3).

"Allowing Manchester to control its buses for the benefit of its residents and visitors is a huge improvement to the current inadequate system."

Member of the public

Of the 47 unfavourable comments towards the management of franchised operations, the most frequently cited comments concerned costs, affordability and value for money of the proposed approach (13). Linked to this there were also concerns around increases to council tax and precept payments (4) and the use of public funds for further subsidisation through taxation (2).

"Increased costs will be incurred in managing the franchising scheme. It is also not clear that local authority officers will be more effective than public transport professionals at specifying an efficient network, which will further add to the costs and put at risk the long-term future of buses in Greater Manchester."

Member of the public

Aside from cost, other participants raised concerns about the management proposal, citing TfGM/GMCA's lack of competence and expertise to deliver the approach (9) with a further four members of the public citing a lack of evidence to support the case (4).

"It should go without saying that management of the franchising operation should be done by skilled transport professionals and NOT civil servants - unless proven to be suitably skilled."

Member of the public

Further unfavourable comments were made in general opposition to the proposed approach to managing franchised operations (6) whilst others were more specific in their disagreement, claiming the

proposed approach to be unnecessary bureaucracy and a waste of time and money (9). Other members of the public were also concerned about the over-complication of the objectives (4).

There were 13 members of the public who provided a response to this question in the form of conditional comments, offering support for the conclusion based upon specified conditions which were as follows:

- Provided there was openness, honesty and transparency (5);
- Provided TfGM/GMCA possess the required competency and expertise (4); and
- Provided there is consideration for staff support and training (3).

There were 69 suggestions provided by members of the public in response to the management approach of franchised operations. A total of 7 participants made suggestions within their response to the conclusion of the Management Case which concerned potential changes to the Assessment. Of these, three members of the public suggested that improvements could be made if there were more buses and they were more widely available. Other suggestions included:

- Consideration should be given to reorganising the routes and timings of services (1); and
- Bus services should run 24/7, 365 days a year (1).

A further 60 participants made suggestions within their response to the conclusion of the Management Case, which are already covered in the Assessment. The most common suggestion was that bus services should be run by a single operator and controlled by TfGM/GMCA (11). Similarly, a further eight participants had a similar view, which was that bus services should be coordinated, integrated and joined up with the wider public transport network in Greater Manchester

"I think it makes sense for TfGM to run the whole operation and thus be able to build a co-ordinated service that responds to demand. It will mean a larger organisation but will provide some structure to the transport network that doesn't really exist at the moment."

Member of the public

There were further suggestions relating to accountability and standards reviews, with 10 participants suggesting consideration should be given to performance reviews of services, with standards being monitored, whilst a further eight would like to see operators better held to account with some form of regulation.

"Perhaps a monthly report on performance and efficiency, including highlighting the most improved and best performers to keep the public informed as to the progress of the service as well as encourage the areas that are lagging to achieve more and gain such recognition."

Member of the public

Additional suggestions already covered within the Proposed Franchising Scheme included:

- Bus services should be improved to encourage bus use, thereby leading to fewer cars on the road (6);
- Consideration should be given to recruitment of more staff/drivers (4);
- Poor performance should be penalised with fines, penalties or contract termination (4);
- Transport systems should be based on the TfL London model (4); and
- Bus services are currently too fragmented as there are too many operators, so buses should be run by a single operator (4).

A total of 14 participants made other suggestions in their response. The suggestions concerned their preference for the bus network to be run for public benefit (4), bus services to not be run for profit (4) and bus services to be publicly controlled (3).

11.2 Management Case: Transition and implementation of Proposed Franchising Scheme

Q33. Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, and the conclusion that TfGM would be able to manage franchised operations on behalf of GMCA, as set out in the Management Case?

For more information see paragraphs 4.158 to 4.166 of the Consultation Document.

Those who responded to the consultation were asked if they had any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, which concluded that TfGM would be able to manage franchised operations of behalf of GMCA. Overall there were 258 participants who provided comments to this question. Most comments were favourable (130), whilst 81 participants provided unfavourable comments. A total of 56 suggestions were made in response to proposed approach to transition and implementation under the Proposed Franchising Scheme.

This table summarises responses to question 33 of the consultation:

Table 11.2 Number of participants who provided favourable and unfavourable comments

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (258)	130	81
Statutory consultee (13)	5	6
Non-statutory consultee (9)	4	1
Members of the public (236)	121	74

11.2.1 Statutory consultees

A number of statutory consultees provided responses to this question, predominantly engaging with the challenges involving the proposed timescales for transition and implementation and further scrutiny of transition related risks such as recruitment and temporary contracts.

Around a third of those statutory consultees which provided comments made favourable comments, whilst around half made unfavourable comments within their response regarding transition and implementation.

Bus operators/transport organisations

A number of the bus operators focused their criticism relating to this Case on timescales. For example, Arriva Bus UK commented that the projected timescales are highly ambitious, and more time would be necessary to establish the Proposed Franchising Scheme.

Both Arriva Bus UK and Go North West Ltd specifically noted the lack of time built in for evaluating and reviewing progress during the transition period. Particularly referencing the proposed staggered sub-area transition, both operators stated their concern that this approach would not allow for an adequate evaluation period. Furthermore, Go North West Ltd raised concerns that other acquisitions relating to the Commercial Case would hinder TfGM/GMCA's ability to effectively manage the required processes throughout transition and implementation.

"...concern that the staged approach does not enable an adequate evaluation period; its belief that the approach to acquiring depots is unworkable and the consequence that the timetable for procurement is not realistic...It will not be possible for GMCA to implement a transition to the Scheme in full by July to September 2023".

Go North West Ltd

First Manchester Ltd raised concerns regarding contract expiry, and operators potentially ceasing to run short-term contracts knowing that they would soon be franchised, or temporarily seeking to maximise their profits on these routes during transition. As well as concern around the contracts during transition, operators reiterated their concern around recruitment. Both Stagecoach Manchester and Rotala PLC saw this as a significant risk, as the recruitment of core activities teams and strategic roles would require technical and specialist expertise. In order to fill these strategic level roles, staff may be recruited from the operators themselves or be externally recruited, neither of which were seen as favourable options and both of which were viewed as risky, time-consuming and costly exercises.

"A significant risk is that TfGM recruits from the operators themselves, which will damage the delivery of the bus service – this is untenable. This will therefore lead to an over-reliance on contractors and consultants (who themselves may have limited experience) to fulfil critical roles"

Stagecoach Manchester

Particularly as these roles are currently funded by operators, Stagecoach Manchester questioned whether any provision had been made within the business case for the incremental costs of these individuals when they transfer across from operators (TUPE).

Go North West Ltd also commented upon the potential impact on passengers given the short-term transition and implementation risks outlined within the Management Case. Both believed that the approach to transition and implementation (as set out in the Proposed Franchising Scheme) would introduce complexity and confusion to passengers, inconveniencing them through journey disruption.

Go North West Ltd referenced the management of cross-boundary services through the transition and implementation periods which have the potential to cause the greatest disruption to passengers as different ticketing arrangements would be in operation between franchised and non-franchised areas.

“GMCA has underestimated the level of customer confusion and disruptive impact on the market, particularly for passengers who regularly travel on services that will become 'cross-boundary' services”

Go North West Ltd

Many operators and transport organisations expressed similar opinions that the associated risks and costs of this transition had been under-estimated and could be avoided under partnership-led approaches. Similarly, Stagecoach Manchester believed that the stated £1.7 million earmarked for business change could be better spent enhancing existing services or invested in current infrastructure that would make more of a difference to the taxpayers of Greater Manchester.

Other, more general comments and suggestions were made by bus operators within their responses to the Management Case:

- Go North West Ltd suggested that GMCA should reconsider the area by area transition plan and revise the proposal to consider a route by route plan;
- Stagecoach Manchester believed that whilst TfGM have experience of procuring private sector contracts through Metrolink, the management of bus services for the whole of Greater Manchester would be a significantly greater task (which they acknowledge is understood within the Management Case); and
- TravelWatch Northwest were concerned that bus operational experience may be lacking within TfGM currently but practices at TfL could be looked at as a possible role model when setting up and managing new structures under the Proposed Franchising Scheme.

11.2.2 Non-statutory consultees

Academic institutions

The University of Manchester provided a favourable comment within their response, in agreement that TfGM would be capable of managing franchised operations throughout transition and implementation. They also made a number of suggestions for the duration of both the initial transitional period and roll-out of the Proposed Franchising Scheme:

- Little or no additional costs to individuals using the bus network through the transition;
- Timely communication material to be circulated with contact details for specific queries to support the transition; and
- Existing annuals passes to be honoured.

Transport stakeholders

OneBus commented (with caution) that the inconvenience caused by transitional disruption would have the potential to lead to passenger decline at an early stage, as those with high expectations from reform would be put off by the failure to deliver punctual and reliable services. They note that although the assessment contains clarity on TfGM related employment plans, it lacks clarity and detail on the potential benefits to passengers of the Proposed Franchising Scheme. They also warned that the scale and risks involved in any transition should not be underestimated.

“Failure to deliver punctual and reliable services early in the transition will lead to passenger decline despite all the theory of growth because of the change”.

OneBus

Other non-statutory consultees

Oxford Road Corridor stated their fundamental belief that the long-term benefits here would outweigh any short-term disruption although they acknowledge the complexities of implementation, recognising the potential challenges posed by transition. They have urged TfGM to continue to consider how disruption can be mitigated to minimise disruption.

11.2.3 Members of the public

A total of 236 participants made comments about the approach to management during the transition and implementation of the Proposed Franchising Scheme. There were 121 members of the public who made favourable comments about managing franchised operations and 74 who made unfavourable comments.

The most commonly cited favourable responses provided by participants were about general agreement/support for the approach to the transition and implementation period as set out by the Management Case (92).

A further 13 participants were confident in TfGM/GMCA's competence and expertise to deliver the proposal, with nine members of the public stating that this transition is long overdue and should be implemented as soon as possible.

"TfGM have made a brilliant job of managing the trams. If they do as well managing the buses, they will do fine."

Member of the public

Additional favourable comments were as follows:

- Risk is inevitable with change and there will be some teething issues to begin with (5);
- The Proposed Franchising Scheme will create jobs and lead to the recruitment of more staff and drivers (2); and
- It can't get any worse so anything will be an improvement (2).

Of the 74 unfavourable comments made in response to the transition and implementation approach, 34 members of the public cited a lack of competency, expertise and poor track record of TfGM/GMCA who they said should 'leave it to the experts'. Ten participants also expressed their general disagreement with the proposals and approach as set out in the Management Case.

"I do not believe that TfGM currently has the expertise necessary to specify an efficient network that meets the needs to users across Greater Manchester."

Member of the public

A number of participants raised concerns regarding the proposed objectives and the feasibility of timescales, referring specifically to the length of transition and potential for delays to implementation (10). Other unfavourable comments viewed the approach to transition management as over-complicated (12), with others also concerned that the proposals would be a waste of time and money, creating unnecessary bureaucracy (6) and ultimately not being affordable or providing value for money (5).

"I'm not sure you have understood the magnitude of the task - planning services, analysing passenger and timing data, continual need to review timetables, marketing and promotion, contract management, legal services etc."

Member of the public

There were 16 members of the public who provided a response to this question in the form of a conditional comment, offering support for the conclusion based upon specified conditions which were as follows:

- Provided TfGM/GMCA possess the required competency and expertise (6);
- Provided it is done well and executed properly (4);
- Provided there is consideration for staff awareness and support (3); and
- Provided they are regulated, and operators are held to account (3).

Three members of the public provided general comment that consideration should be given to TfGM improving their website and technology overall.

Members of the public submitted 47 suggestions in total in response to the proposed approach to transition and implementation under the Proposed Franchising Scheme.

- A total of nine participants made suggestions within their response to the conclusion of the Management Case which concerned potential changes to the Proposed Franchising Scheme.

A further 36 participants made suggestions within their response to the conclusion of the Management Case, which are already covered in the Proposed Franchising Scheme. The main suggested comments related to the desire for a single point of coordination and management. Five participants suggested that the bus services should be integrated and joined up with the wider public transport network whilst a further 5 also suggested that services should be run by a single operator and controlled by TfGM/GMCA.

"TfGM managing services seems reasonable, as they already manage Metrolink and are therefore best placed to offer integrated ticketing."

Member of the public

Other members of the public called for a simpler, single fare or oyster style system of ticketing (4), with services run by a single operator as services are currently seen as too fragmented across too many operators (3). There were a number of suggestions relating to standards and reliability which are covered within the proposal:

- Bus services should be more reliable as they are currently slow, infrequent and often late (3);
- Consideration should be given to a performance review of services, with standards being monitored so they are maintained (3); and
- Bus services should be better/or improved with services more widely available (operators have cut many unprofitable evening and weekend services) (3).

A total of eight participants made other suggestions in their response. The principal suggestions concerned their preference for bus services to not be run for profit (3) and bus services to be publicly controlled (2).

11.3 Management Case: Implementation and management of partnership options

Q34. Do you have any comments on the proposed approach to the implementation and management of the partnership options, and the conclusion that TfGM would be able to manage and implement partnerships on behalf of GMCA, as set out in the Management Case? For more information see paragraphs 4.167 to 4.174 of the Consultation Document.

Those who responded to the consultation were asked if they had any comments on the proposed approach to the implementation and management of the partnership options, with the conclusion that TfGM would be able to manage and implement partnerships on behalf of GMCA. A total of 168 responses were received, the majority of which were favourable (83). Those submitting unfavourable responses totalled 69, whilst a further 21 responses were received in the form of suggestions.

The table below summarises the participants who provided a response to this question:

Table 11.3 Number of participants who provided favourable and unfavourable comments

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (168)	83	69
Statutory consultee (10)	4	2
Non-statutory consultee (7)	4	4
Member of the public (151)	75	63

11.3.1 Statutory consultees

A total of 10 statutory consultees provided responses to this question, predominantly engaging with comparative resourcing requirements with those outlined in the Proposed Franchising Scheme.

Bus operators/transport organisations

A number of bus operators and transport organisations provided comments regarding the management and implementation of partnership options.

There was recognition that required levels of resource would be lower than that necessary under the Proposed Franchising Scheme in terms of additional recruitment. Rotala PLC agreed that whilst there would be no major procurement phase under a partnership model, there would be additional costs to co-design the model fully and introduce the necessary systems for implementation. Although this is accepted, they consider that TfGM-employed staff could be trained by operators, or operators could potentially fill skills gaps, which would not be possible with shortages under the Proposed Franchising Scheme.

“...under a partnership model, TfGM employed staff could undergo the applicable retraining through working with bus operators from which they would learn and develop. While there is a skills gap, bus operators could fill the gap with their retained staff”.

Rotala PLC

Similarly, Go North West Ltd noted that GMCA have identified the requirement for an additional six to eight full-time employees (dependent upon the chosen partnership model). They suggested that as little resource would be necessary within head office roles, TfGM may wish to train current employees to build awareness of partnership and coordination.

However, First Manchester Ltd were surprised at the forecast level of additional resource identified as a requirement under the partnership-based proposals. They considered that under the management of TfGM, aside from some additional administrative tasks, it should be more like a ‘business as usual’ scenario.

11.3.2 Non-statutory consultees

Transport stakeholders

OneBus provided a favourable response to the proposed management of a partnership model, agreeing with the Management Case statements that concluded partnership implementation to be less complex as it would not require a procurement phase. They also cited the Management Case conclusions which referenced TfGM’s ability to manage either partnership option without the need for excessive recruitment as would be necessary under the Proposed Franchising Scheme. They therefore questioned why partnership alternatives have not been taken seriously in the consideration of reform options.

“The Management Case also concludes that by implementing the new operating model and managing the transitional activities jointly with the operators, TfGM would be able to manage either of the partnership options on behalf of GMCA – without the need for excessive numbers of additional staff being employed and therefore we cannot understand why this option has not been taken seriously!”

OneBus

Academic institutions

The University of Manchester provided a favourable response to the proposed approach to the management and implementation of partnerships. They were in agreement that TfGM would have the capabilities to deliver the approach, with an opportunity to provide a centralised influence on the network in line with the strategic ambitions of Greater Manchester. They did however cite the difficulty in fully assessing the scope and scale of potential change as this would be dependent upon the formal agreement with operator.

“The size and scope of potential partnerships and the scale of change to come from these are difficult to assess as this is entirely dependent on the formal agreement of the partnership with operators”.

University of Manchester

11.3.3 Members of the public

A total of 151 members of the public made comments about the proposed approach to implementation and management of partnerships.

Half of participants who responded to this question made favourable comments within their response (75). The most commonly cited favourable responses provided by participants were in general agreement with the premise outlined within the Management Case (59), with a further four members of the public agreeing that this process is long overdue and should be implemented as soon as possible.

“A bus partnership scheme should be introduced GMCA wide at the earliest possible opportunity managed by TfGM”

Member of the public

Other favourable comments focused upon the belief that TfGM/GMCA possessed the required competence and expertise to manage and implement partnerships (11), whilst two members of the public were also supportive of the reinvestment of surplus revenues and ability of TfGM to deliver cost neutral services.

Overall a total of 63 unfavourable comments were submitted by members of the public in relation to the proposed approach of partnership implementation and management. Around a third of these comments specifically opposed the proposed partnership options as they were supportive of the Proposed Franchising Scheme instead.

“As noted before, I do not think the partnerships, when measured against franchising, meet the requirements or give a sustainable delivery model moving forward”

Member of the public

A number of participants provided unfavourable comments which referred to the conclusion of the proposed approach to partnership management, whereby TfGM would manage and implement these partnerships on behalf of GMCA. In total, 19 members of the public commented that TfGM lack the necessary competence and expertise and should ‘leave it to the experts’. Similarly, a further two participants believed that GMCA should manage the partnerships whilst two additional participants were concerned about the working relationship under such a model between operators and TfGM/GMCA.

“TfGM's history in implementing partnerships in the past have not been good. I would struggle to trust this would change going forward.”

Member of the public

Other members of the public raised concerns about cost. Five participants commented that the proposals were a waste of time and money, creating unnecessary bureaucracy. Another concern related to the affordability and expense of the proposal, with some worried about the value for money provided by the franchise model (3). A further three members of the public were worried about the potential cost to the taxpayer and use of public funds to subsidise implementation.

“I would be against the partnership proposals compared to the franchising ones, since I believe that although TfGM would be able to manage and implement partnerships on behalf of GMCA, they would require additional resources in comparison to the franchising proposals.”

Member of the public

Additional unfavourable comments made were as follows:

- Disagreement or general opposition to the proposed approach (8);
- Solution would be too similar to the current arrangement (3); and
- Worries concerning a lack of regulation or accountability (2).

Seven members of the public expressed their conditional support for the proposal, provided that TfGM and GMCA possess the required competency and expertise to successfully manage and implement the partnership model.

Overall, 21 suggestions were submitted on the subject of the proposed approach to management of partnership options.

A total of six participants made suggestions within their response to the proposed approach to implementing and managing the partnership options. This included the suggestion that consideration should be given to a probationary review of services to monitor and maintain standards.

A further nine participants made suggestions within their response which are already covered in the assessment including that bus services should be run by a single operator (3) and that services should be improved and more widely available as unprofitable services have been abandoned or cut in the evenings or at weekends (2).

12. Impact of different options

This chapter summarises the responses on the impacts of different options impact of the Proposed Franchising Scheme and partnership options on passengers, operators, GMCA and the impact on wider society (as captured by Q35-Q41 of the consultation response form).

Please refer to section 3.3 of this report for more information on how to interpret the consultation findings.

12.1 Comments received on the impacts of the Proposed Franchising Scheme on passengers

This section summarises a question about the impacts of the Proposed Franchising Scheme on passengers.

Q35. Do you have any comments on the impacts of the Proposed Franchising Scheme on passengers, as set out in the sub-section on Impacts of the different options?

For more information see paragraphs 4.176 to 4.185 of the Consultation Document.

Those who responded to the consultation were asked if they had any comments on the impacts of the Proposed Franchising Scheme on passengers. In total, there were 400 participants who provided comments - there were 192 participants who provided favourable comments, 34 participants who provided conditional comments, 91 participants who made unfavourable comments, and 160 who provided suggestions. This section of the report provides a breakdown of the comments received from statutory consultees, non-statutory consultees, and members of the public.

Table 12.1 Number of participants who provided favourable and unfavourable comments about the impacts on passengers of the Proposed Franchising Scheme

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (400)	192	91
Statutory consultee (16)	6	8
Non-statutory consultee (20)	14	4
Member of the public (364)	172	79

12.1.1 Statutory consultees

Bus operators/transport organisations

Bus operators who made comments on the impacts of the Proposed Franchising Scheme on passengers were all unfavourable. Stagecoach Manchester, for example, felt that non-competition with other parts of the bus network and other modes of public transport (citing paragraph 2.1.29 of the Assessment) would result in fewer passengers across all modes of public transport.

Go North West Ltd were of the view that franchised systems were rigid and slow to introduce new technology, resulting in passengers not experiencing the latest technology. The consultee was also of the view that, on average, fares will see higher inflation, services will be reduced on busy corridors, and customers could be forced to break journeys on cross-boundary services.

Similar to other bus operators, Rotala PLC was of the view that bus service passengers were likely to be negatively affected by the Proposed Franchising Scheme in comparison to a partnership option. The consultee also went on to say that a shift in competition models from “in” the market to “for” the market, as outlined in the Assessment, would also negatively affect the passenger even further.

“The Assessment recognises that the Proposed Franchising Scheme would have the biggest impact on bus operators through a shift in the market structure from competition “in” the market to competition “for” the market...competition “for” the market is an inferior form of competition model which has been recognised recently by the Competition Appeal Tribunal and will inevitably have a negative impact on the ultimate consumers of bus services.”

Rotala PLC

Local authorities

There were few but mixed comments on the impacts of the Proposed Franchising Scheme on passengers. Lancashire County Council were of the view that the Proposed Franchising Scheme could have more of a positive impact than the *do nothing* approach. The council do however question the practicality of the permit scheme and changes in fares as this, in their view, could negatively affect the local residents.

“The Proposed Franchising Scheme may have a more positive impact on passengers than the do nothing approach. This would be welcomed....county council would have concerns about the viability of some cross boundary services with the implementation of the permit scheme and changes in fares arrangements. We would not want any negative impacts of these changes to be imposed on Lancashire residents therefore we would welcome close working with GMCA to ensure any impacts are avoided.”

Lancashire County Council

Derbyshire County Council stated that the changes in the Proposed Franchising Scheme would negatively affect services in neighbouring authorities that have no direct connection to the GMCA area.

The council were of the view that any potential loss of services would result in the council having to fund additional routes to compensate for any service gaps. The council went on to request shared responsibility with TfGM and the relevant highway authority to agree permit conditions.

Other statutory consultees

TravelWatch NorthWest stated that the long-term benefits of the Proposed Franchising Scheme would counteract any inconvenience arising from the transition period. They were also of the view that necessary measures would be put in place to minimise any inconvenience during the transition period.

“We appreciate the risks to services and passengers during implementation of the PFS and trust steps would be taken as intimated to minimise these. Hopefully in the longer term the benefits would outweigh the transitional inconvenience.”

TravelWatch NorthWest

12.1.2 Non-statutory consultees

A number of non-statutory consultees provided comments on the impacts of the Proposed Franchising Scheme on passengers.

Transport stakeholders

OneBus felt that a transition to the partnership option would not present any risk to the level of service passengers received which, in their view, would be at risk under the transition to the Proposed Franchising Scheme.

The Chartered Institute of Logistics and Transport- North West Policy Group raised questions around the affordability objective. They cite the high proportion of passengers in the Phase 1 area who are unlikely to be subject to fare increases, but would still be subject to inflation-related increases.

“It is noted that 73% of bus users are likely to experience no change in fares in Phase 1, whilst still being subject to inflation-related increases. It is unclear how the objective of more ‘affordability’ is to be met.”

The Chartered Institute of Logistics and Transport- North West Policy Group

Academic institutions

The University of Manchester requested that any risks associated with changes or removal of services are managed effectively and in a timely manner to avoid impacting the passenger experience with disruptions, inconvenience and preventing a modal shift from bus to car in the interim.

Representative Groups

The Confederation of Passenger Transport UK (CPT) raised questions around the ticket prices for passengers and how inflation will affect this over the coming years. They express concerns of prices rising higher than those in London. The consultee also stated that under a partnership approach, improvements for bus passengers could be delivered quicker than the Proposed Franchising Scheme.

Action groups

On the other hand, Steady State Manchester Collective accepted the possibility of short-term disruption. The consultee felt that the Proposed Franchising Scheme would be highly likely to produce benefits for passengers.

12.1.3 Members of the public

Of the 364 members of the public who provided comments on the impacts of the Proposed Franchising Scheme on passengers, the majority (172) made favourable comments, 32 made conditional comments, and 79 made unfavourable comments. There were also 145 members of the public who provided suggestions on the impacts of the Proposed Franchising Scheme.

The most frequently mentioned favourable comment was in general support of the impacts on passengers from franchising (74 responses). Other favourable comments included: how franchising will benefit passengers (51), a single ticketing fare or oyster system style will be available (16) and that things can't get any worse (15).

"Franchising looks like the best option in Greater Manchester for passengers."

Member of the public

"Can't be any worse for passengers compared to how it is now."

Member of the public

The main conditional comment received was favourable of the impacts on passengers provided the Proposed Franchising Scheme benefits passengers (24). Other, less mentioned conditional comments include support providing it is done well or executed properly (5) and providing there is transparency and honesty (2).

"Ultimately passengers come before everything and the success of these proposals will come from how well we are served."

Member of the public

Unfavourable comments included worries over increased bus fares (16), the Proposed Franchising Scheme not benefiting passengers (13), and general opposition or disagreement with the impacts on passengers (13).

“Who are the small fraction who would experience an increase in fare be? Are they likely to be low income groups? Could this cost be absorbed in the wider scheme to ensure that no one has an increased bus fare?”

Member of the public

Suggestions to the Proposed Franchising Scheme included consideration being given to cross boundary services (8) and that bus services should be addressing capacity issues (5). Suggestions already covered by the Proposed Franchising Scheme included bus fares being cheaper or are poor value for money (44), that bus use should be encouraged (28), and bus use should be more reliable (27).

There were also a very small number of general comments (4) made by the public which contained out of scope comments in relation to the question.

12.2 Comments received on the impacts of the partnership options on passengers

This section summarises a question about the impacts of the partnership options on passengers.

Q36. Do you have any comments on the impacts of the partnership options on passengers as set out in the sub-section Impacts of the different options?

For more information see paragraphs 4.186 to 4.190 of the Consultation Document.

Participants were asked if they had any comments on the impacts of the partnership options on passengers, as set out in the sub-section on Impacts of the different options. Overall, there were 202 participants who provided comments. There were 48 participants who provided favourable comments, 9 participants who provided conditional comments, 111 participants who made unfavourable comments and 70 who made suggestions. The following chapter provides a breakdown of the comments received from statutory consultees, non-statutory consultees, and members of the public.

Table 12.2 Number of participants who provided favourable and unfavourable comments about the impacts on passengers of the partnership options

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (202)	48	111
Statutory consultee (15)	7	6
Non-statutory consultee (11)	2	9

Member of the public (176)

39

96

12.2.1 Statutory consultees**Bus operators/transport organisations**

Go North West Ltd were of the view that a partnership model provides greater benefits to passengers than the Proposed Partnership Scheme but at a lower cost to GMCA, and at a lower risk overall to passengers in terms of disruption and increased fares.

Rotala PLC felt that the Assessment had understated the partnership and partnership plus options. They stated that the partnership plus options could provide all of the same benefits as the Proposed Franchising Scheme with less risk to passengers and no transition period. They also argued that under a partnership option there were no legal restraints to implement equivalent interventions.

Transdev Blazefield Ltd stated that although in their opinion there is a risk that a partnership option may not be sustainable in the long term, there is equal opportunity for growth and expansion.

Local authorities

Lancashire County Council were the only other statutory consultee who provided comments on the impacts of the partnership options on passengers. The Council felt that from the information available, the partnership approach would not provide the same level of benefits for passengers as the Proposed Franchising Scheme. However, they did go on to state that the partnership approach could carry a lower risk of negatively impacting cross-boundary services.

12.2.2 Non-statutory consultees

There were a small number of non-statutory consultees who provided comments on the impacts of the partnership options on passengers.

Transport stakeholders

OneBus felt that operators did not have sufficient input on the assessment of the assumptions underpinning the partnership proposal.

Academic institutions

The University of Manchester stated that the partnership options do not address GMCA's strategic objectives for Greater Manchester. The University also argued that there is no guarantee that operators will stay in a partnership over a long-term period unless legally bound to do so.

“It is implied that only franchise will see improvements for passengers, however would it not be likely that under other partnership options there would be a service improvement, just less managed and more ad-hoc?”

“There is no guarantee for operators to remain in partnerships over the long-term, can it be written into a contract? If so, this could protect passengers from disruption.”

The University of Manchester

Representative groups

The Confederation of Passenger Transport UK (CPT) were supportive of a partnership plan. In their opinion, it offered more simplified and flexible ticketing. The consultee went on to state that a partnership approach would allow for timescales to be expedited and it would make a meaningful difference for passengers by investing directly into ‘Phase 2’.

Action groups

Steady State Manchester Collective felt that the impacts of the partnership options would be low, however the durability of this type of approach would not be failsafe.

12.2.3 Members of the public

Of the 176 members of the public who provided comments on the impacts of the partnership options on passengers, 39 made favourable comments, 7 made conditional comments, 96 made unfavourable comments and 62 provided suggestions.

The most frequently mentioned favourable comment was in general support of the impacts on passengers from the partnership options (28). Other favourable comments included: partnership options will benefit passengers (7), there will be fare freezes or costs will be absorbed by operators (4) and partnership options present less risk (2).

“Partnership would seem to have the best chance of succeeding. There are fewer risks and much, much less upheaval.”

Member of the public

There were few conditional comments made by members of the public, but the most mentioned comment was supportive providing that the partnership option is executed properly (3). Unfavourable comments included disagreement or general opposition to the partnership options (27), partnership options not being the best value for money or carry fewer benefits (16) and preference for the Proposed Franchising Scheme (10).

“There appear to be very limited benefits to bus passengers from moving from the current system to a partnership system. For all the effort and cost involved to GMCA & TfGM in making the move to a new system, it would be preferable to move to the franchise system.”

Member of the public

In addition to the comments made on the impacts on passengers from the partnership options, there were 62 members of the public who provided suggestions. There were relatively few who made suggestions about the Proposed Franchising Scheme (7) or other suggestions (5). Of those who made suggestions, many were already covered by the Proposed Franchising Scheme (50), that bus fares should be simpler or there should be one single fare system (10), bus fares should be cheaper or are poor value for money (9) and bus use should be encouraged (9).

“As part of a partnership a cap should be set on operators’ tickets so that they cannot raise their fare rates massively (for example setting this to at the rate of inflation so that they couldn’t increase fare prices more than this every year).”

Member of the public

12.3 Comments received on the impacts of the Proposed Franchising Scheme on operators

This section summarises a question about the impacts of the Proposed Franchising Scheme on operators.

Q37. Do you have any comments on the impacts of the Proposed Franchising Scheme on operators as set out in the sub-section Impacts of the different options?

For more information see paragraphs 4.193 to 4.200 of the Consultation Document.

Participants were asked if they had any comments on the impacts of the Proposed Franchising Scheme on operators, as set out in the sub-section on Impacts of the different options. Overall, there were 161 participants who provided comments on the impacts of the Proposed Franchising Scheme. There were 63 participants who provided favourable comments, 60 who provided unfavourable comments and 54 who left suggestions. The following section provides a breakdown of the comments received from statutory consultees, non-statutory consultees, and members of the public.

Table 12.3 Number of participants who provided favourable and unfavourable comments about the impacts on operators of the Proposed Franchising Scheme

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (161)	63	60
Statutory consultee (14)	6	9

Non-statutory consultee (10)	5	4
Member of the public (137)	52	47

12.3.1 Statutory consultees

Bus operators/transport organisations

Go North West Ltd stated that the risks for operators under the Proposed Franchising Scheme were “very grave” for a number of reasons, such as significant losses through cliff-edge loss of business that may occur if a franchising contract is not awarded, as well as redundant assets and employees if a franchise contract requires less services than the status quo. The consultee felt that there is ultimately a risk of an operator becoming insolvent due to the risks associated with the Proposed Franchising Scheme and this may carry financial repercussions for GMCA to make alternative arrangements.

Rotala PLC echoed the views of Go North West Ltd by stating that there is a risk that the Proposed Franchising Scheme could result in operators exiting the market and losing their business, which would result in legal action between operators and GMCA.

“Rotala PLC would like to make it clear that it considered there to be a real risk that implementation of the Franchising Scheme will result in operators exiting the market and losing their business. This will result in costly litigation for both GMCA and the operator which could delay introduction of the scheme. Ultimately, incumbent operators and GMCA need to behave in a constructive and supportive way for the scheme to be a success which, in its current format, simply will not happen...”

Rotala PLC

Transdev Blazefield Ltd stated that since many of their vehicles are on fixed term leases, they could potentially be left in a situation where they are bound by lease agreements but cannot service them by revenue.

Local authorities

Bolton Council were of the view that the introduction of the Proposed Franchising Scheme would have a significant impact on some operators, however it could be a catalyst for new operators to move into Greater Manchester and also allow smaller operators to grow.

Lancashire County Council raised questions around the financial feasibility on some cross boundary services. They went on to say that forced changes to routes or implementing stopping points could potentially make services less practical and effectively lead to some operators withdrawing from the market. Derbyshire County Council echoed these concerns made by Lancashire County Council.

12.3.2 Non-statutory consultees

There were a few non-statutory consultees who provided comments on the impacts of the Proposed Franchising Scheme on operators.

Transport stakeholders

OneBus provided examples of partnership schemes which are currently present in locations across the country (e.g. Bristol, Birmingham and Merseyside). They went on to state that incumbent operators could potentially create risk for TfGM if assets were moved elsewhere due to unsuccessful franchising bids or if operators were unwilling to enter negotiations regarding depot assets. OneBus also expressed concern around new operators bidding for franchising contracts who have little-no experience of the road network in Greater Manchester.

The Chartered Institute of Logistics and Transport- North West Policy Group asked if contingency plans were in place in situations where operators chose to dispose of assets elsewhere which and could effectively lead to service disruption.

Academic institutions

The University of Manchester felt there was a need to appraise the benefit of no on-road competition (e.g. less congestion and delays, better air quality).

12.3.2 Members of the public

There were 137 members of the public who provided comments on the impacts of the Proposed Franchising Scheme on operators. Of these, 52 made favourable comments, 47 made unfavourable comments and 43 provided suggestions.

The most frequently mentioned favourable comment was in general support of the impacts on operators from the Proposed Franchising Scheme (31). Other favourable comments included: The Proposed Franchising Scheme will level the playing field for smaller operators (8), operators will have to provide a public service (7) and the Proposed Franchising Scheme will prevent a monopoly or will drive competition (5).

“Whilst I appreciate impacts on operators, they are providing a SERVICE which is currently very poor/non-existent for some GM residents. This proposed scheme addresses this effectively.”

Member of the public

The unfavourable comments included: operators receiving fair treatment or compensation for losses (9), general disagreement or opposition (7) and worries over operators not having enough control of services (6).

“Some operators could lose all of their work overnight, especially smaller ones. Some of these will have worked hard to build up networks (e.g. Jim Stones) with excellent reputations, only to see that hard work wiped out.”

Member of the public

There were 5 members of public who made suggestions to the Proposed Franchising Scheme - the main one being that consideration should be given to cross boundary services (3). The 29 members of the public who made suggestions already covered by the Proposed Franchising Scheme included the suggestion that bus services should be regulated or operators should be held to account (5), reformed or changed (4) and improved due to operators cutting services or abandoning unprofitable routes (4).

“It is understood at least some of the impact this change could have on operators. Where they have some local and some cross-boundary services, such as Arriva or Transdev, they may reconsider how they prioritise services from or totally just outside Greater Manchester.”

Member of the public

There was one general comment made by a members of the public which contained out of scope comments in relation to the question.

12.4 Comments received on the impacts of the partnership options on operators

This section summarises a question about the impacts of the partnership options on operators.

Q38. Do you have any comments on the impacts of the partnership options on operators, as set out in the sub-section Impacts of the different options?

For more information see paragraphs 4.201 to 4.202 of the Consultation Document.

Participants were asked if they had any comments on the impacts of the partnership options on operators. There were 77 participants who provided comments. Of these there were 34 who provided favourable comments and 36 who provided unfavourable comments. There were also 14 participants who provided suggestions. The following section provides a breakdown of the comments by statutory consultees, non-statutory consultees, and members of the public.

Table 12.4 Number of participants who provided favourable and unfavourable comments about the impacts on operators of the partnership options

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (77)	34	36

Statutory consultee (7)	5	1
Non-statutory consultee (6)	3	3
Member of the public (64)	26	32

12.4.1 Statutory consultees

Bus operators/transport organisations

Rotala PLC stated that providing there is an appropriate partnership arrangement, a partnership option would be positive for the bus market in terms of services, patronage, and allowing operators to price services to reflect costs in a competitive environment.

Go North West Ltd were of the view that under a partnership option, GMCA would be protected against any major cost or risk as these would be accountable to the operators. They went on to state that operators would face public scrutiny for performance, and operators would also commit to more resource and investment.

“Under a partnership model, the major costs and risks are borne by bus operators and GMCA is sheltered from major cost and risk. Operators would be subject to obligations and would face financial penalties if these were not met. Operators would commit considerable resource and investment (including capital expenditure) to delivering GMCA's obligations and would face increasing public scrutiny of their performance.”

Go North West Ltd

Stagecoach Manchester felt they could not comment fully on the commercial implications of the partnership options as they felt the Ambitious Partnership considered in the assessment had not been tested with operators.

“The ambitious partnership considered in the assessment appears not to have been tested with operators. We are intrigued by the consideration of an ambitious partnership and the consideration given to it by TfGM during the assessment. As a key operator in Greater Manchester, we had no discussions whatsoever with TfGM as to what an ambitious partnership could look like, and it has simply been created as a theoretical construct by officials and not operators, which allows one of the other contractual mechanisms under the Bus Services Act (an Enhanced Partnership) to be considered. It is therefore difficult to comment fully on the appropriateness of the commercial implications of the partnership options as set out in the Commercial case.”

Stagecoach Manchester

Local authorities

Bolton Council were the only local authority to comment on the impacts of the partnership options on operators. The council felt that the partnership options would have limited impact on the operators as services, timetables and ticketing would continue to be decided the operators and there would be little change.

12.4.2 Non-statutory consultees

The Chartered Institute of Logistics and Transport- North West Policy Group was the only non-statutory consultee to comment on the impacts of the partnership options on operators. The Institute stated that the partnership options on the whole appear to deliver similar results with lower risk and cost, plus equivalent involvement from stakeholders.

12.4.3 Members of the public

Overall, 64 members of the public provided comments on the impacts of the partnership options on operators. There were 26 who provided favourable comments while 32 provided unfavourable comments. There were also 10 members of the public who made suggestions.

The most cited favourable comment was general agreement or support towards partnership options (21) whereas the most mentioned unfavourable comment was general opposition and a preference for the Proposed Franchising Scheme (17).

“The partnership in my opinion could help the operators most in future.”

Member of the public

The majority of suggestions made were already covered by the Proposed Franchising Scheme (7). The most mentioned suggestions already covered by the Proposed Franchising Scheme included consideration should be given to the proposals put forward by OneBus (2) and bus services should not be determined by operators or market force (2).

“The OneBus offer as described on their website looks like a significant improvement over the 'do minimum' option to me.”

Member of the public

12.5 Summary overview on the positive or negative impacts that the different options may have on local bus operators

This section summarises two questions about the impacts that the different options may have on local bus operators.

Q39a. If you currently operate local bus services in Greater Manchester, do you anticipate any positive or negative impacts that the different options may have on your business?

For more information see paragraphs 4.201 to 4.202 of the Consultation Document.

PLEASE SELECT ONE BOX ONLY.

- Yes
- No
- Don't know

Q39b. If so, please explain what you think those positive or negative impacts would be.

Consultees who responded to the consultation using the response form were asked if they anticipate any positive or negative impacts of the different options on their business, if they currently operate local bus services in Greater Manchester. Nine consultees responded via the response form, of which, five said they *don't know* and four said they do anticipate impacts (positive or negative).

This section of the report provides a breakdown of the comments received from statutory consultees, non-statutory consultees, and members of the public.

12.5.1 Statutory consultees

Bus operators/transport organisations

Go North West Ltd stated that the Proposed Franchising Scheme would have a detrimental impact on their business for a variety of reasons, including loss of services leading to stranded passengers, employee redundancies/de-prioritisation due to uncertainty and lower levels of scrutiny for GMCA. The consultee stated that a partnership option would have a positive impact on their business. Reasons included operational stability which would allow future planning and investment in innovation, stability for employees and flexibility to agree network changes due to customer demand.

Transdev Blazefield Ltd were of the view that franchising is both a risk and opportunity for the consultee. If successful in bidding, the consultee felt there was opportunity for growth, particularly for their cross-boundary services. If unsuccessful in bidding, the risk identified revolved around the consultees limit of exposure via their Rochdale depot and fleet.

Stagecoach Manchester stated that any change to the bus market would impact them significantly. The operator referenced their responses to the Economic and Financial case in particular, querying the Earnings Before Interest and Taxation ("EBIT") margin assumptions that potential franchisees could expect, as well as the assumptions on pensions in the Assessment.

“...we are clearly significantly impacted by any reforms to the bus market in Greater Manchester. The HSF legal paper sets out further views on this, especially on the concerns around the proposals to acquire depots, whether through negotiations or an exercise of CPO powers. Our response to the Economic case references our queries over the validity of the Earnings Before Interest and Taxation (“EBIT”) margin assumptions bidders can expect to achieve as these do not reflect our experiences operating in the London franchised market. We also believe...that the assumptions in the Assessment regarding pensions are also not reflective of the current market and cause us considerable cause for concern...”

Stagecoach Manchester

12.5.2 Non-statutory consultees

OneBus stated that a partnership option would be the preferred option. The consultee felt that the partnership option would provide less risk compared to the Proposed Franchising Scheme and be delivered quicker.

“OneBus does not operate bus services in Greater Manchester but represents several large and small operators who do. OneBus is of the firm opinion that the best option is partnership. The benefits of faster delivery with no risk to the public purse outweigh the fact that the Proposed Franchise Scheme has political support.”

OneBus

12.6 Comments received on the impacts of the different options on GMCA

This section summarises a question about the impacts of the different options on GMCA.

Q40. Do you have any comments on the impacts of the different options on GMCA, as set out in the sub-section Impacts of the different options?

For more information see paragraphs 4.203 to 4.204 of the Consultation Document.

Participants were asked if they had any comments on the impacts of the different options on GMCA as set out in the sub-section Impacts of the different options. There were 113 participants who provided comments on the impacts of the different options on GMCA. There were 60 participants who provided favourable comments, five who provided conditional comments, 35 who provided unfavourable comments and 37 who provided suggestions.

Table 12.5 Number of participants who provided favourable and unfavourable comments about the impacts on GMCA of the different options

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (113)	60	35
Statutory consultee (11)	6	8
Non-statutory consultee (9)	4	2
Member of the public (93)	50	25

12.6.1 Statutory consultees

There were a small number of statutory consultees who left comments on the impacts of the different options on GMCA. The following sections break down the responses received by category of consultee.

Bus operators/transport organisations

Go North West Ltd stated that the Proposed Franchising Scheme does not represent value for money and presents the riskiest economic model, which in their view exposes GMCA to financial and legal risk. The consultee went on to state that additional risks will arise if the required expertise cannot be found by GMCA to manage the Proposed Franchising Scheme.

“If the implementation of the scheme does not go to plan (as GNW considers likely), or is affected by an unforeseen shock, there would be a very significant financial impact on GMCA.”

Go North West Ltd

Rotala PLC stated that the Proposed Franchising Scheme would negatively impact GMCA and it is an underfunded model. The consultee predicted that the Proposed Franchising Scheme would result in staff shortages which would require funding, ultimately from the taxpayer.

Local authorities

Bolton Council felt that TfGM were best placed to advise GMCA on any impacts of the different options. They went on state that none of the risk should be transferred to any of the 10 Greater Manchester local authorities.

Derbyshire County Council expressed concern over the long-term sustainability of funding for the Proposed Franchising Scheme due to the continued decline in bus patronage forecasted.

“Whilst this is a decision for GMCA to make, DCC has a concern regarding the long term sustainability of funding the scheme with GMCA taking the revenue risk as all the options shown in figure 4.61 show bus usage continue to decline over the long term.”

Derbyshire County Council

12.6.2 Non-statutory consultees

Comments made by non-statutory consultees on the impacts of the different options on GMCA are summarised below.

Transport stakeholders

In response to this question, OneBus referred to paragraph 3.9 of the OneBus Economic Review (Jacobs Economic Report), which details impacts on GMCA and TfGM.

The Chartered Institute of Logistics and Transport- North West Policy Group were of the view that the number of qualified staff required for TfGM to manage the bus network in Greater Manchester was underestimated, considering the intention to recruit. The Institute referred to the Tyne and Wear Quality Contract Scheme report and how this was a constraint for Nexus.

Academic institutions

The University of Manchester did not wish to see a period of disruption or staff shortages to address changes and queries.

Action groups

Steady State Manchester Collective felt that the impacts would be acceptable and drew comparison to the London franchising scheme, which in Steady State Manchester Collective's view, was successful.

12.6.3 Members of the public

There were 93 members of the public who left comments on the impacts of the different options on GMCA, as set out in the sub-section Impacts of the different options. There were 50 members of public who provided favourable comments, 4 who provided conditional comments, 25 who provided unfavourable comments and 33 who provided suggestions.

Of the 50 who provided favourable comments, the most cited comment was agreement or general support (19). Other comments included agreement or general support with the Proposed Franchising Scheme (17) and reinvestment of surplus revenue (9).

"It's fantastic that surpluses would be reinvested into the bus service to benefit passengers: this is exactly how our public services should be run."

Member of the public

Of the four who left conditional comments, the most mentioned comment was providing the Proposed Franchising Scheme is done well or executed properly (2). The most mentioned unfavourable comments included worries that GMCA is retaining too much risk or responsibility (5), worries over value for money or cost control (4) and general opposition towards the Proposed Franchising Scheme (4).

“Franchising seems to be an unnecessary cost risk for GMCA, and extra expertise is required which GMCA/TfGM do not currently possess.”

Member of the public

The most mentioned suggestion was that bus services should align with TfGM/GMCA environmental objectives or should be more environmentally friendly (7). Other suggestions included bus services should serve public benefit (7), bus services should be publicly controlled (5) and bus services should not be run for profit (4).

“It is appropriate for GMCA and TfGM to take on the risks and benefits and any required organisational change consequent on taking responsibility for creating and managing a decent bus service as part of a climate and health aware 21st century city plan.”

Member of the public

12.7 Comments received on the impacts of the different options on wider society

This section summarises a question about the impacts of the different options on wider society.

Q41. Do you have any comments on the impacts of the different options on wider society, as set out in the sub-section Impacts of the different options?

For more information see paragraphs 4.205 to 4.214 of the Consultation Document.

Participants were asked if they had any comments on the impacts of the different options on wider society as set out in the sub-section Impacts of the different options. There were 344 participants who provided comments. Of those, there were 187 participants who provided favourable comments and 74 who provided unfavourable comments.

Table 12.6 Number of participants who provided favourable and unfavourable comments about the impacts on wider society of the different options

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (344)	187	74
Statutory consultee (14)	11	9
Non-statutory consultee (19)	13	9
Member of the public (311)	163	56

The following section provides a breakdown of the comments received from statutory consultees, non-statutory consultees, and members of the public.

12.7.1 Statutory consultees

Bus operators/transport organisations

In their response, Rotala PLC referred to the Jacobs Review of Consultation Economic Case, stating that the methodology used calculate the wider economic benefits from introducing the Proposed Franchising Scheme raises concerns. This raised further questions over the benefits realisation.

Go North West Ltd stated that the impacts of the Proposed Franchising Scheme on wider society could not be more beneficial than a partnership model, splitting these impacts into economic and environmental impacts. The consultee referred to their answers at Q17 and Q23 respectively.

Local authorities

Bolton Council stated that TfGM were best placed to understand the impact of the different options on wider society. They noted that with a partnership option there will be little change whilst the Proposed Franchising Scheme could potentially increase public transport patronage and reduce car journeys.

Other statutory consultees

TravelWatch NorthWest highlighted the Proposed Franchising Scheme's forecast that it would reduce car use and promote more sustainable travel.

12.7.2 Non-statutory consultees

Transport stakeholders

In response to this question, OneBus referred to paragraph 3.10 of the OneBus Economic Review (which says there has been an over estimation of benefits of the Proposed Franchising Scheme and requesting details of the assumptions underpinning them). The Chartered Institute of Logistics and Transport- North West Policy Group highlighted congestion as an impact for wider society and this was an issue which was potentially not addressed by franchising in its entirety. They acknowledged that wider environmental benefits such as fleet sustainability and air quality are best serviced by franchising, however the cost may be lower via a partnership option.

Academic institutions

The University of Manchester highlighted a number of perceived positive impacts from the franchise model such as retaining staff and students, more environmentally friendly buses, increased accessibility and safety and more late night/early morning routes to support shift work.

12.7.3 Members of the public

There were 311 members of the public who left comments on the impacts of the different options on wider society, as set out in the sub-section Impacts of the different options. Of those, 163 members of public provided favourable comments, 56 provided unfavourable comments and 184 provided suggestions.

The most cited favourable comment was generally positive towards the Proposed Franchising Scheme (72). Other comments include agreement or general support towards wider societal impacts (42), positive environmental impacts such as less pollution and cleaner air (32) and that franchising will drive economic growth (18).

“The franchising option is the one that offers the most benefit to wider society - it gives a value-for-money enhanced service for passengers - it gives cleaner vehicles - it increases passenger numbers and therefore decreases car congestion - it guarantees services for certain neighbourhoods.”

Member of the public

Unfavourable comments included the do minimum option must be ruled out (11), disagreement or general opposition regarding impacts on wider society (10) and unfavourable comments towards partnership options (8).

“There will be disruption with little benefit.”

Member of the public

The majority of those who made suggestions (177) were suggestions which were already covered by the Proposed Franchising Scheme. The most cited suggestion already covered by the Proposed Franchising Scheme was that bus services should be promoted or encouraged so fewer cars are on the road (62). Other suggestions already covered by the Proposed Franchising Scheme included that the bus services should be environmentally friendly or greener (35), more reliable (30), joined up with wider public transport network (25) and more widely available (25).

“I hope the environmental benefits work, as we all must think of new ways to reduce our CO2 emissions. Better bus travel, with less redundant routes and less car usage, would help strongly with that.”

Member of the public

13. Equality Impact Assessment

13.1 Summary overview

This chapter covers comments received on how the Proposed Franchising Scheme could impact on persons with protected characteristics as identified by GMCA's draft Equality Impact Assessment.

Q44. GMCA'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?

For more information see the draft Equality Impact Assessment (Section 5)

Under equality legislation, GMCA is required in the exercise of its functions to have due regard for 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 don't.

Relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

The draft Equality Impact Assessment concludes that the Proposed Franchising Scheme would have a high positive impact on children and young people, older people and people with physical and sensory impairments and a medium positive impact on women, transgender people, lesbians, bisexuals and gay men, people with mental health problems and people from a variety of ethnic backgrounds. It does not identify any groups that would suffer an adverse impact.

In total, there were 285 participants who provided comments, including from 14 statutory consultees, 27 non-statutory consultees, and 244 members of the public. Of those who provided comments, this included 130 participants who provided favourable comments, and 61 participants who provided unfavourable comments. There were also 93 participants who made general comments, and 54 participants who made suggestions.

Table 13.1 Number of participants who provided favourable and unfavourable comments about the impacts of the Proposed Franchising Scheme on persons with protected characteristics

	Number of participants who made favourable comments	Number of participants who made unfavourable comments
All who provided a response (285)	130	61
Statutory consultee (14)	4	4
Non-statutory consultee (27)	13	5
Member of the public (244)	113	52

The next section of this chapter first looks at the responses from statutory consultees, followed by non-statutory consultees, and then members of the public.

Please refer to section 3.3 of this report for more information on how to interpret the consultation findings.

13.2 Statutory consultees

Of those who made comments, this included Go North West Ltd which stated that it noted that the focus of the draft Equality Impact Assessment was on bus users rather than employees. Salford City Council stated that it was satisfied that the draft Equality Impact Assessment showed that protected groups would not be adversely affected. TravelWatch NorthWest stated that while it broadly agreed, it believed that there was an issue at present with competition between wheelchair users and prams and pushchairs, and that an important element was driver awareness and better facilities for those with disabilities.

“We broadly agree. One specific comment – under franchising the opportunity should be taken to address the very real problem of instances of competition to use the limited space on buses for wheelchairs/ prams/ pushchairs...another important element is driver awareness and training. Better facilities at bus stops and bus stations for those with physical and sensory impairments are also essential.”

TravelWatch NorthWest

Other statutory consultees who provided comments included Rochdale Borough Council which stated that draft Equality Impact Assessment in its opinion did not address impacts relating to the affordability of fares or the impact on people with mental illnesses. Trafford Council believed that the draft Equality Impact Assessment should consider the impacts on people during the phasing in of the Proposed Franchising Scheme factoring in the potential loss or reduction of bus services during this time. The Council believed that this could have a significantly negative effect on people, particularly on specific groups. HCT Group believed that the Equality Impact Assessment had a narrow focus, and missed out important aspects.

“The impact assessment explores the impact on people with protected characteristics, but does so a little narrowly. It misses, for example, the fact that women use buses more than men, and so will be disproportionately affected by the changes to the bus market. Similarly, GMCA does not appear to consider the impact on essential life skills that bus reform could have e.g. increased independence, confidence, particularly on younger and older people and those with a disability. Compared to the depth of the rest of the assessment, the Equality Impact Assessment is lacking.”

HCT Group

First Manchester Ltd did not believe there would be any material differences between the franchising proposals and a partnership led approach in respect of their impact on persons with protected characteristics.

13.3 Non-statutory consultees

Some of those who provided comments made it clear they were in support of the draft Equality Impact Assessment. This included The University of Manchester which stated that it supported all measures that have a positive impact on persons with protected characteristics, and that this aligned strongly with their own core goal of social responsibility. The Church of England, Diocese of Manchester observed that services thinned out on many routes in the early evenings, which it believed had forced older people into their homes in the evening and thus limited the potential for intergenerational activities. Manchester Friends of the Earth stated that it agreed with the draft Equality Impact Assessment, and that in particular that it would benefit older people. Steady State Manchester Collective also cited benefits for older citizens.

“...an infrequent and fragmented bus service often results in many older and/or disabled people finding it difficult (or impossible) to visit friends and family, go shopping, get to work or attend cultural events, leading to a situation where they can become isolated in their homes, lonely and with deteriorating physical and psychological well-being. Public control of the bus service, via bus franchising, could improve the bus network in terms of frequency, reliability and safety, which will benefit all – young or old.”

Manchester Friends of the Earth

“Public control of the buses should mean that there is better access to hospitals and other health facilities such as GP surgeries: at the moment, many older and/or disabled people have to travel to these facilities via private taxi firms, at great expense. Furthermore, the fragmented nature of the bus network means that it is difficult for many older and/or disabled people to visit friends, go shopping, get to work or attend cultural events, leading to a situation where they can become isolated in their homes, lonely and with deteriorating physical and psychological well-being. Franchise arrangements could reliably improve the network of bus routes, their frequency, and safety for older and disabled travellers with consequent improvement in well-being.”

Steady State Manchester Collective

Others in agreement included, Mobilities Justice CIC, Intu Trafford Centre, WalkRide Greater Manchester, Saddleworth Parish Council, Transition Buxton, Manchester Metropolitan University, and Abellio.

“The EIA does not identify any adverse impacts, and identifies likely positive impacts for some protected characteristics. This shows the benefit of the Proposed Franchising Scheme for our students, staff and visitors within these groups, which is welcomed by Manchester Metropolitan University.”

Manchester Metropolitan University

“Abellio agrees with the view expressed in the draft Equality Assessment that the Proposed Franchising Scheme should have a high positive impact on children and young and older people and people with physical and sensory impairments, and a medium positive impact on women, transgender people, lesbians, bisexuals and gay men, people with mental health problems and people from a variety of ethnic backgrounds.”

Abellio

The Manchester Local Care Organisation stated that it supported robust equality impact assessments on route planning/times of services that include consideration for and emphasis on the needs of the unpaid workforce in local communities.

Some of those who provided comments raised concerns and/or made suggestions. This included Kate Green, MP for Stretford and Urmston who said she was surprised at the absence of systems to ensure regular checks on the equality impact on different equality groups, and urged ongoing monitoring, to include passenger feedback and engagement with stakeholders and representative groups. The University of Manchester Students’ Union thought that accessibility needed to be a key feature, and suggested a number of things to improve this, including driver training, audio cues at bus stops, a second door on buses, and that TfGM should sign up to be a third party hate crime reporting centre. It also suggested a help system for people who might feel threatened, and that GMCA should consult and collaborate with different community groups across Greater Manchester, so as to make buses safer and more accessible.

The Northern Care Alliance NHS Group observed that the draft Equality Impact Assessment had been completed for the Proposed Franchising Scheme, but none of the other options included as part of the Assessment, such as a partnership option. OneBus did not think that the Proposed Franchising Scheme would meet the needs of disabled passengers.

“As noted elsewhere in this response, TfGM has failed to do their part in the delivery of the Public Service Vehicle Accessibility Regulations by making life difficult at bus stops for the elderly and mobility impaired by not creating bus stop clearways with raised kerbs. Wrongly, the Mayor was critical of bus operators failing to have buses with ramps when legislation dictated that they had to be suitably equipped and were. The fact that less than half of the bus stops across Greater Manchester are not suitable for easy access was not picked up by him and will not be addressed by the Proposed Franchising Scheme. In this case the scheme fails to meet the due regards of those who are disabled.”

OneBus

In terms of groups that represent people with protected characteristics, comments were received from The Proud Trust, The Guide Dogs for the Blind Association, and Greater Manchester Disabled Peoples Panel and included as follows:

- The Proud Trust mentioned that the costs of buses prevent people being able to get to LGBT+ youth support venues, and that those who are LGBT+ are more likely than the general population to suffer many hidden costs (physical, verbal and financial), and as such are forced to pay more to protect themselves, such as paying for private taxis as a way to safely get from A to B. The organisation also stated that young people have witnessed hate incidents on Greater Manchester buses, and that school children in particular can be problematic and LGBTphobic.
- Greater Manchester Disabled Peoples Panel identified 11 priority areas it would like to see a bus system provide for disabled people. This included a need for audio and visual real time information announcements at stops and on buses, improved signage, driver training and disability awareness to be standardised across the whole service, that a carer pass should be provided, and that it should be represented on the commissioning board.
- The Guide Dogs for the Blind Association cited the 2010 Equality Act, but believed that many bus operators were not meeting their legal obligations. The organisation believed that there would be continued scope for audio-visual technology to be mandated across Greater Manchester, and that TfGM would have the opportunity, via franchising, to introduce consistent, high-quality disability equality training for passenger facing staff.

“The Equality Act 2010 places a duty on businesses to make reasonable adjustments to ensure they are accessible to people with disabilities. With such a high proportion of passengers with sight loss reporting being disadvantaged in using buses, there is strong evidence to suggest that many bus operators are not meeting their obligations to make reasonable adjustments through providing adequate passenger information. AV requirements for buses would ensure that bus operators are in line with the Equality Act...through franchising, TfGM have an opportunity to ensure that passengers can travel with confidence knowing frontline staff have the training they need.”

The Guide Dogs for the Blind Association

13.4 Members of the public

There were 244 members of the public who provided comments on potential impacts of the Proposed Franchising Scheme on people with protected characteristics as identified in GMCA's draft Equality Impact Assessment.

There were 113 members of the public who provided favourable comments. The main comments were supportive in general (52), and that the draft Equality Impact Assessment had given adequate consideration to everyone (29). Other, less frequently cited favourable comments included that specific characterises such as elderly and disabled passengers had been afforded adequate protection (12), that there was adequate consideration for staff awareness, training and support to look out for those with protected characterises (3) and that it would be an improvement or make things better for those who are disadvantaged by the existing system (2).

"Agree. This kind of centralised network coordination will undoubtedly benefit people of all walks of life who are not currently well-served by the network."

Member of the public

There were 52 members of the public who provided unfavourable comments. Of those who provided unfavourable comments, this included general disagreement (9), and a belief that the draft Equality Impact Assessment would be a "box-ticking" exercise without substance, and/or that it was too vague (9). Other, less frequently cited unfavourable comments included a belief that the draft Equality Impact Assessment would be unnecessary (5), and/or that certain sections of the community had not been given enough consideration, including elderly people (4), disabled people (4), and female passengers (4).

"...it seems overoptimistic to state that all people with protected characteristics will benefit as the current passenger mix is not always representative of the wider population of GM. This therefore has the appearance of a tick box exercise. I see no evidence that people of BAME heritage with clearly benefit from this approach unless it can be guaranteed that service provision is increased within places with higher ethnic diversity and unless there is a deliberate attempt to address socio-cultural barriers to use of public transport - this strategy does not recognise at any point that these barriers exist."

Member of the public

Of those who made general comments and/or suggestions, these included a belief that everyone should be treated equally (14), that more consideration would be needed for those with impaired mobility, including those who used wheelchairs (13), and that the needs of female passengers would need to be considered further too (13).

“The impact assessment explores the impact on people with protected characteristics, but does so a little narrowly. It misses, for example, the fact that women use buses more than men, and so will be disproportionately affected by the changes to the bus market.”

Member of the public

14. Organised campaign and petitions

14.1 Organised campaigns

Of all responses received, **1,240 were considered to be campaign responses**. All of these responses related to one campaign from Better Buses for Greater Manchester. The main points contained within the Better Buses for Greater Manchester campaign gave support for a better, publicly controlled bus network.

A total of 930 responses included text which Better Buses for Greater Manchester included on its website. The response made several points in response to the Strategic Case, including the challenges facing the local bus market and the conclusion that it is not performing as well as it could (Q12 of the response form). Specific comments included:

- The bus market is not working well for residents of Greater Manchester;
- 8 million miles of bus services since 2010 have been lost, which is 11% of the service, despite fares increasing two years in a row;
- The North West's bus network has shrunk more than any other region;
- Bus company shareholders in the North West have received an average £18.4 million in dividend pay-outs a year for the past ten years;
- The Proposed Franchising Scheme would result in public control of Greater Manchester's buses;
- The Local Government Association showed recently that 69% of residents think local councils should be the main decision-makers on bus services; and
- A better bus network is necessary to take part in society: to get to work, the hospital, shops, public services and visit loved ones.

The campaign also provided comments in response to the agreement that reforming the bus market is the right thing to do to address the challenges facing it (Q13 of the response form). Specific comments included:

- Support for taking control of the bus network, to give local authorities control of the bus routes, fares, and ticketing;
- The network as a whole can join up to make an integrated bus network that is more accountable to the community;
- Right now, this system works only for bus company shareholders;
- There is a need for buses that are clean and green and accessible and bus companies have not delivered on both fronts;

- Support for region-wide standards of pay, conditions and pensions for drivers to be negotiated with Unions representing drivers (which represent over 8,000 workers in the region, so that drivers are respected for their hard work); and
- Deregulation in Britain resulted in a 'race to the bottom' (Transport for Quality of Life, Building a World-class Bus System for Britain, es.5).

The campaign went on to provide comments in response to the conclusion of the Economic Case (Q17 of the response form). Specific comments included:

- Currently, public money makes up 40% of bus companies revenue, yet we have no control over fares, the vast majority of routes and timetables;
- 10% of that public money is leaked as dividends;
- Public control means all of the fare revenue is taken and bus companies are given contracts, halving their profit margins, so that public money is used for buses over shareholders;
- Transport for Quality of Life, Building a World-class Bus System for Britain, es.7);
- Public control also means that profits from busy routes can be used to pay for socially necessary routes, rather than just bus company profits;
- Research showed that 95% of people in Greater Manchester supported the idea of subsidising bus routes which are unprofitable but necessary for the public good; and
- A better bus network can finally be delivered.

The campaign also provided comments in response to the Financial Case inclusion (Q30 of the response form). Specific comments included:

- The outlined costs, with the vast majority coming from local authorities, and a total of £14 council tax increase for the average household spread over 6 years to 2025, are a price worth paying; and
- These costs will result in a better bus network, run for the public over shareholders, with much better value for the public money currently given to buses.

The campaign provided a number of other general comments, including:

- The alternative that is on the table, the Voluntary Partnership, leaves all the power in the hands of the bus companies;
- Changes will only be made to the extent that they deem it in their interests;
- A system is needed which puts the interests of Greater Manchester's people first;
- Franchising is the only option that allows cross subsidy from popular/profitable routes to less busy/unprofitable routes;
- The additional expenditure over that for the Voluntary Partnership is not large - £25m (£122m vs £97m) over the 5-year implementation period. That equates to £5m per year, or £500k per

council area, or £4.34 per household per year (source: TfGM Franchising paper, executive summary, page 23);

- The economic assessment indicates a better return from franchising in terms of economic, social and environmental benefit than from either partnership model; and
- Buses are hugely important to individual lives and there is a huge opportunity to transform them so that they work for citizens over shareholders.

A further 502 responses provided a comment which replicated text used by Better Buses for Greater Manchester on its Facebook page (entitled Publicly Controlled Buses). Standard text included in these responses in support of the Proposed Franchising Scheme included:

- Support for better, publicly controlled buses which could see Greater Manchester set a precedent across the UK;
- What people think of buses and the reasons for supporting publicly controlled buses; and
- What people want from buses moving forward.

Finally, a further 63 responses provided a comment which replicated text used on a postcard produced by Better Buses for Greater Manchester. Specific comments showed support for TfGM's proposal for bus reform because it will mean more control over the bus service to make buses more accessible and get affordable fares, to introduce more evening and weekend services and to introduce a smart ticket which can be used on all transport (where daily spending is automatically capped).

14.2 Petitions

○ All 1,240 campaign responses referred to the Better Buses for Greater Manchester campaign. In addition, Better Buses for Greater Manchester submitted a petition. A petition differs from a campaign response in that it will comprise a single response alongside a number of signatures. Campaign responses on the other hand are submitted by individual participants. The text of the petition was as follows:

"Our buses aren't good enough. Right now, bus companies do what they like and it's a free market wild west. We need public control.

Andy Burnham, Mayor of Greater Manchester, has said he will regulate your buses. Regulation would mean affordable fares, and more evening and weekend services, all with a smart ticket where daily spending is capped.

The final decision hasn't been made. Sign the petition now to make your buses better.

Dear Andy Burnham, please regulate our buses."

A total of 11,510 members of the public and other organisations signed the petition.

Another petition was submitted by Councillor Adrian Pearce of Stalybridge North Ward. This supported the Proposed Franchising Scheme as it would make bus services more responsive to the needs of the people of Ridge Hill in Stalybridge. Specifically, the petition called for:

- The restoration of the 389 bus route, including the return of the bus stops on Church Walk and St George's Street;
- The reinstatement of the 389 route from Ashton to Hyde; and
- The reinstatement of the 387 service to Tameside Hospital to include Springs Lane and Ridge Hill.
- The petition was signed by 53 residents.

15. Late responses

While the consultation closed at 23:59 on Wednesday, 8 January 2020, 72 responses were received after the consultation deadline.

As per the protocols set up at the beginning of the consultation, late responses have been analysed separately, with a short summary of what was said included in this chapter of the report. No responses were received online after the deadline as the portal was closed- however those who began their online response before 23:59 but submitted afterwards were accepted.

This addendum chapter summarises all of these late transmitted responses from the public, organisations and groups. None of the late transmitted responses raised any substantive new issues beyond those already identified in the responses submitted before the close of consultation.

Table 15.1 Late responses received

	Postal response form	Email	Campaigns
Individuals	7	20	40
Stakeholders	0	5	0

15.1 Statutory consultees

Competition and Markets Authority

The Competition and Markets Authority provided a response in support of making the bus market work better. They provided a response focused upon their view of franchising and the provided alternatives with the stated offer to have input into the final packaging strategy and design if the Proposed Franchising Scheme were to be adopted.

They recognise that franchising could be the most effective vehicle for delivering objectives as concluded within the Assessment, however, they urge consideration of significant risks before proceeding. They refer to risks created by structural changes which would not be reversible and may have negative impacts upon passengers in the long term. They recognise that statutory process has been followed with regard to consideration of both the voluntary partnership agreement and Ambitious Partnership through the Enhanced Partnership Scheme.

Reference is made to the importance of franchise design and competition as this will have a significant impact on the number of firms competing. Therefore, vital consideration must be given to the size of

franchises, the length of franchises, the timing of renewals and the ability to oversee performance and take action. They were in agreement with the transition proposal regarding sub section rollout, but consideration must be given to fair competition amongst operators including those who are not currently concentrated within each sub area. They suggest reflection upon expected levels of competitions for purchased franchise contracts and recommend GMCA to consider smaller franchises for greater flexibility and stronger competition.

On the proposed asset strategies, they welcome GMCA's approach however, given the range of franchise package sizes, they urge consideration around scope to split strategic depots by different operators to provide greater flexibility in the design of franchise areas. Further competition could also be promoted by facilitating the potential expansion of smaller operators to staircase towards larger franchise awards.

Finally, they emphasise the need for a space for innovation which should be suitably flexible to reflect the potential range of demand responsive and hybrid services.

15.2 Non-statutory consultees

Association of British Commuters

The Association for British Commuters provided a response which stated their full support for the Proposed Franchising Scheme, with the caveat that stronger legislation will be needed and the option for a fully integrated, publicly owned transport system should be urgently explored. They recognised the benefits which would be brought to Greater Manchester such as multi-modal ticketing and fare capping, better frequency, connectivity, environmentally friendly buses and more local power and accountability. They also attached a published blog and referenced a documentary in support of the Better Buses campaign for Greater Manchester.

Age UK Bolton

Members of the over 55s people's platform met to discuss the consultation and provided the following comments. They discussed current challenges such as unreliability of services, cancellation of services, poor standards and cleanliness and a lack of information through timetabling. They also discussed issues particularly pertinent to their interest group such as the inability to use concessionary passes at peak times, drivers not pulling into the curb or setting off before passengers are seated and a lack of evening services limiting the activities of some older people. There was general support for reform amongst the group and a desire for an integrated Oyster style system which may support improvement although they noted the fact that transition would provide challenges.

They had criticisms regarding the consultation document and response forms as follows:

- The consultation document itself was not user friendly (too lengthy, complex and challenging for older people)
- Information not presented in an easily accessible format
- Information informing consultation document not come from community base
- Several colleagues attempted completion but gave up as the questions were not user friendly or appropriate for target audience

Councillor Charlotte Martin, Audenshaw Ward

Charlotte Martin raised issues caused by privatisation of the bus services such as price increases, lack of investment, poor timetabling and no effort to integrate ticketing. She raised further concerns regarding bus as a genuine option for commuters compared with car journeys taking a fraction of the time. Councillor Martin was supportive of the GM Better Buses campaign, in order to utilise powers to coordinate the network and introduce standards. Furthermore, Councillor Martin suggested that GMCA consider cost comparisons between Manchester and London under TfL, and focus upon a bus network which doesn't place profit over people.

Venture Arts

Venture Arts shared notes taken from a steering group session run regarding the Proposed Franchising Scheme. They provided a number of comments regarding the experiences of members with learning disabilities:

- Current disabled persons bus pass already eliminates the issue of multiple tickets for multiple operators
- Changing buses can be stressful and confusing so more routes around the city as opposed to into the city would be helpful.
- Suggested code of conduct to address safety and anti-social issues currently experienced
- A suggestion for Manchester based charities to advertise for free on the GM fleet
- Buses as a viable mode would help those who currently struggle with the business of trams

15.3 Members of the public

Excluding campaigns, there were 27 late responses submitted by members of the public. All of these responses provided comments which were in-keeping with the themes raised by members of the public analysed in detail in throughout this report.

Appendices

Appendix A – Participant profile

This section summarises the profile of public participants who took part in the consultation via the online or paper form. A total of 5,959 members of the public participated in the consultation via the response form. The questions were optional and so not everybody provided this information. Those who submitted a response via email or letter would not have answered the questions and so are also excluded from the figures below.

Table B1 Age of respondents taking part in the consultation via online or paper response form

Age	Number of respondents
16-18	142
19-24	272
25-34	777
35-44	938
45-54	981
55-64	1,059
65-74	1,401
75 and over	262
Prefer not to say	127
Not stated	45

Table B2 Gender of respondents taking part in the consultation via online or paper response form

Gender	Number of respondents
Male	3,284
Female	2,472
In another way	43
Prefer not to say	157
Not stated	48

Table B3 Whether respondents identify as Transgender who took part in the consultation via online or paper response form

Do you identify as Transgender?	Number of respondents
Yes	34
No	4,883
In some ways	27
Prefer not to say	245
Not stated	815

Table B4 The sexual orientation of those took part in the consultation via online or paper response form

How would you describe your sexuality?	Number of respondents
Bisexual	191
Gay or lesbian	365
Heterosexual or straight	3737
Other sexual orientation	55
Prefer not to say	829
Not stated	827

Table B5 The ethnic origin of those took part in the consultation via online or paper response form

What is your ethnic group?	Number of respondents
White	5,180
English / Welsh / Scottish / Northern Irish / British	4,843
Irish	131
Gypsy or Irish Traveller	4
Any other White background	202
Mixed / multiple ethnic groups	104
White and Black Caribbean	37
White and Black African	8
White and Asian	33
Any other mixed / multiple ethnic groups	26
Asian / Asian British	163
Indian	50
Pakistani	63
Bangladeshi	12
Chinese	20
Any other Asian background	18
Black / African / Caribbean / Black British	96
African	56
Caribbean	33
Any other Black / African / Caribbean background	7
Any other ethnic group	42
Arab	17
Any other background	25
Prefer not to say	329

Table B6 The stated religion of those took part in the consultation via online or paper response form

How would you describe your religion?	Number of respondents
Buddhist	38
Christian	2008
Hindu	27
Jewish	63
Muslim	118
Sikh	3
Other religion	108
No religion	2,233
Prefer not to say	590
Not stated	816

Table B7 Health status of those took part in the consultation via online or paper response form

Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?	Number of respondents
Yes, limited a lot	336
Yes, limited a little	938
No	4,637
Not stated	93

Table B8 Health status and impact on bus use of those with a disability who took part in the consultation via online or paper response form

Do you have a disability or long-term health condition that prevents you from using the bus?	Number of respondents
Yes	147
No	1,041
Prefer not to say	72
Not stated	14

Table B9 Working status of those who took part in the consultation via online or paper response form

Which of the following applies to you.....?	Number of respondents
I am employed by a bus operator in Greater Manchester	116
I am employed by a bus operator outside of Greater Manchester	9
A member of my family works for a bus operator	61
None of these	5,707
Don't know	44
Not stated	70

Table B10 Transport use of those who took part in the consultation via online or paper response form

Which of these mode(s) of transport do you use on a weekly basis?	Number of respondents
Car or van (either as a driver or a passenger)	3,625
Bus	3,700
Train	1,452
Tram (Metrolink)	2,284
Bicycle	880
Taxi/taxi apps/private hire	796
Walking all the way to your destination	2,690
Other	145
Not stated	52

Table B11 Frequency of bus use for those who took part in the consultation via online or paper response form

How often do you use buses?	Number of respondents
Once a week or more	3,242
Less than once a week but used in the last year	452
Not stated	6

Table B12 Reasons for bus use for those who took part in the consultation via online or paper response form

How often do you use buses?	Number of respondents
Commuting	1,524
Education	194
Social/Leisure	1,589
Other	377
Not stated	16

Table B13 Local Authority area of respondents taking part in the consultation via online or paper response form

Local Authority	Number of respondents
Bolton	381
Bury	435
Oldham	352
Rochdale	304
Stockport	780
Tameside	413
Trafford	563
Manchester	1,501
Salford	576
Wigan	406
Outside Greater Manchester (specified)	254
Not stated	39

Appendix B – List of organisations and statutory consultees that responded to the consultation

The following is a list of organisations who responded to the consultation within the advertised consultation period. Any organisation that took part in the consultation using the online or paper form was able to select the category they belonged to. Organisations that responded by email were allocated to categories by Ipsos MORI to the best of its judgement. Please note that the categorisation of organisations has been undertaken to demonstrate the breadth of the response; the categorisation is not definitive and has no bearing on the way in which the responses were dealt with.

a) STATUTORY CONSULTTEES

BUS OPERATORS

- Arriva UK Bus
- Belle Vue (MCR) Ltd
- First Manchester Ltd
- HCT group
- PDR Travel Ltd
- Go North West Ltd
- Stagecoach Manchester
- Transdev Blazefield Ltd
- Warrington's Own Buses
- Rotala PLC

LOCAL GOVERNMENT

- Blackburn with Darwen Borough Council
- Bolton Council
- Bury Council
- Cheshire East Council
- Cheshire West and Chester Council
- Chorley Council
- Derbyshire County Council
- High Peak Borough Council
- Lancashire County Council
- Manchester City Council
- Oldham Council
- Liverpool City Region Combined Authority
- Rochdale Borough Council
- Rossendale Borough Council
- Salford City Council

- Stockport Metropolitan Borough Council
- Tameside Metropolitan Borough Council
- Trafford Council
- Warrington Borough Council
- West Yorkshire Combined Authority
- Wigan Council

OTHER

- Bus Users UK
- Peak District National Park Authority
- Stockport UNISON
- Transport Focus
- TravelWatch NorthWest
- TUC North West
- UNISON (Greater Manchester Transport Branch)
- UNISON (North West)
- Unite the Union
- Wigan Metro UNISON

b) NON-STATUTORY CONSULTEES

ACADEMIC

- Burnage Academy for Boys
- IPPR North
- Manchester Medical School
- Manchester Metropolitan University
- Redwood School
- Royal Northern College of Music
- Students of Holy Cross
- University of Manchester
- University of Salford

BUS OPERATORS

- Abellio
- Keolis UK
- RATP Dev
- Tower Transit

CHARITY/VOLUNTARY SECTOR

- Age Friendly Manchester Older People's Board
- Bolton CVS
- Breakthrough UK
- Caribbean & African Health Network
- Centre for Cities
- Dunham Massey National Trust

- Equality and Human Rights Commission
- Greater Manchester Coalition of Disabled People
- The Guide Dogs for the Blind Association
- Learning, Training & Employment Group
- The Proud Trust
- Stockport Youth Partnership
- Stroke Association
- Whalley Range Community Forum
- Whitemoss Youth/Community Centre and the North City Nomads

ELECTED REPRESENTATIVES

- Afzal Khan, MP for Manchester, Gorton
- Barbara Keeley, MP for Worsley and Eccles South
- Chorlton Park councillors (Councillors Mandie Shilton Godwin/ Joanna Midgley/ Dave Rawson)
- City Mayor of Salford
- Councillor Adrian Pearce, North Ward of Stalybridge
- Councillor Charlotte Morris, Elton Ward
- Councillor Chris Wills, Withington Ward
- Councillor Eddy Newman, Woodhouse Park Ward
- Councillor Emily Rowles and Councillor Sharif Mahamed, Moss Side Ward
- Councillor Gina Reynolds, Langworthy Ward, Salford
- Councillor Marcus Johns, Deansgate Ward
- Councillor Neil Reynolds, Claremont Ward
- Councillor Tina Hewitson, Ardwick Ward
- Debbie Abrahams, MP for Oldham East and Saddleworth
- Elected Representatives for Mossley
- Sir Graham Brady, MP for Altrincham and Sale West
- Graham Stringer, MP for Blackley and Broughton
- Jeff Smith, MP for Manchester Withington
- Jim McMahan, MP for Oldham West & Royton
- Jonathan Reynolds, MP for Stalybridge and Hyde
- Kate Green, MP for Stretford and Urmston
- Whalley Range Councillors (Cllr Angeliki Stogia/ Cllr Mary Watson / Cllr Aftab Razaq)

ENVIRONMENT, HERITAGE, AMENITY OR COMMUNITY GROUP

- Altrincham Business Improvement District
- Barlow Hall Neighbourhood Group
- Chorlton Voice
- Community Transport Association
- Esoterix
- Friends of Patricroft Station
- Friends of Walkden Station
- Greater Manchester Centre for Voluntary Organisation (GMCVO)
- Heald Green Ratepayers Association

- Living Streets
- Manchester Friends of the Earth
- Manchester Local Care Organisation
- Northern Neighbourhood Forum M22
- Oxford Road Corridor
- Sale Moor Community
- The Church of England - Diocese of Manchester
- Tottington District Civic Society
- Transition Buxton
- Walk Ride Heatons
- Walk Ride Greater Manchester
- Whalley Range Climate Action Group
- Withington Civic Society

HEALTH ORGANISATIONS

- Manchester University NHS Foundation Trust
- The Christie NHS Foundation Trust
- The Northern Care Alliance NHS Group

LOCAL GOVERNMENT

- Northern Powerhouse Partnership
- Saddleworth Parish Council
- Stockport Metropolitan Borough Council, Liberal Democrat Group
- Tameside Council, Place and External Relations Scrutiny Panel

OTHER

- 607 Rebels of St. James's Church
- Better Buses for Greater Manchester
- BUS4US
- Derbyshire and Peak District Campaign for Better Transport
- Steady State Manchester Collective
- Bruntwood
- intu Trafford Centre
- J Murphy & Son
- Morrison Property Services
- Nycomm Ltd
- Ryse Hydrogen Ltd
- Schroders
- Scott-Grant Ltd
- Chartered Institute of Logistics and Transport - North West Policy Group
- Confederation of Passenger Transport UK (CPT)
- Greater Manchester Chamber of Commerce
- OneBus

- University of Manchester Students' Union
- University of Salford Students' Union

- Manchester Airports Group (MAG)
- Passenger User Group
- SE Manchester Community Rail Partnership

- Bryn and Makerfield RUG
- Mobilities Justice CIC (Pending Registration)

Appendix C – Contents of the Long and Short Response forms

Two response forms were available, a long response form comprising 48 questions about the proposal, and a shorter form comprising nine questions. All nine questions from the shorter version of the questionnaire featured in the longer version of the questionnaire.

Details of how the questions from the short form mapped onto the long response form are presented in the table below:

Qu No.	Long Response Form	Qu No.	Short Response Form
Questions about the Proposed Franchising Scheme			
1	Do you have any comments on the corrections and changes made to the Proposed Franchising Scheme?		
2	Do you have any comments on the proposal that the Proposed Franchising Scheme should apply to the entirety of Greater Manchester?		
3	Do you have any comments on the local services that are proposed to be franchised?		
4	Do you have any comments on the proposal that the Proposed Franchising Scheme would be split into three sub-areas and on the other arrangements proposed for the purposes of transition?		
5	Do you have any comments on the services which have been excepted from regulation under the Proposed Franchising Scheme?		
6	Do you have any comments on the date on which the Proposed Franchising Scheme is currently proposed to be made?		
7	Do you have any comments on the dates by which it is proposed that franchise contracts may first be entered into?		
8	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?		

<p>9 Do you have any comments on the proposals for how GMCA would consult on how well the Proposed Franchising Scheme is working?</p>	
<p>10 Do you have any comments on GMCA's plans for allowing small and medium sized operators the opportunity to be involved in the Proposed Franchising Scheme?</p>	
<p>11 Do you have any comments on the proposal that it would be appropriate for GMCA to provide depots to facilitate the letting of large franchise contracts under the Proposed Franchising Scheme?</p>	
<p>Questions about the Assessment</p>	
<p>12 The Strategic Case sets out the challenges facing the local bus market and says that it is not performing as well as it could. Do you have any comments on this?</p>	<p>QA The Strategic Case sets out the challenges facing the local bus market and says that it is not performing as well as it could. Do you have any comments on this?</p>
<p>13 The Strategic Case says that reforming the bus market is the right thing to do to address the challenges facing the local bus market. To what extent do you agree or disagree with this? Why do you say this?</p>	<p>QB The Strategic Case says that reforming the bus market is the right thing to do to address the challenges facing the local bus market. To what extent do you agree or disagree with this?</p> <p>QC Why do you say this?</p>
<p>14 Do you have any comments on GMCA's objectives for the future provision of bus services as set out in the Strategic Case?</p>	
<p>15 Do you have any comments on how the Proposed Franchising Scheme might contribute to GMCA's objectives for bus services as set out in the Strategic Case?</p>	
<p>16 Do you have any comments on how a partnership option might contribute to GMCA's objectives for bus services as set out in the Strategic Case?</p>	
<p>17 The Economic Case concludes that the Proposed Franchising Scheme provides the best value for money compared to the partnership options because it would:</p> <ul style="list-style-type: none"> • offer a 'high' ratio of benefits to the cost to GMCA, one which is broadly comparable with the partnership options, • provide the most economic value (Net Present Value), and • create the best platform from which 	<p>QD The Economic Case concludes that the Proposed Franchising Scheme provides the best value for money compared to the partnership options because it would:</p> <ul style="list-style-type: none"> • offer a 'high' ratio of benefits to the cost to GMCA, one which is broadly comparable with the partnership options; • provide the most economic value (Net Present Value); and • create the best platform from which

<p>further economic value could be delivered. Do you have any comments on this?</p>	<p>further economic value could be delivered. Do you have any comments on this?</p>
<p>18 Do you have any comments on the packaging strategy for franchising contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?</p>	
<p>19 Do you have any comments on the length of franchise contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?</p>	
<p>20 Do you have any comments on the proposed allocation of risk between GMCA and bus operators under the Proposed Franchising Scheme, as set out in the Commercial Case?</p>	
<p>21 Do you have any comments on the potential impact of the Proposed Franchising Scheme on the employees of operators, as set out in the Commercial Case?</p>	
<p>22 Do you have any comments on the approach to depots under the Proposed Franchising Scheme, as set out in the Commercial Case?</p>	
<p>23 Do you have any comments on the approach to fleet under the Proposed Franchising Scheme, as set out in the Commercial Case?</p>	
<p>24 Do you have any comments on the approach to Intelligent Transport Systems under the Proposed Franchising Scheme, as set out in the Commercial Case?</p>	
<p>25 Do you have any comments on GMCA's approach to procuring franchise contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?</p>	
<p>26 Do you have any comments on the impacts of the options on the achievement of the objectives of neighbouring transport</p>	

	authorities, as set out in the Commercial Case?	
27	Do you have any comments on the Commercial Case conclusion that GMCA would be able to secure the operation of services under franchise contracts?	
28	Do you have any comments on the assessment of the commercial implications of the partnership options as set out in the Commercial Case?	
29	Do you have any comments on the potential impact of the partnership options on the employees of operators as set out in the Commercial Case?	
30	The Financial Case concludes that GMCA could afford to introduce and operate the Proposed Franchising Scheme. After completing the Assessment and in advance of this consultation, GMCA has proposed how it would fund the introduction of a fully franchised system. Do you have any comments on these matters?	QE The Financial Case concludes that GMCA could afford to introduce and operate the Proposed Franchising Scheme. After completing the Assessment and in advance of this consultation, GMCA has proposed how it would fund the introduction of a fully franchised system. Do you have any comments on these matters?
31	Do you have any comments on the conclusion in the Financial Case about the affordability of the partnership options?	
32	Do you have any comments on the approach to managing franchised operations under the Proposed Franchising Scheme as set out in the Management Case?	
33	Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, and the conclusion that TfGM would be able to manage franchised operations on behalf of GMCA, as set out in the Management Case?	
34	Do you have any comments on the proposed approach to the implementation and management of the partnership options, and the conclusion that TfGM would be able to manage and implement partnerships on behalf of GMCA, as set out in the Management Case?	

<p>35 Do you have any comments on the impacts of the Proposed Franchising Scheme on passengers, as set out in the sub-section Impacts of the different options?</p>	
<p>36 Do you have any comments on the impacts of the partnership options on passengers as set out in the sub-section Impacts of the different options?</p>	
<p>37 Do you have any comments on the impacts of the Proposed Franchising Scheme on operators as set out in the sub-section Impacts of the different options?</p>	
<p>38 Do you have any comments on the impacts of the partnership options on operators, as set out in the sub-section Impacts of the different options?</p>	
<p>39 If you currently operate local bus services in Greater Manchester, do you anticipate any positive or negative impacts that the different options may have on your business? If so, please explain what you think those positive or negative impacts would be.</p>	
<p>40 Do you have any comments on the impacts of the different options on GMCA, as set out in the sub-section Impacts of the different options?</p>	
<p>41 Do you have any comments on the impacts of the different options on wider society, as set out in the sub-section Impacts of the different options?</p>	
<p>42 Taking everything into account, the Assessment concludes that the Proposed Franchising Scheme is the best way to achieve GMCA’s objectives to improve bus services. Do you have any comments on this?</p>	<p>QF Taking everything into account, the Assessment concludes that the Proposed Franchising Scheme is the best way to achieve GMCA’s objectives to improve bus services. Do you have any comments on this?</p>
<p>43 Do you have any other comments on the Assessment of the Proposed Franchising Scheme?</p>	
<p>Question on the Equality Impact Assessment</p>	
<p>44 GMCA’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?</p>	
<p>Final questions</p>	

<p>45 To what extent do you support or oppose the introduction of the Proposed Franchising Scheme? Why do you say this?</p>	<p>QG To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?</p> <p>QH Why do you say this?</p>
<p>46 Are there any changes that you think would improve the Proposed Franchising Scheme? Please provide further details as to the changes you think would improve the Proposed Franchising Scheme.</p>	<p>QI Are there any changes that you think would improve the Proposed Franchising Scheme?</p> <p>QJ Please provide further details as to the changes you think would improve the Proposed Franchising Scheme.</p>
<p>47 If you oppose the introduction of the Proposed Franchising Scheme, how likely would you be to support it if the changes you suggested in answer to the previous question were made?</p>	<p>QK If you oppose the introduction of the Proposed Franchising Scheme, how likely would you be to support it if the changes you suggested in answer to the previous question were made?</p>
<p>48 Finally, do you have any other comments you want to make?</p>	<p>QL Finally, do you have any other comments you want to make?</p>

Appendix D – Comments on the Consultation Process

A total of 1,017 participants made comments about the consultation itself, either concerning the accompanying consultation documents, the response forms or the process in general.

Positive comments about the consultation

A total of 30 participants made positive comments about the consultation. The majority of these provided feedback on the Consultation Document, in that it was thorough and well thought through (17), that it was clear and the information well laid out (6) and that the short version is helpful (1).

When it came to the consultation process itself, seven participants thought it was overall a thorough process and well thought through.

Negative comments about the consultation

A total of 752 participants made negative comments about the consultation, of which the majority (474) related to the Consultation Document. The main points raised about the Consultation Document were that:

- It is not sufficiently informative and lacks the full facts (214);
- It is too confusing, complicated and littered with technical jargon (134);
- The length of the document is too long and will take too long to read in full (92);
- Locating it online is hard, and accessing it is difficult (54);
- It is difficult to use and not user friendly (39);
- It lacks detail (30), in particular concerning the maps and sub-areas of the zones on implementing the Proposed Franchising Scheme (21);
- It is biased and lacks impartiality (22);
- The actual print type is too small and hard to read (9);
- Detail is lacking about the proposed Phase 2 interventions (6);
- It is repetitive (2); and
- The online version suffers from technical issues, making it difficult to use (1).

A total of 326 participants made a comment about the response forms themselves. The main points raised were that:

- The response form is too complicated and the questions are too confusing to respond to (111);
- The links to the Consultation Document do not work (60);

- Overall, the response form is poorly designed (51);
- There are too many questions contained within the response form and insufficient 'tick box' questions (46);
- The response form is not user friendly (36)
- The response form is biased and lacks impartiality (30);
- It is hard to access due to online/technical issues (25);
- Questions are irrelevant and unrelated to bus services (16);
- Questions are unclear and vague (14); and
- The response form is difficult to access for disabled people and those with learning disabilities (6).

A total of 165 participants made comments about the consultation more generally (i.e. not limited to the Consultation Document). The main points were that:

- The consultation was too complicated and confusing (67);
- The Proposed Franchising Scheme is a 'done deal' and the consultation is only a box ticking exercise (56);
- Generally, the consultation is poor (36);
- There was a lack of publicity about the consultation (12);
- The consultation should have been held earlier in the process (7);
- The cost of the consultation is too expensive and a poor use of public funds (2); and
- The consultation is biased and not impartial (1).

Other comments about the consultation

Another 179 participants made general comments about the consultation, including the need to consult with local authorities (16), the disabled/elderly passengers and organisations (12), bus operators (74) and the wider public and bus passengers and listen what they have to say (301).

Comments about the Mayor/GMCA/TfGM

A total of 179 participants made comments referring to the Mayor, the GMCA or TfGM. These were categorised as positive and negative comments, with 173 negative comments made and 34 positive comments made.

Appendix E – Technical note on coding

Receipt and handling of responses

The handling of responses was subject to a rigorous process of checking, logging and confirmation in order to support a full audit trail. All original electronic and hard copy responses remained securely filed within Ipsos MORI, catalogued and serial numbered for future reference.

Development of initial code frame

Coding is the process by which free-text comments, answers and responses are matched against standard codes from a coding frame Ipsos MORI compiled to allow systematic statistical and tabular analysis. The codes within the coding frame represent an amalgam of responses raised by those registering their view and are comprehensive in representing the range of opinions and themes given.

The Ipsos MORI coding team drew up an initial code frame for each open-ended free-text question using the first thirty to forty response form responses, and ten to fifteen responses for email and letter responses. An initial set of codes was created by drawing out the common themes and points raised across all response channels by refinement. Each code thus represents a discrete view raised. The draft coding frame was then reviewed before the coding process continued. The code frame was continually updated throughout the analysis period to ensure that newly emerging themes within each refinement were captured.

Coding using the Ascribe package

Ipsos MORI used the web-based Ascribe coding system to code all open-ended free-text responses found within completed response forms and from the free-form responses (i.e. those that were letters and emails etc.). Ascribe is a proven system which has been used on numerous large-scale projects. Responses were uploaded into the Ascribe system, where the coding team worked systematically through the verbatim comments and applied a code to each relevant part(s) of the verbatim comment.

The Ascribe software has the following key features:

- Accurate monitoring of coding progress across the whole process, from scanned image to the coding of responses.
- An “organic” coding frame that can be continually updated and refreshed; not restricting coding and analysis to initial response issues or “themes” which may change as the consultation progresses.

- Resource management features, allowing comparison across coders and question/issue areas. This is of particular importance in maintaining high quality coding across the whole coding team and allows early identification of areas where additional training may be required.
- A full audit trail – from verbatim response to codes applied to that response.

Coders were provided with an electronic file of responses to code within Ascribe. Their screen was divided, with the left side showing the response along with the unique identifier, while the right side of the screen showed the full code frame. The coder attached the relevant code or codes to these as appropriate and, where necessary, alerted the supervisor if they believed an additional code might be required.

If there was other information that the coder wished to add they could do so in the “notes” box on the screen. If a response was difficult to decipher, the coder would get a second opinion from their supervisor or a member of the project management team. As a last resort, any comment that was illegible was coded as such and reviewed by the Coding Manager.

Briefing the coding team and quality checking

A small, core team of coders worked on the project, all of whom were fully briefed and were conversant with the Ascribe package. This team also worked closely with the project management team during the set-up and early stages of code frame development.

The core coding team took a supervisory role throughout and undertook the quality checking of all coding. Using a reliable core team in this way minimises coding variability and thus retains data quality.

To ensure consistent and informed coding of the verbatim comments, all coders were fully briefed prior to working on this project. The Coding Manager undertook full briefings and training with each coding team member. All coding was carefully monitored to ensure data consistency and to ensure that all coders were sufficiently competent to work on the project.

The coder briefing included background information and presentations covering the questions, the consultation process and the issues involved, and discussion of the initial coding frames. The briefing was carried out by Ipsos MORI’s executive team.

All those attending the briefings were instructed to read, in advance, the consultation document and go through the response form. Examples of a dummy coding exercise relating to this consultation were carefully selected and used to provide a cross-section of comments across a wide range of issues that may emerge.

Coders worked in close teams, with a more senior coder working alongside the more junior members, which allowed open discussion to decide how to code any particular open-ended free-text comment. In this way, the coding management team could quickly identify if further training was required or raise any issues with the project management team.

The Ascribe package also afforded an effective project management tool, with the coding manager reviewing the work of each individual coder, having discussion with them where there was variance between the codes entered and those expected by the coding manager.

To check and ensure consistency of coding, at least 10% of coded responses were validated by the coding supervisor team and the executive team, who checked that the correct codes had been applied and made changes where necessary. This was increased to at least 20% for all questions contained within the short response form.

Updating the code frame

An important feature of the Ascribe system is the ability to extend the code frame “organically” direct from actual verbatim responses throughout the coding period.

The coding teams raised any new codes during the coding process when it was felt that new issues were being registered. In order to ensure that no detail was lost, coders were briefed to raise codes that reflected the exact sentiment of a response, and these were then collapsed into a smaller number of key themes at the analysis stage. During the initial stages of the coding process, meetings were held between the coding team and Ipsos MORI executive team to ensure that a consistent approach was taken to raising new codes and that all extra codes were appropriate and correctly assigned. In particular, the coding frame sought to capture precise nuances of participants’ comments in such a way as to be comprehensive.

A second key benefit of the Ascribe system is that it provides the functionality of combining codes, revising old codes and amending existing ones as appropriate. Thus, the coding frame grew organically throughout the coding process to ensure it captured all of the important “themes”.

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About Ipsos MORI's Social Research Institute

The Social Research Institute works closely with national governments, local public services and the not-for-profit sector. Its c.200 research staff focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methods and communications expertise, helps ensure that our research makes a difference for decision makers and communities.

Doing Buses Differently: Consultation on a Proposed Franchising Scheme for Greater Manchester

Qualitative Research Summary Report

**Produced by Ipsos MORI for Transport for Greater
Manchester (instructed by Greater Manchester
Combined Authority)**

June 2020

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Summary of Key Insights

Purpose of the research

The Greater Manchester Combined Authority (GMCA) is proposing changes to how local bus services should be run across Greater Manchester in the future, specifically the introduction of a Proposed Bus Franchising Scheme. In order to allow statutory¹ consultees and other interested parties (including service users) the opportunity to comment on the proposed changes, GMCA instructed Transport for Greater Manchester (TfGM) who launched a public consultation (“the consultation”) on behalf of GMCA, which ran for just over 12 weeks from 12 noon on 14 October 2019 to 23:59 on 8 January 2020.

Alongside this, a programme of qualitative research was delivered by Ipsos MORI and overseen by TfGM to complement the consultation process. The purpose of this element was to gain a detailed understanding of what public transport users, taxpayers and small and medium sized businesses know about the current bus market and their thoughts on the Proposed Franchising Scheme in lieu of other reform options considered by GMCA in its assessment.

The findings of the qualitative research were analysed by Ipsos MORI and distilled into a report which will be produced alongside the results of the consultation.

Deliberative workshops and focus groups

Two deliberative workshops were held in Manchester city centre in November 2019. In addition to the deliberative workshops, six focus groups were carried out during December 2019. Three of these groups were carried out face-to-face, and three were conducted as online focus groups due to the geographical dispersal of the participants. The groups and workshops were designed to engage with a range of individuals who had varying experience of the Greater Manchester bus service i.e. frequent, infrequent, lapsed and non-users. Please see section 2 for a full breakdown of the events.

Summary of findings

Summary of overall opinion towards the Proposed Bus Franchising Scheme

- On the whole, participants in all strands of the qualitative research were in agreement with the case to reform the bus market in Greater Manchester. The wide variation in service provision, the perceived unreliability of buses, the lack of integration with the wider transport network and the need for standardised pricing were all identified as reasons why the bus market is currently not operating as well as it could be;
- There was broad support for the Proposed Franchising Scheme as a solution to reform the bus market. A majority of participants supported the Scheme from what they were told and understood;

¹ Statutory consultees are organisations and bodies, defined by statute, which GMCA was legally required to consult with before reaching a decision on how local bus services should be run across Greater Manchester in future.

- Certain elements of the Proposed Franchising Scheme caused concern amongst participants. These mainly centred around the Economic and Financial Cases, including the higher upfront cost to establish the Scheme (relative to alternative options) and who was going to pay for it – in particular, the impact on Council Tax payers was an issue for some, including whether other services would be denied funding as a result. There was also confusion around Net Present Value (NPV), which led to some scepticism around the benefits presented;
- However, the benefits of the Scheme were clear to those who supported it. Few participants altered their overall view in support of the Scheme, mainly because of the positive outcomes for bus users in terms of consistent pricing and integrated ticketing, the positive impact on the wider Greater Manchester economy and the integration of the bus market with other forms of transport.

Buses in Greater Manchester: current challenges

- Most participants thought that buses are an important part of the public transport system in Greater Manchester, but current provision varied greatly depending on the operator and area;
- There was very limited awareness of the current deregulated model, with many believing there was already central co-ordination of provision through other bodies such as GMCA or TFGM. There was an appetite for a more centralised model, as the high level of variation in standards, and the complexity of current pricing, were considered problematic for bus users and potential bus users;
- Participants identified that the variation in service provision across Greater Manchester meant that some routes were well catered for by a number of bus operators whilst others were serviced infrequently, if at all; and
- One of the key barriers to using buses was their perceived unreliability. Most had experienced buses not arriving as scheduled, infrequent buses being over-full and not stopping and buses stuck in traffic. Many compared this with trams where the service was perceived to be much more reliable, with better, real-time information about how long a journey would take. Online data about buses was also perceived to be unreliable.
- Overall, there was **broad support amongst participants** that the bus network was not performing as well as it could do.

Reforming the bus market

- There was general support for moving away from a commercial model and participants were quick to appreciate the improvements they might experience as a result of the proposed changes;
- People liked the idea of an integrated transport system where modes and connecting buses work together more efficiently to connect people in a reliable way;
- The proposed changes to a standardised pricing strategy, and simplified ticketing to be used across all buses were welcomed by participants, who said it would make their lives easier. Alongside this, participants welcomed the potential for better routes. Businesses overwhelmingly agreed that

employees would approve of the proposals and that both employees and employers would benefit from them;

- However, there were reservations from individuals about the finances and costing of the proposal. Beyond the initial reservations, participants raised concerns about how the service would be affected, the impact on the cost of a ticket and the potential for 'monopolisation' of a few operators versus the current deregulated system, as well as risk to employees of bus companies, particularly the potential for job losses.
- Businesses expressed concerns about operators adhering to standards that they should already be achieving under the current system (but are not). In other words, they were already starting from a low bar and providing a sub-standard service.

Current public sector funding

- Across all groups, there was limited awareness of current funding arrangements generally, including levels of investment, where this investment comes from or the scale of public contributions to the bus network as a whole;
- There was surprise that operators don't contribute more through re-investment, coupled with the assumption that they should and could afford to do so;
- Although there was general agreement that route subsidisation may be necessary in order to fulfil public need, some people thought that operators should take responsibility for this and have a duty to provide subsidised routes as service providers;
- Concessionary passes are popular, particularly amongst those who currently benefit from them, with concern about how the Proposed Franchising Scheme may impact their availability and coverage; and
- In order to fulfil sustainability objectives, more should be done to encourage people onto public transport generally (including buses) and concessionary fares are seen as a means of achieving this with certain groups in particular who make decisions based upon cost.

The Economic Case

- The Economic Case put forward was hard for the public to grasp. Participants found it very difficult to understand Net Present Value (NPV) and there was scepticism around the benefits presented;
- Participants immediately wanted to know who was going to pay for the initial investment, raising concerns that it would be the taxpayer;
- One of the most convincing elements of the Economic Case was the convenience that will be passed on to the passenger in terms of consistent pricing and integrated ticketing;
- The Proposed Franchising Scheme was also seen as being good for the economy in that it connected residents for employment as well as having environmental and social benefits for example by being able to control vehicle standards and emissions;

- There was a broad acceptance that in order to get the best service, there would need to be some large upfront investment. However, the initial cost outlay of £134.5m was seen as substantial, which made some people hesitant about the proposal;
- Businesses particularly, highlighted issues around less profitable routes and how these would be serviced under the Proposed Franchising Scheme. There were concerns that the Scheme overall wouldn't work on the basis that it would be unsustainable due to low profit margins;
- The forecast for patronage was met with a mixed response. Some groups responded to the figures with great surprise, while for others the drop in patronage was in line with their expectations. Many groups could see the potential for the Proposed Franchising Scheme to arrest the level of decline in patronage; and
- It is detailed in the Proposed Franchising Scheme that a franchising model will provide a better platform for Phase 2 interventions in the future to further improve the bus services. As part of this discussion, some participants were keen to see that the Scheme is reviewed as it progresses to ensure adaptations are made when things change and any poor performance from franchisees is addressed. Some individuals also expressed a wish that these further interventions took account of the whole public transport network.

The Financial Case

- Participants in the workshops and groups found this topic challenging to understand and had a lot of follow-up questions. They were particularly keen to understand what exactly the taxpayer money would be used for, how confident GMCA are in the numbers presented and what contingency plans were in place if the Financial Case was not correct;
- Participants in the deliberative workshops were split between those who thought this was a good use of Council Tax and/or GMCA resources more generally because it would improve public transport, and those who thought the money would be better spent elsewhere. These views were not necessarily related to current bus usage as some bus users were worried about double-paying (through fares and taxes) while some non-users thought the investment would be worthwhile for the wider benefits, even if they did not use them personally;
- Many were keen to emphasise the importance of not re-purposing funds already allocated to other council services, such as social care, in order to pay for these changes. Their support for the Proposed Franchising Scheme was contingent on it not leading to cuts in other services, as well as the Scheme realising the benefits described in the consultation; and
- Most believed the proposed rises in Council Tax would be affordable to them, but they were concerned that if this was just one increase among a raft of other incremental rises in their Council Tax to fund other local authority priorities, then people may struggle to pay.

1 Introduction and research objectives

1.1 Purpose of this report

Greater Manchester Combined Authority (GMCA) is proposing changes to how local bus services should be run across Greater Manchester in the future. Specifically, this includes the introduction of a Proposed Bus Franchising Scheme (“the Scheme”).

In order to allow statutory² consultees and other interested parties (including service users) the opportunity to comment on the proposed changes, GMCA launched a public consultation (“the consultation”). The consultation ran for just over 12 weeks from 12 noon on 14 October 2019 to 23:59 on 8 January 2020.

Alongside this, a programme of qualitative research was carried out to complement the consultation process and to explore the Proposed Franchising Scheme with members of the public and other key interest groups, including businesses, young people and those residing outside of Greater Manchester in neighbouring authorities. This report presents the key insights from the qualitative research which was undertaken.

The findings of the qualitative research were analysed by Ipsos MORI and distilled into a report which will be produced alongside the results of the consultation.

1.2 Context

The Bus Services Act 2017 amended the provisions of the Transport Act 2000 (“the Act”) and provides new franchising and partnership powers with the aim of strengthening, and in some circumstances, reforming, the operation of local bus services in England.

The Act contains powers for Mayoral combined authorities to create Bus Franchising Schemes in their regions. Following the introduction of the Act, GMCA considered the use of the new franchising powers and decided to prepare an assessment of a Proposed Franchising Scheme in accordance with sections 123B and section 123C (4) of the Act. The assessment took the form of a five-model business case in line with Guidance issued by the Secretary of State for Transport.

Having met the various requirements of the Act and The Department for Transport’s (DfT) Franchising Scheme Guidance (“the Guidance”), such as including an assessment of partnership and do minimum alternatives, the Scheme was determined as the preferred option for Greater Manchester and that a statutory consultation should be carried out. Guidance issued by the Secretary of State for Transport covered what should be included in the consultation. TfGM, on behalf of the GMCA has taken such guidance into account and has undertaken a statutory consultation on a proposal to replace the current

² Statutory consultees are organisations and bodies, defined by statute, which GMCA was legally required to consult with before reaching a decision on how local bus services should be run across Greater Manchester in future.

system of deregulated bus services with the Scheme, in which all bus services continue to be operated by private companies but under contract to GMCA.

TfGM have reviewed the consultation responses and TfGM has now finalised its report on the consultation. As the consultation closed before the outbreak of COVID-19 and any effects of COVID-19 on the bus market in particular and the economy more generally manifested themselves, the consultation did not address those matters. Consideration of this would need to be carried out by TfGM on behalf of GMCA before any decision could be taken by the Mayor as to whether or not to make the Proposed Franchising Scheme (with or without modifications).

Why GMCA believes changes are necessary

GMCA believes that the current system is disadvantageous to users and detracts from its ambition to provide world class public transport across Greater Manchester as set out in the Greater Manchester Transport Strategy 2040.³ As set out in Section 4.18 in the consultation document, GMCA is of the opinion that the current system offers limited competition which results in:

- **Fare increases.** Fares have increased above inflation between 2003 and 2017, and recent increases have confirmed this trend, although some of the increase may be attributable to increases in cost factors.
- **Lack of co-ordination of networks.** Firms operate individual networks that are not co-ordinated with each other's or with the wider transport network, particularly with the Greater Manchester's rail and the Metrolink system.
- **Services for social and economic need are not provided where they are not profitable.** This can reduce the utility of the network as a whole for passengers as evening and weekend services cannot be provided, which in some cases leads GMCA to have to step in and fund a replacement service.
- **Complex fares and ticketing arrangements.** The market does not incentivise integrated fares as operators seek to keep passengers on their own buses and networks. This creates a confusing picture for passengers with a vast range of tickets available for trips, often at different prices.

Subject to the outcome of the consultation and as part of Greater Manchester Transport Strategy 2040, GMCA believes that the introduction of the Scheme would align with its ambitions for network integration, provision of a simplified and integrated fares system, a consistent customer experience, and value for money. If the proposed changes are implemented, such ambitions could be realised given that bus services throughout Greater Manchester would come under local authority control, with GMCA deciding on which bus routes to run in the interests of service users.

1.3 Objectives of the qualitative research

The insights from the qualitative research will accompany a separate report by GMCA on its consultation. The objectives of the qualitative strand of research were to:

³ <https://tfgm.com/2040>

- Discover levels of knowledge and interest about who runs the buses in Greater Manchester;
- Present balanced arguments for and against franchising and other models or provision, such as partnership between operators and local authorities;
- Understanding views on the Economic and Financial Case in the Proposed Franchising Scheme, including the funding proposal
- Test views on the Proposed Franchising Scheme and how these change as people are provided with more information;
- Understand specific concerns about franchising and ways of making it a more attractive proposition; and
- Obtain feedback on the Proposed Franchising Scheme.

1.4 The need for qualitative research

Given that levels of knowledge and interest in how bus services are planned and run were expected to be low (based on previous TfGM research), GMCA was keen to conduct qualitative research having provided participants with the detail of how the current deregulated system of bus provision works and how any potential alternative models, such as partnerships and the Proposed Franchising Scheme, would work. They also wanted a forum in which participants could ask technical questions and then respond from an informed viewpoint. To this end, the qualitative research was a combination of deliberative workshops and focus group discussions.

1.5 The purpose of deliberative workshops

Deliberative workshops are designed to allow the detailed presentation of particular issues. In this case, a range of participants were recruited to attend a full day (10am until 3.15pm) which meant they could receive information about the Proposed Franchising Scheme and then be given an opportunity to express their spontaneous and then informed opinions, both within plenary sessions but also in small group formats. Recruitment quotas were set on gender, age, ethnicity, disability and socio-economic group to ensure a broadly representative mix of individuals from Greater Manchester participated. There was also a range of users, lapsed-users and non-users of public transport and a mix of frequent and infrequent bus users to ensure that a range of individuals with different experiences came together to share their views. Finally, quotas on local authority residence ensured that there was balanced representation from each of the ten boroughs in Greater Manchester.

1.6 The purpose of focus groups

GMCA also wanted to engage with some specific target groups as part of this qualitative research strand. These groups included young people, those residing outside of Greater Manchester and small and medium size businesses within Greater Manchester. There were a number of reasons why it was felt that these groups should be engaged separately rather than included in the deliberative workshops, specifically:

- **Young people** in our experience can be overwhelmed and reluctant to speak out in large scale events. They are much more likely to feel comfortable amongst their peers. Furthermore, young people will have particular views about public transport and buses in particular, which offer early independence. Their reliance on buses will vary depending on family circumstance and we therefore would explore these specific issues in more detail which would not fit well in a large-scale forum;
- **Business owners** and managers have the greatest time pressures and it is unlikely that they would commit to a five-hour workshop. There are specific issues to explore for businesses, specifically around access to workforce and (transport of goods/services) which are separate to the interests of the wider population; and
- **Cross-boundary users** may have struggled to attend groups in Manchester city centre for practical logistical reasons. As residents outside of the Combined Authority their perspectives are also considered to be different and would therefore require a tailored discussion.

A series of focus groups were held with these groups. These groups were shorter in length compared to the deliberative workshops. Given this, it was impractical to present the same level of detail about bus reform and the Proposed Franchising Scheme within these groups compared to the deliberative workshops. The discussion within each group was therefore tailored to cover specific issues which were of interest to each target group (see section 2.5 for more detail on the specific issues covered for each group).

1.7 Structure of the report

Given the deliberative sessions covered the proposals in the greatest level of detail, the content of this report is predominantly reporting on the insights from these participants. Insights from the focus groups are also included for each section where relevant, but not every area of deliberation within the workshops was covered in the focus groups. Therefore, if there are no insights from young people, those living outside of Greater Manchester or small and medium size businesses, then this is because opinions were not sought from those particular groups as part of the focus group discussion since specific issues were focussed on in each. For reference, the structure and content of the deliberative workshops and the focus groups are appended to this document.

The report is structured in the following way:

- **Section 2** - summarises the approach to the qualitative research, including timings, venue selection, recruitment of participants and analysis;
- **Section 3** - Summary of insights into current challenges with the bus market in Greater Manchester;
- **Section 4** – Summary of insights into reforming the bus market;
- **Section 5** – Summary of insights into current public sector funding;

- **Section 6** – Summary of insights about the Economic Case and its conclusion; and
- **Section 7** – Summary of findings about the Financial Case and its conclusion.

2 Methodology

2.1 Introduction

This section summarises the approach to the qualitative research, including timings, venue selection, recruitment of participants and analysis.

2.2 Timetable of engagement events

Two deliberative workshops were held at the Holiday Inn in Manchester city centre on Saturday 23rd and Saturday 30th November 2019. The venue was chosen to be in the city centre of Manchester in order to maximise the potential of participants from each of the 10 Greater Manchester authorities to be able to travel to participate.

Both workshops were attended by a representative from TfGM – the Head of Policy attended on 23rd November and the Head of Consultations and Engagement attended on 30th November. Each representative presented key detail from the Proposed Bus Franchising Scheme (see Appendix C) and responded to clarification questions from participants during the course of the days.

In addition to the deliberative workshops, six focus groups were carried out during December 2019. Three of these groups were carried out face-to-face, and three were conducted as online focus groups due to the geographical dispersal of the participants.

Table 2.1: Summary of engagement events

Event	Participant summary
Deliberative workshop 1	80 members of the public (40 per workshop), all living within Greater Manchester
Deliberative workshop 2	
Focus group 1 (face-to-face)	Eight 11-15-year olds from across Greater Manchester
Focus group 2 (face-to-face)	Eight 16-18-year olds from across Greater Manchester
Focus group 3 (face-to-face)	Eight 19-20-year olds from across Greater Manchester
Online focus group 1	17 residents who live outside of Greater Manchester but travel in for either work or social purposes with varying frequency
Online focus group 2	13 owners of small businesses, employing between 1-15 employees
Online focus group 3	15 senior managers from medium sized businesses employing 51 members of staff

2.3 Recruitment

All participants were recruited by Ipsos MORI specialist recruiters. A purposive sampling approach was adopted, whereby key quotas were set, and participants were recruited according to these using a screening questionnaire.

For the deliberative workshops, minimum quotas were set for key demographic criteria including gender, age, ethnicity, disability, area of Greater Manchester in which they resided, social grade, type of bus user, travel preferences and whether they had access to a car.

The focus groups had specific target participants. For the young people groups, the main criterion was participants' age, with all falling within a target age band. In addition, monitoring quotas were set to ensure a spread from across Greater Manchester.

For the business focus groups, businesses were recruited according to their size, specifically the number of employees. Additional monitoring quotas were set around business sector, whether the business ran shifts and whether the business had retail outlets. A good mix was achieved based on these criteria.

A full profile of participants for both the deliberative workshops and the focus groups can be found in the appendices.

2.4 Structure of the deliberative workshops

A discussion guide was developed for the deliberative workshops. This detailed the key timings of the event, structured the areas of discussion for each part of the day and outlined the issues which were to be presented by TfGM and subsequently discussed within the workshops.

The discussion guide was developed in partnership with TfGM. It focussed on some of the core questions included in the short consultation questionnaire, specifically concerning the Strategic Case, the Financial Case and the Economic Case, including current public sector funding and future funding sources:

- **The case for reform** – this gave participants the opportunity to talk about their experiences and/or perceptions of buses in Greater Manchester at present. It covered the importance of buses as a mode of transport, tested understanding of how the bus network currently operates and the importance of integrating it with other forms of transport;
- **The challenges facing the local bus market** – TfGM presented the challenges facing the bus market as presented in the Strategic Case (along with the 'Doing Buses Differently' video which presented a high-level view of the case for change and the Proposed Franchising Scheme). The subsequent discussion tested if participants think that reforming the market is the correct thing to do;
- **Introduction of reform options** – TfGM presented the options which have been assessed in GMCA's assessment of a Proposed Franchising Scheme;

- **Public sector funding** – TfGM presented how buses are currently funded and the discussion tested opinion on whether GMCA needs to subsidise certain routes and invest in the bus network for social value;
- **The Economic Case** – TfGM presented the Economic Case, which concludes that the Scheme provides the best value for money compared to the options considered. This included a presentation of the future year ridership forecasts and a discussion around the potential need to intervene further into the bus network in the future;
- **The Financial Case** – TfGM presented the Financial Case, which includes the funding requirement, the three pillars of funding, an explanation of the funding sources and the implications for Council Tax-payers. Subsequent discussion sought to understand opinion towards the Financial Case; and
- **Overall discussion about the Scheme** – this gave an opportunity for participants to clarify any information they had heard during the day, before discussing their overall opinions about the Scheme and the reasons underpinning these. Participants were also asked if they thought any changes could be made to the Scheme which would improve it, and what these were.

The full discussion guide is included in the Appendix.

Voting in the deliberative events

Participants in the deliberative events were asked to record their response to the following question at regular intervals throughout the day long session: *'To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?'* Participants were given five response options – strongly support, tend to support, neither support nor oppose, tend to oppose or strongly oppose. Votes took place at three points during the day:

1. At the introduction of reform options (after participants had been presented with *How buses are run now* (p13 of the Consultation Document) and *Reforming the bus market – the options*);
2. After the presentation and discussion around the financial and economic cases; and
3. At the end of the day.

The purpose of the votes was to assist the Ipsos MORI moderators when prompting participants' reaction and to use any change in opinion as a lead in to probing what specific piece of information had changed their minds. It also allowed moderators to probe why participants had not changed their minds as they were presented with new and additional information about the Proposed Franchising Scheme. Where specific detail of the Proposed Franchising Scheme led to a variance in opinion this is summarised in the relevant sections of the report.

However, the overall voting (in terms of numbers who voted for each option) is not reported as quantifying support or opposition for the Proposed Franchising Scheme as this was not the purpose of the deliberative events.

A summary of the voting scores is included in Appendix D for reference.

2.5 Structure of the focus groups

As referenced earlier in the report, the focus groups were shorter events than the immersive, deliberative workshops. They specifically targeted young people, those living outside of Greater Manchester and small and medium size businesses across Greater Manchester. The content was designed to cover the most relevant elements of bus reform proposals specific to them.

Focus groups with young people

Three discussion guides were developed, which differed in sophistication depending on the age profile of the participants. Discussions with young people covered the following key areas:

- **Current use of buses** - this gave participants the opportunity to talk about their experiences and/or perceptions of buses in Greater Manchester at the moment, and covered the network and frequency of buses, the wider service quality and the social aspect of buses;
- **Introduction of the Scheme** – participants were shown the 'Doing Buses Differently' video which presented a high-level view of the Scheme. Participants were then asked about the challenges facing the bus market and whether they thought that reforming the market was the correct thing to do;
- **The relevance of the proposed benefits of the Scheme** – what did they consider to be most important and why; and
- **Discussion around specific changes proposed in the Bus Franchising Scheme** – specifically this focussed on tangible impacts on young people, around ticketing, prices and routes and timetables.

The full discussion guide for each group is included in the Appendix.

Focus groups with businesses

Discussion guides were developed for the business focus groups which covered the following key areas:

- **Current use of buses** – this gave businesses the opportunity to talk about how important buses are for their business, employees and/or customers and how buses are run at the moment;
- **Introduction of the Scheme** – presentation of the challenges facing the bus market as presented in the Strategic Case to understand if participants thought that reforming the market was the correct thing to do;
- **The relevance of the proposed Benefits of the Bus Franchising Scheme** – what did they consider to be most important to their businesses and why; and
- **The Financial and Economic Cases** – presentation of the conclusion of the Economic Case and businesses' view towards it. This included a short presentation (delivered by the Ipsos MORI

moderator) of how the Scheme would be funded to understand opinions towards the proposed funding sources.

Focus groups with those living outside of Greater Manchester

Discussion guides were developed for the discussions with those living outside of Greater Manchester which covered the following key areas:

- **Current use of buses** – exploring current use of buses and what they use them for and why, including how buses are currently run;
- **Introduction of the Scheme** - presentation of the challenges facing the bus market as presented in the Strategic Case and understanding if participants think that reforming the market is the correct thing to do;
- **The relevance of the proposed benefits of the Bus Franchising Scheme** – what did they consider to be the most important and why; and
- **Cross-boundary services under the Proposed Franchising Scheme** – how bus franchising could impact on the cross-boundary services, and what the potential benefits and limitations are to cross-boundary travellers as presented in the Proposed Franchising Scheme.

2.6 Interpretation of findings

When considering these findings, it is important to bear in mind what a qualitative approach provides. It explores the range of attitudes and opinions of participants in detail. It provides an insight into the key reasons underlying participants' views. Findings are descriptive and illustrative, not statistically representative of a wider population. Often individual participants hold somewhat contradictory views – often described as 'cognitive dissonance'.

Participants were also provided with information to help them make informed judgements. In the case of the deliberative workshop participants, this information was very detailed, for the focus groups, less so; however, a certain amount of baseline information about the Proposed Franchising Scheme was provided, which means that these individuals are not representative of the general public at large. This report is divided into chapters which follow the broad outline of the short consultation response form. Each chapter leads with insights from the workshops, reflecting the broad profile of participants and the volume of content covered. These insights are then supplemented by those gathered from the focus groups, in which participants were not subjected to as detailed information, nor given sufficient time to understand the Scheme in more detail and where the participants represented specific sub-groups of the population.

2.7 A note on illustrative quotations

The report presents direct quotations from the qualitative research to illustrate key points. Where possible, all quotes have been attributed with the participants' gender, age and local authority in which they live. However, on occasions, due to the fast-flowing nature of a discussion, not all of the information

as to who said what has been captured. There are, therefore, quotations which have a limited amount of classification information.

3 Summary of findings: Buses in Greater Manchester: current challenges

3.1 Introduction

Participants in the deliberative workshops and the focus groups were initially asked to provide spontaneous views as to the way buses are run, the importance of them, their understanding of how they are currently operated, challenges facing the local bus market and the importance of an integrated network.

In the deliberative workshops TfGM presented detail from the Consultation Document.⁴ The subsequent discussion then focussed on the following question:

- There are challenges facing the local bus market which means it is not performing as well as it could. Do you have any comments on this?

It should be noted that, focus group participants were not subject to the same amount of information as those participating in the deliberative workshop as they were not presented with detailed information from the Consultation Document. Insights from these groups have therefore been included where relevant.

⁴ See Section 01 in the workshop presentation in the Appendix

3.2 Summary of key findings

- Most participants thought that **buses are an important part of the public transport system in Greater Manchester**, but current provision varied greatly depending on the operator and area;
- There was very **limited awareness of the current deregulated model**, with many believing there was already central co-ordination of provision through other bodies such as GMCA of TfGM. There was **an appetite for a more centralised model**, as the high level of variation in standards, and the complexity of current pricing, were considered problematic for bus users and potential bus users;
- Participants identified that the **variation in service provision across Greater Manchester** meant that some routes were well catered for by a number of bus operators whilst others were serviced infrequently, if at all;
- One of the key barriers to using buses was their perceived **unreliability**. Most had examples of buses not arriving as scheduled, infrequent buses being over-full and not stopping and buses stuck in traffic. Many compared this with trams where the service was perceived to be much more reliable, with better, **real-time information** about how long a journey would take. Online data about buses was also perceived to be unreliable;
- Overall, there was **broad support amongst participants** that the bus network was not performing as well as it could do.

3.3 Views of buses in Greater Manchester

In the deliberative workshops the **general public had varied experiences of using buses**. Some used the bus regularly to get around; typically having one or two routes they used most often. Others would use the bus occasionally, particularly when they want to come into the city centre. Some participants never used the bus, either because there are no convenient routes nearby, because they find the tram easier and more convenient, or because they simply do not like using buses. Regardless of current behaviour, **almost all believed that there is scope to substantially improve buses in Greater Manchester**, although some would prefer to see more investment in trams which most believed were better than buses due to their speed and comparable reliability.

"I can see the vision. I think it's excellent. Everything about integrated travel, value for money."
(Male, 70, Stockport)

3.4 Fares and ticketing

Most of the general public who participated in the deliberative workshops felt that **fares and ticketing are a significant source of frustration for all bus users, and a source of confusion for occasional users**. The main concern was the lack of consistent pricing, and the difficulty of changing between bus companies, which resulted in some having to pay twice. Some spontaneously compared it with the situation in London, which they felt had a better system (Oyster). Consequently, most participants thought that **tickets which could be used on all operators' buses would be an improvement**. There was limited awareness that you could already get an 'any bus' ticket.

"Compared to London with the Oyster card and contactless card- seems it'd make it a lot more convenient for people."

(Male, 21, Bury)

"I like the idea of one ticket, like the Oyster card. It's easier."

(Female, 70, Stockport)

Although **participants broadly supported any efforts to make pricing more consistent, some had concerns this would be used to justify price increases.** Many described experiencing price rises on their regular bus routes which was impacting on their willingness to use the bus, particularly for short journeys. Some mentioned the prohibitive cost of travelling with a family on the bus.

"They'll have to increase fares to make the changes."

(Female, 38, Bolton)

Other insights concerning fares and ticketing included:

- It would be better if people could **purchase tickets in advance** (quicker and safer than dealing with cash onboard);
- **People liked discounts which apply to monthly tickets** and thought the ability to set up **direct debits** made this a convenient option;
- **Payment options have improved.** For example, contactless and phone payments have made boarding a bus less of a hassle. However, there are still problems paying with notes; and
- A few raised concerns about the **restrictions on concessionary travel** as they felt not being able to travel before 9.30am was a barrier to using the bus.

The views of young people on fares and ticketing

Participants in the young peoples' groups were particularly **price conscious. They liked the idea of integrating different types of public transport into one ticket** – for example, if you bought a zone 4 tram ticket, they thought it should also work on zone 4 buses.

The under 16s group thought they should have free bus travel. They also thought there should be better provisions for young people who board the bus without sufficient cash to pay for their journey.

The 16-18 year olds were aware of 'Our Pass'⁵ and thought it was great value. The availability of this pass was a significant driver in encouraging bus use amongst this demographic.

The older age groups (19 and 20 year olds) suggested that **the bus 'feels' more expensive than the tram now that Metrolink's zone ticketing system is in place** and noted the 'ever-increasing' price of annual passes. They also spontaneously mentioned London's approach to ticketing as a superior approach.

⁵ launched in 2019 as free travel bus pass for all 16-18 year olds, as well as half price Metrolink travel and offers/discounts/tickets

"I like the way in London you tap on and tap off. Some stand going through change and it takes ages. Should be able to do it yourself."

(Female, 19, Oldham)

The views of businesses on fares and ticketing

The businesses saw **buses as a cheap way to travel**, but thought people had other reasons for not using them, specifically around their quality and lack of reliability.

"The fares aren't that much of the issue, it's the standards of the buses and the lack of reliability."

(Small business, Bolton)

However, **there was support for an 'Oyster style' ticketing system** which they thought would make it simpler and easier to travel by bus. The medium-sized businesses were aware of the problem of having to watch a bus come and go because you had a ticket for a different operator on the same route – this was an issue also raised in the deliberative workshops.

3.5 Timetables and frequency

The views towards timetables and frequency in the deliberative workshops depended on where participants lived and which routes they used. **Buses in the city centre were perceived to be frequent and convenient, while those further out were perceived to be irregular and unreliable.** People working shifts commented that the buses are too infrequent at night for them to get to/from work.

For those who were serviced by irregular buses, there were also **concerns about the accuracy of the timetables**, whether the bus stop showed the most up-to-date version, and how to know whether a bus had departed its stop earlier than timetabled. Many described long waits for buses that never came, often followed by several buses arriving at once. In contrast, some in the workshop were frustrated when the bus arrived and left earlier than timetabled (because it was ahead of schedule).

"The thing that annoyed me was when the buses are running early, so it gets there early - there is no excuse for them running early."

(Male)

Many made comparisons with **the trams which, in contrast to buses, were perceived to provide up-to-date and accurate information.** Some had experience of using mobile phone 'apps' for bus information but found these to be inaccurate, slow and 'clunky' to use.

"If you look at Transport for London [the bus app] is fabulous and proper switched on, know exactly where it's going and gives you like real time journey updates... Greater Manchester... Rubbish."

(Male, 34, Bolton)

A further source of frustration was the over-crowding on buses, often by school children during peak times. Participants in the workshops widely believed this surge in passengers was predictable at peak

times and there was frustration when a bus drives past a bus stop as it is full, especially when the wait for the next one could be half an hour. They thought frequency should be increased at these times.

“That last bus is packed. There should be a later one.”

(Male, 55, Salford)

People would support more frequent buses, and noted the changes to fares outlined above would improve the experience for people who lived on routes currently serviced by multiple operators. They also wanted to see contract penalties for bus companies which consistently failed to deliver the timetabled services.

The views of young people on timetables and frequency

The young people groups echoed the frustrations with **inconsistent and unreliable buses with limited capacity at peak times**, such as the start of the school/college day. This was highlighted as a particular issue along arterial routes, such as Bury Old Road and the A6 to Stockport. However, as most did not have the option of driving, they have no alternative but to continue to use buses.

“One day it can come at 8 and the next day at 20 past 8. Don’t trust them.”

(Male, 11, Oldham)

Some of the youngest group (under 16s) described finding it **difficult to understand timetables and the 24-hour clock used**. The 16-20 year olds echoed concerns of the wider public that single operator apps sometimes provided inaccurate real time information.

The views of businesses on timetables and frequency

The businesses did not have strong views about timetables, although they thought **the unreliable nature of buses limited the potential to use them for business travel**. One smaller company mentioned that they allocate people reliant on the bus to day shifts due to the infrequent and unreliable night service.

3.6 Branding

Branding was not a concern for most participants in the deliberative workshops. **Currently people associated different brands with different levels of service**, with some perceived to be better than others. Some thought that the companies would want to retain their brand identities, so they could attract customers, but generally few felt much money was spent on current bus advertising.

The views of young people on branding

The young people suggested **colour-coding could be used to show how far a bus was going, or where it was going**. For example, they suggested different parts of the city could have different colours. However, others thought that having clearer bus numbers and the destination and next stop shown clearly were more important to them.

“They should make the numbers clearer so you know where you’re going. Number in big bold letters and where it’s going in big bold letters. Next stop shown.”

(Female, 13, Bolton)

The views of businesses on branding

Similarly, businesses had different views of the different brands but **no strong views on the need for a shared brand.**

3.7 Current routes

Views about current routes were influenced by where people lived and whether they perceived their local routes to be convenient. **Those living close to bus stops were more positive about using buses.** A common issue was the time taken for buses to cover short distances due to their winding routes (‘around the houses’). Some commented that sometimes bus stops could be very close together, leading to more stops than they thought were necessary.

“There’s a service, but it would take three hours to get to work. There’s no direct bus route to get to work.”

(Male, 32, Manchester)

There was a desire for more fast-track / express routes and guided buses. The bus was compared with trams, which are viewed as considerably quicker (unless the bus had a dedicated bus lane).

“There is a guided bus line to Tyldesley... it’s apparently pretty decent.”

(Male, 34, Bolton)

There was a perception that bus companies servicing villages were reducing their services. People suggested that these relatively low patronage routes should be bundled with the popular routes (such as the 112, 142 and 192) so that companies would be required to service them.

“Right now, bus providers are saying, ‘That bus isn’t making money. We’re not going to run it’. With this in place, they’ll have more buses running on the less profitable routes.”

(Male, 24, Stockport)

One group discussed the fact that **by combining different buses you can get anywhere you need to go, although it might take some time.** Other groups felt that the number of useful routes depended on where you lived. Manchester and particularly the Oxford Road corridor were perceived to be well served, while Bolton was mentioned by one group as not being adequately serviced.

“I think they’re very good actually. They go everywhere. If you can’t get one you can always find a roundabout route.”

(Female, 69, Stockport)

The views of young people on current routes

The young people groups echoed the view of some of the general public, that **the network of buses in Greater Manchester meant they could generally get everywhere they needed to.** They understood

that rural areas would have fewer buses than the city and valued the fact buses run in areas where there are no trams.

"I think there's loads of routes and stops. You can live in an area and be far away from the Met. The bus takes you wherever you want. It's convenient. It might take you closer to places than a tram could."

(Female, 17, Bury)

The views of businesses on current routes

The medium sized businesses also commented that **those living centrally are much better served**. They also commented that, in their opinion, particular areas lack adequate connectivity to the centre of Manchester (North Manchester, Wythenshawe and Altrincham). They noted that although the latter location has trams these are perceived to be expensive so better buses would provide a lower cost alternative.

3.8 Views on current standards

As noted above, **the standards of different operators in Manchester were perceived to be variable**. Overall, most felt there was scope for improving standards.

"Other cities have fancy buses with charging ports etc. here it's all sticky, rubbish everywhere, looks like the 60s."

(Male, 21, Bury)

The main areas in which standards were perceived to differ, and which mattered to people, were:

- The **cleanliness** of buses (litter, smell);
- The **age of the bus fleet** (linked by some to emissions and environmental impact);
- The **additional services** available (Wi-Fi, comfortable seats, charging points);
- The **attitudes of bus drivers** – how polite and helpful they were, whether they would wait for someone running for the bus;
- The **quality of drivers** – whether they drove in a courteous way and change speed and direction carefully so that passengers do not fall over; and
- The **safety** of passengers (due to behaviour of other passengers, CCTV installed etc).

There was broad support for standardising services, and most thought there was scope for improving standards on many of the buses. Several groups commented that buses were considerably less pleasant in the rain, when the floor and seats would quickly become wet.

“Everyone deserves the same service, even if it’s a different bus operator.”

(Male, 58, Oldham)

Some current bus users expressed **concerns about changes to the services they rely on as a result of standardisation**. For example, one person liked the app for their current bus operator as it meant they could keep their ticket on their phone, rather than having a paper version. Another raised concerns that **prices might rise to pay for the improved buses**.

“I currently use the Vantage bus with chargers, tables, nice bus drivers but can definitely see it would make a difference with the other buses.”

(Female, 20, Wigan)

The views of young people on current standards

Young people thought that raising standards would make bus travel more appealing. They wanted to make buses cleaner and less smelly, and to encourage drivers to be nicer. Some also had concerns about their personal safety, although others thought that the presence of a physically accessible driver made them safer than trams.

“It depends what bus you get. The 192 is horrible. You get smackheads on it.”

(Male, 16, Stockport)

“There always seems to be weirdos on the bus.”

(Female, 17, Stockport)

As in the general public workshops, **a few were more positive about their current experiences** – describing buses as comfortable and warm with Wi-Fi and USB charging on some, which they wanted as standard.

The views of businesses on current standards

Businesses perceived buses as having a negative image. As such, they would not consider using them for business travel.

The views of those living outside of Greater Manchester on current standards

Those living outside of Greater Manchester believed that a central body was responsible for setting fares and standards. **Only two participants knew these decisions were made by the operators**. The group also thought the local authority sets the routes. Participants did not think it mattered who runs the buses, as long as standards are maintained and prices are not too high.

3.9 A fragmented network

Many participants expressed surprise that routes were not designed/controlled centrally, and there was support for better planning to ensure all areas of Greater Manchester are well served. There was also **an appetite for integrating bus services with other public transport**, specifically trains and trams.

"Imagine if it's joined up. Imagine a train leaves at half past and the bus arrives at quarter past. At the moment there's no co-ordination. They could improve the routes they're doing."

(Male, 27, Tameside)

They thought that London's transport network was much more integrated and achieving similar should be a priority for Greater Manchester. One participant noted that when they lived in Canada the public transport was all connected and involved one ticket which made travel much easier. However, for some this was already a reality in Greater Manchester. For example, some participants noted that interchanges were making bus and train travel better. Another would take the bus to the train station, the train to Piccadilly and then the tram in the city and felt that worked ok.

"I would like it if it was simpler, different companies, numbers, timetables, lots to take in. If it was one company, timetables are easier, it's cheaper and more straightforward."

(Member of the public)

Overall people thought that **joining up the public transport network more consistently would be an improvement.** However, some raised a concern about how this would be enforced, noting that trains are already regulated but do not necessarily run on time.

The views of young people on a fragmented network

The youngest group mainly discussed **the lack of a joined-up approach to ticketing.** The older group (19-20 year olds) spontaneously mentioned that **the bus timetable is not linked up with other modes of transport,** including showing which bus stops are close to tram stops. The older group also thought that having **fewer operators and a less fragmented system would make it easier to navigate.**

Most of the 16-18 year olds claimed to be aware that operators were in control and they were curious to understand the impact of franchising. The 19-20 year olds thought that buses were provided by a mix of private companies and the local authority. This group also expressed some surprise that there is no single body co-ordinating buses centrally.

The views of businesses on a fragmented network

The business groups were confused about who currently runs the buses, with answers ranging from Andy Burnham (the Mayor) to TfGM and GMPTE, local authorities or the operators. Only one person was aware operators have flexibility once licenced. Some thought they had seen Diamond "take over" a route previously run by another company and assumed the company had been "bought out".

"I find it all rather complex with who owns / runs what."

(Medium sized business)

Businesses agreed that a more **joined-up system would mean people could travel further on one ticket** (on different modes of transport) so this would be cheaper for users. They also thought this could save time as people could use the faster modes of transport for longer distances and then use the bus at no extra cost to get from the tram or train stop to their destination. Most agreed there are currently too many operators running on similar routes with minimal, if any, co-ordination.

“Too many buses and different companies on the road at the same time, they need to work together to make it more beneficial for everyone.”

(Medium sized business)

3.10 Changes in bus patronage

People did not necessarily attribute the decline in bus use to an increase in cars. There was an assumption that **some of the journeys which used to be made by bus were now displaced onto the tram.** This was because the tram was seen to be quicker and more reliable.

“It’s what I expected. A lot of people are ditching the bus for the tram.”

(Female, 30, Trafford)

Others thought that **car sharing was on the increase** and might have impacted on the number of bus users. Other groups believed that people prefer to use their own car– especially as the price of a bus ticket was perceived to be similar to the cost of petrol for a journey.

“It’s expensive [to buy a bus pass] considering a lot of people run a car as well. If you’re convincing people to leave [their car] at home, it costs £2 or £3 in petrol so the bus needs to be good.”

(Female, 34, Rochdale)

Some individuals described their personal reasons for stopping use of the bus. For example, the **unreliability of buses** had led some to stop using them.

“I used to use the bus, but it was making me late for work.”

(Female, 44, Bolton)

Some thought that more bus lanes would solve this problem, but others were concerned that would make driving in the city worse. Others mentioned they no longer use the bus due to **safety concerns**, as they were worried about the passengers they share the bus with.

The views of young people on changes in bus patronage

The 16-18 year olds felt there is **a stigma around using the bus and would always use a car if they could.** Most thought they would drive as soon as they passed their test (regardless of cost) as it would be cleaner, quicker, good value and would offer freedom from hanging around and checking unreliable timetables. The only exception for one participant was journeys into the city centre where parking might become an issue.

“Sometimes, when I’m stood waiting for the bus and people are driving past you, you wish you were in the car. Driving gives you freedom. You’re not limited by times. You’re not stood there waiting for it.”

(Female, 17, Bury)

The views of business on changes in bus patronage

One business noted that employees have started using the bus more, as **congestion** meant that driving could take a lot longer than taking a bus which had a dedicated bus lane.

4 Summary of findings: Reforming the bus market

4.1 Introduction

This section summarises key insights from the qualitative discussions about the 'case for change' and options for reform.

TfGM presented detail from the Consultation Document about the 'case for change' and options for reform.⁶ This outlined the legislative process of bus reform, the reform options which had been assessed, an outline of the Proposed Franchising Scheme and the scope for the Proposed Franchising Scheme (in terms of a phased introduction). They were also shown the consultation video entitled 'Doing Buses Differently', which gave them an overview of some of the ways in which the current network was funded.

The subsequent discussion then focussed on answering the following question:

- To what extent do you agree or disagree with the conclusion that reforming the bus market is the right thing to do to address the challenges facing the local bus market?

It should be noted that, focus group participants were not subject to the same amount of information as those participating in the deliberative workshop as they were not presented with detailed information from the Consultation Document. Insights from these groups have therefore been included where relevant.

⁶ See Section 02 in the workshop presentation in the Appendix

4.2 Summary of key issues

- There was **general support for moving away from a commercial model** and participants were quick to appreciate the improvements they might experience as a result of the proposed changes;
- People **liked the idea of an integrated transport system** where modes and connecting buses work together more efficiently to connect people in a reliable way;
- The **proposed changes to a standardised pricing strategy, and simplified ticketing to be used across all buses were welcomed** by participants, who said it would make their lives easier. Alongside this, participants welcomed the potential for **better routes**. Businesses overwhelmingly agreed that employees would approve of the proposals and that both employees and employers would benefit from them;
- However, there were **reservations from individuals about the finances and costing of the proposal**. Beyond the initial reservations, participants raised concerns about how the service would be affected, the impact on the cost of a ticket and the potential for 'monopolisation' of a few operators versus the current deregulated system, as well as risk to employees of bus companies, particularly the potential for job losses;
- Businesses expressed concerns about operators adhering to standards that they should already be aiming for under current systems. In other words, they were already starting from a low bar and providing a sub-standard service.

4.3 Key messages/themes favourable towards reforming the bus market

There was **general support for moving away from a 'profit driven' model**. Once people learned more about how the current system worked, there was some surprise that it had not been changed before now. There was a feeling that the current model was unjust and that bus operators should not be able to 'cherry pick' the parts of the service they want and take the profit. A shift to focusing on the needs of communities when deciding where to provide services was popular.

"I think it's a great idea."

(Member of the public, Male)

"I say it's a really good thing."

(Member of the public, Female)

Participants were quick to consider the improvements they might experience as a result of the proposed changes. There was discussion about how **current services do not meet needs, particularly at non-peak times in the evening and at weekends**. Unless you live on a particularly well serviced route, they can be limited. Participants were hopeful that the proposed changes would improve their experience.

"Maybe that would improve the service where I live. There are none after 6pm and none at night."

(Female, 68, Bolton)

"If they're bidding for it, though, they might try harder and it might be a good thing."

(Female, 20, Oldham)

Participants liked the idea of **an integrated transport system where other forms of transport and connecting buses work together more efficiently to connect in a reliable way**. Groups were hopeful that this would be a seamless experience which would simplify the current approach to ticketing and fares.

"To me, the whole thing would come together. There could be a number 1 bus every fifteen minutes, then one that's going to arrive at such and such a time. Working together, I think you will get your reliability back."

(Female, 44, Bolton)

"I think one ticket would be better."

(Female, 69, Stockport)

Overall there was an understanding that these proposed changes were all a part of **taking control** (i.e. wider devolution), which was viewed positively.

Favourable views of young people towards reforming the bus market

The **proposed changes to pricing, and simplified ticketing to be used across all buses were welcomed by young people**, who said it would make their lives easier. These changes particularly appealed to those who have to take multiple buses currently run by different operators. While many young people have free bus passes, cost is still important to them and they highlighted 'Our Pass' as a positive part of the current system.

"Good thing. If you get a bus in one place and want to get on one in another, if it's the same it's much easier."

(Female, 13, Bolton)

"I like the way in London you top up on and off."

(Female, 19, Oldham)

"I've got the Our Pass. It's £10 a year and you get on all the buses for the year. It's £4 for a train one way."

(Female, 17, Stockport)

Many of the young people bought into the idea that if buses were brought under TfGM's control, routes would be more efficient and run quicker. However, they highlighted that it would be important to look at capacity and align with demand to ensure routes have enough buses at peak times.

"Think it would be better. If they're all controlled by one it would be quicker. Sometimes they go the long way for no reason. A bit more efficient."

(Female, 13, Bolton)

There was **concern about getting things right for the various demographics which rely on buses**, citing the elderly, families with children and those going to school/work. There was also agreement that **timetables were sometimes difficult to comprehend** with no central place for information making it hard to find, unlike for trains (e.g. 'The Trainline'). The **suggestion of centrally controlled timetables and planning was met positively**, particularly with regards to reliability, convenience and issues of timetables and overcrowding. There was general agreement that for them, **real-time information in one easy app would be much more user friendly**.

"I think for elderly people, the timetables would be really helpful. An elderly person might not have an iPhone with an app on it. They rely on what it says at the bus stop."

(Female, 16, Oldham)

Young people responded well to the suggestion of raising standards, saying **they would use buses more if they were cleaner, more modern and guaranteed to turn up**. Environmental concerns and a sense of safety on the bus were also important issues for young people. There was some recognition that buses were more environmentally friendly than driving and they had a positive response to the idea that there could be the opportunity through reform to employ a more environmentally friendly fleet.

"If they got more ecological buses for the environment that would be good."

(Male, 20, Salford)

Favourable views of businesses towards reforming the bus market

Businesses expressed an immediately positive impression of the proposal after watching the video. Through further discussion there was agreement that a coherent approach would be an improvement resulting in a **more joined-up, integrated service**. So long as the central authority was competent, many agreed they would be in the best position to set routes, timetables, pricing and ensure everything is integrated. They felt it offered a common-sense approach that had already been proven to work in other cities such as London.

"Looks like a no brainer to me"

(Male, Wigan)

"Feel things would run so much better under the one umbrella, better prices, better routes and timetable could surely be organised if one company making decisions."

(Female, Oldham)

There was an overwhelming consensus that **employees would approve of the proposals and that both employees and employers would benefit from them**. Participants felt that cheaper, more reliable commuting options would offer better flexibility for their business and staff in terms of overtime, better time-keeping and easier access from a wider range of areas. Some even discussed that it may allow them as a business to offer some perks to staff if the system was streamlined.

“More staff can use this service and know they will be able to do overtime and not worry about getting back home.”

(Medium-sized business)

“It may open up other routes into work if they were all connected.”

(Medium-sized business)

“As a business, being able to offer free bus travel as a result of having a one stop shop for payment for services would be a good thing.”

(Medium-sized business)

The final element highlighted as particularly appealing was **the potential for simplified ticketing for a more seamless journey**, which would also help to save passengers money.

“One card/app would be perfect.”

(Medium-sized business)

“Longer routes would be a great help. People requiring 2 buses is something that straight away turns them off public transport - certainly having to buy two different types of ticket.”

(Medium-sized business)

Favourable views of those living outside of Greater Manchester towards reforming the bus market

There was a lot of general support for reforming the market from those living outside of Greater Manchester. Being under the control of TfGM was seen as particularly positive and there were suggestions that **franchising would work in the public interest rather than focusing on money**.

The **cost of travel was seen as one of the most important benefits of change, alongside better routes, tickets which allow travel on Metrolink, and reliability**. Participants felt that an integrated network would help to address current issues and make buses much more accessible. They emphasised **the need for a ticket** that can be used across public transport, again citing the Oyster card system in London as best practice.

“London is 100% better than Up North.”

(Female, 24, Derbyshire)

“I really like how the buses are run in London, just tap your card and mainly 1 price per journey.”

(Female, 41, Lancashire)

Though **a single brand was not seen as very important per se, a single source of information was seen as useful**. For example, having one agency would enable complaints to be taken more seriously.

4.4 Key messages/themes unfavourable towards reforming the bus market

There were **reservations from some about the finances and costing of the proposal**. People didn't have a clear understanding of where the funding would come from. Beyond this concern, some

participants shared more general reservations about the change overall, with one saying that she expected things to go wrong.

"There's going to be funding needed to organise the system, where is that going to come from?"

(Male, 54, Rochdale)

"In the video when it was showing it's all under one company what makes you think they'll get it right? Things will go wrong before they go right. Transport is never perfect."

(Female, 33, Tameside)

Beyond the initial reservations, participants raised concerns about **how the service would be affected, how pricing could be impacted and the potential for 'monopolisation'**.

"My only worry is that TfGM will dictate the times and routes. How will they work that out and still make money? Will the services be reduced?"

(Male, 54, Salford)

"I'd be concerned that, once the market's monopolised, they can charge what they want. I like the idea that I can go to a different company. If you don't like it, there's nothing you can do. It sounds good in principle, but I need to know the prices will be reduced."

(Male, 32, Trafford)

Finally, there were issues raised about **the risk to employees of bus companies**, particularly the potential for job losses if and when contracts are lost.

"I think for the workers definitely. If the bus companies don't make as much money, there are going to have to be cuts somewhere."

(Male, 27, Salford)

"I would worry about the jobs of the bus drivers and things like that. Drivers might have a job one year and if they lose the contract, they might lose the job."

(Female, 35, Wigan)

Unfavourable views of young people towards reforming the bus market

There was some **scepticism in response to price changes** with young people questioning whether ticket prices would actually reduce. Linked to this, some participants felt that the information provided in the video was not specific enough about how changes would happen (NB – these participants had not engaged with the Consultation Document and associated materials).

Some young people felt that changes would make very little difference to their lives. There was a feeling that they would get a car as soon as they could and at that point **most would choose to drive rather than take the bus because of speed, cleanliness and the sense of freedom it enables**. Given this, some of the younger age groups felt that the reforms would be irrelevant to them, as they would be driving by the time they were made.

“It’s not necessarily an improvement for me. I have bus routes that I use anyway. Unless they put more buses on it doesn’t matter.”

(Male, 18, Bury)

Unfavourable views of businesses towards reforming the bus market

While businesses bought into the proposal in theory, **concerns existed around whether the Scheme would work in practice**. They had questions about how it would work with so many independent providers, how bus companies would feel about timetables and prices being set for them, as well as questions on timetables and costs (NB – these opinions were raised prior to the Financial Case being presented to them).

“It sounds good in theory, but in practice, might not work. Consumers will end up paying for it”

(Male, Bury)

Scepticism also existed about **operators adhering to standards that they should already be aiming for under current systems**. Some participants felt that the standards needed to be set in such a way as to ensure TfGM would maximise the number of tenders to get the best service at the lowest price to the taxpayer. There were concerns about setting an unrealistic ‘utopia’ that a substandard operator may take on and ultimately not deliver. Linked to this was a feeling that it would be hard to force private sector bus operators to comply with the standards set.

“The bus operators turn round and say, no, we can’t deliver that, we can deliver this and price for that. Without the constant competition the standards could therefore drop.”

(Medium-sized business)

“Surely they still need to keep the bus companies happy though.”

(Small business)

“Depends on who sets the standards, whether they are realistic and whether they make a better service for the passengers.”

(Small business)

Unfavourable views of those living outside of Greater Manchester towards reforming the bus market

There was scepticism around how TfGM would tangibly implement some of these changes so that people could realise the benefits. Some participants highlighted the **importance of changes being for the benefit of the passenger** but ultimately felt that this would not be the case. They raised concerns about changes to routes and fares and wondered how decisions would be made about what routes to add or remove.

"I'd prefer the system to stay as it is but then again, I don't like change, it might push the prices up."

(Male, 33, Blackburn)

Generally, as with other audiences, there were **questions about how much it will cost, where the money will come from and the length of the transfer process.**

"I would say it needs improving but for that amount of money I think there's worse problems in Manchester to address."

(Female, 23, Liverpool)

A **single brand was the lowest priority** for this group with nearly everyone highlighting how uninterested they were in buses having the same appearance, so long as standards and routes are good.

"I'm not bothered what the bus looks like, as long as it's clean and gets me to a job on time that's all I care about."

(Female, 24, Derbyshire)

4.5 Additional comments on reforming the bus market

There was overall general agreement that the proposal was positive on the whole, but underlying concerns over whether or not the final result would be positive. Queries were largely **around the implementation period timescales** considering the size of overhaul planned. One group in particular didn't understand what was meant by franchising which left them with even more questions.

"If they do it and we don't like it, we're stuck."

(Female, 34, Rochdale)

Some in the deliberative workshop, particularly those that included participants who lived outside of the city centre, raised specific **concerns about people travelling outside of Greater Manchester's borders** and how that would work under the new system.

Additional comments from young people on reforming the bus market

Some young people felt **rebranding was important** and that it would be necessary to have coloured branding to indicate specific service areas. Others felt that more consideration should be given to numbers and destinations, making them bigger and clearer than they currently are.

"Salford should have a set colour [bus] so for example ... area specific."

(Male, 14, Manchester)

Additional comments from businesses on reforming the bus market

There wasn't universal agreement that change was needed, though most saw potential for improvement, whether or not they were confident that this could be realised. A number of people were keen to ensure that during the transition process 'bugs and fixes' would need to be considered to try and make it go smoothly. In order to achieve this, businesses highlighted that care needs to be paid to plan, research and review to make it a success.

Additional comments from those living outside of Greater Manchester on reforming the bus market

Some participants were clear that if travelling further afield, they would get the train instead of a bus and so wouldn't be affected by changes. However, others suggest they could see personal benefits of improvements to the bus service. Below are the key benefits and limitations that were highlighted by participants living outside of Greater Manchester for cross boundary journeys. In terms of benefits:

- **Reduced congestion** and vehicle use were seen as a positive outcome. One participant highlighted that more would need to be done to make people not use their cars and suggested reducing types of cars or banning them at certain times in the city;
- Being able to **use franchised services as well as the cross-boundary services** was seen as a benefit, as long as prices do not increase as a result;
- **Permits which initiate an increase in standards** was universally seen as a positive development;
- **Multi-operator ticketing schemes** were seen as helpful in simplifying things for customers since generally, the easier their journeys can be made, the better; and
- One participant suggested that GMCA could provide **financial assistance** to services which operate over boundaries that require upgrades.

In terms of limitations of the Proposed Bus Franchising Scheme for cross-boundary users:

- **Cross-boundary services may not match Greater Manchester minimum standards** established through franchising, which people would find off-putting, since they see safety and quality as key attributes of any service;
- **Tickets for cross-boundary services might not necessarily match** and there would be an absence of joined up information for connecting services;
- One participant said he'd resort to using a car after hearing about the limitations:

"This would make me drive to avoid the messing about with different prices and not knowing and competing services etc. I'd just sack it off and drive in."

(Male, 29, Glossop, Derbyshire)

There was some acknowledgement in discussions that **government funding is to ensure that people from isolated areas have access to transport** and that the money comes from the taxpayer.

5 Summary of findings: Current public sector funding

5.1 Introduction

This section summarises key insights from the qualitative discussions about how the buses in Greater Manchester are currently funded.

TfGM presented detail from the Consultation Document about the how buses are currently funded, with a focus on current public sector funding.⁷ Participants in the focus groups were not presented with detailed information in the form of a presentation, but were shown the video 'Doing Buses Differently'.

The subsequent discussion explored three questions:

- What do you think about the way buses in Greater Manchester are currently funded?
- What do you think about the need for GMCA to subsidise certain routes?
- How important is it for GMCA to invest in the bus network in this way?

It should be noted that, focus group participants were not subject to the same amount of information as those participating in the deliberative workshop as they were not presented with detailed information from the Consultation Document. Insights from these groups have therefore been included where relevant.

⁷ See Section 03 in the workshop presentation in the Appendix.

5.2 Summary of key issues

- Across all groups, there was **limited awareness of current funding arrangements** generally, including levels of investment, where this investment comes from or the scale of public contributions to the bus network as a whole;
- There was **surprise that operators don't contribute more through re-investment**, coupled with the assumption that they should and could afford to do so;
- Although there was general agreement that route subsidisation may be necessary in order to fulfil public need, some people thought that **operators should take responsibility** for this and have a duty to provide subsidised routes as service providers;
- **Concessionary passes are popular**, particularly amongst those who currently benefit from them, with concern about how the Proposed Franchising Scheme may impact their availability and coverage; and
- In order to fulfil sustainability objectives, **more should be done to encourage people onto public transport generally (including buses)** and concessionary fares are seen as a means of achieving this with certain groups in particular who make decisions based upon cost.

5.3 Current funding of buses

Participants had **very limited or no awareness of the existing funding arrangements and scale of public investment** in the bus network and infrastructure across Greater Manchester.

"I didn't realise we spent that amount of money."

(Male, 27, Salford)

Many were surprised by the **cost of the existing system** and unaware of local authority contribution levels to maintain it.

"Didn't know it was central government funded. They're spending millions to improve it all."

(Male, 70, Stockport)

There was also general confusion around funding sources, with some participants identifying **TfGM as key financial contributors**, but unable to identify where it receives its funding from.

"Does TfGM get the funding from our Council Tax?"

(Female, 69, Stockport)

A key question arising from participants focused on the **profits of operators**. Once the current public sector funding arrangements were presented, participants were surprised at the lack of reinvestment by operators and questioned why fare revenue and profit couldn't be used instead of contributions currently made by the public.

“...surely the revenue should go back into funding the system.”

(Male, 48, Salford)

“It should be like if you make a profit, they should have to do these things on the side. It doesn't seem right.”

(Female, 69, Stockport)

When further clarification was provided on this point, there was uncertainty due to the **perception that bus operators make a lot of money from fares** and should therefore be able to invest in services anyway. Others concluded that this may explain a lot about the current challenges faced by the local bus market, with control and decision-making power held by those making the profit.

“I don't think it's right if they're keeping the money from the tickets.”

(Male, 24, Stockport)

“They have all the power.”

(Male, 27, Tameside)

Some expressed a more **positive appraisal of the current system**. Although the deregulated system was the focal point of much criticism, there was **limited support for the current arrangement** and how it has created a competitive market in Greater Manchester, promoting choice and functions successfully.

“We have been spoiled by the deregulated system with the proliferation of choice of buses and services.”

(Female, 48, Tameside)

There were also a number of participants who **struggled to fully understand this section of the discussion**. Having been introduced to the Scheme, they wanted to understand the planned funding arrangements for comparative purposes to better contextualise the figures.

The views of businesses on the current funding of buses

There was **no clear awareness amongst businesses about current funding arrangements**. There was uncertainty as to who funded the network, whilst others thought it was government funded/operated. Some thought it was run by private operators which received a subsidy to do so. Others thought that advertising revenues provided a source of funding as well.

“The GMCA fund it.”

(Small business, Bury)

“Run by private firms who get a subsidy.”

(Small business, Trafford)

“Thought it was government funded or operated in some way.”

(Small business, Trafford)

“I would have thought from bus fares/advertising on sides etc.”

(Medium-sized business, Trafford)

The views of those living outside of Greater Manchester on the current funding of buses

When asked how they think buses in Greater Manchester are currently funded, **those living outside of Greater Manchester thought the government was responsible** but couldn't provide further clarification. When probed to expand upon this, some suggested taxes as the main source of funding.

“Is there something on the Council Tax bill that says transport?”

(Female, 41, Lancashire)

“Because they have to arrange for the public to get from place to place. It will come from our taxes etc.”

(Male, 50, Lancashire)

5.4 Route subsidisation

Participants wanted initial **clarification and explanation** around the presented figure that a fifth (20%) of routes across Greater Manchester are currently subsidised. This was predominantly due to the perception that bus companies generate large amounts of revenue through fare collection and should have the financial means to run these routes.

“They're obviously making profit, they've got no risk - they seem to have a fall back.”

(Male)

There was also general concern around a **perceived operator focus on profit** as opposed to providing services and routes where they are needed. This was particularly important to those who rely upon localised services or are not well served by other transport modes (such as tram or train).

“Right now, bus providers are saying, ‘That bus isn’t making money. We’re not going to run it.’”

(Male, 24, Stockport)

“If an old lady relies on this service for the doctors, it’s unfair to penalise people like that because it’s not profitable.”

(Female, 29, Trafford)

Many participants were surprised that **subsidisation through public funds** was necessary. They felt that operators as service providers should be obliged to provide services and fund routes regardless of profitability if there is social need.

“They’re having their cake, eating it and coming back for seconds at the moment. It looks like it is all in the operators’ favour, rather than what services are required from them.”

(Male, 48, Salford)

However, there was acceptance that these routes and services need to be maintained, and if the other option is for them to cease, the **current method of subsidisation should continue**. The issue of cost was raised in response to this, as many current bus users had already raised concerns about expensive fare rates, before learning of their additional contributions via taxes.

“I think that’s a shock to everyone that they’re paying twice. Not many people knew.”

(Male 27, Salford)

“So where does that money go? At the moment, Diamond say, we’re paying to get on the bus and they’re also getting government funding.”

(Female, 44, Bolton)

This led to discussions around **fairness**, and who should ultimately be paying for the service. Some discussed whether or not it is fair for those who don’t use the service to be subsidising routes through Council Tax for service users.

“People who use the service should contribute to it, not everyone.”

(Male, 37, Oldham)

The view of businesses on route subsidisation

There was **minimal unprompted awareness of current subsidisation arrangements** within the business groups, but it wasn’t discussed in depth as they weren’t presented with the necessary information.

“Subsidised by Manchester City Council- i.e. a public private sector initiative.”

(Male, Medium Business Group, Manchester)

The views of those living outside of Greater Manchester on route subsidisation

There was **limited but accurate awareness** around the current subsidisation of less profitable routes in order to maintain services that would otherwise be discontinued.

“Some buses are funded by subsidiaries from the government on certain routes to keep them running.”

(Male, 30, Merseyside)

There was an understanding that in these circumstances, **government funding is vital to ensure that people from isolated areas continue to have access to these services.**

5.5 Concessionary passes

Amongst the general public, there was some initial anxiety about whether the **commitment to concessionary passes** and fares would be maintained under any new scheme. This was raised as an issue by several current pass holders who expressed concerns that without them, they wouldn't be able to afford bus travel.

“Hopefully they'll keep [concessionary passes]. Not just for pensioners; disabled and children too. If they do away with that, they won't be able to use the bus.”

(Male, 73, Stockport)

Overall, people supported the **principle of free/low cost travel for particular groups** such as the elderly, disabled and young people. However, some participants thought that it should go further, and also include all children, not just the 16-18 year olds who currently benefit from the Scheme.

“It should be free [for children].”

(Male, 55, Salford)

“If you're going to school, it should be free.”

(Male, 28, Oldham)

Despite this, there was some **concern about the cost to the public of funding concessionary passes**, again with comparative reference to the perceived revenue streams of the operators.

“...travel seems to be in a world of its own, where we have to stump up and pay for it out of our Council Tax, it's a lot of money and I think they are laughing, getting complacent. I think it is morally wrong we are trying to stump up money.”

(Female, 51, Trafford)

There was also frustration felt by some commuters who saw **the bus as almost as expensive as running a car**. Whilst providing value to those with passes, this does not apply to all, and those who use it regularly don't always benefit from passes.

"Yes. I think everybody should have equal access. As a commuter I should be paying less. The pensioners and school children should have access too."

(Female, 34, Rochdale)

The views of young people on concessionary passes

The **Under 16s** all felt that they should be entitled to **free bus travel** and provision should be made more generally for those who need to use the bus but may struggle to afford it.

"I say a lot of families don't have a lot of money and they are quite expensive, and people have to pay for other things so Under 16s should get free bus travel."

(Female, 14, Salford)

As with the deliberative workshop participants, **young people were concerned about changes to concessionary pass schemes** under the Proposed Franchising Scheme, and sought reassurance that these passes would be maintained.

The **16-18-year olds** had direct experience of the benefits of concessionary passes, with all but one participant using the Our Pass for current travel. The group was in agreement that this was the main reason for their decision to use the bus over other available modes of travel.

"When the Our Pass came out, so many more people got the pass because it's so much cheaper. It's the price of the ticket. Since we're students, we're not bringing in money. Price is a big thing. We wouldn't get the bus if it was £5-6 there and back."

(Female, 17, Bury)

Young people identified **cost as a significant factor when choosing how to travel**, hence why the Our Pass was well received. They expressed similar concerns as to whether this scheme would be maintained under the Proposed Franchising Scheme.

"It was £250 last year. It dropped to £10. You had to apply for it, and you get it within 10 days. You can use it anywhere."

(Female, 17, Bury)

A number of participants in the older 19-20 year old group either currently use or had **used student travel passes** which entitled them to discounted bus travel.

"I used to get this pass- Uni Rider. £250 for the year and you could travel anywhere in Greater Manchester with that pass."

(Male, 20, Trafford)

"I used it and got it for free with my uni. Thought I'd use that instead of train."

(Female, 20, Stockport)

They viewed a discounted pass as this an **incentive to travel by bus** and would choose bus over other modes (such as tram) if it was free or significantly discounted.

“It’s definitely an incentive.”

(Male, 19, Stockport)

“I’d use whatever the mixture of cheapest and quickest way is. Only time I need to go somewhere is in town and the bus was free. If it was the easiest option and cheap, yes.”

(Male, 20, Salford)

“I’d use it (i.e. a discounted pass) to be fair. I pay £82 a month every 28 days on the tram. It depends if I’m out with friends and they want to go on the bus I’d use it rather than not going out.”

(Male, 20, Rochdale)

The views of businesses on concessionary passes

Whilst concessionary passes weren’t raised with businesses, there was spontaneous mention by a couple of participants who highlighted the need to **maintain current concessionary fares for elderly and disabled passengers** in any new model.

5.6 Requirement for GMCA to invest in the bus network

There was a general acceptance that **GMCA funding is required in order to keep the bus network running** and continue to provide a service to those who need it. It was initially likened by one participant to education funding:

“At some point you’re going to use that. It’s like paying for education. Someone else might need to use it, or you might, eventually.”

(Male, 48, Salford)

Amongst some participants there was support for taxpayer’s money to continue to be invested in this way. Some also discussed the importance of creating an **environmentally sustainable bus network for the future**- encouraging people out of cars and into public transport to reduce overall emissions. The objectives to reduce car journeys and promote more sustainable travel habits was therefore well supported overall.

“It’s massive for the future. For the future environment for our children. It’s imperative. The only way you’ll get people to use it is to make it affordable...you need to get cars off the road.”

(Female, 37, Stockport)

“Very important [creating environmentally sustainable bus travel]. You can’t increase people using the bus and not put the money in.”

(Male, 27, Salford)

“If you’re not going to invest, people are going to use more cars, you’ve got to think of the environment.”

(Male, 54, Rochdale)

However, there were concerns about the **cost to the public** of these measures, although a broad acceptance that they are largely necessary in order to sustain the network and enable travel for those in isolated areas or who require additional funding support.

There was also an observation that **significant investment has gone into the tram network**, which is perceived to be effective and popular, so directing further investment towards other modes may be of future benefit to GMCA.

“It’s not just about buses. It’s about getting more people on public transport. It’s more of a unified thing with tram and trains.”

(Male, 35, Rochdale)

The views of businesses on the requirement for GMCA to invest in the bus network

The businesses echoed the thoughts of the public, emphasising the **importance of maintaining smaller and sometimes less popular routes that many people rely on**. GMCA therefore plays an important role in providing the funding to sustain these services.

6 Summary of findings: The Economic Case

6.1 Introduction

This section summarises key insights from the qualitative discussions about the Economic Case.

TfGM presented detail from the Consultation Document about the Economic Case and its conclusion.⁸

The subsequent discussion explored the following question:

- The Economic Case concludes that the Proposed Franchising Scheme provides the best value for money compared to the partnership options because it would:
 - offer a ‘high’ ratio of benefits to the cost to GMCA, one which is broadly comparable with the partnership options;
 - provide the most economic value (Net Present Value); and
 - create the best platform from which further economic value could be delivered.

What comments do you have in response to the Economic Case of the bus reform options we’ve just discussed?

It should be noted that, focus group participants did not discuss the Economic Case in detail, nor were they presented with any background from the Consultation Document. Basic detail about the Economic and Financial Cases were presented to the business groups, specifically the headline conclusions from the Economic Case and the funding proposal for the Proposed Franchising Scheme.

⁸ See Section 04 in the workshop presentation in the Appendix **Page 1068**

6.2 Summary of key findings

- The **Economic Case put forward was hard for the public to grasp**. Participants found it very difficult to understand NPV and there was scepticism around the benefits presented;
- Participants immediately wanted to know who was going to pay, raising **concerns that it would be the tax payer**;
- One of the most convincing elements of the Economic Case was the **convenience that will be passed on to the passenger** in terms of consistent pricing and integrated ticketing.
- The Proposed Franchising Scheme was also seen as being good for the economy in that it connected residents for employment as well as having environmental and social benefits for example by being able to control vehicle standards and emissions;
- There was a broad acceptance that in order to get the best service, there would need to be some large upfront investment. However, **the initial cost outlay of £134.5m was seen as substantial**, which made some people hesitant about the proposal;
- Businesses particularly, highlighted issues around **less profitable routes** and how these would be serviced under the Proposed Franchising Scheme. There were concerns that the Scheme overall wouldn't work on the basis that it would be unsustainable due to low profit margins;
- The **forecast on impact of patronage was met with a mixed response**. Some groups responded to the figures with great surprise, while for others the drop in patronage was in line with their expectations. Many groups could see the potential for the Proposed Franchising Scheme to arrest the level of decline in patronage; and
- Some participants were keen to see that **the Scheme is reviewed as it progresses** to ensure adaptations are made when things change and any poor performance from franchisees is addressed. Some individuals also expressed a wish that these further interventions took account of the whole public transport network.

6.3 Initial comments and clarifications

The TfGM presentation on **the Economic Case was met with a fair amount of confusion**. Participants felt that the figures didn't explain what the benefits would actually be, and the Economic Case put forward was hard for the public to grasp and understand. Participants had questions about the detail of the Economic Case and also about the process of developing it. These clarifications were asked during the deliberative workshops and TfGM responded to them. Some of the key clarifications included:

- **What benefits are they measuring/counting** and how they are calculated? Clarification around Net Present Value (NPV), what it actually meant, and that it included intangible benefits, not just profits;
- Did the Economic Case go through some **arbitration**?
- A request by some to see **more figures including current costs**;

“They didn’t give us all of the figures. All we have seen is what they’re paying out, but we need to see what the current cost and what they’re paying out will be.”

(Male, 40, Trafford)

- Confusion around the **use of figures from ten years ago**;

“Why is it based on figures from 10 years ago? I’m sure they have figures for each year.”

(Male, 28, Oldham)

- On **partnership options**, what would the money be spent on?
- Why would **depots** come under TfGM control? It was felt that using old depots was preferable over building new buildings (from an environmental and cost saving perspective);
- There was an interest in **what the operators might think about the proposals** - would they bid for the packages on offer? Would there be due diligence done on the tender process?

“Would they have to put tenders in?”

(Female, 56, Oldham)

- Participants also wanted to know **who was going to pay, raising concerns that it would be the taxpayer**. Linked to this were questions about the impact on ticket pricing and concessionary fares.

“Where’s the funding coming from? Will Council Tax go up?”

(Male, 73, Stockport)

“We talked about London and Barcelona. How is that deducted from their taxes? If there’s to be a figure on my Council Tax bill, how will that look? Will it go up, down, or stay the same?”

(Female, 68, Bolton)

Participants were sceptical about **whether the price of tickets would decrease** and that cost savings would not necessarily be passed on to them. They worried that prices would go up gradually under this system in order to pay for it, expressing concern that it might be cheap at the outset, but then become more expensive.

Some wanted to know what would happen to **concessionary and young people bus passes**, and there was concern that these could be adversely affected. Others wanted to know to what extent **the fleet would be upgraded** and whether operators would pay, or if they, as passengers, would end up paying with higher ticket prices. There were also questions around the potential fare system – for example, if it was zonal, would someone going two stops pay the same as someone going twenty stops?

6.4 Most and least convincing elements of the Economic Case

One of the most convincing elements of the Economic Case was the **convenience** that will be passed on to the passenger. The public were particularly convinced by the promise of a **more stable, convenient, and better service** since the Proposed Franchising Scheme would give TfGM the ability to regulate

providers. They were hopeful there would be more **consistency around both service and price, regardless of the area they lived in**. Paying the cheapest price to get to a destination was a high priority which appealed.

"Most convincing would be the convenience, if it works out, if it does work."

(Female, 27, Oldham)

Some participants were convinced by the **higher net benefits of the Proposed Franchising Scheme**. While they thought that the first few years of franchising would be expensive, many felt that the costs would level off, and the bus network would ultimately become more sustainable.

"I think it's the benefits. They're much higher than the other schemes. It's the net benefits."

(Male, 55, Bury)

There was a **broad acceptance that in order to get the best service, there would need to be some large upfront investment** and so long as the current system would improve, there was an acceptance that this investment was necessary. Participants assumed in the franchise model that profits would go to TfGM to reinvest rather than to bus operators, and this was received very positively.

"You've got to put in what you get out of it. With £111 million⁹ you'll get all the new systems, even though you're putting more in, you're getting more out."

(Female)

"No value in having a poor running service. You pay for ease and comfort and by changing the system the benefits are huge. With other systems it seems [to me that] you're sticking to what's easy and already there. You need to put money in to get money out."

(Male, 21, Bury)

The Proposed Franchising Scheme was seen as being **good for the economy as well as having environmental and social benefits**:

- People would be able to **get to work easily and more money would be spent in shops and in town centres**;
- More buses mean that more people would be able to **access public services** such as hospitals, schools and libraries, which was viewed as very positive; and
- **People may reduce their car usage**, thereby making a positive impact on the environment.

When considering these combined positive impacts of the Proposed Franchising Scheme, it was viewed as a way to **future-proof the city and make things better for future generations**.

⁹ £111m was presented in the deliberative sessions to show the Present Value of Costs (PVC 2010)

“Thinking of your children and your grandchildren, it’s going to be for them. They’ve got to try to see how it works.”

(Female, 68, Wigan)

However, the **initial cost outlay of £134.5m was seen as a substantial upfront investment, particularly in comparison to the other options**, which made some people hesitant about the proposal. There was a feeling that this initial expense would be spent on rebranding and buying depots, and therefore not have any obvious benefit to an improvement in service.

The **length of time** the proposals would take to implement was an issue for some. Although they acknowledged it is a long-term vision, they wanted to be able to see a difference quicker. They particularly wanted to see short-term benefits that would make a tangible difference to them.

Some people had **concerns around the impact on bus operators**. One or two participants felt it was slightly unfair on bus operators which had built up a business over the last 20 years to have that removed and be stripped of their identity in the city if they became franchisees. Other participants were concerned about the risk of creating monopolies for the big companies.

“It’s monopolising the market...the big companies knock the small companies out of the water.”

(Female, 35, Wigan)

There were also fears that bus providers may be put off bidding due to **unprofitable routes**. Linked to this were general concerns about subsidising routes, which some felt would be an excessive and unnecessary cost, especially if patronage remains low.

“How do we set up routes in areas that are more difficult to sell, rather than just looking at the market forces? Regarding the franchises, what happens with the ones that aren’t profitable?”

(Male, 55, Bury)

6.5 Insights concerning Net Present Value

Participants found it very difficult to understand NPV. More explanation was required to clearly translate the benefits, and questions were asked of the TfGM representative on the day. For example, the fact that the Proposed Franchising Scheme had slightly less efficient Benefit Cost Ratio took a lot of explaining, and the Proposed Franchising Scheme NPV and Benefit Cost Ratio did raise doubts. For those who could understand some of the benefits, there was a call for more evidence.

“The customer benefits in the reduced cost of the fares, and more services in more areas. That’s where you know you will benefit. This net benefit, I want more of a breakdown of what we’re getting out of it. I’m not convinced congestion will be reduced, with population growth.”

(Male, 32, Trafford)

There was **scepticism around the benefits presented** with some people left unconvinced by the figures and how that money could be converted into tangible paybacks they would see day-to-day. There was a feeling from some that the benefits laid out seemed only to be applicable to the GMCA (i.e. as profits).

Beyond this, there were questions as to whether 'benefits' should be considered as such, or rather, simply part of a standard service anyway.

"It seems sketchy, that £345 million figure. I'm not sure how you measure the benefits. It seems very much an estimate. It's very difficult to measure the benefits of it. That's a concern, where that figure has come from."

(Male, 32, Trafford)

"I'm not understanding is when you say benefits, buses improved they should be at that standard anyway."

(Male, 21, Bury)

There was also some concern about **cost projections** due to known over-runs on other projects the public were aware of, such as HS2. However, not everyone was sceptical, as some people felt that the £111 million¹⁰ spend represented good value for money.

"I think it's good that the Proposed Franchising Scheme has just one expenditure. The fact that it delivers so much more net present value is good. If you split it out with smaller projects, you end up spending £111 million on all the costs and consultation. I think it's good bundled into one."

(Male, 27, Tameside)

With many finding NPV hard to grasp, some participants were left looking for **more tangible paybacks that they could realise quickly, such as guaranteed ticket prices**. With the benefits as presented it was felt that there was not enough incentive to prevent people from using their cars over buses.

6.6 Forecast of the impact of reform on patronage

The forecast of the impact of bus market reform on patronage was met with a mixed response.

Some participants responded to the figures with great surprise, while for others the drop in patronage was in line with their expectations. The former based their surprise on what they observed day to day with bus usage. For the latter, the assumption was that young people, as soon as they reach the legal driving age, are keen to turn their backs on public transport. There was also an assumption that some of the decline would be as a result of new Metrolink lines, and the modal shift that these could bring about.

"About the decline, people don't have time to be waiting for buses. The journey is so long, it's no wonder people don't use buses."

(Female, 20, Oldham)

There was some **confusion about why patronage is going down** and participants asked for the key factors behind the figures. Linked to this, some felt uncertain as to **why such a large amount of money was being invested into a declining mode of transport**.

¹⁰ £111m was presented in the deliberative sessions to show the Present Value of Costs (PVC 2010)

"I'm trying to get my head round it. What's the point in all this if it's going down? Why invest so much money?"

(Male, 44, Tameside)

However, **many participants could see the potential for the proposal to arrest the sharpness of the decline** and bought into arguments that additional investment and potential to decrease fares could arrest it, while reducing traffic and improving the environment. At least one participant felt that, after seeing the figures on decline in patronage, the franchising proposal didn't go far enough.

"If you look at what she just said then, it's a no-brainer. The decline is going to happen, but it will make it less."

(Male, 55, Bury)

"Maybe it's not ambitious enough - if the aim is to reduce car journeys, it's surprising that buses are going to fall."

(Male)

Most groups saw the environmental importance of reducing carbon footprints by encouraging people to use public transport. **Greener, quicker and reduced times at bus stops were all cited as factors that would make a difference to whether people use buses more.** However, this was qualified with the point that as long as driving, or taxi services such as Uber remain cheaper, more convenient and more comfortable, bus patronage is likely to continue to decline. The only way participants thought this may change was if a congestion charge was introduced, or if parking became impossible.

6.7 The need for further, future (Phase 2) intervention

Some groups were keen to see that **the Scheme is reviewed as it progresses** to ensure adaptations are made when things change. Similarly, they wanted reassurance that poor performance by franchises would be held to account.

"I assume it will get reviewed even though it's a 30-year plan. It must get reviewed in 10 years. Things change."

(Female, 30, Trafford)

"They should review it every 3 years. If they can't keep it, they should lose the contract and it would go back to the bidding again."

(Male, 24, Stockport)

"Will there be financial implications to the companies if they don't meet their service level agreements? If they promise something and they don't do it, do they have something they have to meet?"

(Female, 35, Wigan)

There were some people who felt TfGM should go further and **reinvest over the whole public transport system**, rather than focusing on buses which have declining patronage. Certain groups felt that trams, in particular, were more popular than buses and so they should not miss out on investment.

"I want to know the money will be put into the (entire public transport) system, rather than the buses, which are declining."

(Male, 30, Bury)

"If they're doing all this, why don't they publicise the whole system?"

(Male, 24, Stockport)

6.8 The views of businesses on the economic case

Basic detail about the Economic and Financial Cases were presented to the business groups, specifically the headline conclusions from the economic case for the Proposed Franchising Scheme.

In line with concerns raised by some of the general public, businesses highlighted issues around **less profitable routes** and how these would be serviced under the Proposed Bus Franchising Scheme. They felt that if routes were already unprofitable, operators would not want to run them or be able to sustain them.

"In theory sounds great and will improve the customer experience but dubious about the cost or how the members could make it work for little margin."

(Small business, Trafford)

There were concerns that the franchise system overall wouldn't work on the basis that it would be **unsustainable due to low profit margins**.

"I see a situation where franchise holders will find it unsustainable and will withdraw from the agreement."

(Medium-sized business, Bury)

"I have seen too many times all these companies take over franchise - promising the earth and then having to give them up due to extremely low profit or running at a loss, it simply doesn't work. Margins are too low. You are asking business people and we will give an honest answer."

(Small business, Trafford)

Finally, businesses worried about **the impact of lower profit margins on the standards of the bus fleet**. They raised questions about whether bus companies would be able and/or willing to provide the desired standard of service with the promised profit margins.

7 Summary of findings: The Financial Case

7.1 Introduction

This section summarises key insights from the qualitative discussions about the Financial Case.

TfGM presented detail from the Consultation Document about the Financial Case.¹¹ This included information about the funding requirement, the three 'pillars' of funding, an explanation of the funding sources and the implication for taxpayers.

The subsequent discussion explored the following questions:

- What comments do you have in response to the financial case of the Proposed Franchising Scheme?
- What do you think about the investment necessary to move from the current operating model to the Proposed Franchising Scheme ?
- What do you think about the proposed funding sources for the Proposed Franchising Scheme ?
- The Financial Case concludes that GMCA could afford to introduce and operate the Proposed Franchising Scheme . After completing the Assessment and in advance of this consultation, GMCA has proposed how it would fund the introduction of a fully franchised system. Do you have any comments on these matters?

Focus group participants did not discuss the Financial Case in detail, nor were they presented with any background from the Consultation Document. Basic detail about the Financial Case was presented to the business groups, specifically the funding proposal for the Scheme.

¹¹ See Section 05 in the workshop presentation in the Appendix.

7.2 Summary of key issues

- Participants in the workshops and groups **found this topic challenging to understand** and had a lot of follow-up questions. **They were particularly keen to understand what exactly the taxpayer money would be used for**, how confident GMCA are in the numbers presented and what contingency plans were in place if the Financial Case was not correct;
- Participants in the deliberative workshops were **split between those who thought this was a good use of Council Tax and/or GMCA resources more generally because it would improve public transport, and those who thought the money would be better spent elsewhere**. These views were not necessarily related to current bus usage as some bus users were worried about double-paying (through fares and taxes) while some non-users thought the investment would be worthwhile for the wider benefits, even if they did not use them personally;
- Many were keen to emphasise the **importance of not re-purposing funds already allocated to other council services**, such as social care, in order to pay for these changes. Their support for the Scheme was contingent on it not leading to cuts in other services, as well as the Scheme realising the benefits described in the consultation; and
- Most believed the **proposed rises in Council Tax would be affordable to them**, but they were concerned that if this was just one increase among a raft of other incremental rises in their Council Tax to fund other local authority priorities, then people may struggle to pay.

7.3 Initial responses and questions

Following the presentation by TfGM, participants had questions about the **wider financial implications of the Proposed Franchising Scheme**. Most found it quite confusing. In particular, they wanted to know:

- What the impact would be on bus fares?
- How much **profit** the operators would make and how it would be shared between TfGM and the bus companies?

"Why are we paying for a privately-owned business to run itself?"

(Male, 30, Tameside)

- How confident TfGM were in the **costing**, and how much further it might rise in future years? Which parts of the finances were definitely already agreed? What happens after the transition funding ends?

"If it's going up that much in 5 years and not taking cost of living into account, what about in 50 years."

(Female, 56, Oldham)

- What would happen if the tenders were above the anticipated budget? What other risks exist and how are they being mitigated? What happens if the company that wins the franchise fails?
- Has this been done successfully elsewhere and are these figures based on the experiences of other cities? How can we be sure that this is good value?

"I want more specifics - where exactly is the money going to be spent specifically?"

(Male)

Initially, several participants were concerned that **taxpayers were effectively paying the bus operators to do their job**, which they currently do anyway. They were not sure if that was a good use of taxpayer money and were also unclear whether **Council Tax** would definitely go up, or whether it would only go up if needed. However, others believed the investment was worthwhile.

"I think that we all agree that services are terrible and that something must be done. It's a long-term fix, which, in this day and age, is unusual."

(Male, 54, Salford)

Initial responses and questions from business

Small and medium businesses also found this part of the Proposed Franchising Scheme difficult to understand. They expressed **concerns about the amount of money needed as they were unsure whether that was good value for the taxpayer**. They assumed rises in Council Tax and business rates would be the main source of the funds. As with the public they requested more information about comparable schemes in other cities.

"Just seems like another way of lining someone's pockets."

(Small business, Wigan)

7.4 Proposed sources of funding

Participants in the workshops were split between those who thought this was **a good use of Council Tax** because it would improve public transport, and those who thought the **money would be better spent elsewhere**. Most thought the proposed Council Tax increase was not large enough to be a cause for concern. However, given the predicted continued decline in patronage some were not convinced further investment was justified.

"I don't have much to say about it really. In terms of extra Council Tax, if it's going to make a difference it's good for the people who use it."

(Female, 20, Wigan)

Reflecting their initial concerns about the relative importance of public transport, some participants expressed **a concern that any money from the Mayoral earn back funds or local authorities should not be displaced from funds already allocated** to other services such as social care.

"Councils say they have no money for everything, so where is this money coming from?"

(Male)

Some were concerned that it would not be fair on **non-bus users to make them pay for these improvements through Council Tax**. However, some non-users said they were happy to pay. Others suggested that non-users would benefit from the **reduction of carbon emissions and congestion** which might result from people using buses instead of driving. They also thought new bus routes might increase house prices.

"I didn't say I was happy paying. All you guys apart from the pensioners use the buses more than I do so I won't get the benefit of it, my Council Tax will go up for a service I don't use so I don't buy into that. I use it once or twice a week."

(Female, 33, Tameside)

A number of participants thought it was a good idea to raise some of the funding through **business rates** as they thought that **businesses would benefit from improved transport links as well**. However, there were some concerns about relying on business rates, given the number of businesses closing in the region.

"In theory it's a good idea but in practice I don't know. The amount of businesses closing because of business rates you can't rely on them."

(Female, 56, Oldham)

There were a number of suggestions about how additional funding for the Proposed Franchising Scheme could be found:

- Some participants suggested that **people should be able to invest in the franchise** and then they could get a 'cut' when they sold their shares;
- Some participants wanted to see **bus companies paying some of the bill** – they felt they already paid these companies for buses through their fares and did not want to "pay twice";
- Some participants wanted to see **more funding from central government**, in line with London's spending of central government funding on Crossrail; and
- Some participants were happy as they saw the **initial cost as an investment**, which would lead to payback in the future.

"They'll make a lot of profit over the next 30 years. By the time we get to 2030, it will fund itself. I'm hopeful."

(Male, 30, Bury)

Support for the funding proposals was largely conditional on the promised service quality improvements being realised. Some thought the investment would result in increased usage, while others pointed out that recent price rises had been accompanied by a decline rather than improvement in service levels. Several wanted to see information provided on their Council Tax bill to show where the money had been spent.

“If the service is better, that’s fine. If you’re paying more and the service isn’t better, I wouldn’t.”

(Female, 35, Wigan)

Views of young people on the proposed sources of funding

This issue was only discussed by the older age group (the 19-20 year olds). **They were broadly supportive of increasing what people pay through tax.** They thought it did not seem like a large increase. Again, their support was conditional on seeing the expected benefits materialise.

Views of business on the proposed sources of funding

Basic detail about the Economic and Financial Cases were presented to the business groups, specifically the headline conclusions from the Economic Case and the funding proposal for the Scheme.

The small and medium business groups also thought that **the council had higher priorities for funding**, including addressing the condition of the roads. They saw the money coming out of their pockets both through Council Tax and business rates and did not think it was fair to raise business rates.

“I don’t think an increase in Council Tax will go down well to use for public transport when the state of our roads is so poor.”

(Small business, Trafford)

Some were pleased to see that there was some **funding from central government** alongside the local contribution. Some expressed concern that the sources of the funding were not completely agreed and thought the work should not go ahead until all the funding was secured and in place.

7.5 Affordability of the Proposed Franchising Scheme

Although most participants felt the proposed increases in Council Tax were relatively small, **concerns about the affordability** of the Scheme and its impact on cost of living were raised in several ways:

- Bus users were keen to ensure **bus fares did not rise along with Council Tax** as they perceived this as ‘paying twice’;

“What’s going to cost us when we get on the bus? If that stays the same or gets cheaper, I’m prepared for the Council Tax.”

(Male, 24, Stockport)

- Similarly, there were concerns that **taxes could go up further in the future** to continue funding the Scheme, leading to it becoming unaffordable.

“I’m worried it will cost a lot more. I can be persuaded either way, I think it’s a good idea, I just find these schemes are costed in favour of the person who wants it to happen. It’s usually not a true reflection of what you’re working with.”

(Female, 34, Rochdale)

- Others were concerned that, when added with other rises in tax and the cost of living, the increase could make life more difficult for people.

As noted above, some participants were concerned about **whether the local authority could afford this investment**. They did not want to see other services being cut back to pay for improvements to buses. These concerns led some people to reduce their support for the proposal.

Views of young people on the affordability of the Proposed Franchising Scheme

The young people (16-18 year olds) thought it would be important to ensure that bus fares remain affordable. They thought **price was a key driver of behaviour** and if the cost increased then many people would use cars more.

Views of business on the affordability of the Proposed Franchising Scheme

Although businesses did not welcome increased taxes, **some considered the Scheme affordable and 'a good deal'**. Others questioned whether £134.5m was typical for a scheme of this size and ambition, as it sounded like a lot of money.

Appendix A – Glossary

Key terms	Definition
Concessionary pass	A form of discount to enable eligible people to travel on reduced fares or for free.
Deliberative workshop	Deliberative workshops are a form of facilitated group discussions that provide participants with the opportunity to consider an issue in depth, provide spontaneous opinions, challenge each other's opinions and develop their views/arguments to reach an informed position.
Deregulated bus services	Bus services that are run by commercial bus companies who decide the routes, timetables, fares and standards. The bus companies receive the revenue from fares and retain the profits.
Focus group	A qualitative research method which brings together a group of individuals to discuss and provide feedback on a product, service, concept, or campaign. These can be held online or face-to-face.
Franchising	An operating model under which a central body specifies what bus services are to be provided and decides the routes, timetables and fares. The services themselves are operated under contract by private companies through a competitive tendering process.
Greater Manchester Combined Authority (GMCA)	The devolved combined authority body of Greater Manchester. Greater Manchester Combined Authority (GMCA) is made up of the ten Greater Manchester local authorities (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan) and the GM Mayor and works with other local services, businesses, communities and other partners to improve the city-region.
Our Pass	Free travel bus pass across Greater Manchester for all 16-18 year olds, as well as half price Metrolink travel and offers/discounts/tickets
Oyster card	A contactless smart card for public transport across the Transport for London network. An Oyster card is 'topped up' by its owner with money that is used to pay the fares for public transport, or season tickets can be loaded onto the card.
Partnership	Alternative models to franchising. This involves working with the bus operators in different ways than franchising to improve services, either through a voluntary agreement or through a legal scheme.
Proposed Franchising Scheme ("the Scheme")	Taking bus services under Greater Manchester's control – whereby TfGM on behalf of GMCA would set routes, timetables, fares and standards. The bus companies would competitively bid for contracts in order to run services on GMCA's behalf.
Subsidise	To pay part of the cost of a service or product.
Transport for Greater Manchester (TfGM)	Transport for Greater Manchester (TfGM) is Greater Manchester's Passenger Transport Executive, the public body responsible for coordinating Greater Manchester's transport strategy and delivering its objectives.

Appendix B – Participant profiles

Deliberative Event 1 – Saturday 23rd November Attendee Breakdown

Age	SEG	Gender	Respondent Occupation	Local authority residence (Q3)	Area live in (Q3a)	Ethnicity (Q11)	Long-standing health problems (Q12)	Access to a car (Q19)	Frequency travel by bus (Q20a)	Primary mode of transport (Q21)
64	E	F	Non-working	Salford	Urban	White British	No	No	Once a fortnight	Taxi
48	B	M	Regional Manager	Salford	Urban	White British	No	Yes	At least once every 3 months	Train
30	B	M	Web Designer	Salford	Urban	Black Caribbean	No	Yes	5 days a week or more	Bus
20	C1	F	Administrator	Wigan	Semi-rural	White British	No	Yes	5 days a week or more	Bus
29	C2	F	Non-working	Wigan	Semi-rural	Thai	No	Yes	5 days a week or more	Bus
59	C2	F	Non-working	Wigan	Urban	White British	No	Yes	At least once every 3 months	Taxi
20	C1	F	Student	Wigan	Semi-rural	White British	No	Yes	2-3 days a week	Bus
43	C2	M	Operations Manager	Salford	Urban	White British	No	No	Not used in the last 12 months	Train, Cycling
73	C2	M	Retired Electrician	Stockport	Semi-rural	White British	Yes	Yes	Not used in the last 12 months	Car - In non-electric vehicle
48	C1	M	Administrator	Manchester	Urban	White British	No	Yes	5 days a week or more	Tram
37	C1	F	Conference Consultant	Stockport	Urban	White British	No	Yes	2-3 days a week	By taxi

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Age	SEG	Gender	Respondent Occupation	Local authority residence (Q3)	Area live in (Q3a)	Ethnicity (Q11)	Long-standing health problems (Q12)	Access to a car (Q19)	Frequency travel by bus (Q20a)	Primary mode of transport (Q21)
70	C2	M	Retired BT Engineer	Stockport	Semi-rural	White British	Yes	Yes	Once a week	Tram
39	D	M	Shop Worker	Tameside	Urban	Pakistani	No	No	5 days a week or more	Bus
58	C1	F	Receptionist	Manchester	Urban	Black Caribbean	No	No	2-3 days a week	Bus
23	B	F	Teacher	Manchester	Urban	Pakistani	No	No	At least once a month	Walking
29	D	F	Catering Assistant	Stockport	Semi-rural	White British	No	No	5 days a week or more	Bus
58	E	F	Non-working	Manchester	Urban	White British	No	Yes	Once a fortnight	Walking
37	C2	M	Sheet Metal Worker	Oldham	Urban	White and Black Caribbean	No	Yes	At least once a year	Car - In non-electric vehicle
30	D	M	Driver	Tameside	Urban	Pakistani	No	No	5 days a week or more	N/A
56	B	F	Lecturer	Trafford	Semi-rural	White British	No	No	5 days a week or more	N/A
56	C1	F	Administrator	Oldham	Semi-rural	White British	Yes	Yes	At least once a month	Tram
33	C1	F	Estate Agent	Tameside	Urban	Pakistani	No	Yes	Once a week	Car - In non-electric vehicle, Bus
24	D	F	Retail Assistant	Tameside	Semi-rural	White British	No	Yes	Not used in the last 12 months	Car - In non-electric vehicle, Tram
51	D	F	Bakery Assistant	Trafford	Semi-rural	Indian	No	Yes	4 days a week	Tram

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Age	SEG	Gender	Respondent Occupation	Local authority residence (Q3)	Area live in (Q3a)	Ethnicity (Q11)	Long-standing health problems (Q12)	Access to a car (Q19)	Frequency travel by bus (Q20a)	Primary mode of transport (Q21)
44	C2	M	Painter & Decorator	Tameside	Rural	White British	No	Yes	At least once every 3 months	Car - In non-electric vehicle, Tram
34	C2	M	Voice Engineer	Bury	Semi-rural	White British	No	Yes	At least once a month	Car - In non-electric vehicle, Tram
32	B	M	Accountant	Trafford	Urban	White British	No	Yes	Not used in the last 12 months	Car - In non-electric, vehicle, Tram
21	D	M	Student	Bury	Urban	Pakistani	No	Yes	Once a fortnight	Tram
20	D	F	Student	Rochdale	Urban	Pakistani	No	No	5 days a week or more	Bus
28	C1	M	Manager	Oldham	Urban	Pakistani	No	Yes	4 days a week	Bus
27	C1	F	Teaching Assistant	Oldham	Urban	Pakistani	No	Yes	At least once a month	Car - In electric vehicle (either as driver or passenger)
32	B	F	Civil Engineer	Bolton	Semi-rural	White British	Yes	No	Not used in the last 12 months	By taxi
38	B	F	H.R. MGR.	Bolton	Rural	White British	No	Yes	Not used in the last 12 months	Tram
39	C1	F	Youth Worker	Bolton	Semi-rural	White British	No	Yes	At least once a month	Car - In electric

Age	SEG	Gender	Respondent Occupation	Local authority residence (Q3)	Area live in (Q3a)	Ethnicity (Q11)	Long-standing health problems (Q12)	Access to a car (Q19)	Frequency travel by bus (Q20a)	Primary mode of transport (Q21)
										vehicle (either as driver or passenger)
58	C2	M	Caretaker	Oldham	Semi-rural	White British	No	Yes	2-3 days a week	Bus
57	D	M	Laundry Worker	Rochdale	Rural	White British	No	Yes	At least once a year	Car - In non-electric vehicle (either as driver or passenger)
69	D	F	Cleaner	Bolton	Semi-rural	White British	Yes	No	5 days a week or more	Bus
63	D	M	Support Worker	Bury	Urban	White British	No	Yes	Not used in the last 12 months	Tram
34	C1	F	Admin	Rochdale	Semi-rural	White British	No	Yes	Once a fortnight	Tram
68	C2	M	Retired Team Leader	Rochdale	Semi-rural	White British	No	Yes	5 days a week or more	Bus

Deliberative Event 2 – Saturday 30th November Attendee Breakdown

Age	SEG	Gender	Respondent Occupation	Local authority residence (Q3)	Ethnicity (Q11)	Long-standing health problems (Q12)	Access to a car (Q19)	Frequency travel by bus (Q20a)	Primary mode of transport (Q21)
27	C1	M	Bank Official	Salford	White British	No	Yes	5 days a week or more	Bus
54	C1	M	Business Development Manager	Salford	White British	No	Yes	5 days a week or more	Bus
55	C2	M	Maintenance, Property	Salford	White British	No	Yes	At least once every 3 months	Train
68	E	F	Retired	Wigan	White British	Yes	Yes	Once a fortnight	By taxi
20	D	M	Support Worker	Wigan	White British	No	Yes	Once a fortnight	By taxi
24	C2	F	Administrator, Estate Agent	Salford	Mixed	No	Yes	Once a fortnight	Train, Walking
40	E	F	Unemployed	Salford	White British	No	Yes	5 days a week or more	Bus
35	C1	F	Administrator, Health	Wigan	White British	No	Yes	4 days a week	Bus
69	E	F	Retired	Wigan	White British	Yes	Yes	5 days a week or more	Bus
26	E	F	Non-Working	Manchester	Black Caribbean	No	No	Once a fortnight	Walking
24	C2	M	Support Worker	Stockport	White British	No	No	5 days a week or more	Walking
32	C2	M	HGV Driver	Manchester	White and Asian	No	Yes	At least once a year	Other
55	D	M	Carer	Stockport	White British	No	No	2-3 days a week	Bus
21	C2	M	Scaffolder	Manchester	Black Caribbean	No	Yes	Once a week	Bus
36	D	F	Sales Assistant	Manchester	Black Caribbean	No	No	2-3 days a week	Bus
41	C1	M	Traffic Officer	Manchester	White British	No	Yes	At least once a month	Tram
69	D	F	Retired Cleaner	Stockport	White British	Yes	Yes	Once a week	Bus

Age	SEG	Gender	Respondent Occupation	Local authority residence (Q3)	Ethnicity (Q11)	Long-standing health problems (Q12)	Access to a car (Q19)	Frequency travel by bus (Q20a)	Primary mode of transport (Q21)
42	D	F	Cleaner	Stockport	White British	No	Yes	Not used in the last 12 months	By taxi
70	C1	F	Receptionist	Stockport	White British	No	Yes	At least once a year	Tram
21	D	M	Engineer	Oldham	White British	No	Yes	4 days a week	Other
20	D	F	Student	Oldham	Pakistani	No	No	5 days a week or more	Other
30	C1	M	Insurance Claims Officer	Bury	White British	No	No	Not used in the last 12 months	Tram
34	C1	M	Administration Officer	Bolton	White British	No	Yes	Once a fortnight	Car
44	D	F	Sales Assistant	Bolton	White British	No	Yes	At least once a month	By taxi
40	B	F	Administrator	Rochdale	Pakistani	No	Yes	4 days a week	By taxi
54	B	M	Security Terminal Manager	Rochdale	White British	No	Yes	Not used in the last 12 months	Car
55	C1	M	Photographer	Bury	Indian	No	Yes	At least once every 3 months	Car
49	D	F	Non-Working	Rochdale	Pakistani	Yes	Yes	At least once a month	Car
68	C2	F	Shop Assistant	Bolton	White British	No	No	4 days a week	Other
72	E	F	Retired	Bolton	White British	Yes	Yes	2-3 days a week	Other
35	E	M	Non-Working	Rochdale	White British	Yes	No	5 days a week or more	Bus
19	C1	M	Bar Manager	Bury	White British	No	No	Once a week	Tram
27	B	M	Account Manager	Tameside	White British	No	Yes	2-3 days a week	Train
48	C1	F	Legal Assistant	Tameside	White British	Yes	No	5 days a week or more	Bus
29	C1	F	Accounts Clerk	Trafford	Mixed	No	Yes	5 days a week or more	Bus
57	E	F	Non-Working	Oldham	White and Black Caribbean	Yes	Yes	2-3 days a week	Bus & Walk

Age	SEG	Gender	Respondent Occupation	Local authority residence (Q3)	Ethnicity (Q11)	Long-standing health problems (Q12)	Access to a car (Q19)	Frequency travel by bus (Q20a)	Primary mode of transport (Q21)
23	B	M	Accountancy Manager	Tameside	White British	No	Yes	Not used in the last 12 months	Taxi
40	D	M	Factory Worker	Trafford	Black African	No	Yes	2-3 days a week	Tram & Train
30	C1	F	Sales Assistant	Trafford	Indian	No	Yes	Not used in the last 12 months	Tram
28	D	M	Bakery Operative	Oldham	White British	No	Yes	5 days a week or more	Bus

Young people focus groups – Group 1 – Tuesday 3rd December Attendee Breakdown – 11-15 year olds

Age	SEG	Gender	Respondent occupation	Local authority currently live in (Q4a)	Area live in (Q4b)	Ethnicity (Q11)	Any long-standing health problem or disability (Q12)	Nature of your condition (Q13)	Any adaptations or considerations (Q15)	Working status (Q16)	Frequency travel by bus (Q18)	Time(s) usually travel by bus (Q19)	Ever travelled by bus more often than you do now (Q20)	How regularly did you travel by bus (Q20b)	Primary mode of transport when travelling around Greater Manchester (Q21)
11	C1	F	Student	Trafford	Urban	Other Mixed/Multiple ethnic background	No	N/A	N/A	In education or training	Once a fortnight	Off peak	N/A	N/A	In non-electric vehicle
14	B	F	Student	Salford	Urban	White and Black African	No	N/A	N/A	In education or training	5 days a week or more	Peak time	N/A	N/A	Bus
15	D	M	Student	Oldham	Urban	Pakistani	Yes	Mental health condition	No	In education or training	Not used in the last 12 months	N/A	Yes	2-3 days a week	In non-electric vehicle
13	C2	F	Student	Bolton	Semi-rural	White British	No	N/A	N/A	In education or training	At least once every 3 months	Off peak	N/A	N/A	N/A
11	C1	M	Student	Oldham	Rural	White British	No	N/A	N/A	In education or training	5 days a week or more	Peak time	N/A	N/A	N/A
11	C1	F	Student	Manchester	Urban	White and Black Caribbean	No	N/A	N/A	In education or training	5 days a week or more	Peak time	N/A	N/A	Bus
14	C1	M	Student	Manchester	Urban	White British	No	N/A	N/A	In education or training	5 days a week or more	Peak time	N/A	N/A	Bus
12	C1	M	Student	Trafford	Semi-rural	White British	No	N/A	N/A	In education or training	At least once every 3 months	Off peak	N/A	N/A	In non-electric vehicle

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Group 2 – Wednesday 4th December Attendee Breakdown – 16-18 year olds

Age	SEG	Gender	Respondent occupation	Local authority currently live in (Q4a)	Area live in (Q4b)	Ethnicity (Q11)	Any long-standing health problem or disability (Q12)	Nature of your condition (Q13)	Any adaptations or considerations (Q15)	Working status (Q16)	Frequency travel by bus (Q18)	Time(s) usually travel by bus (Q19)	Ever travelled by bus more often than you do now (Q20)	How regularly did you travel by bus (Q20b)	Primary mode of transport when travelling around Greater Manchester (Q21)
16	B	M	Student	Rochdale	Semi-rural	White British	No	N/A	N/A	In education or training	At least once every 3 months	Off peak	N/A	N/A	N/A
16	C1	F	Student	Oldham	Rural	White British	No	N/A	N/A	In education or training, Employed part-time	5 days a week or more	Peak time	N/A	N/A	N/A
17	D	M	Student	Oldham	Urban	Pakistani	Yes	Mental health condition	No	In education or training	Not used in the last 12 months	N/A	Yes	2-3 days a week	Tram
16	D	M	Student	Stockport	Urban	White British	No	N/A	N/A	In education or training	Once a week	Peak time	N/A	N/A	N/A
17	C1	F	Student	Stockport	Semi-rural	White British	No	N/A	N/A	In education or training	5 days a week or more	Peak time	N/A	N/A	N/A
17	B	F	Trainee Cake Maker	Bury	Semi-rural	White British	No	N/A	N/A	Apprenticeship	5 days a week or more	Peak time	N/A	N/A	N/A
18	C1	M	Trainee Accountant	Bury	Semi-rural	White British	No	N/A	N/A	Apprenticeship	Once a week	Peak time	N/A	N/A	N/A
17	B	F	Student	Bury	Semi-rural	White European	No	N/A	N/A	In education or training	5 days a week or more	Peak time	N/A	N/A	N/A

Group 3 – Thursday 5th December Attendee Breakdown – 19-20 year olds

Age	SEG	Gender	Respondent occupation	Local authority currently live in (Q4a)	Area live in (Q4b)	Ethnicity (Q11)	Any long-standing health problem or disability (Q12)	Nature of your condition (Q13)	Any adaptations or considerations (Q15)	Working status (Q16)	Frequency travel by bus (Q18)	Time(s) usually travel by bus (Q19)	Ever travelled by bus more often than you do now (Q20)	How regularly did you travel by bus (Q20b)	Primary mode of transport when travelling around Greater Manchester (Q21)
19	D	F	Student	Oldham	Urban	Pakistani	No	N/A	N/A	In education or training	5 days a week or more	Peak time, Off peak	N/A	N/A	N/A
20	B	M	Banking Consultant	Rochdale	Semi-rural	White British	No	N/A	N/A	Employed full-time	Not used in the last 12 months	N/A	Yes	5 days a week or more	Tram
20	C2	F	Non-Working	Oldham	Semi-rural	White British	No	N/A	N/A	Looking for work/unemployed	At least once a month	Peak time, Off peak	N/A	N/A	N/A
20	D	F	Student	Stockport	Semi-rural	White British	No	N/A	N/A	In education or training	5 days a week or more	Peak time	N/A	N/A	Bus
20	C1	M	Student	Trafford	Urban	Bangladeshi	No	N/A	N/A	In education or training	5 days a week or more	Peak time	N/A	N/A	Bus
19	C1	M	Trainee Police Officer	Stockport	Rural	White British	No	N/A	N/A	In education or training	At least once a year	Off peak	Yes	5 days a week or more	In non-electric vehicle, Tram, By taxi
20	B	F	Student	Oldham	Semi-rural	White British	No	N/A	N/A	In education or training	2-3 days a week	Peak time	Yes	5 days a week or more	In non-electric vehicle, Not used in the last 12 months
20	C1	M	Student	Salford	Urban	White British	Yes	Longstanding illness or health condition	No	In education or training	Once a fortnight	Off peak	Yes	5 days a week or more	Tram

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Online focus groups – Group 1 – Monday 9th December Attendee Breakdown – Outside GM residents

Age	SEG	Gender	Respondent occupation	Local authority currently live in (Q2)	How often travel into Greater Manchester (Q3a)	Time usually travel into Greater Manchester (Q3b)	Main reason for travelling into Greater Manchester (Q5)	Ethnicity (Q13)	Any long-standing health problem or disability (Q14)
50	B	F	Magistrate	West Yorkshire	Once a week	Peak time	For work or education	White British	No
42	B	M	Senior Support Worker	West Yorkshire	Once a week	Off peak	Social or other purposes	White British	No
44	E	M	Non-Working	Lancashire	Once a week	Off peak	Social or other purposes	British Indian	No
23	C1	F	IT Officer	Merseyside	3-4 days a week	Peak time	For work or education	White British	No
30	C1	M	Customer Services	Merseyside	5 days a week or more	Peak time	For work or education, Social other purposes	White British	No
21	C1	F	Welfare Officer	West Yorkshire	Once a week	Peak time	For work or education	White British	No
37	C1	F	Housing Support Worker	West Yorkshire	Once a week	Peak time	For work or education	White British	No
50	C1	M	Civil Servant	Lancashire	Once a week	Off peak	For work or education	Black British	No
34	C2	F	Beautician	Cheshire East	Once a week	Off peak	Social or other purposes	White British	No
63	D	F	Non-Working	Warrington	Once a week	Off peak	Social or other purposes	White British	Yes
45	D	F	Dog Walker	Cheshire East	4 days a week	Off peak	Social or other purposes	White British	No
33	D	M	Removals	Blackburn with Darwen	Once a week	Off peak	Social or other purposes	White British	No
41	B	F	Nurse	Lancashire	Once a week	Off peak	Social or other purposes	White British	Yes

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Age	SEG	Gender	Respondent occupation	Local authority currently live in (Q2)	How often travel into Greater Manchester (Q3a)	Time usually travel into Greater Manchester (Q3b)	Main reason for travelling into Greater Manchester (Q5)	Ethnicity (Q13)	Any long-standing health problem or disability (Q14)
39	B	F	Manager, Care Home	Warrington	2-3 days a week	Peak time, Off peak	For work or education, Social other purposes	White British	No
29	C1	M	Credit Controller	Derbyshire	2-3 days a week	Peak time	For work or education	White British	No
74	D	M	Retired	Lancashire	2-3 days a week	Peak time, Off peak	Social or other purposes	White British	No
24	C1	F	Recruitment Consultant	Derbyshire	Once a week	Peak time	For work or education	White British	No

Group 2 – Tuesday 10th December Attendee Breakdown – Small business owners

SEG	Gender	Respondent occupation	Local authority currently of business (Q4)	Number of employees (Q5)	Business Sector (Q6)	Operate shift pattern working (Q7)
B	M	Company Director	Wigan	1-15	Alcohol Distribution	No
B	M	Company Director	Manchester	1-15	Retail	Yes
B	M	Company Director	Manchester	1-15	Interior Landscaping	No
B	M	Company Director	Trafford	1-15	Retail	Yes
B	F	Company Director	Trafford	1-15	Cleaning	Yes
B	M	Company Director	Trafford	1-15	Property Management	Yes
B	F	Senior Director	Trafford	1-15	Manufacturing	Yes
B	F	Company Director	Oldham	1-15	Accountants	Yes
B	M	Company Director	Trafford	1-15	Hospitality	Yes
B	M	Company Director	Bury	16-50	Catering	Yes
B	F	Company Director	Manchester	1-15	Plumbing/Heating	Yes
B	M	Company Director	Bolton	1-15	Manufacturing	No
B	M	Company Director	Bury	1-15	Recruitment	Yes

Group 3 – Thursday 12th December Attendee Breakdown – Medium business owners

SEG	Gender	Respondent occupation	Local authority currently of business (Q4)	Number of employees (Q5)	Business Sector (Q6)
B	M	Company Director	Manchester	51+	Highways Maintenance
B	M	Company Director	Manchester	51+	Retail & Manufacturing
B	M	Operations Manager/Director	Manchester	51+	Construction, Logistics, IT
B	M	CEO	Stockport	51+	Health
B	F	Company Director	Manchester	51+	Retail
B	F	Company Director	Manchester, Trafford	51+	Hospitality
B	M	Company Director	Bury	51+	Manufacturing / Wholesaler
B	M	Company Director	Manchester	51+	Manufacturing / Wholesaler
B	F	Company Director	Rochdale	51+	IT
B	F	Company Director	Manchester	51+	Catering
B	F	Company Director	Bury	51+	Social Care
B	M	Facilities Manager	Manchester	51+	Large Retailer
B	M	Company Director	Manchester	51+	Floor Inspections
B	F	Company Director	Bury	16-50	Retail
B	M	Company Director	Manchester	51+	Business

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Appendix C – Discussion guides

Deliberative workshops discussion guide

'Doing Buses Differently'

Bus Reform Consultation: Deliberative Events

Saturday 23 November and Saturday 30 November

Holiday Inn, 25 Aytoun Street, Manchester, M1 3AE

8.30am	Meet in lower ground floor of Holiday Inn Hotel
8.30am-9.30am	Set up room and supporting collateral
9.30am	Meet and greet at hotel entrance <ul style="list-style-type: none"> TBC to be at hotel entrance and direct delegates to lower ground floor Ensure directional signs are in place
9.40am-10.00am	Sign in delegates (lower ground floor) <ul style="list-style-type: none"> Set up table in lower ground floor with sign in sheets, name badges, seat plan Sign-in delegates and provide name badges Invite for refreshments and breakfast (in adjacent area)
10.00am	Start of deliberative event

Guide Key:

General Instructions
Discussion questions asked to participants
Other moderator instructions
Instruction for TfGM

Arrival and Introductions

Time	Title	Facilitation Instructions / Moderator discussion questions
10.00-10.10	Welcome and introduction	<p>Chair to introduce self, Ipsos MORI and facilitators</p> <ol style="list-style-type: none"> 1. Thank participants for taking part in the deliberative event. 2. Explain what a deliberative event is <ul style="list-style-type: none"> o <i>(Deliberative Workshops are a form of facilitated group discussions that provide participants with the opportunity to consider an issue in depth, challenge each other's opinions and develop their views/arguments to reach an informed position).</i> 3. Explain that each person present has something to bring to the discussion – we are keen to hear opinions from all and to that effect, will break up the event into small groups, enabling all to express themselves. 4. Explain that the topic of the event is bus reform: <ul style="list-style-type: none"> o Reiterate the position that GMCA is proposing to introduce the Proposed Bus Franchising Scheme as the optimum way to reform buses. However, there are other options (e.g. do minimum, new partnership) and some of the discussion will need to introduce these options for comparative purposes. o However, focus of discussion is on the Proposed Bus Franchising Scheme. <p>The event's purpose is to: provide information outlined and articulated in the consultation document and enable participants to clarify their understanding of the Proposed Bus Franchising Scheme directly with TfGM and then provide their opinions in a group setting.</p> <p>Explain the structure of the event:</p> <ul style="list-style-type: none"> • 3 sessions: <ol style="list-style-type: none"> 1. Session 1: 10.00-11.00am: Introduction/the case for reform. Session split into two: <ol style="list-style-type: none"> A. Gaining initial, top of mind feedback on how buses are run now. <ol style="list-style-type: none"> a. Comments about the network and frequencies: do you have bus services which take you to where you want to go; are they sufficiently frequent; do they run at convenient times? b. Fares & tickets: are buses easy to use; is it easy to identify and buy the best ticket; do fares offer value for money? c. Service quality: are buses safe, clean, comfortable; are drivers friendly and helpful; can you find the information you need; is it easy to make a complaint? B. It would be expected for some of the detail to have already come out in the first part of this session. However, the session could then be 'interrupted' to present the 'official' case and invite reactions. Present information from the consultation document:

		<ul style="list-style-type: none"> a. Decline in bus patronage, actual and forecast (4.13 to 4.14) b. Spiral of decline (4.15) c. Challenges associated with external trends (4.16) d. Effects of limited competition (4.18) e. Adapting to new technology (4.19) f. Conclusion (4.20 to 4.21) <p>2. 11.00-11.15am: Tea/coffee</p> <p>3. 11.15-13.30: The Economic and Financial cases Single plenary presentation outlining:</p> <ul style="list-style-type: none"> 1. The economic case 2. Affordability for GMCA/taxpayer <p>4. 13.30-14.00: Lunch</p> <p>5. 14.00-15.15: Session 3: Final questions The final session will bring participants together again in a plenary session to address the final questions in the consultation questionnaire about levels of support for and opposition to the Proposed Bus Franchising Scheme and any changes which might improve it. It would also deal with the question as to whether the Proposed Bus Franchising Scheme is the best way to achieve GMCA’s objectives to improve bus services.</p> <p>Role of Ipsos MORI – independent research organisation, here to facilitate.</p> <ul style="list-style-type: none"> • Everything you say is confidential – MRS rules. <p>Explain tone and nature of discussion</p> <ul style="list-style-type: none"> • Relaxed and informal • No right or wrong questions or answers • We are keen to hear about everyone’s views • Please feel free to disagree with one another; just keep it polite • The moderator will make sure everyone gets a chance to share their opinion • Please try to avoid talking over one another • Plenty to get through, so the moderators may have to move people on from time to time <p>Any other housekeeping – fire alarms, facilities, etc.</p>
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Session 1: The case for reform

Time	Title	Facilitation Instructions / Moderator discussion questions
10.10-10.30	The case for reform discussion	<p>Moderators introduce selves with participants at their table.</p> <p>Moderators to reiterate ground rules.</p> <p>Ice breaker discussion</p> <ul style="list-style-type: none"> • Introduce to person next to you. Name + how you travelled to the venue today • Introduce pair to table • Let's talk about the buses in Greater Manchester at the moment. Whilst you will all focus on the service in your local area, please think about the services more widely. Firstly, how do you think the buses are run at the moment? • Are buses important? Why? Why not? • For what purposes are buses important? <ul style="list-style-type: none"> ○ Probe: Types of journey, types of traveller etc. • What do you think about how the buses are run now? <ul style="list-style-type: none"> ○ What is good about the buses? ○ What is not so good about the way buses currently run? ○ MAKE PARTICULAR NOTE OF: network and frequencies – routes and run at suitable times (timetable), fares & tickets, coordination and integration ○ Service quality: safety, cleanliness, drivers who are friendly/helpful, signposting (e.g. complaints etc.) routes, frequency of service, quality of fleet, real-time information • How important is it to have buses which integrate into other forms of transport? • TO NON-USERS: Why do you not use the bus at the moment? • What could be done to encourage non-users to use the bus more (invite views from both users and non-users)
10.30-10.50	How buses are run now	<p>TfGM representative to introduce key points for this section (5 mins).</p> <p>Encourage participants to make notes about what they hear if they wish.</p> <p>This summarises:</p> <ul style="list-style-type: none"> • How buses are run now (p13 of the Consultation Document) – 01 on the accompanying presentation <p>Moderators to ask if there are any questions arising from plenary presentation and write on flipchart.</p> <p>1. There are challenges facing the local bus market which means it is not performing as well as it could. Do you have any comments on this? issues with the bus market that you have just heard?</p>

		<ul style="list-style-type: none"> ○ What do you think about the list of issues you have just heard about? ○ PROBE REASONS GIVEN IN PRESENTATION: fares, no single brand, bus companies decide routes/frequencies (timetable), customer standards vary ○ 17% decline in bus journeys over last 10 years, 61% of daily trips taken by car, value for money ○ REFER TO REASONS GIVEN EARLIER AS WELL AND WHICH CHALLENGES THEY THINK ARE MOST IMPORTANT TO OVERCOME <p>2. To what extent do you agree or disagree with conclusion that reforming the bus market is the right thing to do to address the challenges facing the local bus market?</p> <ul style="list-style-type: none"> ○ Probe degrees of agreement/disagreement across the 5 point scale used in consultation
<p>10.50-11.00</p>	<p>Introduction of reform options</p>	<p>TfGM representative to introduce key points for this section (10 mins). Encourage participants to make notes about what they hear if they wish. This summarises:</p> <ul style="list-style-type: none"> • Reforming the bus market – the options 02 on the accompanying presentation <p>Play video about bus reform (c.1:40) - https://youtu.be/okjt91adSEs</p> <p>VOTE</p> <p>Each delegate will have a voting slip with the 5 points scale on it (i.e. strongly support, tend to support, neither support nor oppose, tend to oppose, strongly oppose). Before breaking, the chair will ask participants to record on their voting slip (under Vote 1 – 11am) their response to the following Q:</p> <p>To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?</p> <p>Moderator please probe the main reasons why people have voted how they have.</p> <p>Chair should explain that the purpose of this is to understand how support or opposition changes as you find out more information about the proposals, so they will be asked to vote again at various points throughout the day – at these points it is fine to keep to your original opinion and it is fine to change your opinion, we will just ask you to explain the reasons behind your choice at the time.</p> <p>Chair to remind participants that there is more information contained within their delegate packs and they can read this during the refreshment break.</p>

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Break

Time	Title	Facilitation Instructions / Moderator discussion questions
11.00-11.20	Break	Short comfort break – refreshments served out in the lobby area. Please return to seats for 11.15 and bring drinks if necessary.

Session 2: The financial and economic cases

Time	Title	Facilitation Instructions / Moderator discussion questions
11.20-11.30	TfGM presentation on current public sector funding - plenary	<p>TfGM representative to introduce key points for this section – 03 in accompanying presentation. This summarises:</p> <ol style="list-style-type: none"> Current public sector funding (p13 of the Consultation Document) <p>Moderators to ask if there are any questions arising from plenary presentation and write on flipchart.</p>
11.30-11.50	Current public sector funding discussion	<ul style="list-style-type: none"> What do you think about the way buses in Greater Manchester are currently funded? What do you think about the need for GMCA to subsidise certain routes? <p>Reiterate that these routes would not run without GMCA's intervention. EXPLAIN: every GM taxpayer pays for these routes.</p> <p>GMCA also invests in infrastructure and concessionary fare schemes.</p> <ul style="list-style-type: none"> How important is it for GMCA to invest in the bus network in this way? <ul style="list-style-type: none"> Why do you say that? <p>PROBE: What, if any, alternatives are there? What the strengths of these other alternatives? What are the weaknesses?</p>
11.50-11.55	TfGM presentation on the financial and economic cases	<p>TfGM representative to introduce key points for this section – 04 in accompanying presentation. Encourage participants to make notes about what they hear if they wish.</p> <p>This summarises:</p> <ol style="list-style-type: none"> Economic case (pp50-54) Economic case conclusion (pp53-54). <p>Moderators to ask if there are any questions arising from plenary presentation and write on flipchart.</p> <p>Moderator should explain that this section could be challenging to understand.</p>
11.55-12.25	Economic case	<ul style="list-style-type: none"> The Economic Case concludes that the Proposed Franchising Scheme provides the best value for money compared to the partnership options because it would:

		<ul style="list-style-type: none"> ○ <i>offer a 'high' ratio of benefits to the cost to GMCA, one which is broadly comparable with the partnership options;</i> ○ <i>provide the most economic value (Net Present Value); and</i> ○ <i>create the best platform from which further economic value could be delivered.</i> <p>What comments do you have in response to the economic case of the bus reform options we've just discussed?</p> <ul style="list-style-type: none"> • What are the most convincing elements of the economic case? Moderator to write answers on flipchart <ul style="list-style-type: none"> ○ Why is that? Why did that point stand out more than the others? <p>Remind participants of the benefits and probe views as to why they weren't as convinced by others</p> • What elements of the economic case are least convincing? Moderator to write answers on flipchart <ul style="list-style-type: none"> ○ Why is that? Why did that point stand out more than the others? • Optional exercise: Moderator to explain that there are different parts of the Gtr Manchester economy which could be impacted: <ul style="list-style-type: none"> ○ Residents/tax payers/property prices ○ Accessing new/wider employment opportunities ○ Businesses – accessing new/wider pools of talent • Ask participants to write on post-it notes what the impact of the economic case would be on each on the different elements of the economy and why? <p>Probe positive/negative</p>
<p>12.25-12.35</p>	<p>Economic case – the outcome</p>	<p>Moderator to show 'Future year ridership forecasts' graphic (4.61) and explain that all options will not stop decline in patronage – 05 in accompanying presentation.</p> <ul style="list-style-type: none"> • What comments do you have on the projected continued decline of bus use up to 2050? <p>Moderator to explain that further investment will be required to help the slow decline in patronage. The Proposed Franchising Scheme gives a 'far better platform' upon which to deliver additional investment into the bus system.</p> <ul style="list-style-type: none"> • What comments do you have about the potential need to intervene further into the bus system?

		<ul style="list-style-type: none"> ○ What about the need for further financial investment into the network?
12.35-12.40	Vote	<p>VOTE</p> <p>Each delegate will have a voting slip with the 5 points scale on it (i.e. strongly support, tend to support, neither support nor oppose, tend to oppose, strongly oppose). Before breaking, the chair will ask participants to record on their voting slip (under Vote 2 – 12.40) their response to the following Q:</p> <p>To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?</p> <p>Moderator please briefly probe the main reasons why people have voted how they have.</p>
12.40-12.45	TfGM presentation on the financial case in plenary	<p>All groups return to plenary and TfGM representative to introduce participants to the financial case – 06 in accompanying presentation. Encourage participants to make notes about what they hear if they wish. This summarises:</p> <ul style="list-style-type: none"> • The funding requirement of £122m (4.122) • The 3 ‘pillars’ of funding (4.125) – local authorities, GM Mayor, central government • Explanation of funding sources (table on p72) • Implications for Council Tax payers (p72)
12.45-13.15	Financial case discussion	<p>Moderators to ask if there are any questions arising from plenary presentation and write on flipchart.</p> <p>Moderator to clarify that this discussion focuses only on the Proposed Franchising Scheme and not the other bus reform options.</p> <ol style="list-style-type: none"> 1. What comments do you have in response to the financial case of the Proposed Franchising Scheme? 2. What do you think about the proposed funding sources for the Proposed Franchising Scheme? 3. What do you think about the investment necessary to move from the current operating model to the Proposed Franchising Scheme? Remind participants that this will amount to £122m over the first five years of the Proposed Franchising Scheme <ol style="list-style-type: none"> a. In what way, if at all, does this change your view of the Proposed Franchising Scheme? Why do you say this? 4. The Financial Case concludes that GMCA could afford to introduce and operate the Proposed Franchising Scheme. After completing the Assessment and in advance of this consultation, GMCA has proposed how it would fund the

		<i>introduction of a fully franchised system. Do you have any comments on these matters?</i>
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Lunch

Time	Title	Facilitation
13.15-14.00	Lunch	Chair to point out where lunch will be served and advised to be back in their seats by 13.30 for the last session of the day.

Session 3: Support or opposition to the Proposed Franchising Scheme

Time	Title	Facilitation
14.00-14.05	Plenary presentation	<p>TfGM representative to introduce key points for this section – Section 07 in accompanying presentation. Encourage participants to make notes about what they hear if they wish. This summarises:</p> <ol style="list-style-type: none"> Conclusion that the Proposed Franchising Scheme is the best way to achieve GMCA's objectives to improve bus services (4.215-4.226).
14.05-14.30	Discussion in tables/plenary	<p>Chair to explain to participants that they have now heard an overview of the Proposed Bus Franchising Scheme.</p> <p>In existing tables, moderators to ask participants to work in pairs and discuss elements of what they have heard which are unclear.</p> <ul style="list-style-type: none"> <i>Is there anything you have heard today which is unclear and you'd like to clarify?</i> <p>Pairs to write a question each and then decide between them which question to give back to moderator. Moderator to group questions on flipchart according to case (i.e. strategic, economic, financial, other).</p> <p>Moderators to select 1-2 questions from each area to ask back to the TfGM representative in plenary. Moderators please ensure you select a different question from other tables.</p>
14.30-14.35		<p>VOTE</p> <p>Each delegate will have a voting slip with the 5 points scale on it (i.e. strongly support, tend to support, neither support nor oppose, tend to oppose, strongly oppose). Before breaking, the chair will ask participants to record on their voting slip (under Vote 3 – 14.30) their response to the following Q:</p> <p><i>To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?</i></p>
14.35-14.55	Group discussion on overall Proposed Franchising Scheme, probe vote	<p>Moderator should then discuss why people have voted the way they have voted. During this discussion, please focus on those whose opinions have changed to understand why and those whose opinions have not and why.</p> <ul style="list-style-type: none"> <i>What are the reasons why you support/neither/oppose the Proposed Bus Franchising Scheme?</i> <ul style="list-style-type: none"> <i>What single issue has brought you to that conclusion?</i> <i>Why was that important to you?</i> <i>TO THOSE WHOSE VOTE HAS CHANGED: Please explain why you have changed your vote?</i> <ul style="list-style-type: none"> <i>What specific piece of information made you change your previously held opinion on the Proposed Franchising Scheme?</i>

		<ul style="list-style-type: none"> TO THOSE WHOSE VOTE HAS NOT CHANGED: Please explain why you have not changed your vote? What element of the case were strongest for you? <p>Moderator move on to understand if any changes could be made to the Scheme which would improve it.</p> <ul style="list-style-type: none"> Are there any changes or improvements which could be made to the Proposed Franchising Scheme which would make you change your opinion? <ul style="list-style-type: none"> What are these? How would this change the Proposed Franchising Scheme? Would you support the Proposed Scheme if this change was made?
14.55-15.05	Plenary discussion	<p>Moderator to summarise the key reasons for support/neither/oppose from each table in plenary.</p> <p>Chair to give other tables opportunity to comment on anything they hear from opposing view.</p>

Closing

Time	Title	Facilitation Instructions / Moderator discussion questions
15.05-15.10	End of day reflection	<p>Participants to stay on their tables are write on post-it notes their response to the following Q:</p> <ul style="list-style-type: none"> What's the one thing you're taking away from this deliberative event about the Proposed Franchising Scheme for Greater Manchester? <p>Moderator to collate themes on flipchart.</p> <p>Chair to close the day, thanking all for their contributions.</p>

15.10 Thanks and leave/incentives

15.20 Close down

Deliberative Workshop – Supporting materials

Doing Buses Differently:

Consultation on a proposed franchising scheme for Greater Manchester

Emma Flinn
TfGM

Transport for Greater Manchester

GMCA

Ipsos MORI



- Public body responsible for coordinating Greater Manchester’s transport strategy and delivering its objectives
- Owns the Metrolink system, as well as interchanges, bus shelters and bus stops.
- Accountable to and directed by the GMCA, the ten Greater Manchester Councils and the GM Mayor



- 10 Greater Manchester local authorities + GM Mayor
- Powers include public transport, skills, housing, regeneration, waste management and the environment as well as fire services
- Also makes decisions about transport as set out in Local Transport Act 2008

The Greater Manchester Mayor

- Chairs GMCA
- Has specific executive powers, including some related to transport
- Has the power to decide whether to introduce the proposed franchising scheme



3

Ipsos MORI



Since 1986

bus services in Greater Manchester have been **deregulated** – they are run by commercial bus companies who decide the routes, timetables, fares and standards.

4



3/4 

Of public transport journeys in GM are by bus



Greater Manchester is growing, but bus use is falling



Limited oversight and coordination

**OUR PEOPLE
OUR PLACE
OUR NETWORK**

Greater Manchester's ten-year vision for world-class public transport



17%
decline in bus journeys over 10 years

6



61%
of dally trips in Greater Manchester are made by car

Target of...



50%
of all journeys in Greater Manchester to be made by foot, bike and public transport (including bus) by 2040

Vision for Bus

GMCA wants buses that:

- Integrate with the rest of the public transport network** (Icon: Bus, tram, and train in a circle)
- Have simple fares and tickets** (Icon: Hand holding a ticket with a pound symbol)
- Provide a consistent customer experience** (Icon: Smiling face)
- Offer value for money** (Icon: Pound symbol on a trolley)

Ipsos MORI

The proposed franchising scheme

What would it mean?

Taking bus services under Greater Manchester’s control – whereby TfGM on behalf of GMCA would set routes, frequencies, fares and standards. The bus companies would competitively bid for contracts in order to run services on GMCA’s behalf.

Bus franchising is currently in place in London and other cities globally.

DOING BUSES DIFFERENTLY

Have your say on how your buses are run
gmconsult.org

GMCA Greater Manchester Combined Authority

Ipsos MORI

Reforming the bus market

02

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Legislative process

- November 2014: Devolution Deal between GM and government includes promise of powers to reform the bus market
- April 2017: Bus Services Act received Royal Assent
- June 2017: GMCA decided to use the powers in the Bus Services Act and prepare an assessment of a proposed bus franchising scheme
- The Bus Services Act requires an assessment, an audit and for the scheme to be consulted on
- The outcome of the consultation will go to the GM Mayor who will decide whether or not to implement the scheme

Ipsos MORI



Options assessed

1 Status quo

Services continue as they are, and bus operators choose services they provide. Does not deliver GMCA objectives, but no additional cost/risk compared to other options

2 New partnership

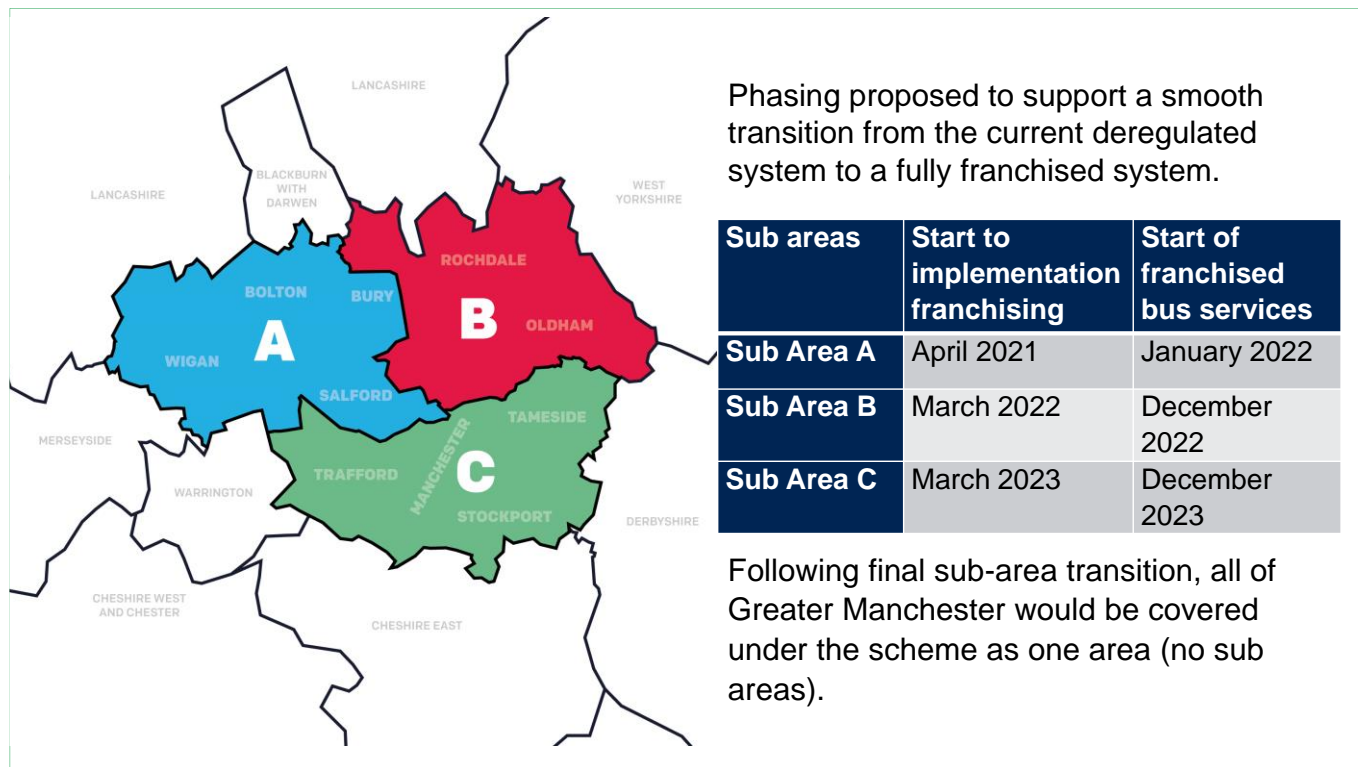
Working with bus operators in different ways to improve services

3 Proposed franchising scheme

Taking bus services under Greater Manchester's control – TfGM on behalf of GMCA would set routes, timetables, fares and standards

Under the proposed franchising scheme it is intended that all local bus services provided within Greater Manchester (with some exceptions) would be provided under franchise contracts.

The operators would then have to run these services on the terms specified in the contract, including relating to frequency, fares and standards.



Current public sector funding

03

14

Ipsos MORI Ipsos

There are two main ways the current bus market is funded:

The tickets passengers buy and public sector funding

15

Ipsos MORI 

Current public sector bus funding

PUBLIC SECTOR: REVENUE 2018/19

- GMCA/TfGM spent approximately £27m on **subsidised bus services** (c20% of bus services).
- GMCA/TfGM funds **Concessionary fare schemes** for free or low-cost travel - **c£46m in 2018/19**.
- Central government funds the Commercial **Bus Services Operating Grant**, which refunds some of the Fuel Duty incurred by operators. In the last financial year 2018/19, across Greater Manchester this came to approximately £16m.

PUBLIC SECTOR: CAPITAL

- Since April 2014, GMCA/TfGM has spent **over £250m** on bus priority measures, bus stations and interchanges.

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The economic case

04

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Reminder of the options assessed

1 Status quo

2 New partnership

- Operator Proposed Partnership
- Ambitious Partnership

3 Proposed franchising scheme

18

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An economic impact of the options has been carried out.

An appraisal of the benefits and costs to the public purse over a 30-year period was completed.

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The method



We have assessed impacts to passengers of investing in improvements to the bus system through franchising and partnership arrangements, including improvements to the passenger experience by better matching bus service supply with the demand for travel.

The impacts to operators, wider society and GMCA have also been assessed.

The level of benefits is set out for each option and then also compared against the capital and operating costs to the public purse (which are higher for the proposed franchising scheme than the partnership options).

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Net present value (NPV)

the benefits minus the costs



The Proposed Franchising Scheme has a Net Present Value (the benefits minus the costs) almost three times higher than the Operator Proposed Partnership.

In addition, all options have a 'high' benefit cost ratio rating, with partnership performing slightly better.

Quantified Economic Impacts	The Proposed Franchising Scheme	Operator Proposed Partnership	Ambitious Partnership
Present Value of Benefits (PVB 2010)	£345m	£113m	£142m
Present Value of Costs (PVC 2010)	(£111m)	(£33m)	(£39m)
Net Present Value (NPV 2010 = PVB - PVC)	£234m	£80m	£103m
Benefit Cost Ratio (PVB/PVC)	3.1	3.5	3.7



Forecast impact on patronage

05

23

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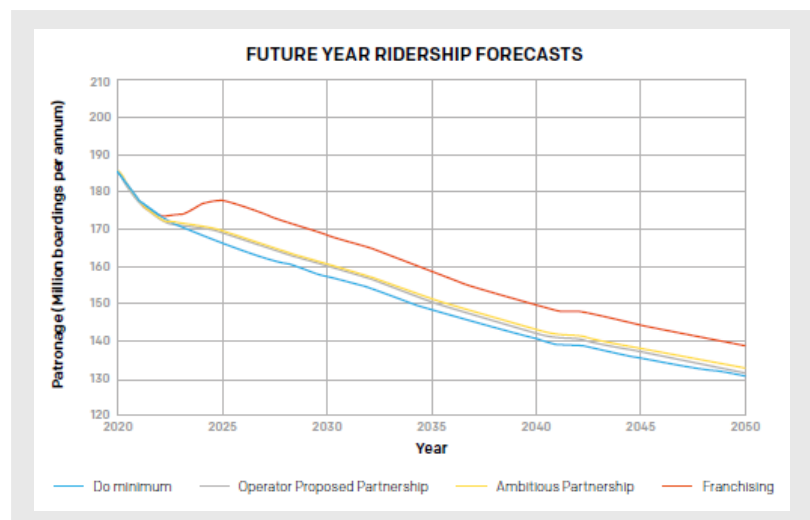


None of the options fully arrest or reverse the forecast decline in bus patronage.

The proposed franchising scheme performs significantly better in terms of boosting patronage.

Further investment to improve the quality of the system is likely to be required.

The proposed franchising scheme provides the best platform upon which to deliver further investment.



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The financial case

06

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The financial case sets out whether GMCA would be able to afford the transition to, and to operate, any of the options.

The financial case considers the forecast income, costs and risks of each option and the associated funding requirements.

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Affordability of the options

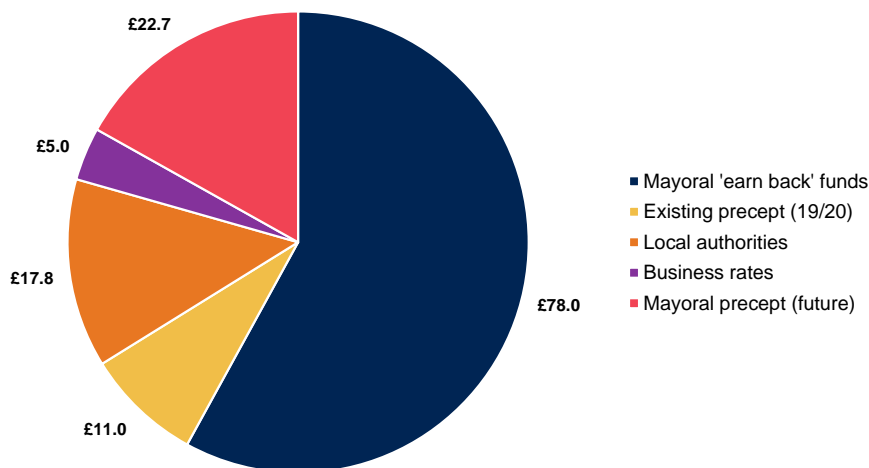
- The proposed franchising scheme would require **additional funding of £122m** over a transition period that covers the first five years of the scheme. The position across subsequent years is a forecast cumulative net surplus of approximately £94m.
- The Operator Proposed Partnership would require additional funding of £97.4m over the full appraisal period to 2051 and the Ambitious Partnership would require £112.5m over the same period.
- The financial case sets out **a range of credible additional funding sources** that could, in principle, be used to fund any of the options.
- In the case of the proposed franchising scheme, **the additional funding sources could fully fund** the total forecast transition requirement of £134.5m (£122m plus £12.5m forecast increases over the same period).

All options would require additional funding

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Approved proposal for transition funding



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Mayoral precept – future funding

- £22.7m could be required from Council Tax **via the Mayoral Precept – Council Tax ‘Requirement’ – GMCA to decide whether to be raised from precept or met from savings elsewhere**
- **From £3 per year incrementally over four years to £18.20 per year for Band D (35p per week) by the time the proposed franchising scheme would be introduced across all of GM**
- **82% GM properties are below Band D – Band B, which is the GM average, costs up to £14.20 (27p per week)**
- In October, Government committed to providing bus revenue funding for areas such as GM

The conclusion

07

The Proposed Franchising Scheme is option which is most likely to...

Support the delivery of GMCA's strategic objectives for Greater Manchester set out in the Greater Manchester Strategy.

Support the delivery of the objectives of the 2040 Strategy, which are supporting sustainable economic growth, improving quality of life for all, protecting the environment and developing an innovative city-region

Achieve the outcomes set out in Greater Manchester's Vision for Bus

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Delivering the Vision for Bus

- **Network:** GMCA can plan the bus network and better integrate with other forms of public transport and more scope to make changes
- **Fares and ticketing:** simpler ticketing, more competitively priced fares across buses and other forms of public transport
- **Customer experience:** GMCA to set consistent standards, one 'brand', joined up travel information
- **Value for money:** the proposed franchising scheme delivers more benefits and is affordable, commercially viable and deliverable

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THANK YOU.

For more details of the consultation please visit:

<https://www.gmconsult.org/strategy-team/gmbusconsultation/>

11-15 year olds focus group discussion guide

'Doing Buses Differently' Bus Reform Consultation: Focus Groups

11 – 15 years age group - Tuesday 3rd –December

Ipsos MORI North, Piccadilly House, 49 Piccadilly, Manchester, M1 2AP

Timings

Guide Key:

General Instructions
<i>Discussion questions asked to participants</i>
Other moderator instructions
Instruction for TfGM

Arrival and Introductions

Time	Title	Facilitation Instructions / Moderator discussion questions
10 mins	Welcome and introduction	<p>Moderator to introduce self, Ipsos MORI and notetaker</p> <p>Thank you very much for agreeing to take part in tonight’s group.</p> <p>Just a little bit about why we have asked you to take part tonight. My name is and I work for a company that does research called, Ipsos MORI. I will be leading this discussion, which is taking place on behalf of Greater Manchester Combined Authority and Transport for Greater Manchester (TfGM), who coordinate a lot of the public transport, but do not control buses. When we talk about public transport, we mean buses, trams and trains in Greater Manchester.</p> <p>They’re interested in getting the views of young people about how the buses are run in Greater Manchester at the moment and in the future.</p> <p>Explain what a focus group is</p> <ul style="list-style-type: none"> o You may have heard this being called a focus group which is basically a group discussion about a particular topic to hear people’s opinions- in this case the change in the way buses are run. <p>2. Explain that the topic of the group is bus reform:</p> <ul style="list-style-type: none"> a. Greater Manchester Combined Authority is an organisation which oversees the 10 Councils that make up Greater Manchester. You live in one of those Councils (check understand what a Council is). The GMCA wants to make a change to the way buses are run, which we will go on to discuss. <p>Explain the structure of the discussion:</p> <p>Role of Ipsos MORI – independent research organisation, here to listen and ask questions.</p> <ul style="list-style-type: none"> • Everything you say is confidential – MRS rules. <p>Explain tone and nature of discussion</p> <ul style="list-style-type: none"> • Relaxed • No right or wrong questions or answers • We are keen to hear about everyone’s views • Please feel free to disagree with one another; just keep it polite • I will make sure everyone gets a chance to share their opinion • Please try to avoid talking over one another • Emphasise no phones • Plenty to get through, so I might have to move people on from time to time <p>Any other housekeeping – fire alarms, facilities, etc.</p>

Time	Title	Moderator discussion questions
10 mins	Introductions	<p>Ice breaker discussion</p> <ul style="list-style-type: none"> I just want to go around the table to get your names what you'd normally be doing if you weren't here today/ when was the last time you used a bus and where did it take you
15 mins	How do they use buses and feel about them currently	<p>Let's talk about the buses in Greater Manchester at the moment. So, we'd like to talk to you about how you use buses in Greater Manchester for now.</p> <ul style="list-style-type: none"> What type of journeys do you make on the bus? <ul style="list-style-type: none"> School bus Leisure- to where/to do what- Long/short journeys Do you use them at night? Do you use the bus as part of a longer journey (e.g. you also use a train or tram, Do you ever have to get two buses to get where you need to go? WHY do you use the bus? <ul style="list-style-type: none"> Convenience School run service Independence Only transport option Follow-up questions- <ul style="list-style-type: none"> Do they choose to travel that way/is it their decision or parents' decision? Do you use a bus pass or pay full fare? What do you like/dislike about buses? PROBE ON <ul style="list-style-type: none"> <u>Network and frequency</u>: take you where you want to go, run at suitable times, ticket prices, works well with other types of public transport such as the tram <u>Service quality</u>: safety, ASB, cleanliness, comfort, drivers who are friendly/helpful, quality of fleet, frequency of service, information available about fares/routes (including real time <u>Social aspect</u>: Friends use them, independence. <p>MODERATOR – TAKE EACH OF THE THREE BULLETS AND ASK THEM TO USE AN EMOJI TO SUMMARISE WHAT THEY THINK OF EACH AND EXPLAIN WHY</p> <ul style="list-style-type: none"> What, if anything, do you think needs changing about the buses and the service they provide?

		<ul style="list-style-type: none"> ○ Why do you say this?
10 mins	Introduction of Proposed Franchising Scheme	<p>Explain that Greater Manchester Combined Authority is going through a process to talk to everyone about the future of buses and get their opinion. The final decision will be made by the Mayor of Greater Manchester Andy Burnham.</p> <p>3 options were looked at and the Proposed Franchising Scheme has been chosen as the best option.</p> <p><i>I'm going to play a video now that explains what franchising is, and how it's going to change the way buses work in Greater Manchester.</i></p> <p>Encourage participants to make notes about anything that they either don't understand or things that jump out at them and place any questions on post-its</p> <p>Play video about bus reform (c.1:40)</p> <p>Moderator to instruct to come up and place post its on flip chart. <i>What did everyone write down and what questions do you have after watching that video?</i></p> <p>Age dependent on how this is approached. If group is quite open, select question and ask what an individual doesn't understand. If closed read out questions to group as a whole.</p> <p>Can anybody name some of the different bus companies which operate at the moment? Show images of some of the different bus operators.</p> <p>Do you think based on what you have seen that there is a need to change the way the buses are run?</p>

Time	Title	Moderator discussion questions
15 mins	Prioritising the benefits of Proposed Franchising Scheme	<p>Moderator to handout showcards (from the video)</p> <p>Each of these cards represents something from the video that Greater Manchester Combined Authority says will be a benefit of the Proposed Franchising Scheme</p> <ul style="list-style-type: none"> • GM would decide and set the routes • GM would set the timetables • GM would decide on the ticket prices and types • GM would set the standards for bus operators to work to (e.g. quality of vehicle used, buses arriving on time etc)

		<ul style="list-style-type: none"> • Buses work together with other forms of transport such as Metrolink • All buses would be uniform (look the same/have the same colour) <p>For each ask</p> <p>Why do you think this is important to GMCA? If they don't think it's important, why not?</p> <p>In pairs, ask the participants to rank the benefits in terms of priority. Imagine you're the Mayor of Greater Manchester - I want you to rank these benefits from what would be the most important benefit to the least important benefit.</p> <p>Feedback to the full group</p> <p>Each pair with blu-tac stick their showcards up in order, and talk through the order, explaining why they ranked them in that order.</p>
<p>15-20 mins</p>	<p>Discussion of three important issues to young people</p>	<p>Probe a little on three particular areas which are most relevant to young people:</p> <ul style="list-style-type: none"> • Ticketing (5 mins) • Pricing (5 mins) • Routes and timetables (5 mins) <p>Moderator to make sure that anything that has stood out so far from previous discussion is added here using the same prompts as below but be mindful of time</p> <p>We're going to spend some time now thinking about the things you've seen that will change that might affect you and you might have some thoughts/opinions about.</p> <p><u>Ticketing</u> So if we did what the video said and went ahead with the Proposed Franchising Scheme, there wouldn't be over 150 types of ticket to choose from. You could use your one ticket (e.g. daily/weekly) on all franchised buses in Greater Manchester.</p> <p>PROBE ON:</p> <ul style="list-style-type: none"> • What do you think about this proposed change? Why? • What advantages can you think of for people like you? • What disadvantages can you think of for people like you? • Would these changes solve any issues you currently have? (or previously mentioned in likes/dislikes section) Why/why not? • Would these changes encourage you to use the bus/use the bus more? <p><u>Prices</u></p>

		<p><i>Again, if we did what the video said and went ahead with the Proposed Franchising Scheme, prices for bus tickets would be the same on all buses across the whole of Greater Manchester. At the moment, you pay different fares with different operators.</i></p> <p>PROBE ON:</p> <ul style="list-style-type: none"> • What do you think about this proposed change? Why? • What advantages can you think of for people like you? • What disadvantages can you think of for people like you? • Would these changes solve any issues you currently have? (or previously mentioned in likes/dislikes section) Why/why not? • Would these changes encourage you to use the bus/use the bus more? <p><u>Routes and timetables</u></p> <p><i>If we did what the video said and went ahead with the Proposed Franchising Scheme, the Greater Manchester Combined Authority/TfGM would be able to decide what the timetables should be and also the routes the buses should take. At the moment, the different bus companies decide both of these things.</i></p> <p>PROBE ON:</p> <ul style="list-style-type: none"> • What do you think about this proposed change? Why? • What advantages can you think of for people like you? • What disadvantages can you think of for people like you? • Would these changes solve any issues you currently have? (or previously mentioned in likes/dislikes section) Why/why not? • Would these changes encourage you to use the bus/use the bus more?
<p>5 mins</p>	<p>Replay the video</p>	<p>Moderator to explain they're going to play the video one final time to see what everyone has learned</p> <p>Play video about bus reform (c.1:40)</p> <p><i>Does anyone have any other questions after that or is anything not clear?</i></p>
<p>5 mins</p>	<p>Wrap up exercise</p>	<p>Moderator ask participants to write down on a post-it note one thing they've learned today that they're going to go home and tell their family/friends. Then read it out to the group.</p> <p>Moderator collect and feedback or ask them to read out.</p>

Thanks and leave/incentives

Close down

- Collect in digis
- Collect in used post its/flipchart paper

16-18 year olds focus group discussion guide

'Doing Buses Differently' Bus Reform Consultation: Focus Groups

16– 18 years age group – Wednesday 4th December

Ipsos MORI North, Piccadilly House, 49 Piccadilly, Manchester, M1 2AP

Timings

Guide Key:

General Instructions
Discussion questions asked to participants
Other moderator instructions

Arrival and Introductions

Time	Title	Facilitation Instructions / Moderator discussion questions
10 mins	Welcome and introduction	<p><i>Moderator to introduce self, Ipsos MORI and notetaker</i></p> <p>Thank you very much for agreeing to take part in tonight’s group.</p> <p>Just a little bit about why we have asked you to take part tonight. My name is and I work for a company that does research called, Ipsos MORI. I will be leading this discussion, which is taking place on behalf of Greater Manchester Combined Authority and Transport for Greater Manchester (TfGM), who coordinate a lot of the public transport, but do not control buses. When we talk about public transport, we mean buses, trams and trains in Greater Manchester.</p> <p>They’re interested in getting the views of young people about how the buses are run in Greater Manchester at the moment and in the future.</p> <p><i>Explain what a focus group is</i></p> <ul style="list-style-type: none"> ○ <i>You may have heard this being called a focus group which is basically a group discussion about a particular topic to hear people’s opinions- in this case the change in the way buses are run.</i> <p>5. Explain that the topic of the group is bus reform:</p> <ul style="list-style-type: none"> ○ Greater Manchester Combined Authority is an organisation which oversees the 10 Councils that make up Greater Manchester. You live in one of those Councils (check understand what a Council is). The GMCA wants to make a change to the way buses are run, which we will go on to discuss. <p><i>Explain the structure of the discussion:</i></p> <p><i>Role of Ipsos MORI – independent research organisation, here to listen and ask questions.</i></p> <ul style="list-style-type: none"> ● <i>Everything you say is confidential – MRS rules.</i> <p><i>Explain tone and nature of discussion</i></p> <ul style="list-style-type: none"> ● <i>Relaxed</i> ● <i>No right or wrong questions or answers</i> ● <i>We are keen to hear about everyone’s views</i> ● <i>Please feel free to disagree with one another; just keep it polite</i> ● <i>I will make sure everyone gets a chance to share their opinion</i> ● <i>Please try to avoid talking over one another</i> ● <i>Emphasise no phones</i> ● <i>Plenty to get through, so I might have to move people on from time to time</i> <p><i>Any other housekeeping – fire alarms, facilities, etc.</i></p>

Time	Title	Moderator discussion questions
10 mins	Introductions	<p>Ice breaker discussion</p> <ul style="list-style-type: none"> I just want to go around the table to get your names what you'd normally be doing if you weren't here today/ when was the last time you used a bus and where did it take you <p>FOR 16-18- THEY COULD INTRODUCE THEIR PARTNER</p>
15 mins	How do they use buses and feel about them currently	<p>Let's talk about the buses in Greater Manchester at the moment. So, we'd like to talk to you about how you use buses in Greater Manchester for now.</p> <ul style="list-style-type: none"> What type of journeys do you make on the bus? <ul style="list-style-type: none"> Bus to college/further education Bus to training/jobs/apprenticeships Leisure- to where/to do what- Long/short journeys Do you use them mostly at peak times or off-peak? Do you use them at night/early in the morning? Do you use the bus as part of a longer/ multi-modal journey (e.g. bus to get a tram) Do you ever have to get two buses to get where you need to go? Why do you use the bus? <ul style="list-style-type: none"> Convenience College run service Independence Only transport option Follow-up questions- <ul style="list-style-type: none"> Do they choose to travel that way/is it their decision or parents' decision? <p>FOR 16-18</p> <ul style="list-style-type: none"> What type of ticket do you tend to use when travelling by bus? <ul style="list-style-type: none"> Have you ever used a concessionary pass? If so, what was this? Have you ever heard of an 'Our Pass'? How many have got an 'Our Pass'? (launched earlier this year as free travel bus pass for all 16-18 year olds + half price Metrolink travel and offers/discounts/tickets). What do you think of the Our Pass? <ul style="list-style-type: none"> PROBE ON <ul style="list-style-type: none"> Has it/would it influence your travel habits? Has it changed your view of the bus network? How?

		<ul style="list-style-type: none"> • Who do you think runs the buses now? By that I mean who plans the routes and timetables and who sets the fares and standards? <p>FOR 16-18</p> <ul style="list-style-type: none"> • What are the positives/negatives about buses and the way they are run at the moment? <p>PROBE ON</p> <ul style="list-style-type: none"> ○ <u>Network and frequency</u>: take you where you want to go (reach of the network), can you access employment and education centres, do they run at suitable times (late enough/early enough), ticket prices, works well with other types of public transport such as the tram, ○ <u>Service quality</u>: safety, ASB, cleanliness, comfort, drivers who are friendly/helpful, quality of fleet, frequency of service, information available about fares/routes (including real time), where to get off, disruption ○ <u>Social aspect</u>: Friends use them, independence, freedom to travel further, travelling at night/early hours <ul style="list-style-type: none"> • Thinking about the future, do you think your bus travel habits might change? If so, in what way/how? • What will make you use buses more/less in the future? <ul style="list-style-type: none"> ○ PROBE ON: role of buses in FE/training/jobs, access to wider opportunities (looking further afield – ‘horizon scanning’), multi-modal • What, if anything, do you think needs changing about the buses and the service they provide? <ul style="list-style-type: none"> ○ Why do you say this? ○ What would you do to improve or change these things?
<p>10 mins</p>	<p>Introduction of Proposed Franchising Scheme</p>	<p>Explain that Greater Manchester Combined Authority is going through a process to talk to everyone about the future of buses and get their opinion. The final decision will be made by the Mayor of Greater Manchester Andy Burnham.</p> <p>3 options were looked at and a Proposed Franchising Scheme has been chosen as the best option.</p> <p><i>I’m going to play a video now that explains what the Proposed Franchising Scheme is, and how it’s going to change the way buses work in Greater Manchester.</i></p>

		<p>Encourage participants to make notes about anything that they either don't understand or things that jump out at them and place any questions on post-its</p> <p>Play video about bus reform (c.1:40)</p> <p>Moderator to instruct to come up and place post its on flip chart. What did everyone write down and what questions do you have after watching that video?</p> <p>Thinking back to what you said earlier about who runs the buses – did the information contained in the video surprise you? In what way?</p> <p>Age dependent on how this is approached. If group is quite open, select question and ask what an individual doesn't understand. If closed read out questions to group as a whole.</p> <p>Can anybody name some of the different bus companies which operate at the moment? Show images of some of the different bus operators.</p> <p>Do you think based on what you have seen that there is a need to change the way the buses are run?</p>
Time	Title	Moderator discussion questions
15 mins	Prioritising the benefits of the Proposed Franchising Scheme	<p>Moderator to handout showcards (from the video) Each of these cards represents something from the video that Greater Manchester Combined Authority says will be a benefit of the Proposed Franchising Scheme</p> <ul style="list-style-type: none"> • GM would decide and set the routes • GM would set the timetables • GM would decide on the ticket prices and types • GM would set the standards for bus operators to work to (e.g. quality of vehicle used, buses arriving on time etc) • Buses work together with other forms of transport such as Metrolink • All buses would be uniform (look the same/have the same colour) <p>For each ask Why do you think this is important to GMCA? If they don't think it's important, why not?</p> <p>In pairs, ask the participants to rank the benefits in terms of priority. Imagine you're the Mayor of Greater Manchester - I want you to rank these benefits from what would be the most important benefit to the least important benefit.</p>

		<p>Feedback to the full group</p> <p>Each pair with blu-tac stick their showcards up in order, and talk through the order, explaining why they ranked them in that order.</p>
15-20 mins	Discussion of three important issues to young people	<p>Probe a little on three particular areas which are most relevant to young people:</p> <ul style="list-style-type: none"> • Ticketing (5 mins) • Pricing (5 mins) • Routes and timetables (5 mins) <p>Moderator to make sure that anything that has stood out so far from previous discussion is added here using the same prompts as below but be mindful of time</p> <p><i>We're going to spend some time now thinking about the things you've seen that will change that might affect you and you might have some thoughts/opinions about.</i></p> <p><u>Ticketing</u> <i>So if we did what the video said and went ahead with the Proposed Franchising Scheme, there wouldn't be over 150 types of ticket to choose from. You could use your one ticket (e.g daily/weekly) on all franchised buses in Greater Manchester.</i> PROBE ON:</p> <ul style="list-style-type: none"> • What do you think about this proposed change? Why? • What advantages can you think of for people like you? • What disadvantages can you think of for people like you? • Would these changes solve any issues you currently have? Why/why not? • Would these changes encourage you to use the bus more? • 16-18 – the need to make multi-modal journeys <p><u>Prices</u> <i>Again, if we did what the video said and went ahead with the Proposed Franchising Scheme, prices for bus tickets would be the same on all buses across the whole of Greater Manchester for the same sort of journeys. At the moment, you pay different fares with different operators.</i> PROBE ON:</p> <ul style="list-style-type: none"> • What do you think about this proposed change? Why? • What advantages can you think of for people like you? • What disadvantages can you think of for people like you? • Would these changes solve any issues you currently have? Why/why not? • Would these changes encourage you to use the bus/use the bus more?

		<ul style="list-style-type: none"> 16-18 – the need to make multi-modal journeys, cost, affordability (potential wage earners), concessionary prices/passes <p>Routes and timetables</p> <p><i>If we did what the video said and went ahead with the Proposed Franchising Scheme, the Greater Manchester Combined Authority/TfGM would be able to decide what the timetables should be and also the routes the buses should take. At the moment, the different bus companies decide both of these things.</i></p> <p>PROBE ON:</p> <ul style="list-style-type: none"> What do you think about this proposed change? Why? What advantages can you think of for people like you? What disadvantages can you think of for people like you? Would these changes solve any issues you currently have? Why/why not? Would these changes encourage you to use the bus/use the bus more?
5 mins	Replay the video	<p>Moderator to explain they're going to play the video one final time to see what everyone has learned</p> <p>Play video about bus reform (c.1:40)</p> <p><i>Does anyone have any other questions after that or is anything not clear?</i></p>
5 mins	Wrap up exercise	<p>Moderator ask participants to write down on a post-it note one thing they've learned today that they're going to go home and tell their family/friends. Then read it out to the group.</p> <p>Moderator collect and feedback or ask them to read out.</p>

Thanks and leave/incentives

Close down

- Collect in digis
- Collect in used post its/flipchart paper

19-20 year olds focus group discussion guide

'Doing Buses Differently' Bus Reform Consultation: Focus Groups

19-20 years age group –Thursday 5th December

Ipsos MORI North, Piccadilly House, 49 Piccadilly, Manchester, M1 2AP

Timings

Guide Key:

General Instructions
Discussion questions asked to participants
Other moderator instructions

Arrival and Introductions

Time	Title	Facilitation Instructions / Moderator discussion questions
10 mins	Welcome and introduction	<p>Moderator to introduce self, Ipsos MORI and notetaker</p> <p>Thank you very much for agreeing to take part in tonight’s group.</p> <p>Just a little bit about why we have asked you to take part tonight. My name is and I work for a company that does research called, Ipsos MORI. I will be leading this discussion, which is taking place on behalf of Greater Manchester Combined Authority and Transport for Greater Manchester (TfGM), who coordinate a lot of the public transport, but do not control buses. When we talk about public transport, we mean buses, trams and trains in Greater Manchester.</p> <p>They’re interested in getting the views of young people about how the buses are run in Greater Manchester at the moment and in the future.</p> <p>Explain what a focus group is</p> <ul style="list-style-type: none"> ○ <i>You may have heard this being called a focus group which is basically a group discussion about a particular topic to hear people’s opinions- in this case the change in the way buses are run.</i> <p>6. Explain that the topic of the group is bus reform:</p> <ul style="list-style-type: none"> ○ Greater Manchester Combined Authority is an organisation which oversees the 10 Councils that make up Greater Manchester. You live in one of those Councils (check understand what a Council is). The GMCA wants to make a change to the way buses are run, which we will go on to discuss. <p>Explain the structure of the discussion:</p> <p>Role of Ipsos MORI – independent research organisation, here to listen and ask questions.</p> <ul style="list-style-type: none"> • Everything you say is confidential – MRS rules. <p>Explain tone and nature of discussion</p> <ul style="list-style-type: none"> • Relaxed • No right or wrong questions or answers • We are keen to hear about everyone’s views • Please feel free to disagree with one another; just keep it polite • I will make sure everyone gets a chance to share their opinion • Please try to avoid talking over one another • Emphasise no phones • Plenty to get through, so I might have to move people on from time to time <p>Any other housekeeping – fire alarms, facilities, etc.</p>

Time	Title	Moderator discussion questions
10 mins	Introductions	<p>Ice breaker discussion</p> <ul style="list-style-type: none"> • I just want to go around the table to get your names what you'd normally be doing if you weren't here today/ when was the last time you used a bus and where did it take you <p>FOR 19-20- INTRODUCE THEIR PARTNER</p>
15 mins	How do they use buses and feel about them currently	<p>Let's talk about the buses in Greater Manchester at the moment. So, we'd like to talk to you about how you use buses in Greater Manchester for now.</p> <ul style="list-style-type: none"> • What type of journeys do you make on the bus? <ul style="list-style-type: none"> ○ Bus to work/university ○ Bus to training/jobs/apprenticeships ○ Leisure- to where/to do what ○ Long/short journeys ○ Do you travel much at peak times? ○ Do you use them at night/early in the morning? ○ Do you use the bus as part of a longer/ multi-modal journey (e.g. bus to get a tram) ○ Do you ever have to get two buses to get where you need to go? • Why do you use the bus? <ul style="list-style-type: none"> ○ Convenience- most direct? ○ Independence ○ Only transport option ○ Price (compared to other modes?) ○ Quickest <p>FOR 19-20</p> <ul style="list-style-type: none"> • What type of ticket do you tend to use when travelling by bus? <ul style="list-style-type: none"> ○ Day/weekly/monthly/term/annual ○ Have you ever used a concessionary pass? If so, what was this? (probe on student discounted pass or any discounts through employment/training) ○ Have you ever heard of an 'Our Pass' (launched earlier this year as free travel bus pass for all 16-18 year olds + half price Metrolink travel and offers/discounts/tickets). ○ What do you think of the Our Pass? <ul style="list-style-type: none"> ▪ PROBE ON ▪ Do you think it would it have changed how you travelled around Greater Manchester when you were 16-18? <p>FOR 19-20</p>

		<ul style="list-style-type: none"> • What are the positives/negatives about buses and the way they are run at the moment? (Ask them to give examples of routes/numbers throughout) PROBE ON <ul style="list-style-type: none"> ○ Network and frequency: take you where you want to go (reach of the network), can you access employment, education and training, do they run at suitable times (late enough/early enough), ticket prices, works well with other types of public transport such as the tram, too many/too few buses at certain times and to certain places ○ Service quality: safety, ASB, cleanliness, comfort, drivers who are friendly/helpful, quality of fleet, frequency of service, information available about fares/routes (including real time) ○ Social aspect: Friends use them, independence, freedom to travel further, travelling at night/early hours <p>FOR 19-20: Focus on changes in how they've used buses since leaving school</p> <ul style="list-style-type: none"> • Thinking about how you previously travelled, how do you think your use of buses has changed in the past 5 years since you left school? <ul style="list-style-type: none"> ○ Do you use them more or less frequently? ○ What are the reasons for this? If less what mode of transport are they using instead ○ Do you use them for different types of journeys now than you did before? • What will make you use buses more/less in the future? <ul style="list-style-type: none"> ○ PROBE ON: role of buses in FE/training/jobs, access to wider opportunities (looking further afield – 'horizon scanning'), multi-modal • What, if anything, do you think needs changing about the buses and the service they provide? <ul style="list-style-type: none"> ○ Why do you say this? ○ What would <u>you</u> do to improve or change these things?
<p>10 mins</p>	<p>Introduction of the Proposed Franchising</p>	<p>Explain that Greater Manchester Combined Authority is going through a process to talk to everyone about the future of buses and get their opinion through a public consultation. The final decision will be made by the Mayor of Greater Manchester Andy Burnham.</p> <p>3 options were looked at and a Proposed Franchising Scheme has been chosen as the best option.</p>

		<p><i>I'm going to play a video in a moment, that explains what the Proposed Franchising Scheme is, and how it would change the way buses work in Greater Manchester.</i></p> <p><i>Just before we do, at the moment, who do you think plans the bus network, sets the routes and timetables and determines fares and standards for buses?</i></p> <p>Encourage participants to make notes about anything that they either don't understand or things that jump out at them and place any questions on post-its</p> <p>Play video about bus reform (c.1:40)</p> <p><i>Now you've watched the video, what do you think about how the system currently works- with bus operators planning the networks, setting routes and timetables and determining fares and standards?</i></p> <ul style="list-style-type: none"> <i>Are you surprised?</i> <p><i>What did everyone write down and what questions do you have after watching that video?</i></p> <p>Can you name some of the different bus companies which operate at the moment? (to illustrate the number of operators)</p> <p>To what extent do you agree or disagree with the conclusion that reforming the bus market is the right thing to do to address the challenges facing the local bus market? (want to capture whether or not they think it makes sense to make these changes)</p>
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Time	Title	Moderator discussion questions
20-25 mins	Discussion of the Proposed Franchising Scheme in more depth	<p>FOR 19-20</p> <p>Explanation of the vision for bus and the process so far</p> <p>Introduce the slide on the legislative process to outline how we got to this point.</p> <p><i>In November 2014, a devolution deal was agreed between the national government and Greater Manchester which included transferring powers to reform the bus market.</i></p> <p><i>In 2017, the Bus Services Act became law and GMCA decided to use those powers to prepare an assessment of proposals including the Proposed Franchising Scheme which is the proposal you just saw in the video.</i></p>

Other options were considered including staying as we are now (do minimum) and partnership options- but we're going to focus on the proposal that was decided as the best option as shown in the video.

The final decision at the end of the consultation will be Andy Burnham's who will decide whether to go ahead with the Proposed Franchising Scheme or not.

Does anyone have any questions about this so far?

Introduce vision for bus slide

There are 4 key parts to GMCA's vision for bus. We're going to talk about each one in turn and discuss how the Proposed Franchising Scheme aims to deliver it So let's start with the network.

Take each of these four in turn and discuss what the Scheme will offer and ask for opinions, how achievable they think these things are and what problems they think it will solve/how would it impact them.

Network

Through the Proposed Franchising Scheme, GMCA/TfGM would be responsible for planning the bus network. They would set the routes, decide the timetables and be able to plan these things alongside other public transport like the tram. At the moment, bus companies decide these things.

- **What are your thoughts on these changes (Both positive and negative). Why do you think that?**
- **How would this impact how you travel at the moment?**
- **How do you think this would impact people across GM more widely?**
- **Do you think this is necessary? Why/why not?**

Fares and ticketing

Simpler fares and tickets would be introduced so you would be able to use your one ticket (daily/weekly etc) on all franchised buses across GM instead of having to buy different tickets for different operators as you do now (unless you buy a premium ticket that allows you to do this).

The fares would also be competitively priced at the lowest current single operator fare. Tickets could also offer travel on other modes of transport such as Metrolink.

- **What are your thoughts on these changes (Both positive and negative). Why do you think that?**

		<ul style="list-style-type: none"> • How would this impact how <u>you</u> travel at the moment? • How do you think this would impact people across GM more widely? • Do you think this is necessary? Why/why not? <p><u>Customer experience</u></p> <p>GMCA would provide comprehensive and real time information about bus services and ticketing on a single website and app.</p> <p>Customer service standards would be set by GMCA within contracts which providers would have to meet on things such as levels of customer service and the quality of the buses.</p> <p>Also, there will be a single unified brand (all look the same).</p> <ul style="list-style-type: none"> • What are your thoughts on these changes (Both positive and negative). Why do you think that? • How would this impact how <u>you</u> travel at the moment? • How do you think this would impact people across GM more widely? • Do you think this is necessary? Why/why not? <p><u>Value for money</u></p> <p>The assessment has concluded that the Proposed Franchising Scheme delivers the most benefits of all the options and is affordable and deliverable. All income from bus services (including fares and from taxpayers) would be reinvested by GMCA to provide the best possible service or used to reduce fares. (Reiterate that currently, bus operators receive the money from fares and choose how to use that money).</p> <ul style="list-style-type: none"> • What are your thoughts on these changes (Both positive and negative). Why do you think that? • How would this impact how <u>you</u> travel at the moment? (would you be more inclined to pay the fares if you knew they were going to a GM pot that was ringfenced for reinvestment in those services). • How do you think this would impact people across GM more widely? • Do you think this is necessary? Why/why not?
<p>10-15 mins</p>	<p>Ranking exercise</p>	<p>Moderator to handout showcards (from the video)</p> <p>Each of these cards represents something from the video that Greater Manchester Combined Authority says will be a benefit of the Proposed Franchising Scheme.</p> <ul style="list-style-type: none"> • GM would decide and set the routes

		<ul style="list-style-type: none"> • GM would set the timetables • GM would decide on the ticket prices and types • GM would set the standards for bus operators to work to (e.g. quality of vehicle used, buses arriving on time etc) • Buses work together with other forms of transport such as Metrolink • All buses would be uniform (look the same/have the same colour) <p>In pairs, ask the participants to rank the benefits in terms of priority. Having discussed what has been proposed in each of these areas, I want you to rank these benefits from what would be the most important benefit to the least important benefit in your opinion?</p> <p>Reiterate no right or wrong answers</p> <p>Feedback to the full group</p> <p>Each pair with blu-tac stick their showcards up in order, and talk through the order, explaining why they ranked them in that order.</p>
<p>10 mins</p>	<p>Introduction of cost</p>	<p>So, we talked earlier about value for money and if the Proposed Franchising Scheme were to go ahead, it would cost money to change the system.</p> <p>In the assessment, GMCA have considered the Financial Case which basically looks at what they expect to make, the costs and the risks of implementing the Proposed Franchising Scheme</p> <p>The Proposed Franchising Scheme would require £134.5m additional funding whilst Greater Manchester transitions to a franchising model over a five-year period.</p> <p>Show them the slide with pie chart Explain pie chart:</p> <ul style="list-style-type: none"> • The majority (£78m) would come from the government who give money to GM through devolution • A one- off payment from the ten GM authorities of £17.8m • £5m from business rates • £11m, from existing precept raised as part of the Mayor’s 2019/20 budget for bus reform purposes • £22.7m, in total, of Mayoral precept required from future years’ budgets phased over a four-year period commencing in 2021/22. GMCA would need to consider whether this was additional funding or to be met from savings elsewhere in the budget.

		<p>This £22.7m, could be required through an increase in Council Tax if additional savings can't be made. For Band B properties (the GM average), that would mean a cost of up to £14.20 per year or 27p per week</p> <ul style="list-style-type: none"> • <i>First of all, what questions do you have about this?</i> • <i>Do any of you pay Council tax at the moment?</i> • <i>What are your thoughts either as a Council Tax payer or future Council Tax payer?</i> <p><i>This would be paid for by all GM tax payers- including people who don't use buses.</i></p> <ul style="list-style-type: none"> • <i>What do you think about this?</i> <p><i>Now you know more about it, to what extent do you support or oppose the introduction of the Proposed Franchising Scheme ?</i></p>
5 mins	Replay the video	<p>Moderator to explain they're going to play the video one final time to see what everyone has learned</p> <p>Play video about bus reform (c.1:40)</p> <p><i>Does anyone have any other questions after that or is anything not clear?</i></p>
5 mins	Wrap up exercise	<p>Moderator ask participants to write down on a post-it note one thing they've learned today that they're going to go home and tell their family/friends. Then read it out to the group.</p> <p>Moderator collect and feedback or ask them to read out.</p>

Thanks and leave/incentives

Close down

- Collect in digis
- Collect in used post its/flipchart paper

19-20 year olds focus group – Supporting slides

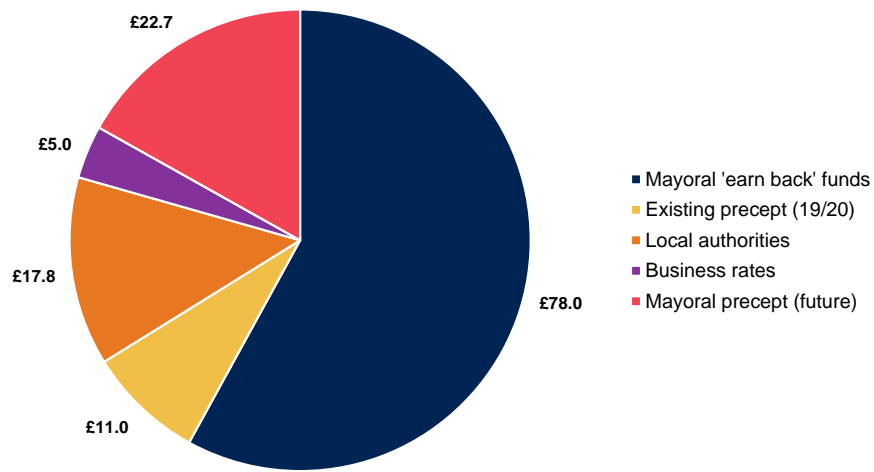
Legislative process

- **November 2014:** Devolution Deal between GM and government includes promise of powers to reform the bus market
- **April 2017:** Bus Services Act received Royal Assent
- **June 2017:** GMCA decided to use the powers in the Bus Services Act and prepare an assessment of a proposed bus franchising scheme
- The Bus Services Act requires an assessment, an audit and for the scheme to be consulted on
- The outcome of the consultation will go to the GM Mayor who will decide whether or not to implement the scheme

Delivering the Vision for Bus

- **Network:** GMCA can plan the bus network and better integrate with other forms of public transport and more scope to make changes
- **Fares and ticketing:** simpler ticketing, more competitively priced fares across buses and other forms of public transport
- **Customer experience:** GMCA to set consistent standards, one 'brand', joined up travel information
- **Value for money:** the proposed franchising scheme delivers more benefits and is affordable, commercially viable and deliverable

Approved proposal for transition funding



Outside GM discussion guide

'Doing Buses Differently' Bus Reform Consultation: Non-GM Residents Focus Group

Monday 9th December 2019

Online

Timings

Guide Key:

General Instructions
<i>Discussion questions asked to participants</i>
Other moderator instructions

Time	Facilitation Instructions / Moderator discussion questions
Welcome and Introduction	
10 mins	<p>Thank you very much for agreeing to take part in today's group.</p> <p>My name is and I work for a research company called, Ipsos MORI. I will be leading this discussion, which is taking place on behalf of Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM), who coordinate a lot of the public transport, but do not control buses. When we talk about public transport, we mean buses, trams and trains in Greater Manchester.</p> <p>The aim of the session is to get views of people from outside of Greater Manchester as to the introduction of a proposed Bus Franchising Scheme .</p> <p>During the discussion we will be making reference to two organisations:</p> <ol style="list-style-type: none"> 1. Transport for Greater Manchester is the public body responsible for coordinating Greater Manchester's transport strategy and delivering its objectives. It owns the Metrolink system, as well as interchanges, bus shelters and bus stops and is accountable to and directed by the GMCA, the ten Greater Manchester Councils and the GM Mayor. 2. The Greater Manchester Combined Authority is made up of the 10 Greater Manchester local authorities and the GM Mayor. Its powers include public transport, skills, housing, regeneration, waste management and the environment as well as fire services. It also makes decisions about transport as set out in Local Transport Act 2008. <p>The Greater Manchester Mayor, Andy Burnham, chairs the GMCA and has specific executive powers, including some related to transport. He has the power to decide whether to introduce the Proposed Franchising Scheme .</p> <p>Just some key points to make you aware of before we start the discussion.</p> <ul style="list-style-type: none"> • The discussion will last up to an hour and a half. • It's more an informal chat than a 'survey' or 'interview'. Please feel free to chip in with whatever you think, whenever you think it. • I won't judge you on your spelling if you promise not to judge me on mine! • There are no right or wrong answers. • You can choose to not answer a question if you have nothing to contribute – please don't feel compelled to respond! • Everything you say is completely confidential and information collected is anonymised. • Only your [screen name] can be seen by the others in the chat, never your real name or email address. • We will write a report at the end of this research project. We might use quotes, but we won't name anyone, identify you personally, or say who has said what.

Time	Moderator discussion questions
Ice breaker discussion	
10 mins	<p data-bbox="347 356 624 385">Ice breaker discussion</p> <ul data-bbox="347 432 1425 544" style="list-style-type: none"> <li data-bbox="347 432 1425 544">• Firstly, if you can just briefly introduce yourself, where you're from and when was the last time you used a bus to travel into Greater Manchester and what was the purpose of your travel.
Current view of buses	
15-20 mins	<p data-bbox="347 680 1158 710">Let's talk about the buses in Greater Manchester at the moment.</p> <ul data-bbox="347 763 1453 1323" style="list-style-type: none"> <li data-bbox="347 763 1118 792">• How often do you travel into Greater Manchester by bus? <li data-bbox="347 801 1294 831">• Which days of the week do you tend to travel into Greater Manchester? <li data-bbox="347 840 799 869">• What time of day do you travel? <li data-bbox="347 878 1414 907">• What's the purpose of your journeys into and wholly within Greater Manchester? <li data-bbox="347 916 1011 945">• Why do you choose to make this journey by bus? <li data-bbox="347 954 1437 1037">• When you travel into Greater Manchester do you also travel around within the city region? <ul data-bbox="443 1046 1294 1158" style="list-style-type: none"> <li data-bbox="443 1046 1142 1075">If yes – how do you do travel - bus, tram, cycle or walk? <ul data-bbox="491 1084 1294 1158" style="list-style-type: none"> <li data-bbox="491 1084 1209 1113">○ If you do use the bus for your onward journeys, why? <li data-bbox="491 1122 1294 1158">○ If you don't use the bus for your onward journeys, why not? <li data-bbox="347 1207 1453 1279">• Are there journeys that you take by car into Greater Manchester that you could take by bus? <li data-bbox="347 1288 938 1317">• Why do you use the car for these journeys? <p data-bbox="347 1368 1445 1440">Ok, thank you. I just want to ask you a couple of questions about what you think of the bus service which you use to travel into Greater Manchester</p> <ul data-bbox="347 1489 1070 1561" style="list-style-type: none"> <li data-bbox="347 1489 986 1518">• What is good about the service which you use? <li data-bbox="347 1527 1070 1556">• What is not so good about the service which you use? <p data-bbox="395 1612 791 1641">USE PROBES AS APPROPRIATE:</p> <ul data-bbox="395 1650 1422 1968" style="list-style-type: none"> <li data-bbox="395 1650 1054 1680">• What do you think of the routes and the frequency? <li data-bbox="395 1688 922 1718">• Do they take you where you want to go? <li data-bbox="395 1727 1126 1756">• Do they run at suitable times (late enough/early enough)? <li data-bbox="395 1765 791 1794">• What about the ticket prices? <li data-bbox="395 1803 1358 1832">• Do the buses work well with other types of public transport such as the tram? <li data-bbox="395 1841 1369 1924">• What about the service quality, by which I mean the safety aspects, cleanliness, comfort, attitude of the drivers, quality of the fleet and access to wi-fi? <li data-bbox="395 1933 1422 1962">• What about the information available about fares/routes (including real time info)?

The Proposed Bus Franchising Scheme

20 mins

Greater Manchester Combined Authority is going through a process to talk to everyone about the future of buses and get their opinion. The final decision will be made by the Mayor of Greater Manchester Andy Burnham.

- **Firstly, how do you think buses are run at the moment? By that I mean who do you think plans the routes and timetables and who sets the fares and standards?**
- **How do you think the buses are funded at the moment?**

3 options were looked at including the Do Minimum (stay as we are), a partnership approach and a Proposed Bus Franchising Scheme, which has been chosen as the best option.

I'm going to play a video now that explains what the Proposed Franchising Scheme is, and how it's going to change the way buses work in Greater Manchester.

Please make notes about anything that you either don't understand or things that surprise you.

Play video about bus reform (c.1:40)

Now you've watched the video, what do you think about how the system currently works- with bus operators planning the networks, setting routes and timetables and determining fares and standards?

- **Are you surprised?**
- **What questions or thoughts do you have after watching that video?**
- **To what extent do you agree or disagree with the conclusion that reforming the bus market IN Greater Manchester is the right thing to do to address the challenges facing the local bus market?**

15 mins

There were a number of benefits presented in the video which the GMCA says will be a benefit of the Proposed Franchising Scheme. We will discuss some of these in turn:

- GM would decide and set the routes
- GM would set the timetables
- **Do you have any questions or comments on these benefits? I should add, if I don't know the answer or I miss your question, we will review the transcripts and get back to you as a collective via email with the answers**
- GM would decide on the ticket prices and types
- Buses work together with other forms of transport such as Metrolink
- **Do you have any questions or comments on these benefits?**

	<ul style="list-style-type: none"> • GM would set the standards for bus operators to work to (e.g. quality of vehicle used, buses arriving on time etc) • All buses would be uniform (look the same/have the same colour) • Do you have any questions or comments on these benefits? <p>Here is the list again</p> <ul style="list-style-type: none"> • GM would decide and set the routes • GM would set the timetables • GM would decide on the ticket prices and types • Buses work together with other forms of transport such as Metrolink • GM would set the standards for bus operators to work to (e.g. quality of vehicle used, buses arriving on time etc) • All buses would be uniform (look the same/have the same colour) <ul style="list-style-type: none"> • Having seen what has been proposed what do you consider to be the most important benefit and why? • What do you think is the least important benefit and why?
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Cross-boundary services under the Proposed Franchising Scheme

<p>15 mins</p>	<p>I would like to move on now to talk about cross-boundary services. By cross-boundary we mean bus services that cross into or back out of the Greater Manchester boundary into surrounding areas such West Yorkshire, Lancashire and Cheshire.</p> <p>Currently buses in GM and in the areas outside GM are deregulated and operators are entitled to run whatever services they like (so long as they inform the Traffic Commissioner).</p> <p>If GM goes ahead with the Proposed Franchising Scheme, all buses within GM would need to meet certain standards and would only accept tickets that could be used on all buses, not tickets that were specific to particular bus companies.</p> <p>Some specific bus routes would continue to operate both within and outside GM so they would need to comply with GM standards within GM but not once they crossed the GM boundary into Cheshire, Lancashire etc.</p> <p>There are currently 116 such services and the assessment has concluded that 24 of these <u>may</u> need to change in some way in order to pass two statutory tests.</p> <p>Permits would need to be issued to allow some of these services to operate within GM and certain conditions would be attached to these permits.</p> <ul style="list-style-type: none"> • How do you think that cross-boundary routes could be affected by the Proposed Franchising Scheme ? <p>In order for these services to run, GMCA/TfGM would provide permits based upon two conditions being met:</p> <p>1. the proposed service will benefit those making journeys in the franchised area, and</p>
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2. the proposed service will not have an adverse effect on local franchised services.

The assessment identifies a number of potential benefits and negative effects through the changes of the Proposed Franchising Scheme option which we will now discuss.

First, the potential benefits. For each of them, I want you to let me know your opinion and what impact it might have on cross-boundary travellers like yourself:

- **Bringing more people into Greater Manchester on public transport rather than in private vehicles- reducing congestion.**
What are your thoughts? Would you potentially make more journeys on the bus, or fewer?
- **Once in Greater Manchester, cross-boundary travellers may use other Franchised services- creating revenue for the franchised services.**
Do you have any thoughts on this? The money you spend will go back into the bus service
- **Permits would set out requirements for customer standards, vehicle standards, customer service standards and basic fare conditions.**
Any comments?

And finally

- **There may be potential for multi-operator ticketing Schemes with neighbouring authorities to make travel choices simpler for passengers.**
Any comments?

There are also some potential limitations:

- **The assessment concludes that cross boundary service vehicles may not necessarily be of the same standard in terms of fleet quality and customer service as those under the Proposed Franchising Scheme as they would not be under the direct control of TfGM.**
Do you have any thoughts on this?
- **There may not be joined up information available about other connecting bus services**
- **Cross-boundary services wouldn't be required to accept GMCA period tickets. i.e. similar to the current service.**
Does this concern you?
- **If you travelled into Greater Manchester on a permitted service and then also used franchised services within Greater Manchester, your journey would be more expensive than just a permitted service.**
What are your thoughts about this?

And finally

- **Services that do not meet the two key tests mentioned earlier would not be granted permits and therefore would not be permitted to run services within the Greater Manchester boundary.**
Do you have any comments on this?

Close	
5-10 mins	<p>I now want to wrap up with a couple of general questions about your thoughts now that you know more about the Proposed Franchising Scheme .</p> <ul style="list-style-type: none"> • In what ways do you think that cross-boundary services will be affected by the proposed Bus Franchising Scheme for Greater Manchester? <ul style="list-style-type: none"> ○ Do you think services will be affected in a positive or negative way? Why do you think that? • Would this proposal be likely to affect the way you travel into Greater Manchester at the moment? • To what extent do you agree or disagree with the conclusion that reforming the bus market is the right thing to do to address the challenges facing the local bus market? <p>Moderator to explain they're going to play the video one final time to see if anybody has any final questions</p> <p>Play video about bus reform (c.1:40)</p> <p><i>Does anyone have any other questions after that or is anything not clear?</i></p>

Thank you once again for your time, we will be in touch with the answers to any unanswered questions which were raised during this discussion and to confirm transfer of your monetary incentives as a thank you for taking part.

Enjoy the rest of your evening.

Business groups discussion guide

'Doing Buses Differently' Bus Reform Consultation: Business Focus Group

Tuesday 10 December and Thursday 12 December 2019

Online

Timings

Guide Key:

General Instructions
Discussion questions asked to participants
Other moderator instructions

Time	Facilitation Instructions / Moderator discussion questions
Welcome and Introduction	
10 mins	<p>Thank you very much for agreeing to take part in today's group.</p> <p>My name is ___ and I work for a research company called, Ipsos MORI. I will be leading this discussion, which is taking place on behalf of Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM), who coordinate a lot of the public transport, but do not control buses. When we talk about public transport, we mean buses, trams and trains in Greater Manchester.</p> <p>The aim of the session is to get views of businesses within Greater Manchester as to the introduction of a Proposed Bus Franchising Scheme . When responding, please think about your business rather than you as an individual.</p> <p>During the discussion we will be making reference to two organisations:</p> <ol style="list-style-type: none"> 3. Transport for Greater Manchester is the public body responsible for coordinating Greater Manchester's transport strategy and delivering its objectives. It owns the Metrolink system, as well as interchanges, bus shelters and bus stops and is accountable to and directed by the GMCA, the ten Greater Manchester Councils and the GM Mayor. 4. The Greater Manchester Combined Authority (GMCA) is made up of the 10 Greater Manchester local authorities and the GM Mayor. Its powers include public transport, skills, housing, regeneration, waste management and the environment as well as fire services. It also makes decisions about transport as set out in Local Transport Act 2008. <p>The Greater Manchester Mayor, Andy Burnham, chairs the GMCA and has specific executive powers, including some related to transport. He has the power to decide whether to introduce the Proposed Franchising Scheme .</p> <p>Just some key points to make you aware of before we start the discussion.</p> <ul style="list-style-type: none"> • The discussion will last up to an hour and a half. • It's more an informal chat than a 'survey' or 'interview'. Please feel free to chip in with whatever you think, whenever you think it. • I won't judge you on your spelling if you promise not to judge me on mine! • There are no right or wrong answers. • You can choose to not answer a question if you have nothing to contribute – please don't feel compelled to respond! • Everything you say is completely confidential and information collected is anonymised. • Only your [screen name] can be seen by the others in the chat, never your real name or email address. • We will write a report at the end of this research project. We might use quotes, but we won't name anyone, identify you personally, or say who has said what.

Time	Moderator discussion questions
Ice breaker discussion	
10 mins 1.10	<p>Ice breaker discussion</p> <ul style="list-style-type: none"> ○ Firstly, if you can just briefly introduce yourself, the name of your company, the industry in which you trade and where your main company premises are located?
Current view of buses	
15 mins 1.25	<p>Let's talk about the buses in Greater Manchester at the moment.</p> <ul style="list-style-type: none"> ○ In what way does your company rely on the bus network in Greater Manchester? <p>Focus on employees</p> <ul style="list-style-type: none"> ○ Let's think about your work colleagues and employees....do many use the bus? ○ Why do the employees who use the bus choose to use that particular type of transport? <ul style="list-style-type: none"> ○ What are its advantages? ○ What are the disadvantages? ○ Thinking of those employees who <u>do not</u> use the bus, why do they not choose to use it? <ul style="list-style-type: none"> ○ What form of transport do they use instead? ○ Do any of you employ shift workers as part of your staff? <ul style="list-style-type: none"> ○ IF YES: Do buses meet the needs of shift workers? ○ Do they run at suitable times (late enough/early enough) ○ What about the cost? Do any of you subsidise the cost of travel? ○ Do the buses work well with other types of public transport such as the tram? ○ What about the social aspect, do buses run when people want them to? <p>Focus on customers</p> <ul style="list-style-type: none"> ○ Some of you have customers which need to visit your business premises/outlets etc. How do customers tend to travel to your business premises/outlets? ○ What role do buses play for those customers who visit in person? ○ How easy is it for your customers to reach your premises by bus? <p>If no: Would it have any impact on your business if they could use public transport to visit?</p>
The Proposed Bus Franchising Scheme	
15 mins 1.50	<p>Greater Manchester Combined Authority is going through a process to talk to everyone about the future of buses and get their opinion on the proposals to introduce a Proposed Franchising Scheme in Greater Manchester. The final decision will be made by the Mayor of Greater Manchester Andy Burnham.</p> <ul style="list-style-type: none"> ● Firstly, how do you think buses are run at the moment? By that I mean who plans the routes and timetables and who sets the fares and standards? ● How are the buses funded at the moment?

	<p>3 options were looked at including the Do Minimum (stay as we are), a partnership approach and a Proposed Franchising Scheme, which has been chosen as the best option on which to consult.</p> <p>I'm going to play a video now that explains what a Proposed Franchising Scheme is, and how it would change the way buses work in Greater Manchester.</p> <p>Please make notes about anything that you either don't understand or things that surprise you.</p> <p>Play video about bus reform (c.1:40)</p> <ul style="list-style-type: none"> ○ What did everyone write down and what questions do you have after watching that video? ○ Do you think based on what you have seen, and from our earlier discussion, that there is a need to change the way the buses are run?
<p>20 mins 2.10</p>	<p>There were a number of benefits presented in the video which the GMCA says will be a benefit of the Proposed Franchising Scheme. We will discuss some of these in turn</p> <p>Currently routes and frequencies are set by individual operators, meaning some routes have too many buses causing congestion, and others have too few buses meaning long waiting times. These decisions are driven by profit rather than social need.</p> <p>Under the Proposed Franchising Scheme:</p> <ul style="list-style-type: none"> • GM would decide and set the routes • GM would set the frequencies <p>Do you have any questions or comments on these benefits? I should add, if I don't know the answer or I miss your question, we will review the transcripts and get back to you as a collective via email with the answers</p> <p>Currently, decisions around ticket types and prices are made by individual operators. There are over 150 types of bus ticket across Greater Manchester and passengers often can't use their ticket on the first bus that arrives. Also, bus companies are often in competition for passengers with the Metrolink, rather than working in an integrated fashion. Under the Proposed Franchising Scheme:</p> <ul style="list-style-type: none"> • GM would decide on the ticket prices and types- which would be set at the lowest currently available period fare and usable across all franchised GM buses. • Buses would work together with other forms of transport such as Metrolink – supporting GM's desire for economic growth through sustainable public transport <p>Do you have any questions or comments on these benefits?</p> <p>Currently, operators are responsible for the quality of their buses including customer service and cleanliness standards. Also, individual bus operators have their own branding. Under the Proposed Franchising Scheme:</p>

	<ul style="list-style-type: none"> • GM would set the standards for bus operators to work to (e.g. quality of vehicle used, buses arriving on time, wifi, cleanliness and customer service requirements etc). These things would form part of a contract and performance would be monitored and reported • All buses would be uniform (look the same/have the same colour) and there would be one point of contact for information and complaints via a website/app. <p>Do you have any questions or comments on these benefits?</p> <p>Here is the list again</p> <ul style="list-style-type: none"> • GM would decide and set the routes • GM would set the frequencies • GM would decide on the ticket prices and types • Buses work together with other forms of transport such as Metrolink • GM would set the standards for bus operators to work to (e.g. quality of vehicle used, buses arriving on time etc) • All buses would be uniform (look the same/have the same colour) <p>Which one benefit would be the most important in relation to your business and why?</p>
--	---

The financial and economic cases

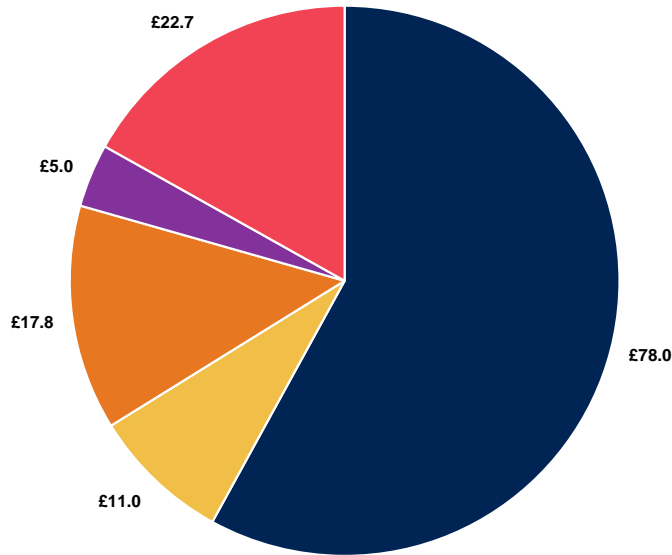
<p>20 mins 2.30</p>	<p>We are now going to briefly discuss one of the cases upon which it has been assessed that a Proposed Bus Franchising Scheme is the best solution for Greater Manchester. The financial case sets out whether GMCA would be able to afford the transition to, and to operate, any of the options. The financial case considers the forecast income, costs and risks of each reform option and the associated funding requirements.</p> <p>The Proposed Franchising Scheme would require £134.5m in additional funding over a five year period whilst Greater Manchester transitions to franchising. Please note, – there would also be costs associated with other options, such as the partnership option which would have a net deficit over the 30-year appraisal period of between £94.7m and £112.5m. The Proposed Franchising Scheme would have a cumulative surplus of £94m after the initial five year transition period.</p> <p>Both the Proposed Franchising Scheme and partnership options would deliver financial benefits to Greater Manchester – there is a full economic case, which has been independently audited, which sets out this case. The economic benefits of franchising are significantly greater than those of partnership. Both the Proposed Franchising Scheme option and the partnership option deliver similar 3.1 and 3.5 NPV (benefits to cost). Also, the Proposed Bus Franchising Scheme provides a better platform for phase 2 interventions in the future to further improve the bus services.</p> <ul style="list-style-type: none"> • Do you have any comments on these conclusions of the economic case? <p>To fund the transition to the Proposed Franchising Scheme there has been a funding proposal approved by GMCA. The pie chart I am about to show details how the Proposed Franchising Scheme would be funded.</p>
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	<p>Show funding pie chart and explain each element:</p> <ul style="list-style-type: none"> • The majority would come from ‘earn back’ funding provided by central government as part of Greater Manchester’s Devolution Agreement (£78m in total); • A one-off contribution from the ten Greater Manchester Local Authorities (£17.8m in total); • Current and forecast business rates pooling receipts held by GMCA (£5m in total); • £11.0m, in total, from existing precept raised as part of the Mayor’s 2019/20 budget for bus reform purposes; and • £22.7m, in total, of Mayoral precept required from future years’ budgets phased over a four-year period commencing in 2021/22. GMCA would need to consider whether this was additional funding or to be met from savings elsewhere in the budget. <p>Firstly, are there are questions or points of clarification? Again, please forgive me if I am unable to answer your question or miss a question, we will review the transcript and get back to you as a collective via email with the answers to any unanswered questions.</p> <ul style="list-style-type: none"> • What are you views as to how the Proposed Franchising Scheme would be funded? <ul style="list-style-type: none"> ○ Are there any funding sources which surprised you? Why/why not? • The Financial Case concludes that GMCA could afford to introduce and operate the Proposed Franchising Scheme. Do you have any comments on this? <ul style="list-style-type: none"> ○ What do you think about the mix of funding sources? • What do you think about the proposal for GMCA to use some of its revenue from business rates to fund the Proposed Franchising Scheme? • Do you think this is a worthwhile use of business rates? • Do you think any elements of the proposed transition funding should not be used to fund the Proposed Franchising Scheme ? • Are there any alternative sources of funding which you think should have been identified?
<p>Close</p>	
	<p>I am going to play the video one final time to see if it raises any more questions Play video about bus reform (c.1:40)</p> <p><i>Does anyone have any other questions after that or is anything not clear?</i></p>

Thank you once again for your time, we will be in touch with the answers to any unanswered questions which were raised during this discussion and to confirm transfer of your monetary incentives as a thank you for taking part. Enjoy the rest of your day

Business groups financial case slide

Approved proposal for transition funding



- £78m Mayoral 'earn back' funds- provided by central government as part of devolution agreement
- £11m Existing precept (19/20)- raised as part of the Mayor's 19/20 budget for bus reform purposes
- £17.8m Local Authorities- one off contribution from each of the 10 GM LA's
- £5m Business rates- current and forecast held by GMCA
- £22.7m Mayoral precept (future)- additional funding or to be met from savings elsewhere from future years' budget over a four year period from 2021

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Appendix D – Voting during deliberative events

During the deliberative events, several votes took place to enable moderators to probe any changes in opinion and the reasons which informed such changes. The table below summarises the votes as recorded.

Table D1 – Summary of votes during deliberative events

To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?					
	Strongly Support	Tend to support	Neither nor	Tend to oppose	Strongly oppose
Vote 1 (80)	34	34	11	1	0
Vote 2 (80)	30	30	14	4	2
Vote 3 (76)	36	29	6	2	3

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Ipsos MORI



March 2021

Doing Buses Differently:

**Consultation and qualitative
research on the impact of
Covid-19 on the Proposed Bus
Franchising Scheme for
Greater Manchester**

Summary report

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Part 1

The context and need to consult

1 The context and need to consult

1.1 Background

On 15 October 2019 Greater Manchester Combined Authority (GMCA) launched a consultation on its Proposed Franchising Scheme.¹ Ipsos MORI was appointed by GMCA to manage and report on responses to this consultation, as well as conduct and report on qualitative research around the proposals. Two independent summary reports were produced by Ipsos MORI as part of this process. The first consultation closed on 8 January 2020 and received over 8,500 responses. The responses to the consultation were then analysed and reviewed in the context of the Proposed Franchising Scheme.

Transport for Greater Manchester (TfGM) prepared a report setting out its response to the consultation feedback and that report, alongside the Ipsos MORI reports referenced above, was noted by GMCA on 26 June 2020. GMCA then noted that before a final decision could be made, the potential impact of Covid-19 on the bus market and Proposed Franchising Scheme should be considered.

A report (the Covid-19 Impact Report) was therefore prepared by TfGM on behalf of GMCA which considered the potential impact and effects of Covid-19 on the bus market in Greater Manchester, the options considered in GMCA's assessment ((which alongside the Proposed Franchising Scheme included partnership options and a Do Minimum scenario of making no change to the current system) and the recommendation that the Proposed Franchising Scheme remained the best option for reforming the bus market in Greater Manchester.²³

1.2 The consultation

Given the potential impact of Covid-19 on the Proposed Franchising Scheme, GMCA decided to run a further consultation with supporting qualitative research. The consultation ran from 09:00 on 2 December 2020 to 23:59 on 29 January 2021. The wider context around Covid-19 at the time of the consultation should be noted as it may have influenced the comments received from participants. This consultation coincided with a second wave of the Covid-19 pandemic and a national lockdown, with tiered restrictions applying to Greater Manchester in late 2020. This meant that schools and non-essential shops were closed and the workforce were instructed to work from home if it could. The vaccination programme commenced prior to the end of the consultation.

Participants could choose to complete a questionnaire, which contained 12 questions and was available online⁴ and via hard copy. Participants could also take part in the consultation via email, by letter in the post or via a recorded phone message (instead of completing a questionnaire).

Ipsos MORI was commissioned by TfGM on behalf of GMCA to analyse responses to the second consultation, to undertake qualitative research and to prepare an independent report of the findings. This document contains a summary of the comments that were received through the consultation and the qualitative research.

¹ <https://tfgm.com/future-travel/bus>

² <https://greatermanchester-ca.gov.uk/media/4016/tfgm-Covid-19-impact-on-bus-franchising-report-final-191120-1936-amended-060121.pdf>

³ The report is not a new Assessment of the Proposed Franchising Scheme. It considered the potential impact and effects of Covid-19 on the bus market in Greater Manchester and how they may affect the key conclusions of the Assessment.

⁴ During the consultation period, the electronic versions of the questionnaires could be obtained via the consultation page of the GMCA website <https://www.gmconsult.org/>. Paper copies of the questionnaire were made available in designated public buildings in Greater Manchester and could also be downloaded from the GMCA website.

1.3 Scope of the consultation

The consultation asked for comments on the potential impact of Covid-19 on a number of aspects of the Proposed Franchising Scheme. It asked about the scenario-based approach which was used to illustrate a wide range of potential longer-term outcomes for travel demand in Greater Manchester and whether the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19 (the Strategic Case).

It went on to ask about the impact on the Economic, Commercial, Financial and Management Cases, which formed part of GMCA's Assessment of the Proposed Franchising Scheme. Questions were also asked about any potential modifications to the Proposed Franchising Scheme before participants were asked whether they support or oppose the Proposed Franchising Scheme and whether they agree if it is the right time to go ahead with the proposal.

Finally, participants were also asked whether they participated in the previous consultation and how, if at all, their view had changed. Please see Appendix B for full details of all questions that were asked in the questionnaire.

The qualitative strand of the research was commissioned to explore the range of attitudes and opinions of residents in Greater Manchester. Unlike the consultation, where participants are self-selecting, participants in the qualitative research were free found, approached and recruited by Ipsos MORI. The focus was on both users and non-users of bus services and the recruitment was designed to ensure representation from individuals who use the bus for different purposes (e.g. commuting, education, shopping, night services) but also those who had changed their mode of transport or travel patterns as a result of the pandemic. This broad range of participants enabled distinctions to be drawn between the views of different kinds of bus users, lapsed users and non-users.

The qualitative research activities focussed specifically on the scenario-based approach to illustrate a wide range of potential longer-term outcomes for travel demand in Greater Manchester and whether the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19. Conversations then progressed to discuss the Strategic, Economic and Financial Case conclusions in light of Covid-19, before considering the timing of the proposal. At points within the discussions, participants were also asked whether at an overall level they supported or opposed the Proposed Franchising Scheme.

Please see Appendix I and J for full details of the qualitative discussion guides and supporting materials.

1.4 Report structure

This report has been divided into 17 chapters plus appendices:

- The first three chapters cover the background and objectives of the consultation and qualitative research exercise, including how the consultation and qualitative research activities were carried out, the number of participants, who responded via the various response channels, and how the responses were analysed and reported on;
- Chapters 4 to 15 include a summary of the main themes received across the consultation, both in response to each question posed in the consultation questionnaire and from email submissions via the official response channels;

- Chapters 6 to 9 and Chapter 15 also include a summary of the main themes to come out of the discussions as part of the qualitative research activities;
- Chapter 16 summarises comments received across the consultation about the consultation process, both positive and negative; and
- Chapter 17 details and summarises late responses to the consultation, which are presented for completeness but have not been analysed within the codeframe framework applied to other, 'on time' responses.

The appendices include a participant profile, a list of stakeholder organisations that responded to the consultation, a copy of the consultation questionnaire, qualitative research materials, the full consultation codeframe and technical details on the coding and analysis process. The data tables are available under separate cover.

1.5 Reading the report

The responses set out in this summary report are based on the comments that members of the public and stakeholder organisations made in their responses to the consultation and, for members of the public only, qualitative research activities. Each section presents an analysis of the most commonly mentioned themes for each of the questions in the questionnaire and explores in more detail responses from members of the public and other stakeholder organisations (including those which were classified as statutory consultees in the previous consultation). Where relevant, findings from the qualitative activities are summarised and included.

On a question by question basis, the sections firstly summarise the key themes raised by stakeholder organisations. These stakeholder organisations have been classified into sub-sections, which are presented in alphabetical order (e.g. academics, bus operators etc.). Within each category there are a number of stakeholder organisations which were statutory consultees in the previous consultation – these have been presented first under each categorisation, followed by the others. Finally, local authorities and bus operators have been grouped together depending on whether they are Greater Manchester authorities or, in the case of operators, serve Greater Manchester.

The chapters then summarise the key themes raised by members of the public firstly in response to the consultation and secondly via the qualitative research exercises (combining the in-depth interviews and the deliberative sessions as responses from both sets of participants were similar). These have been broadly categorised into three sections:

1. Positive comments about the subject of the particular question, including qualitative insights where relevant;
2. Negative comments about the subject of the particular question, including qualitative insights where relevant; and
3. Alternative/additional suggestions such as proposals for a change or additional factors that should be taken into account (including any qualitative insights if relevant).

There are also examples of other comments (i.e. which are neither positive nor negative, nor which contain a suggestion) which have also been made.

It should be noted that some stakeholder organisations, whilst submitting a free text, email/letter response (i.e. as opposed to completing it online via the questionnaire) were nevertheless explicit as to their response to each question in the questionnaire. Where it is therefore clear that a particular response has been given to a certain question, the content of that response is summarised under the relevant question number against which it was intended. This can sometimes lead to themes being raised which might fit better under alternative chapters – however, they have been reported as submitted.

Furthermore, if a stakeholder organisation did not provide a response to a particular question, then these stakeholder organisations will not be included in the relevant section of the report. Similarly, where there is not an associated chapter relating to the qualitative findings it means that there is no relevant content from these activities to summarise.

Comments have been reported as provided. Some participants may comment on a range of issues concerning buses in Greater Manchester, whilst others may have raised themes which are inconsistent with the details provided in the accompanying Consultation Document and Covid-19 Impact Report. However, all comments received have been taken at face value and themed based on the contents of the submission - no action has been taken to change or amend any comments which may not be factually correct or accurate. Further details of how responses were analysed, including their interpretation are included in Chapter 3 of this report.

Finally, the report summarises the key themes mentioned – it is not an exhaustive record of each and every point raised by every participant in the consultation. The accompanying codeframe (see Appendix D) is an analytical framework within which each response has been recorded. All themes are presented in the codeframe and this supplements the summary themes presented in this report.

2 The consultation process

2.1 Publicising the consultation

The consultation was delivered by TfGM on behalf of GMCA. GMCA and TfGM publicised the consultation, working with the ten Greater Manchester Councils, to raise awareness of, and encourage participation in, the consultation across a range of channels. A full overview of this activity is available from GMCA and TfGM and did not involve Ipsos MORI.

2.2 Consultation response channels

The Consultation Document, Covid-19 Impact Report and response form were available to download from the GMCA website.⁵ Documents from the original consultation were also available to download, including the Ipsos MORI and GMCA's consultation reports, as well as the Assessment. Hard copies of all materials were available on request by telephone and email, and the consultation document and questionnaire were also available in hard copy in Travelshops across Greater Manchester.

A number of response channels were set up so participants could provide feedback on the proposals. These response channels were:

- An **online response form** on the dedicated response platform setup for the consultation, which could be accessed via the consultation webpage. It contained 12 questions and some additional demographic/classification questions. GMCA and TfGM created the response form and advice and recommendations were provided by Ipsos MORI on initial drafts. All recommendations were considered with final judgement made by GMCA and TfGM on question wording and content. The content of the response form is shown in Appendix B;
- **PDF versions of the response forms** that could be downloaded from the consultation webpage. This could be completed electronically and submitted via email, or it could be printed out and sent as a hard-copy response through the post;
- A **freepost address** (FREEPOST GM Bus Consultation) was provided in the consultation documents to enable members of the public and organisations to post their response, either as a completed response form or a letter;
- A dedicated **consultation email address** (gmbusconsultation@ipsos-mori.com) was set up to enable people to respond via this method if they preferred; and
- A **freephone telephone number**, which received two responses which were transcribed and included as official responses. The option of a language line facility for non-English speakers was also available.

These response channels were all managed by Ipsos MORI on behalf of GMCA.

All responses dated and received within the consultation period were analysed and are summarised in this report. No postal responses were received after the closing date.

⁵ <https://www.gmconsult.org/strategy-team/greater-manchester-bus-consultation/>

In addition, some responses to the consultation were sent through other channels. Where such correspondence was received during the advertised consultation period, it was forwarded to Ipsos MORI by GMCA and TfGM. Any such correspondence received by GMCA and TfGM within the consultation period was processed and included within the consultation analysis where considered to be a consultation response.

Responses received after the consultation closed were not analysed by Ipsos MORI but forwarded to TfGM on behalf of GMCA to consider as appropriate. A record of those responses is included in this report at Chapter 17.

2.3 Number of responses to the consultation

In total, 4,017 participants submitted a response to the consultation. The responses were received through a number of channels, as set out in Table 2.1.

Table 2.1: Responses received to the consultation by response channel and consultee type

Response channel	Members of the public	Stakeholder organisations incl. previous statutory consultees	Overall total
Online response form	2,291	22	2,313
Paper response form	9	0	9
Email (including campaign emails)	1,652	41	1,693
Whitemail ⁶	2	0	2
Total	3,954	63	4,017

Of those who responded to the consultation, 3,954 were from individual members of the public, and 63 were from stakeholder organisations (including elected representatives). Stakeholder organisation responses are responses sent on behalf of wider groups rather than individual members of the public. Examples of stakeholder organisation responses include those from bus operators, local authorities and charities. These stakeholder organisations were also sub-categorised by TfGM into two groups:

1. Those organisations which were classified as statutory consultees in the previous consultation; and
2. All other organisations (or individuals responding in an official capacity) providing a response.

A full list of organisations can be found in Appendix E of this report. It should be noted that bus operators are split between the two groups outlined above depending on whether they currently run services in Greater Manchester.

⁶ Responses submitted by post not using the response form structure (letters, reports etc).

2.4 Campaign and petitions

Of the responses in Table 2.1 above, 1,431 of the email responses received were categorised by Ipsos MORI as campaign responses. It is common in high profile public consultations for interest or campaign groups to ask their members, supporters and others to submit responses conveying the same specific views. An organised campaign is defined as *a co-ordinated approach by an individual or organisation to facilitate others into submitting responses*. The outputs may include, but not be limited to, printed response postcards, suggested response text provided on a campaign website, or leaflets and reproduced response forms. Where such identical/near identically worded responses have been received these have been treated as organised campaign responses.

The very nature of many campaigns makes submitting a response to a consultation relatively easy. Those responding through a campaign are provided with suggested text to use for each question. They are not asked to articulate their reasoning behind their opinion as a verbatim response within a specific field, nor do they have to submit a bespoke response in the form of a letter or report etc. Campaign responses are therefore presented separately in Chapter 5.

2.5 Late responses

There were 23 responses received after the closing date, including from Stagecoach. The details of these responses have not been included in the consultation response analysis and are summarised separately in Chapter 17 of the report.

2.6 Qualitative research activities

This section summarises the approach to the qualitative research, including timings, recruitment of participants and the development of materials.

2.6.1 Summary of activity

Qualitative research was commissioned to engage a wide range of members of the public who are resident within Greater Manchester. It was a combination of a deliberative workshop among Greater Manchester residents and depth telephone interviews with those aged 70 years plus. The latter was considered necessary because it is widely recognised that individuals within this older age group are less likely to be digitally connected and therefore may not readily take part in the online deliberative workshop.⁷

The workshop was considered the best method because of the complexity of the subject matter – deliberative workshops are longer than focus groups (which are generally 90 minutes in length) and can therefore accommodate presentations, Q&A sessions and discussions in one event.

The workshop was split over two three-hour sessions and was conducted with 45 individuals who were a broad representation of Greater Manchester residents. The two-stage workshop was held on Tuesday 19th and Saturday 23rd January. These were both hosted on Ipsos MORI's Zoom account. The workshop participants were sent a copy of the slides which were presented prior to the day (see Appendix G for a copy of these materials).

In total, eight telephone interviews were conducted with residents of Greater Manchester aged 70 years and older, between 6th and 14th January. In qualitative terms, this number of interviews is sufficiently

⁷ It should be noted that as part of the 2019 consultation exercise focus groups were conducted with young people between 11 and 18 years of age, however the discussions were fairly limited due to the complexity of the subject matter. It was therefore felt that extending the discussion to consider the impacts of Covid-19 would be another layer of complexity which would not be appropriate for this target audience.

large to identify key themes from a relatively homogenous sub-group of the population. Interviewees were sent an information pack about the consultation which the interviewers talked through during each interview (see Appendix G for a copy of these materials).

2.6.2 Recruitment

All participants were recruited by Ipsos MORI's specialist recruiters. A purposive sampling approach was adopted, whereby key quotas were set, and participants were recruited according to these using a screening questionnaire.

For both the interviews and the deliberative workshops, minimum quotas were set for key demographic criteria including gender, age, ethnicity, disability, area of Greater Manchester in which they resided, social grade, type of bus user, travel preferences and whether they had access to a car.

A full profile of participants for both the deliberative workshop and the telephone interviews can be found in the Appendix G.

2.6.3 Structure of the materials

A discussion guide was developed for the telephone interviews and the deliberative workshop. These detailed the timings and questions for each discussion point. These discussion guides were developed in consultation with TfGM. They focussed on some of the core questions included in the consultation questionnaire, specifically concerning the scenarios used to consider the potential impact of Covid-19; the Strategic Case, the Financial Case and the Economic Case, including current public sector funding and future funding sources and whether now is the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme.

The full discussion guides are included in Appendix G.

2.6.4 Voting in the deliberative events

Participants in the deliberative workshops were asked to record their response to the following question (from the consultation questionnaire) at the end of each session: *'To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?'* Participants were given five response options – strongly support, tend to support, neither support nor oppose, tend to oppose or strongly oppose.

The purpose of the votes was to assist the Ipsos MORI moderators when prompting participants' reaction and to use any change in opinion as a lead in to probing what specific piece of information as part of the discussion had changed their minds from the beginning of the session. It also allowed moderators to probe why participants had not changed their minds as they were presented with new and additional information about the Proposed Franchising Scheme and Assessment in light of Covid-19. Where specific detail led to a variance in opinion this is summarised in the relevant sections of the report.

However, the overall voting (in terms of numbers who voted for each option) is not reported as quantifying support or opposition for the Proposed Franchising Scheme as this was not its purpose.

A summary of the voting scores is included in Appendix G for reference.

3 Methodology/process

3.1 Receipt and handling of consultation responses

The handling of consultation responses was subject to a rigorous process of checking, logging and confirmation to ensure a full audit trail. All original electronic and hard copy responses were securely filed, catalogued and given a serial number for future reference, in line with requirements of the Data Protection Act (2018), and General Data Protection Regulations (GDPR).

3.2 Analysis of consultation responses

The consultation questionnaire was made up of predominantly 'open' questions because GMCA wanted to get the fullest possible understanding of participants' opinion on the Assessment in the light of the Covid-19 Impact Report across the five cases in the Assessment, on the Proposed Franchising Scheme, and on whether or not the Mayor should approve such a scheme.

Responses received via the consultation questionnaire were analysed according to the question number they were responding to. For those who provided comments via email or letter (and so not in the questionnaire format), their comments were attributed to the relevant questions in the questionnaire. This meant for example, that if a bus operator completed their response via email and made comments about the scenario-based approach, it was analysed alongside responses to question one in the questionnaire. The full questionnaire can be found at Appendix B.

While most questions were open questions, two closed questions were also asked in the main questionnaire (in addition to the classification/demographic questions). One question asked whether participants had responded to the previous consultation, and was followed up with an open question about whether their previous opinions had changed or not (based on the impact of Covid-19 on the Proposed Franchising Scheme). The second question measured levels of support or opposition to the introduction of the Proposed Franchising Scheme. Please note that these questions were not answered directly by those who submitted a response not on the response form (i.e. by email/letter etc.), but their responses were coded accordingly (see further details on coding below).

Coding of open question and free text responses

The process of analysing the content of each response was based on a system where unique summary 'codes' are applied to specific words or phrases contained in the text of the response. These codes include a sentiment, in this case whether a comment was positive or negative,⁸ although it is important to note that participants can make both positive and negative comments in a single response, which explains why the figures for positive and negative comments given in the tables throughout this report may not be equal to the total number of respondents. A number of responses also contained suggestions, and these have been prefixed as such in the codeframe. The application of these summary codes and sub-codes to the content of the responses allows systematic analysis of the data.

Ipsos MORI developed an initial coding framework (i.e. a list of codes to be applied) based on the text of the first responses received. This initial set of codes was created by drawing out the common themes and points raised. The initial coding framework was then updated throughout the analysis process to

⁸ The previous consultation used favourable and unfavourable in the sentiment analysis. For this consultation favourable has been replaced by positive and unfavourable has been replaced by negative.

ensure that any newly emerging themes were captured. Developing the coding framework in this way ensured that it would provide an accurate representation of what participants said.

Ipsos MORI used a web-based system called *Ascribe* to manage the coding of all the text in the responses. Ascribe is a system which has been used on numerous large-scale consultation projects, including the previous consultation on the Proposed Franchising Scheme for GMCA. This has ensured a consistent analytical approach has been applied to this consultation.

Responses were uploaded into the Ascribe system, where members of the Ipsos MORI coding team then worked systematically through the comments and applied a code to each relevant part(s) of them.

The Ascribe system allowed for detailed monitoring of coding progress and the organic development of the coding framework (i.e. the addition of new codes to new comments). A team of coders worked to review all the responses as they were uploaded to the Ascribe system. All coders received a thorough briefing about the objectives and scope of the consultation before they could undertake analysis of responses. It was also necessary for coders to have read the Consultation Document before undertaking their analysis of responses.

To ensure that no detail was lost, coders were briefed to raise codes that reflected what was being said in responses. Some of these were then collapsed into a smaller number of key themes at the analysis stage to help with reporting. During the coding process, weekly meetings were held with the coding team to ensure a consistent approach in raising new codes and to ensure that all additional codes were appropriately and consistently assigned.

To check and ensure consistency of coding, at least 10% of coded responses were validated by the coding supervisor team and the executive team, who checked that the correct codes had been applied and made changes where necessary. In addition to this, TfGM also validated 10% of all coded responses and provided feedback or actions to the coding supervisor team where applicable.

Coding of re-submitted responses and attachments

As part of their response to this consultation, some participants re-submitted their previous consultation response, either in part or in its entirety. Where it was simply re-submitted as a document in its entirety, such responses have already been fully considered as part of the previous consultation and therefore were not re-analysed using the coding framework applicable to this consultation. Responses which contained parts of participants responses to the previous consultation embedded in their response to this consultation were coded.

Other responses also contained detailed attachments, which constituted evidence submitted in its entirety (e.g. external reports etc.) which were appended to a response. Where such attachments were considered to include a core element of a bespoke response to the consultation, they were fully analysed within the same analysis framework (codeframe) as other responses. However, where such attachments represented references to external evidence they were not analysed in full using the coding framework applicable to this consultation and were logged and passed on to TfGM/GMCA for consideration. This followed the same approach as the previous consultation.

3.3 Interpreting the consultation findings

A consultation is a valuable way to gather opinions about a topic, but there are a number of points to bear in mind when interpreting the responses received. While consultations are open to everyone, participants are self-selecting and certain categories of people may be more likely to contribute than

others – this consultation is no exception and it means that the responses can never be representative of the population as a whole, as would be the case with a representative sample survey.

Typically, with any consultation, there can be a tendency for responses to come from those more likely to consider themselves affected and more motivated to express their views. Responses are also likely to be influenced by local campaigns.

It must be understood, therefore, that the consultation, as reflected through this report, can only aim to catalogue the various opinions of those who have chosen to respond to the consultation. It can never measure the exact strength of particular views or concerns amongst the wider general public and all organisations and elected representatives, nor may the responses have fully explained the views of those responding on every relevant matter. It cannot, therefore, be taken as a comprehensive, representative statement of opinion.

Although Ipsos MORI's analysis is qualitative in nature, it can be valuable to understand how frequently particular points were made. The frequency of mentions for each code are shown in the codeframe (see Appendix D) and have been used to guide the content of this report, with the most frequently mentioned themes taking greatest prominence in the narrative. Each code also has a sentiment, be it positive or negative (or neutral – referred to as 'general'). The nature of a consultation (i.e. qualitative) means that a quantitative summary of the number of positive and negative responses to any particular question should not be a primary piece of analysis – it is the case that all responses should be duly considered in full. However, it can sometimes help to provide an overview of sentiment of responses to a particular question, and therefore a number of summary tables have been produced in Appendix F which summarise the proportion of positive and negative comments received on a question-by-question basis. It is, however, the codeframe which provides the principal analytical record of every theme mentioned in the report and this should be used to supplement the key themes included in the chapters of this report.

While the chapters do draw out the variations between the different audiences, it is important to note that responses are not directly comparable. Participants will have chosen to access differing levels of information about the proposals. Some responses are therefore based on more information than others and may also reflect differing degrees of interest and understanding across participants.

It is important to note that the aim of the consultation process is not to gauge the popularity of the proposal; rather it is a process for identifying new and relevant information that should be taken into account in the decision-making process. All relevant issues are, therefore, considered equally, whether they are raised by a single person or a majority. A consultation is not a referendum.

Finally, while 4,017 participants responded to the consultation, it is worth bearing in mind that relatively small numbers commented specifically on the questions about many of the Cases. A bigger response was received to the Strategic Case question (see Chapter 7), partly because a large number of general comments, which were in the remit of the Strategic Case but not provided directly in response to the relevant question, were allocated to it during the coding process.

3.4 Defining organisational responses including statutory/non-statutory consultees

The questionnaire asked participants to indicate whether they were responding on behalf of an organisation/group, or as an individual. Those who said they were responding on behalf of a group or organisation were generally classified as a stakeholder organisation, unless it was clear from their response that they were actually members of the public (for instance, those who stated that the group they represented was their family).

Those who responded on behalf of an organisation or group were classified as stakeholder and organisation responses. As referenced previously, such responses were sub-categorised by TfGM into those which were classified as statutory consultees in the previous consultation and all other organisations (or individuals responding in an official capacity) providing a response. Bus operators were split across previous statutory consultees if they were current Greater Manchester operators, and other stakeholder organisations if they were not⁹.

The questionnaire asked stakeholder organisations to indicate the category of organisation they felt best described themselves from a pre-determined list. For the purposes of consistency of reporting, Ipsos MORI has occasionally chosen to reallocate stakeholder organisations to a different category to the one that they self-selected. However, participants' own selections have been largely respected. Stakeholder organisations that responded by email or letter were allocated to categories by TfGM to the best of its judgement. Such classifications were the same as the classifications used for the same stakeholder organisations in the previous consultation.

A full list of the organisations that took part, including those classified as statutory consultees in the previous consultation can be found in Appendix E.

3.5 General public responses

Those who said they were providing their own response in the online and paper response form were generally classified as members of the public, unless it was clear from their response that they were responding on behalf of a group or organisation (i.e. they self-identified as such on the tick-box question on the response form). While no individual responses were reclassified as stakeholder, five participants identifying as stakeholder organisations were reclassified as individual participants. Those who responded by email or letter (i.e. not by use of the online response form) were classified as members of the public, unless it was clear that they were responding on behalf of an organisation or group.

3.6 Organised campaign responses and petitions

Where identically worded responses have been received, or those that contain text that has been centrally supplied by an organisation to be subsequently used in a response (and then sometimes added to), these have been treated as organised campaign responses. Two organised campaign responses were received and reported on:

1. The 'Better Buses for Greater Manchester' campaign; and
2. The 'Your Buses' (Rotala PLC) campaign.

Full details of the campaign and petitions received are included in Chapter 5.

3.7 Qualitative research activities

The depth interviews and deliberative workshops were recorded using OBS Studio software. The depth interview recordings were subsequently transcribed, whereas the deliberative workshops were also recorded by note takers who were present at the sessions, and subsequently provided detailed notes of the conversations. The moderators then used these transcriptions to populate an Excel spreadsheet under key headings to help facilitate the analysis.

⁹ It should be noted that Stagecoach submitted a late response which has been summarised in Chapter 17

3.7.1 Interpretation of findings

When considering these findings, it is important to bear in mind what a qualitative approach provides. It explores the range of attitudes and opinions of participants in detail. It provides an insight into the key reasons underlying participants' views. Findings are descriptive and illustrative, not statistically representative of a wider population. Often individual participants hold somewhat contradictory views – often described as 'cognitive dissonance'.

Participants were also provided with information to help them make informed judgements. In the case of the deliberative workshop participants, this information was very detailed, for the depth interviews, less so; however, a certain amount of baseline information about the Proposed Franchising Scheme was provided, so their views are perhaps more informed than other members of the general public.

3.7.2 A note on illustrative quotations

The report presents direct quotations from the qualitative research to illustrate key points.¹⁰ Where possible, all quotes have been attributed with the participants' gender, age and local authority in which they live.

¹⁰ Illustrative quotations from consultation responses have not been included in this report.

Part 2: Analysis of responses

4 Overall opinion of the Proposed Franchising Scheme and general Covid-19 comments

4.1 Introduction

Participants were asked for their comments about their support for or opposition to the introduction of the Proposed Franchising Scheme, together with their reasons and any other comments they had.¹¹ This chapter summarises the responses received across the consultation in response.

Please note that this section is a summary of the main themes emerging from the comments – a complete summary of all themes can be found in the codeframe in Appendix D.

4.2 Overall support and opposition for the Proposed Franchising Scheme

The overall weight of opinion from those who participated in the consultation was in support of the Proposed Franchising Scheme. The majority of participants who responded using the consultation questionnaire were both supportive of the Proposed Franchising Scheme and/or followed their response with positive comments. Participants could also submit their response via email or letters, and this was the case for many of the incumbent bus operators. As detailed throughout the report, incumbent bus operators who responded via email tended to be opposed to the Proposed Franchising Scheme and advocated alternative options, such as a partnership.

The table below summarises the number of participants who responded using the consultation questionnaire¹².

Table 4.1 Support and opposition for the Proposed Franchising Scheme					
Q11a. To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?	Strongly support	Tend to support	Tend to oppose	Strongly oppose	Net support +/-
All who provided a response (2,315)	1,260	388	75	234	+1,339
Member of the public (2,293)	1,245	382	75	234	+1,318
Stakeholder organisations (22)	15	6	0	0	+21
Previous statutory consultee (11)	8	2	0	0	+10
Other (11)	7	4	0	0	+11

The majority of those who responded using the questionnaire indicated their support for the Proposed Franchising Scheme (1,648). Of those participants who were supportive, most expressed strong support for the Proposed Franchising Scheme (1,260) while others tended to support it (388).

¹¹ Q11a. To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?

Q11b. Why do you say this?

¹² Participants were offered six options of which only four are summarised in Table 4.1, the other two being 'Neither support nor oppose' and 'Don't know'

Fewer participants were opposed overall (309), but the majority of those were strongly opposed to the introduction of the Proposed Franchising Scheme (234) and fewer tended to oppose (75). Some participants, particularly stakeholder organisations, submitted their response via email, letters, and/or reports meaning their views are not captured in the table above. However, the sentiment from those responses were coded as positive or negative accordingly.

923 participants also left general comments about Covid-19; 85 left suggestions about Covid-19. Some participants left both.

Table 4.2 General comments and suggestions received about Covid-19¹³

	Number of participants who made general comments	Number of participants who made suggestions
All who provided a response (938)	923	85
Member of the public (891)	876	77
Stakeholder organisations (47)	47	8
Previous statutory consultee (26)	26	5
Other (21)	21	3

Following the closed question, participants were asked to explain the reason(s) for either supporting or opposing the introduction of a Proposed Franchising Scheme.¹⁴ This chapter summarises the main themes emerging from these responses.

4.3 Summary of stakeholder organisation responses

Where a stakeholder organisation has been explicit in its support or opposition to the Proposed Franchising Scheme, this is recorded in the summary of the response. However, most stakeholder organisations made a range of more nuanced points in their submissions and declarations of overall support and opposition were not always immediately obvious (e.g. they may have supported some aspects but been neutral or opposed others). Where this is the case, the summaries directly reflect the key points made rather than interpret an implied overall position of support or opposition.

Also, in some responses, stakeholder organisations expressed their support or opposition to the Proposed Franchising Scheme without necessarily explaining why they held this view. The summaries are therefore reflective of this and additional detail has been included to explain where it was provided.

These submissions are from those organisations which identified themselves as organisations or as responding in an official capacity rather than members of the public, and therefore represent a considered organisational view. They include statutory consultees from the first consultation.

¹³ Participants could make both general comments and suggestions about Covid-19 in a single response. For these reasons, the totals for each column do not equate to the base.

¹⁴ Q11b. Why do you say this?

Previous statutory consultees

Bus Operators (currently running services in GM)

- **First Manchester Ltd** outlined three principal grounds for objecting the Proposed Franchising Scheme:
 - It stated the total cost of the project did not deliver any immediate customer benefits and payed for a continuation of declining bus patronage, leaving the network vulnerable to further deterioration during the transition period. It also felt the Proposed Franchising Scheme was flawed in other ways such as the time taken to deliver the change in structure, time needed for implementation, and the need for costs to be underwritten by taxpayers in unfavourable economic conditions;
 - It questioned how it was possible for GMCA to sensibly plan for the medium to long-term when so many factors relating to such fundamental changes to the bus network were uncertain or in flux due to Covid-19; and
 - It stated that based on the principles of Mayoral control of the bus network (i.e. best value, relative simplicity and low cost to introduce and rapid realisation of public benefits) a local partnership option, as set out in its letter of 7 January 2020 would remain the best option going forward and that it would warrant a trial.
- **First West Yorkshire Ltd** did not think that the pursuit of franchising (at any time) would be beneficial. The organisation believed that the timing was inappropriate as the focus should be on recovery post Covid-19. It considered that a local partnership was the better option for a variety of reasons, such as it providing the best value to local tax payers, simplicity, speed and customer benefit.. It also commented that the last updated paper from GMCA on the subject in the Summer of 2020 was 'significantly' out of date.
- **Go North West Ltd** stated that the Proposed Franchising Scheme contained major flaws, and that it would not be the right time to introduce major changes as proposed. It believed that the planned implementation of the Proposed Franchising Scheme had significant shortcomings, and that the Covid-19 Impact Report did not properly reflect the impacts of the pandemic. Instead, Go North West Ltd suggested an amended proposal to address its concerns:
 - An Economic Recovery Partnership which focused on collaboration to ensure the recovery of public transport from Covid-19 in Greater Manchester. It felt this would ensure market stabilisation and help prepare for franchising in the long term. It also felt it would provide GMCA with greater say in the running of buses and an incentivised environment for operators in the pre-franchising period;
 - A package of Direct Award franchise contracts beyond the initial recovery period to mitigate against the risks and shortcomings identified with execution of the Proposed Scheme. Which it stated would achieve GMCA's ambition for the bus market, but avoid time delays, financial and operational dangers otherwise inherent in transition; and
 - A further review of the case for Proposed Franchising Scheme when the impacts of the Covid-19 pandemic and the baseline are more certain to ensure value for money, with a fair and equitable comparison against alternative models. It stated that the direct award

environment provided a test for contracted services, in readiness for the transition to full franchising.

- **Rotala PLC** strongly opposed the introduction of the Proposed Franchising Scheme at this time. It believed that it is unlawful, irrational and premature for GMCA to decide to proceed now and it commented that it had applied to judicially review the decision to continue the consultation process. It cited evidence which was reviewed in the Covid-19 Impact Report and the 'limited data' that has been provided by GMCA, which it believed shows that the Covid-19 Impact Report is 'fundamentally flawed'. It reiterated its position that a decision should not be made whilst the long-term future of the bus network is unclear.
- **Transdev Blazefield Ltd** supported the Proposed Franchising Scheme, but also commented that in any event that it would be happy to work with TfGM and GMCA under whatever structure was adopted.
- **Warrington's Own Buses** strongly supported the Proposed Franchising Scheme believing that it would represent an opportunity for business development, with new work and the certainty of revenues built into the contract, as well as clear expectations of bus operators. It was believed that the Proposed Franchising Scheme would provide opportunity for Greater Manchester to have an improved public transport system.

Local Government

Greater Manchester authorities

- **Bolton Council** welcomed the concept of bus reform and the intention of delivering an integrated transport system. It stated that the Proposed Franchising Scheme would offer a good opportunity to make a real difference to connect people to places through modern fleet and a revamped bus transport network across Greater Manchester. It would also create better connectivity, reduce CO₂ emissions and provide affordable and sustainable travel choices.
- **Bury Council** supported the Proposed Franchising Scheme as the most appropriate model to drive through meaningful bus reform for the Greater Manchester region. The Council stated that the Proposed Franchising Schemes would provide the greatest opportunities to implement the necessary changes to bus to bring about meaningful, long-lasting improvements to the public transport system within Greater Manchester, similar to those enjoyed by London and other international major cities. It believed that integrated ticketing, real-time information systems, route protection, service standards, and improved fleet and development of the bus network would be best served by adopting this proposed scheme.
- **Manchester City Council** strongly supported the Proposed Franchising Scheme for the reasons set out in the Council's response to the original consultation (which was repeated in the current consultation response).
- **Oldham Council** also strongly supported the Proposed Franchising Scheme and believed that it was the most effective option to enable the bus network in Greater Manchester to be planned as part of a single integrated public transport system.
- **Rochdale Borough Council** stated that reforming the Greater Manchester bus market was the right thing to do to address the challenges being faced in light of the Covid-19 pandemic. It

argued that deregulation had failed to deliver the consistency and quality of bus services across the network, and that a franchised model would give the public sector control over standards of service, fares, frequencies and vehicle quality. It stated that these attributes were key to providing attractive, affordable and effective bus services.

- Despite the uncertainty due to Covid-19, **Salford City Council** felt that a franchised model for buses offered the best opportunity to improve connectivity across Greater Manchester. It felt that a partnership would not be able to deliver an integrated solution or realise the full range of benefits to the public. It also referred to plans outlined in its Bus Network Review and hoped for close collaboration with TfGM in order to incorporate these plans into the future bus network.
- **Stockport Metropolitan Borough Council** was supportive of the Proposed Franchising Scheme and would welcome early engagement and dialogue with TfGM to review opportunities around realising benefits sooner, increasing community and Council involvement, and supporting cross-boundary services.
- **Tameside Metropolitan Borough Council** strongly supported the Proposed Franchising Scheme.
- **Trafford Council** was a strong supporter of the Proposed Franchising Scheme and considered that a core rationale for franchising had remained. It believed that the problems of climate change, air quality and economic inequality had remained significant challenges, and that such aspects would be easier to address with a better system of public transport. In the opinion of the Council, the Proposed Franchising Scheme would appear to be the best means of meeting those challenges.
- **Wigan Council** stated that subject to further discussions with TfGM and GMCA at the appropriate times around routes, timetables, fares, standards and the means of funding, it was supportive of the Proposed Franchising Scheme in Greater Manchester. It mentioned that in principle the Proposed Franchising Scheme had the potential to benefit every person that lives and works in Wigan Borough.

Neighbouring authorities

- **Blackburn with Darwen Borough Council** tended to support the Proposed Franchising Scheme. It stated that the Council was in agreement on the key objective relating to the preservation of cross-boundary bus services that provide access to employment, leisure and services in Greater Manchester. It also welcomed the assertion that GMCA would seek to maintain cross-boundary services working with neighbouring local transport authorities (and operators) to mitigate any adverse impact. The Council also stated that the opportunities to put in place new fares and ticketing arrangements must be taken forward as part of the Proposed Franchising Scheme's development and implementation.

However, the Council stated that it was aware of the adverse impact that the introduction of the Proposed Franchising Scheme could have on local bus services originating outside the Greater Manchester area, it requested to be part of the decision-making process in relation to permitting, and the granting of a permit, either through a benefit to passengers making journeys within the franchise area or not impacting adversely on local franchised services which crossed boundaries.

- **Chorley Council** supported the Proposed Franchising Scheme.
- **Derbyshire County Council** stated that it had no comment to make on the question about support for the Proposed Franchising Scheme. Whilst it mentioned that the final decision to take the Proposed Franchising Scheme forward is one for GMCA to take, the Council stated that it had particular concerns relating to the proposals. The impact of the pandemic on the wider economy and the bus industry in particular is still not understood and that it would be years before this becomes clear. As such, the Council believed that undertaking such a fundamental change at this moment came with significant risk.
- **Lancashire County Council** neither supported nor opposed the Proposed Franchising Scheme as it was outside of its operational area. However, the Council stated that it would wish to reiterate earlier comments about how cross boundary services would be maintained. The Council believed that Covid-19 had had a significant effect on the local bus market, and as such, some difficult decisions might have to be taken in relation to the viability of some bus services in the future.

Other

- While the **Competition and Markets Authority** did not take a position on the overall merits of the Proposed Franchising Scheme, it stated that franchising had the potential to deliver significant benefits through improved coordination of ticketing and complex networks, as well as cost savings through optimal network design. It argued that any benefits should be balanced against the possible costs associated with moving away from on-road competition, including the potential for competitors and assets leaving the local bus market and the impact this may have on passenger choice. The Competition and Markets Authority went on to say that it would be for the GMCA to determine how much weight to place on these various factors given the policy objectives it is seeking to achieve and its knowledge of the local context.
- **Greater Manchester Transport UNISON** strongly supported the Proposed Franchising Scheme. It emphasised the importance of bus services to local communities, and stated that there was an opportunity to transform the market so that it worked for citizens. It stated that franchising was the best available method for the public to take back control of bus services in Greater Manchester, allowing for democratic control of routes, fares and ticketing.
- **Manchester UNISON Branch** also provided strong support for the Proposed Franchising Scheme. It believed that there is no alternative if local bus services are to be improved.
- **The Peak District National Park Authority** mentioned that in recent years there had been a decline in the provision of public transport access to popular visitor destinations within the Peak District National Park. It believed that this had caused issues in managing visitor traffic and parking. It stated that inappropriate parking causes damage to the special qualities of the National Park, as well as leading to obstruction, which in turn negatively impacts on amenity, road safety and access for emergency vehicles. It believed that the increased popularity of the National Park following the easing of the Covid-19 lockdown in May 2020 had worsened this situation.

The organisation also believed that there was a market amongst the residents of Greater Manchester for bus travel to and from the Peak District. It also believed that the overall environmental benefits of delivering such services offered value for money when compared to the

cost of delivering them. As such, the organisation requested that GMCA invests in the provision of bus services that enable its residents to access the Peak District National Park in a way that is good for both the National Park and Greater Manchester.

- **Transport Focus** concluded in its original response that the Proposed Franchising Scheme could deliver key benefits for passengers such as simplified fares and ticketing structures and more unified, real-time information systems addressing key barriers and aspirations. The test of this would be assessing the delivery of such a service. It went on to state that in light of Covid-19 (and although taxpayers may have a differing view) the Proposed Franchising Scheme could still give the best outcome through greater stability and a bigger safety net. However, it also raised concerns around the transition period and the prospect of network deterioration with questions raised about opportunities to support recovery partnerships to best effect.
- **TravelWatch NorthWest** had not changed its supportive view of the Proposed Franchising Scheme, as expressed in its original response to the consultation. On balance the organisation supported the Proposed Franchising Scheme, but it had some concerns about the costs involved. TravelWatch NorthWest wanted franchising to bring a number of benefits for passengers, and these included integrated and multi operator ticketing with simpler and in some cases cheaper fares; bus priority measures to improve journey times; ability to cross subsidise to maintain less used but socially essential routes; a change in information provision – real time visual and audible information on buses, real time information at bus stations and stops; improved procedures for passenger input including a properly publicised complaints procedure on buses and elsewhere; and, better, more easily available advance information about bus fares. It suggested there was a need for passenger involvement in the creation and operation of franchised bus services.
- **UNISON North West** strongly supported the Proposed Franchising Scheme. It wanted buses to work for passengers and believed that franchising would be the best available method for the public to take back control of bus services in Greater Manchester.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** strongly supported the Proposed Franchising Scheme. It mentioned that the Assessment by TfGM and GMCA showed that franchising would be the most effective way of achieving improvements, which would support both the existing users of public transport, and would be likely to attract new staff and students to the bus market. The University also stated that the Assessment had indicated that the greatest improvements to the bus market would be achieved through investment in improved and additional infrastructure, alongside the Proposed Franchising Scheme. It believed that it was probable that this would remain the best way to reverse falling patronage, and to ensure that buses would be as efficient and effective as possible for transport in Greater Manchester. The University believed that it would be important that investment and infrastructure is delivered to ensure that the full benefits of franchising could be achieved in the future.

Bus Operators (non-GM)

- **Abellio** was supportive because Covid-19 had strengthened the Strategic Case for the Proposed Franchising Scheme. It also firmly believed that the Proposed Franchising Scheme should go

further to deliver greater benefits for passengers, GMCA and the wider society as soon as possible. In its opinion Abellio believed that the deregulated market that had existed prior to Covid-19 was broken and unlikely to return. It did not believe operators were able to put forward a partnership offer and also suggested that direct award contracts may be needed for the transition period, but they should be kept as short as possible.

- It stressed that competition for the market would be critical to ensure value for money, and that bus franchising would allow city regions rather than commercial operators to set the specification in terms of network, fares, ticketing and customer service.

Charity/Voluntary Sector

- The **Caribbean and African Health Network** indicated that it tended to support the Proposed Franchising Scheme, stating that it 'sounded great in principle'. However, the organisation also stated that it was not known how passengers would be directly affected as this was unknown at the time of consultation, and this was explained during a focus group session it had participated in.¹⁵ It also suggested that travel passes for children under the age of 16 years should be free of charge.
- The **Centre for Cities** strongly supported the Proposed Franchising Scheme. It believed that GMCA had demonstrated a clear value for money case for bus franchising over the alternatives in its Assessment. It believed that the Covid-19 pandemic had highlighted the benefits of public control to ensure an efficient bus network, as well as showing the reliance of the bus industry on public sector support.

Elected Representatives

- **Afzal Khan, MP for Manchester Gorton** supported the Proposed Franchising Scheme. Despite uncertainty that the Covid-19 pandemic had placed on society, Mr Khan stated that he considered that the proposal was the best available model to improve bus services in Greater Manchester.
- **Debbie Abrahams (MP for Oldham East and Saddleworth)** supported franchising, which in her view would allow the bus network to be controlled locally by authorities in Greater Manchester. Debbie argued that regional imbalance needed to be addressed and ensure that routes, timetables, tickets and standards are set by the Greater Manchester Combined Authority, instead of individual bus companies.
- **Robert Largan (MP for High Peak)** stated that it was important for his constituents to have a greater say in the future of service bus provision. Robert argued that improvements are needed, with more routes and more frequent services needed.
- In addition to responses from MPs, responses were received from a number of **Greater Manchester** Councillors, all of whom supported the introduction of the Proposed Franchising Scheme.

¹⁵ This session was organised by TfGM as part of its stakeholder engagement programme for the consultation.

Environment, Heritage, Amenity or Community Groups

- **Chorlton Voice (Civic Society)** strongly supported the Proposed Franchising Scheme and believed that it would be better for bus passengers in Greater Manchester. The organisation stated that their members unequivocally supported the proposals for franchising.
- **Community Transport Association** also strongly supported the Proposed Franchising Scheme. In terms of other comments made, the organisation encouraged GMCA to incorporate social value metrics into future franchise contracts. It believed that by prioritising the needs of users when commissioning services, that this would create both social and economic value that would have impacts beyond the collection of fares.
- **Friends of Mill Brow** strongly supported the Proposed Franchising Scheme. It stated that the extensive assessment set out in both the original Consultation Document, and the subsequent Covid-19 update, strongly makes the case for the Proposed Franchising Scheme. It also believed that a fundamental component to delivering an integrated transport system was a prerequisite for any modern city region, and that it would be important to supporting economic recovery post-Covid-19.
- **Recovery Republic CIC** also strongly supported the Proposed Franchising Scheme. Its reasons given for such support included that it thought there would be greater and easier adaptability, and that what was proposed would be more in tune with the needs of younger people.

Health Organisations

- **Manchester University NHS Foundation Trust** was fully supportive of the Proposed Franchising Scheme.
- The **Northern Care Alliance NHS Group** tended to support the Proposed Franchising Scheme. It believed that the Covid-19 pandemic had changed the situation for the bus industry and that this would consequentially create a greater need for a better performing public transport network. However, the organisation also believed that without a very strong commitment to also tackle traffic congestion levels across Greater Manchester and to give the bus a far greater priority than it receives at present, it would be questionable as to whether all of GMCA objectives would be fully achieved by any reform proposal.
- **The Christie NHS Foundation Trust** also tended to support the Proposed Franchising Scheme. It believed that due to the Covid-19 pandemic, the Proposed Franchising Scheme would provide an intervention that would be required to support the long-term recovery of Greater Manchester. However, the organisation believed that the bus network had become focussed on the city centre at the expense of more peripheral areas, and that such a divide could be increased as a result of the pandemic. The organisation was concerned that what was proposed would not in its opinion provide a solution to congestion, and that this issue (as well as increased car ownership) needed to be resolved in a binding commitment of any proposal.

Other

- The **Association of British Commuters** strongly supported the Proposed Franchising Scheme. It believed that deregulation had led to the loss of routes and connectivity, and that it was difficult to navigate what it called 'expensive bus services'. It thought that integrated transport planning and a simplified travelcard across all modes of public transport would be an urgent requirement.

The organisation stated that as it had felt so strongly about reform of the bus market in Greater Manchester, it had made a film about it.

- **Bruntwood** believed that the current bus market needed to be reformed, and in its opinion such reform was 'long overdue'. It thought that the Proposed Franchising Scheme would enable the bus network to be planned as part of an integrated public transport network.
- The **Chartered Institute of Logistics and Transport (NW Region)** offered qualified support for the Proposed Franchising Scheme insofar as the benefits of integration and consistent customer experience were concerned. However, it did not think that these were solely achievable by franchising. It thought that there would be no benefit to users in respect of modal choice, in particular where bus services might be modified to favour trams or trains. It believed that partnership options had been prematurely dismissed.
- **Confederation of Passenger Transport (CPT)** mentioned that 2021 was going to be the most challenging year for bus services within the last 30 years or more. It thought that the proposals risked introducing additional bureaucracy and uncertainty which could only distract from serving passengers and open up bus networks to politicised decision making. As it believed that improving services for passengers should be the top priority, the organisation called for a partnership approach with bus operators as being the best, most efficient way to achieve this. The organisation stated that it strongly urged Greater Manchester to rethink their decision to introduce the Proposed Franchising Scheme. It also proposed that local authorities and bus operators work together under new 'recovery partnerships' to agree the new network, distribution of funding to support it in the short-term and the rapid mobilisation of bus priority measures to sustain it for the long-term. These partnerships would then evolve to longer-term partnership arrangements. It felt such an approach would be more beneficial than focusing on the introduction of a Proposed Bus Franchising Scheme.
- **Greater Manchester Chamber of Commerce** believed that the best option would be a short delay in any final decision until there is more clarity and certainty over the scale and robustness of any future economic recovery. It said that it had seen the City Centre Transport Strategy which contained proposals to remove or displace stops and terminals in the city centre. The organisation felt that this would have a detrimental impact on bus usage and would contradict the ambitions behind the bus reform strategy around easier access, higher frequency and increased patronage. While it was in support of the overall aim to removing unnecessary traffic from the city centre, it thought that this would have to be part of a co-ordinated, managed, strategy that would encourage usage of public transport.
- **Manchester Green Party** strongly supported the Proposed Franchising Scheme, and urged GMCA to proceed with plans to put the Proposed Franchising Scheme into place as soon as possible. The party thought that the bus market in Greater Manchester should be re-regulated to provide an equitable, comprehensive, fairly priced and green integrated transport system across the region. It also stated that the pandemic must not interrupt a move towards providing an integrated green transport policy for Greater Manchester.
- **OneBus** was strongly opposed to the Proposed Franchising Scheme. It advocated that the majority of customer benefits of the Proposed Franchising Scheme could be delivered via a partnership proposal. It thought that a partnership proposal would deliver benefits faster, without transitional customer inconvenience, and without financial risk to GMCA. It stated that with the

potential of post Covid-19 public spending cuts on the horizon, it would be wrong for GMCA to commit to franchising and then find it is no longer affordable.

- **Steady State Manchester** strongly supported the introduction of a publicly controlled bus network, using the franchising method as the best option available under present legislation. It then reiterated the reasons underpinning why it supports a better, publicly controlled bus network.
- **Stockport Green Party** supported the implementation of the Proposed Franchising Scheme. The organisation said it had written to the Mayor of Greater Manchester, urging him to regulate the local bus network. The organisation's view was that regardless of which of the four scenarios cited in the Consultation Document emerges, the Proposed Franchising Scheme would remain the best way forward. It also mentioned that public control of the bus network would make it easier to put in place a network of services, integrated with other forms of transport, including services of social benefit which could be subsidised by more profitable routes.
- **The Trafford Centre** tended to support the Proposed Franchising Scheme. The organisation favoured any future intervention which would allow improved bus services, with particular focus on the early morning and late evening service in line with retail and leisure employment travel demand. Weighing up all options, it thought that franchising appeared to deliver the best outcome, despite operator concerns. While the organisation remained supportive of the Proposed Franchising Scheme as the preferred way forward, it also supported a partnership approach if it delivered an improved service.

4.4 Summary of responses from members of the public

This section summarises the responses from members of the public in response to the same question – the extent to which they supported or opposed the introduction of the Proposed Franchising Scheme.

Summary of positive comments

The most frequently cited comments were a belief that the Proposed Franchising Scheme would be the best option; that it would be preferable to alternative options; that it should go ahead; and a belief that it would deliver on all objectives. Other positive comments included that the Proposed Franchising Scheme is necessary as the existing system does not work well; that it would facilitate joined up and integrated public transport services; that there would be benefits for passengers such as affordable fares; that bus services would be improved for the better; and that it would result in having a simplified fare structure, similar to that in other cities such as London.

Summary of negative comments

The main negative comments included a belief that the Proposed Franchising Scheme was flawed; that it would not be workable; that objectives would not be realised; and, that it should not go ahead. Other, less frequently cited negative comments were that council tax may have to increase given bus services would be subsidised; that the proposal would not change anything for the better (but could make things worse); that there would not be any tangible benefits for passengers and Greater Manchester residents as a whole; that service levels would not be protected nor maintained; and that there was a lack of evidence to support the Proposed Franchising Scheme

Summary of other comments

In addition to positive and negative comments about the Proposed Franchising Scheme, comments were also received about having a partnership option and also a Do Minimum option which means no change to the current system.

Some of those who made comments felt that a partnership would be a better option and would have greater benefits for passengers, operators and employees. On the other hand, there were also some negative comments about partnerships, including that such a model could be flawed or unworkable; that it would require additional financial support which could divert money from other essential services; and that a partnership model would be run by private companies who might not put the interests of passengers first.

There were more negative than positive comments about a Do Minimum option. Of the few positive comments received, it was thought that this option could be better for passengers, present less risk for GMCA and TfGM, and be less expensive in the short-term. Of those who made negative comments about a Do Minimum option, the main comment was that it would not improve the delivery of bus services across Greater Manchester.

Summary of suggestions¹⁶

A number of different suggestions were made about the Proposed Franchising Scheme, with the main suggestion being that the Proposed Franchising Scheme should be reviewed periodically and/or updated in response to developments in the future. It was also suggested that the Proposed Franchising Scheme should only go ahead or proceed if services would be improved; that there should be a pilot scheme ahead of full transition; that fares should be frozen; or that cross-boundary services should be given consideration in terms of how they might be affected.

4.5 Summary of general comments received about Covid-19

4.5.1 Summary of general comments about Covid-19 - consultation

Across the consultation, participants submitted recurring comments concerning the current Covid-19 pandemic. These comments were not necessarily directly relevant to the questions posed in the consultation, but nevertheless gave an opinion on Covid-19 and its potential impact on bus services and the Proposed Franchising Scheme. Such comments appeared repeatedly throughout the consultation and this section summarises the main themes in more detail. Please note that this section is a summary of the main themes emerging from the comments – a complete summary of all themes can be found in the codeframe in Appendix D.

There was a range of opinions submitted about Covid-19 and the potential impact of it in the future. Such opinions ranged from the optimistic to the pessimistic and there was no consensus within the responses submitted. A substantial number of responses highlighted reasons why they felt bus usage would decline, for example:

- People would avoid using public transport post-pandemic;
- People do not feel safe on public transport

¹⁶ It should be noted that some suggestions included in this section are taken into account in the context of the Proposed Franchising Scheme proposals. However, they have been summarised as submitted by participants and have not been filtered to only include those within scope of the consultation.

- The increase of online shopping and lack of visits to the high street/shops;
- Workers continuing to work from home;
- People might not use public transport for longer journeys;
- Generally, people will change how they travel;
- An increase in those travelling via active travel (e.g. cycling and walking); and
- An increase in those using their private vehicles.

However, others felt that bus usage would return to pre-Covid-19 levels, which would lead to an increase in usage. The point was made by some that Covid-19 has led to greater uncertainty as to what the future holds and its impacts should be properly accounted for.

There was also a range of opinion about how Covid-19 would impact in the short- and long-terms. Some participants thought that the impact would be temporary and short-lived, with no long lasting or significant impact. However, others thought the opposite and that the impact of Covid-19 would be long lasting. There was a number of participants who thought the pandemic would impact negatively on the economy and inhibit economic recovery, and the impact on the operators and associated service delivery was recognised.

Finally, a number of participants felt that the Covid-19 pandemic has strengthened the need for reform in the bus market, and that the proposals for the Proposed Franchising Scheme are more urgent than ever.

4.5.2 Summary of general comments received about Covid-19 – qualitative research

Participants for both the deliberative event and depth interviews, were recruited to be a mix of frequent, infrequent and non-bus users. Those who used the bus were asked how, if at all, their bus use had changed during the pandemic. For some, they had used the bus throughout 2020 for work, others who used the bus mainly for leisure purposes had stopped doing so because the restrictions imposed to contain the pandemic had removed their reasons for travelling.

Experience of using the bus during the pandemic was mixed. Those who were negative cited a lack of social distancing and passengers not wearing masks. Positive comments related to buses being quieter than normal which made it a more pleasant experience and being on time because there was less traffic. One individual said that she had seen bus drivers constantly cleaning the vehicles and would not hesitate to use them if she needed to.

All participants were asked how they anticipated using the bus in the future. Naturally this also led to thoughts on what the future would look like more generally in terms of the economic recovery and the impact on the environment. There was a mix of both optimism and pessimism.

An increase in bus use was anticipated by some for a number of reasons:

- The anticipated introduction of congestion charging for cars (although it should be noted that the current proposed Clean Air Zone in Greater Manchester does not affect private vehicles);
- Parking for cars becoming more limited;

- Buses becoming more environmentally friendly; and
- Dependency of specific elements of the population who will always be reliant on buses because they cannot afford to own a car.

There were a range of reasons why participants felt bus use would reduce, specifically because:

- People will choose active travel now it has become more commonplace during lockdown;
- People will use more efficient alternative modes of transport;

“The game changer was the trams. I used to take 2 hours to get to work on the bus. But once the tram came, I hardly ever went in to work that way, the trams were faster, there’s a lot more space and it was nicer. Why would I want to get in 2 hours by bus?” Female, 32, Oldham

- An increase in home working; and
- People generally feel more protected travelling alone in their cars.

There was cautious optimism for the economy, participants mentioned the introduction of the Covid-19 vaccine and people actually having more disposable income because of lockdown. Other participants were more pessimistic because of the constant changes in Government policy relating to the pandemic. There were also some mentions of Brexit and the uncertainty that has brought to the economy.

5 Campaign responses

Of all campaign responses received, a total of 1,431 were part of two separate campaigns.

The majority of campaign responses (1,334) were from the **Better Buses for Greater Manchester** campaign. This campaign supported the introduction of a publicly controlled bus network for Greater Manchester and specific points raised included:

- Contentment that ‘under all scenarios’ the Proposed Franchising Scheme remains the best option to achieve GMCA objectives, and funding remains available for its implementation;
- Several reasons why bus services in Greater Manchester needed reform, including the belief that the pandemic has shown that the bus companies prioritise profit and the continued cutting of services despite receiving public money, which it claimed demonstrates the bus market is not working for Greater Manchester residents;
- The cuts to the bus service since 2010, and the assertion that the North West’s bus network had shrunk more than any other region, but increased the payouts to bus company shareholders over the same time period;
- The need to establish an integrated network with a simpler fare system across all transport modes and the protection of socially necessary routes, into which profits from ‘busy’ routes can be diverted to fund them;
- The need to put Greater Manchester’s people first, underpinned by evidence from a Local Government Association survey which showed that 69% of residents think local councils should be the main decision makers on bus services;
- The need for region-wide standard of pay for bus workers;
- The net benefit of the Proposed Franchising Scheme remains ‘higher and more deliverable than other options’ and will provide value for money;
- The Proposed Franchising Scheme is an effective use of public money; and
- The need for buses that are ‘clean, green and accessible’.

A smaller number of campaign responses (97) were received in response to Rotala PLC’s ‘**Your Buses**’ campaign. Key points made in these responses included:

- Now is too early to predict what is going to happen over the next few years;
- The likelihood that a combination of all four scenarios will actually happen, rather than any of the four outlined in the Consultation Document;
- The issue of taking taxpayer money from Greater Manchester residents at this time;
- A recommendation to work with bus operators in partnership. The current operators have a high customer satisfaction rate (87% in 2019); and

- Overall opposition to the introduction of a 'publicly controlled bus network'.

6 The scenario-based approach

6.1 Introduction

The Consultation Document explained to participants that a number of scenarios had been developed by TfGM and had been used to examine the potential effects of Covid-19 on the decision about whether or not to implement the Proposed Franchising Scheme. These scenarios illustrated a wide range of potential longer-term outcomes for travel demand in Greater Manchester.

More information on this can be found in the consultation document from paragraphs 2.16 to 2.22.

This section summarises the responses received across the consultation and the qualitative research exercise in relation to the scenario-based approach used to understand potential impacts and effects of Covid-19.¹⁷ Please note that this section is a summary of the main themes emerging from the comments, participants also provided suggestions and other comments to some questions which can be found in Appendix D – the complete summary of all themes from the consultation.

As detailed in the table below, 370 participants in the consultation made comments on the scenario-based approach, of which 241 made positive comments and 95 made negative comments¹⁸.

Q1. Do you have any comments on this scenario-based approach?	Number of participants who made positive comments	Number of participants who made negative comments
All who provided a response (370)	241	95
Member of the public (338)	213	87
Stakeholder organisations (32)	28	8
Previous statutory consultee (18)	18	4
Other (14)	10	4

6.2 Summary of stakeholder organisation responses

This section of the report summarises the key points submitted by a range of stakeholder organisations. These submissions are from those organisations which identified themselves as organisations rather than members of the public, and therefore represent a considered organisational view. They include statutory consultees from the previous consultation.

Previous statutory consultees

Bus Operators (currently running services in GM)

- **Go North West Ltd** felt that the use of scenarios to illustrate a range of potential outcomes for travel demand in Greater Manchester was sensible, particularly given the uncertainty in how public transport will be perceived and used in the post-Covid-19 recovery period. However, they

¹⁷ Q1. In looking at the effects of the Covid-19 pandemic on the decision about whether or not to implement the Proposed Franchising Scheme, TfGM has used a number of scenarios which illustrate a wide range of potential longer-term outcomes for travel demand in Greater Manchester. Do you have any comments on this scenario-based approach?

¹⁸ A number of participants also made suggestions and other comments about scenarios. Participants could also make both positive and negative comments in a single response. For these reasons, the totals for each column do not equate to the base.

did not consider the approaches to be either realistic or sufficiently differentiated. Specific points related to this included:

- Insufficient indication of the sensitivity of the Economic and Financial Cases to patronage, farebox revenue and service level, and a lack of adequate risk;
- The short-term view taken of the bus market without aligning with the potentially long-term changes brought about by the pandemic;
- The lack of compliance with the updated Transport Appraisal Guidance which is still under development;
- The four scenarios were developed in May/June 2020 and do not take into account the two most recent lockdowns, which is 'likely' to dampen demand for bus travel even further;
- The use of 'unlikely' scenarios in the Assessment;
- A perceived lack of explanation as to the assumptions underpinning some of the scenarios (such as patronage recovery levels and associated starting points); and
- The timescales used to forecast future demand, which could be an overestimate.

Go North West Ltd recommended that baseline data should be taken from Autumn 2021, which it considered would be more appropriate and reliable.

- **Rotala PLC** did not think the post Covid-19 situation would be clear for at least 18 months. It thought the scenario-based approach was 'irrational' and that a decision should not be made on an analysis which does not provide an 'accurate and fair assessment of the likely scenarios'. It felt GMCA should have waited for updated Government guidance and aligned the scenarios accordingly. It felt that failure by GMCA to take into account and answer Rotala's points would constitute a failure to consider material matters/considerations.
- **Transdev Blazefield Ltd** thought the approach was logical and considered a range of scenarios.
- **Warrington's Own Buses** thought that the scenarios would be improved by the implementation of 'Phase 2 measures', but acknowledged that the scenarios appeared to be 'plausible' at this stage.

Local Government

Greater Manchester authorities

- **Bury Council** did not think that the scenarios accurately represented an actual future scenario. However, it is accepted that they are useful in sensitivity testing to determine potential impacts of proposed decisions.
- **Manchester City Council** referred to the scenario-based approach as 'educated speculation' given the impacts of the pandemic remain so uncertain. However, it considered the four scenarios, and the analysis and interpretation of each, to be reasonable and well-founded. It agreed that Scenario 2 was least likely to happen and also acknowledged that the increased

commercial risk associated with a partnership option or a Do Minimum option would not result in an improvement in services.

- **Oldham Council** supported the scenario-planning based approach used to look at the effects of the Covid-19 pandemic on the bus market in Greater Manchester and the Proposed Franchising Scheme.
- **Salford City Council** felt it was difficult to predict future travel arrangements in a post Covid-19 society, however, it felt that the four scenarios covered a good range of potential outcomes. It also acknowledged that the forecasting suggested a higher-than-expected decline in demand for bus use in the longer-term. It emphasised that the viability of a franchising scheme required strong demand for public transport, therefore the forecasted reduction in demand was a concern to the Council, unless suitable mitigation measures were put in place.
- **Stockport Metropolitan Borough Council** supported the use of the scenario-based approach to consider the potential long-term trends for travel in Greater Manchester, particularly in light of Covid-19. It also felt it would be important for the impacts of other interventions and investments in the transport network (i.e. through delivery of the Mayor's Challenge Fund programme and the Greater Manchester Clean Air Plan) be considered as part of the scenarios.
- **Tameside Metropolitan Borough Council** thought that the scenario-based approach 'provides the most sensible way to help forecast the effects of Covid-19 on future bus usage'.
- **Trafford Council** found the scenario-based approach as helpful, but cautioned against making any firm conclusions on the impact of Covid-19. It thought Scenario 3 was unrealistic due to the unlikelihood of the car dominant approach persisting long-term.
- **Wigan Council** noted that the scenario-based approach used is appropriate to understanding the potential long-term outcomes of travel demand in Greater Manchester for bus services.

Neighbouring authorities

- **Derbyshire County Council** found the scenario-based approach as a useful means of considering potential outcomes. It thought Scenario 2 was particularly optimistic and urged caution about basing future passenger demand and financial viability on this scenario.
- **West Yorkshire Combined Authority** noted the contents of the Covid-19 Impact Report across the four scenarios and that the preferred option remains to progress with the Proposed Franchising Scheme.

Other

- The **Competition and Markets Authority** viewed the scenario-based approach as sensible and agreed that the pandemic has created uncertainty over the levels of bus demand, farebox revenue and the extent of operated mileage. It recognised that the scenario-based approach attempts to capture a range of possible outcomes rather than to make a firm prediction.
- **TravelWatch NorthWest** agreed with the scenario-based approach.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** agreed that the four scenarios were logical in terms of the assumptions that they made for future travel trends.

Bus Operators (non-GM)

- **Abellio** agreed that a scenario-based approach was necessary to consider the impact of the Covid-19 pandemic, but identified two key weaknesses of it:
 - The simplicity of the two-dimensional approach to establishing scenarios (which it also thought was reductive as the other potential scenarios are not covered); and
 - The two variables used to create the four scenarios are both ‘demand-side’ to the exclusion of the ‘supply side’.

Despite this, Abellio was pleased to note that the report confirms the justification for GMCA implementing the Proposed Franchising Scheme and thought that the pandemic has enhanced the justification for doing so. It also thought that the Proposed Franchising Scheme would allow GMCA to have greater control over both congestion and emissions and to take the steps outlined in the Phase 2 measures of the Assessment.

Charity/Voluntary Sector

- The **Caribbean and African Health Network** thought that Scenario 4 seemed the best option as it believed bus demand will return progressively.
- The **Centre for Cities** was pleased that the scenarios recognised the additional public subsidy which would be required in the short-term recovery of the bus network, as well as the additional risk to private operators when it comes to investment.

Elected Representatives

- **Cllr. Marcus Johns (Manchester City Councillor for Deansgate)** agreed that under the scenarios, the Proposed Franchising Scheme remained the best option to meet the strategic transport objectives.
- **Debbie Abrahams (MP for Oldham East and Saddleworth)** felt that the report was clear that progressing with the Proposed Franchising Scheme was preferable to other bus reform options, even in a worst-case scenario.

Environment, Heritage, Amenity or Community Groups

- **Bolton and South Lancashire Community Rail Partnership** noted the scenario-based approach and highlighted the difficulty of predicting with any accuracy the most likely one.
- The **Community Transport Association** supported the scenario-based approach and agreed that the pandemic is likely to exacerbate existing challenges in the bus network, as predicted in three of the four future scenarios. It felt that recent deteriorations in the pandemic situation meant the damage to the bus network would be prolonged and considered Scenario 3 to be an increasingly likely outcome.

- **Oxford Road Corridor** thought that the four scenarios appear to be a logical and reasonable way to assess future travel demand, and the resultant impact on the Proposed Franchising Scheme.
- **Recovery Republic CIC** requested that the public ownership proposal goes ahead.

Health Organisations

- **Manchester University NHS Foundation Trust** agreed with the scenario-based approach.
- **The Christie NHS Foundation Trust** agreed with 'items' out of the four scenarios and wanted reassurance about the franchise procurement process.

Other

- **Bruntwood** thought the scenarios were a plausible basis for evaluating the future, even if they ultimately prove to be inaccurate.
- The **Chartered Institute of Logistics and Transport (NW Region)** agreed with the scenario-based approach. It described Scenario 2 as 'optimistic' and more achievable under a partnership approach, whilst Scenario 4 could underestimate the ability of the economy to recover and over-estimates the role of active travel and its propensity not to contribute to congestion by excessive deployment of cycle lanes. It felt that Scenario 1 was most likely to happen. It also acknowledged that none of the scenarios are likely to materialise in their entirety, but it is important to be aware of the possible trends in each determinant of bus travel demand.
- **OneBus** reiterated the legal process which should be followed and claimed that it does not include any suggestion that the Assessment should go further than originally intended or should be based on scenarios but rather based on current and predicted trends in patronage from robust and reliable data. It then provided further critique of the perceived flaws in some of the data sources used in the Assessment. Based on this, it stated that 'each scenario was off track' with Scenario 3 'looking closest to reality'.
- **Steady State Manchester** were delighted that all scenarios showed that the Proposed Franchising Scheme remains the best option to achieve Greater Manchester's long-term ambition for a fully integrated public transport system.
- **The Trafford Centre** agreed with the scenario-based approach as it allows all future impacts on the bus market to be considered.

6.3 Summary of responses from members of the public

This section summarises the responses from members of the public in response to this consultation question (338 comments in total) and the feedback from the qualitative research exercise.

6.3.1 Summary of positive comments - consultation

Through consultation responses, more than twice as many positive responses were received about the scenario-based approach than negative comments. Most positive comments acknowledged that this approach was sensible and overall a good idea.

The scenario-based approach was considered to be comprehensive and covered a number of likely outcomes for the impact of Covid-19 on bus patronage in the future. Comments said they were generally

well thought through and would prove useful in helping to redesign and plan future service delivery as well as to forecast future costs.

6.3.2 Summary of positive comments – qualitative research

During the qualitative discussions there was support for the scenario-based approach. It was generally deemed sensible by participants and covered all eventualities.

"I would say that you couldn't base your predictions on one scenario, you have to look at best, worst and something in between. I should think this was the obvious way to do it really." Male, 70, Rochdale

6.3.3 Summary of negative comments - consultation

Through consultation responses, whilst there were fewer negative than positive responses to this question overall, there was a greater range of negative themes raised which have been summarised below.

The scenarios were considered unrealistic, either because they provided a false representation, did not consider certain variables/metrics, were too short-sighted and grounded in the current situation with the pandemic, and constituted speculation or guesswork.

Comments were made about the lack of (or inaccurate) detail or information underpinning the scenario-based approach. For example, specific concern was raised about the 60% recovery rate used, which would not be known until much later. Other points expressed concern that some key information had been ignored from the scenario-based approach, such as:

- GMCA's power to influence modal choice;
- The number of services required at peak times / rush hour, which will likely be fewer than pre-pandemic;
- How a Proposed Franchising Scheme should factor in an improvement on the current system;
- Improvements to introduce bus priorities;
- Improvements to public transport infrastructure;
- The positive benefits of improved bus services; and
- The demographics of bus users.

A number of participants also considered that the scenarios were biased and designed to support the proposals for a Proposed Franchising Scheme, whilst caution against making the scenarios the sole/overriding focus was also urged.

6.3.4 Summary of negative comments – qualitative research

Through the qualitative discussions there was an observation that the scenarios were ultimately guess work and underlying this sentiment there were a number of variables which were mentioned as being hard to define or predict, such as:

- The return of Covid-19 tier restrictions;
- Unspecified policy changes from Westminster;
- A hesitancy around bus patronage increasing from September 2021 given the workforce has been displaced and people are being encouraged to work from home and are likely to maintain this habit; and
- People having reduced income which will prevent unnecessary travel.

One of the participants pointed out that none of the scenarios accounted for there being another wave of the pandemic. The participant felt that the scenarios were based on the assumption that the vaccines will work indefinitely.

6.3.5 Summary of other comments - consultation

Through the consultation, a number of additional comments were submitted which were neither positive nor negative. These included the potential of GMCA to itself influence how the scenarios play out by taking action on a range of issues (as yet undetermined).

6.3.6 Summary of comments in response to individual scenarios - consultation

Through the consultation, there were also some specific comments made about each individual scenario.

Comments in response to **Scenario 1** felt that it was the best/most realistic scenario which represented the most likely outcome. There was also a specific concern raised about increased car usage and the potential resultant decline in bus usage.

Comments in response to **Scenario 2** were mixed between those which considered it to be the most likely outcome and those which felt it was unrealistic, either because bus usage will struggle to recover to pre-pandemic levels or because it is overly optimistic. It was also felt that Scenario 2 could be more achievable under a partnership option because it would allow operators to rebuild the network.

Comments were received about **Scenario 3** which differed based on how realistic or not participants felt it was. An additional comment in response to this scenario made reference to how this scenario would have a more positive impact on the environment.

Comments received in response to **Scenario 4** also differed depending on how realistic or not participants felt it was. Other comments received felt this scenario would require more buses, includes an over-estimation in terms of the growth in active travel, as well as an under-estimation of the likely economic recovery.

6.3.7 Summary of comments in response to individual scenarios – qualitative research

As part of the qualitative deliberative research, participants were asked to comment on each of the scenarios. Depth interview participants were not asked to comment on individual scenarios due to time constraints.

Generally, there was a belief that **Scenario 1** was the most realistic scenario and would be driven by the return of people to work.

"It's not going to get better or stupidly worse, it's going to be somewhere in the middle." Female, 41, Bolton

Scenario 2 was considered to be too optimistic for some. There was agreement that more people would work from home, but some but did not think demand for public transport would increase.

"I don't think it's realistic that there'll be that much of a rebound. People are working from home so less need to go into Central Manchester to work. I can see half of the offices saying they'd rather operate online." Male, 18, Salford

There were references to public transport not being 'Covid safe' and people taking a long time to change that mindset. Another participant referenced the declining bus market more generally and questioned what would change.

However, there was a positive view that people may shift to more sustainable travel modes as Government funding invests in these modes.

There was a mixed response to **Scenario 3**. Some participants thought this outcome to be the most likely as people had grown to rely on their car, others felt more optimistic about bus patronage – for some this was because they had belief that things would improve more generally post-Covid-19 and they refused to have a negative outlook. Others believed sustainable travel was here to stay and people had continued to use the bus during 2020.

Scenario 4 was also felt to be reasonable although there were some who felt that car demand would not reduce as anticipated, simply because people will be reluctant to get on public transport because they feel less protected from Covid-19. A contrary view was that bus use would be higher than in this anticipated scenario because of the environmental benefits.

6.3.8 Summary of suggestions¹⁹ - consultation

Through the consultation, some participants made comments which were neither positive nor negative but constituted a suggestion. Specific suggestions included:

- The need to review the scenarios periodically and update them in response to developments;
- Consideration of a hybrid scenario of Scenarios 1 and 2, which could include more people travelling for leisure / recreational purposes and/or more people studying from home;
- Treat some changes in travel behaviour as permanent (rather than temporary), such as people shopping online / not visiting high streets / town centres for shopping and/or people permanently working or studying at home;
- The need to be more aware of, and take into account, the changing bus usage / transport trends in bus travel demands;
- Consider viewing data from other, comparable cities;

¹⁹ It should be noted that some suggestions included in this section are taken into account in the context of the Proposed Franchising Scheme proposals. However, they have been summarised as submitted by all participants and have not been filtered to only include those within scope of the consultation.

- Consider looking at opportunities from changes in travel behaviours;
- Pay greater consideration to the passenger experience;
- Ignore the pandemic and focus on long-term planning; and
- Not over-estimating the number of people working / studying from home.

6.3.9 Summary of qualitative suggestions – qualitative research

During the qualitative discussions, there was a suggestion that TfGM could have looked at what had happened after the first lockdown to improve their modelling. Another comment related to splitting the scenarios to account for work and leisure travel separately.

There were observations made that certain factors could influence the scenarios, and should be taken into account, specifically:

- An increase in fares forcing bus users onto other cheaper modes of transport; and
- The positive effect of the vaccine on people's mobility.

7 The Strategic Case

7.1 Introduction

The Strategic Case set out the implications of declining bus use and challenges facing network integration in Greater Manchester. It also provided a full review of the options available to address these problems. Three options were shortlisted:

1. The Do Minimum option;
2. A new partnership; and
3. The Proposed Franchising Scheme.

The Strategic Case concluded that the Proposed Franchising Scheme would be the best option to deliver GMCA's objectives for reforming the bus market to improve it and would do so to a greater extent than an improved partnership in Greater Manchester. Having considered the potential impact of Covid-19, the conclusion remains that the Proposed Franchising Scheme would best address GMCA's objectives. More information on this can be found in the consultation document from paragraphs 2.24 to 2.40.

The consultation asked participants whether they had any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19.²⁰ This section summarises the responses received across the consultation and the qualitative research activities in response. Please note that this section is a summary of the positive and negative themes emerging from the comments, participants also provided suggestions and other comments to some questions which can be found in Appendix D – the complete summary of all themes from the consultation.

As detailed in the table below, there were 1,851 participants in the consultation who made comments about the Proposed Franchising Scheme. There were almost four times as many participants who made positive comments (1,514) than negative comments (402).

Table 7.1 Positive and negative comments about the Proposed Franchising Scheme²¹

Q2. Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?	Number of participants who made positive comments	Number of participants who made negative comments
All who provided a response (1,851)	1,514	402
Member of the public (1,795)	1,472	376
Stakeholder organisations (56)	42	26
Previous statutory consultee (30)	21	15

²⁰ Q2. Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?

²¹ A number of participants also made suggestions and other comments about the Proposed Franchising Scheme. Participants could also make both positive and negative comments in a single response, hence the totals for each column not equating to the base.

Other (26)	21	11
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There were also 230 participants who made comments about the partnership option, of which 131 made negative and 110 made positive comments.

Table 7.2 Positive and negative comments about the partnership option²²

Q2. Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?	Number of participants who made positive comments	Number of participants who made negative comments
All who provided a response (230)	110	131
Member of the public (207)	96	114
Stakeholder organisations (23)	14	17
Previous statutory consultee (11)	7	8
Other (12)	7	9

Few participants made comments about the Do Minimum option. There were five times as many participants who made negative comments (35) than positive comments (7).

Table 7.3 Positive and negative comments about the Do Minimum Option²³

Q2. Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?	Number of participants who made positive comments	Number of participants who made negative comments
All who provided a response (40)	7	35
Member of the public (33)	6	28
Stakeholder organisations (7)	1	7
Previous statutory consultee (4)	1	4
Other (3)	0	3

Additional summary tables relating to this chapter can be found in Appendix G.

7.2 Summary of stakeholder organisation responses

This section of the report summarises the key points submitted by a range of stakeholder organisations. These submissions are from those organisations which identified themselves as organisations rather

²² A number of participants also made suggestions and other comments about the partnership option. Participants could also make both positive and negative comments in a single response. For these reasons, the totals for each column do not equate to the base.

²³ A number of participants also made suggestions and other comments about the Do Minimum. Participants could also make both positive and negative comments in a single response. For these reasons, the totals for each column do not equate to the base.

than members of the public, and therefore represent a considered organisational view. They include statutory consultees from the previous consultation.

Previous statutory consultees

Bus Operators (currently running services in GM)

- **First Manchester Ltd** retained the belief that the 'Local Partnership' (as set out in their letter of 7 January 2020), remains the best option going forward and that it warrants a trial. It highlighted the examples of partnership working and felt that a Proposed Franchising Scheme would be a 'retrograde step' given other local areas would be pressing ahead with partnership working.
- **First West Yorkshire Ltd** highlighted the success of recovery partnerships in West Yorkshire and recommended that these should be a short-term option for Greater Manchester. It re-iterated its support for a partnership option (as set out in the letter on 7 January 2020) as it provides best value to local taxpayers, simplicity, speed and customer benefit and is of even more relevance now.
- **Go North West Ltd** reiterated its response to the previous consultation, which stated that challenges to the bus market are not all a result of the current bus operating and regulatory environment. It felt the consultation is quite 'simplistic in some areas', mainly around what is likely to be a fundamental shift in how and when people travel in three areas:
 - Immediate to short term Covid-19 travel impacts that are likely to last well into 2021 and perhaps into 2022;
 - Medium to longer term Covid-19 economic and travel choice impacts; and
 - Medium to longer term structural economic and mobility impacts.

It argued that all of these areas would impact on the case for change within the Assessment which it claimed had not yet been recognised. It also identified omissions around the changes in working practices and the likely lower confidence in the public transport system.

The response recognised some of the new challenges, such as the likely decline in patronage and the potential lack of recovery to pre-pandemic levels. It cited both of these as a reason why the need for change (i.e. the Strategic Case) is different and should have been changed. Go North West Ltd also questioned the statement that operators would not be able to meet clean air requirements of low-emission fleets as a result of the capital challenges, for which no evidence has been presented from the bus operators.

Finally, the response highlighted the perceived flaws in the comparison of the performance of the bus reform options against GMCA's objectives, which were:

- The performance of the Proposed Franchising Scheme cannot remain 'the same' when one of GMCA's objectives is value for money and the supplementary assessment highlights significant issues with the value for money of the Proposed Franchising Scheme; and
- The changes created by Covid-19 have required bus operators to focus all of their attention on running safe, socially distanced and effective services for key workers and

necessary journeys over the last nine months, rather than on longer term opportunities, which is why operators cannot keep to their previous commitments at this time.

- **Rotala PLC** thought it was impossible for GMCA to have reached this conclusion. It said that it, and other bus operators, could not confirm what shape any potential partnership option could look like given the unpredictable nature of the pandemic. It reiterated that a new partnership could not be provided ‘with any accuracy’ until the long-term effects of the pandemic on the bus market are known. It did not think GMCA should make a decision now without knowing what a partnership might look like and stated that ‘making a decision now fails to take statutory and/or material matters into account’ as it has not considered the alternative partnership option. It also reiterated that the scenarios presented are biased and ‘without merit’.
- **Transdev Blazefield Ltd** stated that it seemed unlikely that the pandemic would have a different impact on the Proposed Franchising Scheme so this has not changed its view on performance from the Assessment.
- **Warrington’s Own Buses** acknowledged that it was unclear as to what the latest partnership model looks like, and so it is difficult to do a comparison. It also acknowledged that a Do Minimum option would likely be damaging to some bus companies. It would welcome the opportunity to bid for small and large area franchises, should the opportunity arise.

Local Government

Greater Manchester authorities

- **Bolton Council** welcomed the intention of the Proposed Franchising Scheme but wanted to know more about how it fits within existing local authority priorities and about the timing and priority of the initiative given the financial uncertainty. It mentioned how Bolton had specific issues with its bus network, such as inadequate network coverage and an absence of commercial services to some of its major employment sites (such as Middlebrook and Logistics North).
- **Bury Council** thought that the Proposed Franchising Scheme provided a better opportunity to reform and strengthen the bus market in Greater Manchester and deal with issues such as congestion, active travel and air quality.
- **Manchester City Council** supported the conclusions in the Covid-19 Impact Report, as it did in its initial consultation response. It did not think that the fundamental issues affecting the bus service in Greater Manchester has changed as a result of the pandemic.
- **Oldham Council** supported the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA’s objectives as it will enable GMCA to plan and deliver a fully integrated public transport system, with simple fares and ticketing and a consistent level of customer service.
- **Rochdale Borough Council** re-emphasised the importance of bus services serving the borough and expressed continued concern as to the poor level of service. It felt an integrated ticketing system across public transport in Greater Manchester was vital and agreed that the Proposed Franchising Scheme would be the best option to deliver it.

- **Salford City Council** felt that the Do Minimum option remained unchanged due to Covid-19, but it did not feel Do Minimum provided options for significant change to improve the bus network in Greater Manchester, in line with the GMCA's aspirations. It acknowledged that bus operators were no longer able to commit to the offers made pre Covid-19 as part of the various operator proposals for partnerships, therefore, it felt the partnership option in its current form would not meet the GMCA's aspirations for improving bus services in Greater Manchester. Salford City Council agreed with TfGM's assessment that the Proposed Franchising Scheme would perform better than the partnership option. However, it noted that the decline in bus use due to Covid-19 would be unlikely to recover to pre Covid-19 levels and that further investment is likely to be required to stabilise the market.
- **Stockport Metropolitan Borough Council** agreed that the evidence put forward in the report suggests that the Proposed Franchising Scheme best achieves GMCA and local authority objectives. It provides greater flexibility to manage the network compared to a partnership option, which it acknowledged had provided improvements in the borough on key routes. The Council wanted to work towards realising the benefits of the Proposed Franchising Scheme sooner and to manage any risks better. It also saw an opportunity to electrify the bus fleet and contribute to air quality improvements.
- **Tameside Metropolitan Borough Council** agreed with the conclusion that, notwithstanding Covid-19, the Proposed Franchising Scheme would perform better than the partnership option in achieving GMCA's objectives.
- **Trafford Council** supported the concept of franchising as it appears to provide the best means of coordinating routes and aligns with other transport across the conurbation. It believed that the Proposed Franchising Scheme would deliver real benefits by fundamentally changing and improving bus services in Greater Manchester and the borough. It highlighted the integration of the network, the simplification of the ticketing system and improved standards as the principal reasons for this support. It also highlighted the key role the Proposed Franchising Scheme would play in increasing the use of public transport, reducing congestion and improving air quality.
- **Wigan Council** agreed that the Proposed Franchising Scheme would be the best option to deliver Greater Manchester's vision for buses. It supported the integration of the bus network with other modes of transport and also the proposed integrated ticketing system. It also raised concern as to the commitments of operators in the partnership proposals.

Neighbouring authorities

- **Blackburn with Darwen Borough Council** was supportive of GMCA's proposal to introduce a Proposed Franchising Scheme for Greater Manchester. They also noted limitations within the current legislative arrangements regarding allowing current bus operators to fully integrate fares and ticketing. The Council also agreed with GMCA in terms of the performance of the Proposed Franchising Scheme against the partnership option.
- **Derbyshire County Council** did not think that the bus market challenges would be met by moving to a Proposed Franchising Scheme. It identified other factors, such as demand restraint measures (to ensure car users pay the full cost of their travel decision) which need to be considered.

- **West Yorkshire Combined Authority** emphasised the importance of the bus service and the need to support its recovery post-pandemic.

Other

- **Bus Users UK** reiterated its concerns submitted in response to the first consultation about the Strategic Case. It now saw the projections as even more difficult to predict and therefore remained unconvinced. It recapped on the service factors important for bus users, such as reliability, affordability and efficient services, as well as more environmentally friendly buses. It urged such developments to be considered in Greater Manchester.
- The **Competition and Markets Authority (CMA)** did not take a position on the overall merits of the Proposed Franchising Scheme. It urged any move away from on road competition to deliver better outcomes for the public, residents and taxpayers and highlighted economic benefits which could be achieved through a Proposed Franchising Scheme, such as integration of ticketing, greater co-ordination of the network and cost savings. However, it urged these benefits to be balanced against the potential costs associated with moving away from 'on-road' competition. Finally, the CMA was inclined to agree with GMCA that the relative merit of the options has not changed as a result of the pandemic.
- **Greater Manchester Transport UNISON** agreed that the Proposed Franchising Scheme remained the best option.
- **Manchester UNISON Branch** thought that the Proposed Franchising Scheme is the only viable mechanism that can bring positive improvements to bus services.
- **The Peak District National Park Authority** emphasised the importance of cross boundary travel and how the ticketing scheme should not dis-incentivise this. It wanted bus services to offer a competitive option for cross boundary travel.
- **Transport Focus** highlighted their original response that the plans lacked clarity on addressing passengers' priorities for improved reliability and punctuality with robust measures needed to deliver an attractive network. It stated that any reduction in services should have accountability and understanding of changing and future needs. It suggested buses should be viewed within the wider transport network rather than in isolation and concluded that the ambitions set out within the Proposed Franchising Scheme offer a greater ability to coordinate services in such a way.
- **TravelWatch NorthWest** supported the Proposed Franchising Scheme and urged the Government to honour its pledge on financial support.
- **UNISON (North West)** agreed that the Proposed Franchising Scheme remains the best option.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** thought that public sector intervention in the bus network was inevitable in the future. It therefore supported the Proposed Franchising Scheme as this had been shown to provide the best outcomes and value for money.

Bus Operators (non-GM)

- **Abellio** agreed with the view in the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in spite of the Covid-19 pandemic. It referred to the Operator Proposed Partnership as a ‘busted flush’ and noted the lack of commitment from operators on an alternative partnership option. It wanted to see a Do Maximum franchising option so as to deliver discernible change for users, and urged GMCA to be ambitious in the change.

It also thought that the Covid-19 pandemic had made the Proposed Franchising Scheme less risky for GMCA and the lack of operator commitments to an alternative partnership approach means that a decision should not be delayed in anticipation of a proposal which might never come. It also thought that the incumbent operators had failed to clarify the benefits of a partnership option and the likely decline in patronage would also occur under a Do Minimum option and, without firm commitment, in a partnership. It went on to list a number of benefits included in the Economic Case which were not mentioned or challenged by incumbent operators, including the Generalised Journey Time savings, the journey experience benefits, the benefits from changes to bus fares, traffic decongestion, improved air quality, noise and fewer accidents and the wider economic benefits.

Charity/Voluntary sector

- The **Caribbean and African Health Network** was not sure if the Proposed Franchised Scheme was likely to perform better as the question of price increase was left unanswered.
- The **Centre for Cities** concluded that the Proposed Franchising Scheme remains the clearest route to delivering a higher quality bus service at greatest value for the public purse, and identified several advantages of it including removal of network duplication, integration with other transport modes and investment in electric vehicles.

Elected Representatives

- **Cllr. Heather Fletcher (Salford City Councillor for Swinton South)** agreed that GMCA should be responsible for the bus network in Greater Manchester as it would put the interests of passengers first.
- **Debbie Abrahams (MP for Oldham East and Saddleworth)** stated that the current system is not working for passengers and supported the progression of the Proposed Franchising Scheme, believing it was preferable to other bus reform options, even in a worst-case scenario. She reiterated the problems with the current system and the effect on users.
- **Robert Lorgan (MP for High Peak)** emphasised the importance of cross-border bus services for residents who regularly travel into Greater Manchester.

Environment, Heritage, Amenity or Community Groups

- The **Community Transport Association** supported the Proposed Franchising Scheme over the Do Minimum and partnership options, especially in light of the uncertainty surrounding operators’ willingness to commit to previously proposed partnerships.
- **GM Older People's Network Transport Group** commented about the variable service delivered across Greater Manchester and supported a cap in fares, whilst also emphasising the importance of a better quality of service to the lives of residents.

- **Oxford Road Corridor** felt that the analysis set out in the Strategic Case was clear and that the Proposed Franchising Scheme would allow better integration across the bus and wider transport system for the benefit of passengers. It felt it would also allow for clearer local accountability and delivery against wider ambitions set out in the Greater Manchester Transport Strategy 2040.
- **Recovery Republic CIC** agreed that the Proposed Franchising Scheme is the option most likely to achieve the agreed objectives.

Health Organisations

- The **Northern Care Alliance Group** stated that a stronger approach (than a partnership option) was needed to deliver improvements, but thought that the past history of failing to deliver by all parties was hampering any efforts to fully develop the partnership approach and is also of concern with the Proposed Franchising Scheme.
- **The Christie NHS Foundation Trust** supported the conclusion that a Proposed Franchising Scheme would perform better than the partnership options, as it would be managed and regulated.

Other

- The **Association of British Commuters** felt that there was a clear case in favour of the Proposed Franchising Scheme under all four scenarios, which was more urgent now than before the pandemic. It also felt it was a perfect time to move towards better environmental outcomes.
- **Bruntwood** stressed the importance of a fully integrated ticketing system and expressed concern that the bus operators could not guarantee commitments made pre-pandemic concerning the partnership options.
- **Confederation of Passenger Transport** highlighted the importance of bus operators' agility in introducing public safety measures during the pandemic. It felt that recent events demonstrated why a partnership between GMCA and operators would deliver improvements to the bus network, as well as help achieve Clean Air Zone targets, and improve public health.
- The **Chartered Institute of Logistics and Transport (NW Region)** commented that the partnership options had not been fully tested, which made it difficult to assess against the Proposed Franchising Scheme. It recognised the challenge for operators to develop new proposals in the current circumstance. It stressed that this situation, and the need to make a quick decision, should not make the Proposed Franchising Scheme the 'default option'.
- **Greater Manchester Chamber of Commerce** said it had concerns over how the ambitions and output from a franchised model, or indeed any proposed model, fit with various local plans and strategies currently being assessed (especially the City Centre Transport Strategy and Deansgate proposals). It was mentioned that there are issues within these that if not addressed or clarified could create situations not in the best interests of passengers.
- **OneBus** regretted that operators were not made aware of how the report was to be constructed so that a fair comparison against its previous partnership proposals could have been made. It did not consider a request in writing advising of the report and requesting any alternative partnership proposals reasonable. OneBus repeated its response to this request and reiterated the uncertainty of the situation which meant it could not determine the detail of an alternative

partnership offer. OneBus said that its offer of a partnership still stands but these plans can only be developed when the future of the market becomes clearer. It reiterated its disappointment that the response was not taken in the spirit it was intended.

- **The Trafford Centre** declared their support for any measures adopted to improve access by bus to areas of major employment.
- **Peak District National Park Authority** recognised the desire from GMCA to provide the best possible public transport service within the Greater Manchester area. However, the organisation wanted to ensure that existing cross-boundary services would continue to operate effectively. The organisation stated that it would wish to see GMCA give some priority to working with its neighbouring transport authorities to support better public transport access to and from Greater Manchester and the Peak District National Park. It was believed that such services would benefit residents of both Greater Manchester and the Peak District National Park.
- **Transport Focus** believed that public safety had emerged as a new and vital priority due to Covid-19. It was believed that passengers would want to see timetabling information, 'crowdedness', journey planning and ticketing information integrated more seamlessly into bus providers' apps. It was stated that bus passengers are seeing a watershed moment, causing them to re-evaluate what they value on public transport, and that new priorities would be likely to persist after the pandemic, re-framed into priorities around comfort and confidence in the service as a whole.

7.3 Summary of responses from members of the public on the performance of the Proposed Franchising Scheme

Through the consultation, the question about the Strategic Case received most responses of all the questions. This section summarises comments received from members of the public to the consultation and during the qualitative research activities, in specific response to the Proposed Franchising Scheme (and the conclusion that it is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19).

7.3.1 Summary of positive comments - consultation

Most of the positive comments in response to the conclusion of the Strategic Case (that it is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19) agreed that the Proposed Franchising Scheme is the preferred option and should go ahead because it will help to deliver the objectives. Other responses suggested there was impatience amongst participants that bus reform was long overdue and that the Proposed Franchising Scheme should be implemented sooner rather than later, and that they did not want to see any further delays. There was broad agreement expressed in the positive comments that the current system is not working, and that reform is necessary.

Positive comments supported the Proposed Franchising Scheme because of the greater benefit that it would offer. Specifically, these included:

- Financially, the benefits would outweigh the costs of implementing the Proposed Franchising Scheme and would be a good use of taxpayer's money and/or the precept;
- Greater benefits for operators themselves, both in terms of providing additional financial security (including still allowing operators to make a profit) but also for drivers and other staff working for

the operators. There were also some comments that the Proposed Franchising Scheme would provide greater benefits for small and medium-sized operators;

- Bus services should be for the people of Greater Manchester, as well as benefitting the economy, and would benefit from the future economic growth of Greater Manchester. Participants also saw a benefit to visitors and tourists as well; and
- Better long-term benefits and help reduce the North/South divide (comments did not go on to explain how).

One of the main positives of the Proposed Franchising Scheme highlighted in responses was that it would provide a joined up and integrated public transport system. Some comments identified elements of the integrated system which would be of most benefit, such as a simple / single / standard fare system. In addition to the simplification of the fare system, comments were submitted concerning the affordability of fares and the ability of a Proposed Franchising Scheme to prevent excessive fare increases.

The anticipated provision of an improved quality of service also came through strongly in the positive comments. Participants felt that the Proposed Franchising Scheme would ultimately provide better bus services, including those to service rural and remote communities across Greater Manchester (and beyond) rather than just the busy/profitable routes – connectivity across the entire region was perceived as a benefit of the Proposed Franchising Scheme. Another service improvement which was identified was the improvement in the bus network infrastructure, specifically the provision of real time/digital displays at bus stations and shelters. Other comments relating to the service included the prospect of improved reliability and punctuality, as well as increased frequency of services. In short, participants expected there to be more buses in operation under the Proposed Franchising Scheme.

Another key theme in support of the Proposed Franchising Scheme was the understanding that buses are likely to be more efficient and better managed and run under the proposal. There was support for management to fall under TfGM/GMCA control, which some participants felt would help sustain the network into the future. One of the key perceived benefits of this was belief that the passenger experience would be prioritised ahead of profit and private operator shareholders.

Linked to this, was a belief that the Proposed Franchising Scheme would result in greater consideration for the needs of segments of the population, such as pupils, students and young people, commuters, people with disabilities (and their carers), older people/pensioners, those travelling simply for shopping/leisure and recreational purposes and those with low/reduced incomes.

Other considerations which participants felt would improve under the Proposed Franchising Scheme included cross border services, the safety of passengers and drivers and the overall passenger experience more generally. Key/frontline workers were also specifically mentioned by some participants given the reliance on the buses of key/frontline workers during the pandemic, with their needs, and the needs of those accessing healthcare/NHS services, also being improved as part of the Proposed Franchising Scheme.

Another commonly raised theme was that of the environmental impact of the Proposed Franchising Scheme. Participants felt that the reform would encourage bus usage and therefore reduce car usage and corresponding congestion on roads, whilst others expressed support for the potential of the Proposed Franchising Scheme to introduce a green fleet and improve air quality in Greater Manchester.

In terms of other, commonly mentioned themes a parallel was drawn with how such a Proposed Franchising Scheme was a success in London and other world cities.

A variety of other comments were received in support of the Proposed Franchising Scheme. To summarise, these included:

- A perception that the Proposed Franchising Scheme would be fair and accessible for all Greater Manchester's public;
- The flexibility to adapt to changes;
- The successful enforcement of Covid-19 passenger travel safety precautions / restrictions;
- Reinvestment of profits back into the bus network, and the potential for cross-subsidisation, with the more profitable routes subsidising unprofitable or socially necessary services, the protection of which was also noted as being important by other participants;
- The attraction of the bus services operating under an umbrella and being run by a single body;
- The adoption of a cohesive and committed strategy for bus services in Greater Manchester;
- Improvements in passenger services, such as a customer service helpline / travel information / complaints line;
- Establishment of a level playing field when it comes to bus competition;
- The creation of a sense of pride in the bus service in Greater Manchester;
- The convenience and ease of use that a franchised network would provide to users;
- Greater ability for TfGM/GMCA to hold operators to account for the service they provide;
- Greater investment in the bus network, in particular to modernise the fleet;
- The provision of regulated services;
- The provision of additional services outside of peak time / rush hour, and late at night and at weekends (or 24/7 for some shift workers); and
- The ability to service all communities in Greater Manchester by re-introducing routes which have been discontinued or which are currently poorly served.

7.3.2 Summary of positive comments – qualitative research

Through the qualitative discussions, there were several reasons cited from a number of participants as to why the Proposed Franchising Scheme better meets the GMCA's objectives:

- Control - an overall 'regulator' will ensure there is a service on the less profitable routes and they will be able to ensure there is a certain standard of service across Greater Manchester;
- Integrated tickets and simplifying fares would encourage more people to use the bus service and provide them with travel options;

"Pre-Covid-19 I just used the tram, but if, with that tram ticket, I could use the bus, not for work, but if I could get a weekly ticket, I probably wouldn't take the car at the weekend, I'd get the bus." Female, 32, Oldham

- There was comparison made to the Oyster card in London and how that simplifies travel even in a city you don't know;
- Better value for money; and
- Improving the service in this way could limit the fall in bus patronage even in the most pessimistic of scenarios, and it may also help realise Scenario 2, the most optimistic outcome for bus patronage.

There was also a general comment made about why the Proposed Franchising Scheme had not been considered sooner.

"It's not like it's not been done before, it's how they do it all over the world, so why has GM not done this before?" Female, 41, Bolton

7.3.3 Summary of negative comments - consultation

Through the consultation, there were over three times fewer negative comments in response to the conclusion of the Strategic Case (that it is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19) than positive comments.

A large proportion of the negative comments concluded that the Proposed Franchising Scheme is flawed (but did not go on to explain why), will not help to deliver against GMCA's objectives and should therefore not go ahead. Other participants felt that the Proposed Franchising Scheme is unnecessary and that the current system works well, and that the proposed reform would not change anything for the better and could make things worse.

Concern was raised about the potential increase in council tax and the increased burden this would place on taxpayers, whilst questions were also posed about the greater financial risk for TfGM and GMCA.

Some participants did not think that the Proposed Franchising Scheme would provide the benefits that were outlined in the Strategic Case. Participants thought that the benefits were exaggerated and not worth the upfront cost to implement the Proposed Franchising Scheme, whilst other participants did not think passengers and the public would reap any benefit from the reform. There was also some scepticism as to whether the Proposed Franchising Scheme would contribute to the economic recovery and growth in Greater Manchester. Also, comments were received specifically concerning the lack of benefits for the operators and its staff and workforce, such as:

- The lack of any incentive for operators to bid for franchise contracts;
- The short time periods for some franchise contracts; and
- The impact on smaller operators.

There was also scepticism raised as to whether benefits would be realised until Phase 2.

Participants raised criticism that the Proposed Franchising Scheme was unrealistic and lacked evidence to underpin it, such as a lack of detailed information about how the option would work. Concern was also raised about TfGM/GMCA lacking the expertise to provide and run bus services, whilst others questioned the considerable amount of Government subsidy which would be required to run the Proposed Franchising Scheme (as has been seen in London, with some commenting how Transport for London is in debt as a result).

There were comments received about how the Proposed Franchising Scheme would not consider the needs of certain segments of the population, including key workers (particularly NHS staff and those working in healthcare settings), people with disabilities and others with mobility issues, older people and pensioners, the vulnerable and those in low/reduced incomes and women who often have buggies, small children and/or shopping.

Doubts were raised as to the potential for the Proposed Franchising Scheme to deliver more environmentally friendly services to improve air quality, whether more frequent and regular services would be delivered and whether services would end up being more reliable and punctual. There was also doubt as to whether the Proposed Franchising Scheme would protect essential and socially necessary services, and assertions that it will lead to fare increases and the cancellation of subsidised and/or concessionary fares.

There were a range of other comments received, including:

- The potential inefficient and bureaucratic future management of the buses;
- The potential lack of fairness introduced in the bus market, with the Proposed Franchising Scheme creating a monopoly and stifling competition;
- The negative impact of the Proposed Franchising Scheme on cross border/neighbouring authority travel, and the potential disproportionate impact on the ten boroughs of Greater Manchester (in terms of potentially different levels of service);
- The possible lack of accountability for services;
- The potential lack of investment into the bus network and into a modernised fleet;
- The belief that private companies will still run services for profit and retain ownership of the vehicles;
- The unsustainability of the Proposed Franchising Scheme, which relies on past profits from commercial operation being maintained;
- The inability of the Proposed Franchising Scheme to be flexible and adapt to future changes;
- Not encouraging increased bus usage and reduced car usage, which will not reduce traffic congestion;
- The lack of encouragement of an innovative or entrepreneurial new approach to developing services;

- The Proposed Franchising Scheme would not provide a comprehensive route network to cover the entire Greater Manchester region;
- The lack of additional direct services, which would not reduce the delays and hold ups currently experienced by services;
- The potential lack of reinvestment from profitable routes into those which are unprofitable and/or socially necessary;
- The opinion that bus franchising will not work because it has not worked elsewhere;
- The lengthy transition period;
- A possible decline in bus usage (and corresponding increase in car usage);
- The potential job losses (amongst operators); and
- Concern that cross-boundary services will become worse and around the lack of information about a permit scheme for cross boundary services.

7.3.4 Summary of negative comments – qualitative research

Through the qualitative discussions, there were a small number of negative comments made in relation to the performance of the Proposed Franchising Scheme in meeting GMCA's objectives, specifically:

- Implementation costs – a partnership option will require less investment;
- A question mark as to whether it will be affordable at this moment in time;
- A worry that bus travel may become more expensive;
- That a change in the current system could affect bus operators' jobs; and
- There was concern that bus operators may not want to bid for the less profitable routes or bid more generally, given their profit margins will have fallen during the pandemic.

Although perhaps not explicitly negative, there was a question mark from some as to whether TfGM were confident that the changes to the bus service were doable in the current climate. There was also a question around whether such an arrangement could favour larger operators.

7.3.5 Summary of other comments - consultation

Through the consultation, some additional comments were submitted which were neither positive nor negative. These were relatively few in number and were mainly about the increase in accountability for GMCA and local authorities when it comes to the bus service.

7.3.6 Summary of other comments – qualitative research

Through the qualitative discussions, there were a number of unrelated comments raised about the performance of the Proposed Franchising Scheme in meeting GMCA's objectives.

There was cynicism from one participant who suggested that GMCA's objectives for bus reform were drafted to suit the Proposed Franchising Scheme and not conceived first.

There was also an observation, that for the Proposed Franchising Scheme to succeed, there would need to be strong management as there would inevitably be teething issues.

There was a query as to what would happen to active travel and whether an improved bus network would negatively impact on levels of walking and cycling.

Although tackled later in the discussions, there were a couple of comments relating to whether a decision to introduce the Proposed Franchising Scheme should be taken now and whether it was the right climate to be making such changes for TfGM and the operators.

Summary of suggestions²⁴ - consultation

Through the consultation, some participants made comments which were neither positive nor negative but constituted a suggestion. Some of the most common suggestions mentioned included:

- A periodic review should take place of the Proposed Franchising Scheme and it should be updated in response to developments as the country emerges from the pandemic and the situation on bus usage becomes clearer;
- Set conditions upon which the Proposed Franchising Scheme should take place only if:
 - Transport trends return to normal/pre-pandemic levels;
 - Fares are frozen or reduced;
 - GMCA controls investments / deployment of assets;
 - GMCA monitor / evaluate the performance / operation of existing operators;
 - GMCA provide a customer service helpline / travel information / complaints line;
 - It is the only way to keep the buses running;
 - Lessons have been learned from other public transport franchises;
 - An improvement in services comes about in the right places, particularly for rural and remote locations (and not just busy/profitable routes);
 - Services are not reduced;
 - Recruitment and training of suitably qualified staff takes place;
 - Scenario 4 came about (as opposed to the other three scenarios);
 - Unnecessary constraints have been removed; and
 - It applies only to City-to-City services.

²⁴ It should be noted that some suggestions included in this section are taken into account in the context of the Proposed Franchising Scheme proposals. However, they have been summarised as submitted by participants and have not been filtered to only include those within scope of the consultation.

- The need to ensure the Proposed Franchising Scheme provides benefits for the people of Greater Manchester as an overriding priority; and
- The proposed running of a pilot scheme prior to commencing full transition/implementation.

A full record of all suggestions can be found in the codeframe in Appendix D.

7.4 Summary of responses from members of the public on the partnership options

This section summarises comments received from members of the public to the consultation and during qualitative research activities, where these comments were in specific response to the partnership options (and the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19). There were almost eight times fewer comments on the partnership option compared to the Proposed Franchising Scheme. The number of positive and negative comments on partnership were broadly equal, unlike the comments on Proposed Franchising Scheme where there were almost four times as many positive comments than negative comments.

7.4.1 Summary of positive comments - consultation

Through the consultation, key positive themes raised in these comments included:

- A partnership option is preferred and should go ahead, with control staying with experienced operators who have the expertise in providing bus services;
- The identification of greater benefits which a partnership option could deliver, for operators (as well as small and medium-sized operators), passengers and for the long-term;
- The relative ease to implement a partnership option (compared to the Proposed Franchising Scheme);
- The flexibility of the option to adapt to changes;
- The perceived improvement in operational efficiency through this option;
- The environmentally friendly credentials of the partnership option to improve air quality, along with the reduced congestion on the roads;
- Conditions which could allow the encouragement of an innovative/entrepreneurial new approach to developing services and increase the likelihood of greater collaboration;
- Perceived reduction in financial risk for TfGM/GMCA (compared to the Proposed Franchising Scheme);
- No requirement for an increase in council tax, which would in turn place a greater burden on the taxpayer;
- When it comes to fares, some participants felt this option would prevent excessive fare increases and provide a single, standard fare;

- Some also believed that the option would still lead to a joined up, integrated public transport system, as well as an improvement in bus network infrastructure, such as bus stations and shelters with real time, digital displays;
- Providing an overall better service, including the protection of essential/socially necessary routes to connect the entire region;
- Investment into bus services, including the profits which could be re-invested into the service;
- The option would encourage competition and drive up standards, and would continue to employ staff and drivers on good contracts and fair terms and conditions; and
- The partnership option works well elsewhere.

7.4.2 Summary of positive comments – qualitative research

Through the qualitative discussions, there were a number of positive comments made about a partnership option.

Under a partnership option some participants believed harmful emissions would be reduced, but this they felt was something which would happen anyway as a result of Government legislation.

There was also a feeling among some that this option was preferable in a period of uncertainty because it had a limited timeframe.

"I guess that if it's not working, in five years, they can start from scratch," Female, 28, Oldham

An element of any partnership option which was highlighted as positive was the possibility of a fares freeze.

There was also acknowledgement among some participants that compared to a Do Minimum option, a partnership option would at least work towards some of GMCA's objectives, even if they would not fully be realised.

There was also comment that this option would make sense from an operator's perspective and one participant also empathised with the bus companies' position given the current economic uncertainty

"The simple fact of the matter is no one really does know what will happen, do they? You know, how long it [pandemic] will go on, and I suppose the bus companies are right to be a little, or a lot concerned really." Male, 70, Rochdale

7.4.3 Summary of negative comments - consultation

Through the consultation, the main negative themes raised in relation to the partnership option included:

- The partnership option is flawed and therefore should not go ahead as it will not help to deliver against the objectives (comments did not go on to explain why it is flawed);
- The partnership option is too similar to the current system and therefore should not go ahead;
- Services will not improve via this option and indeed will still be reduced or cut and remain fragmented;

- Some criticism was expressed about a lack of detailed information on how this option would work, with other participants believing that further discussion is required and the option is not yet ready to go ahead;
- Operation by private companies would only deliver benefit for shareholders and does not put passengers first, whilst other participants expressed concern that the option would still place control with the operators, which would not be held to account;
- The increase in financial risk for TfGM and GMCA was identified;
- The option would not provide the same level of benefits as the Proposed Franchising Scheme;
- The creation of a monopoly which stifles competition and could therefore lead to a lack of incentives for operators. Operators could also receive subsidies from taxpayers;
- The potential negative impact of the partnership option on passengers and the people of Greater Manchester;
- The option would not sufficiently consider commuters getting to/from work and would not encourage bus usage and any corresponding reduction in car usage; and
- The option would be a burden on the taxpayer and would not be a good use of council tax.

A very small number of other comments were received and these are summarised in the codeframe in Appendix D.

7.4.4 Summary of negative comments – qualitative research

A key theme to come out of the qualitative discussions was that TfGM would have limited control over the bus operators and unlike the Proposed Franchising Scheme, there would be no oversight of the service.

“Seems like a half measure. It’s almost like being a teacher and asking the kids to teach themselves, it doesn’t make any sense.” Male, 22, Manchester

For some there was a belief that any partnership option still did not solve the fundamental problem which was that having multiple bus companies caused confusion to a service user.

A further issue with having multiple operators was the belief that it would be challenging to come to some sort of consensus as to what should form part of a partnership agreement with so many operators involved.

There was also belief among some that a partnership option would not be able to meet some of GMCA’s objectives for reforming the bus market, specifically:

- Consistency of customer service – with specific reference to outlying, less profitable routes being poorly catered for;
- Value for money;
- Ease of understanding the bus service; and

- The integration of fares.

Some participants generally found it hard to reconcile how profit-making organisations were not ultimately going to prioritise their shareholders' interests.

"As to how it would be measured or regulated, I think it would be very difficult to do, and I think again sadly they [the bus operators] would have to look at their own commercial interests first and foremost."

Male, 48, Oldham

The length of any partnership agreement was also a concern for some, with questions around what happens once any partnership agreement expired.

7.4.5 Summary of other comments about partnership options - consultation

Through the consultation, a small number of comments were also received about the Ambitious Partnership and the Operator Proposed Partnership options which were considered in the Assessment.

These comments did not support the Ambitious Partnership as it was felt this was too similar to the current system.

Comments about the Operator Proposed Partnership related to the uncertainty as to the benefits and that such a proposal would mitigate the risks of any reform.

Other comments were received about other partnerships, specifically an improved partnership, the OneBus Partnership Plus proposal and the need to consider recovery partnerships.

7.4.6 Summary of other comments about partnership options – qualitative research

Through the deliberative discussions, one participant felt unable to make a judgement because they did not know what partnership arrangements were available i.e. what constituted the deal.

Other comments related to queries about the process:

- What happens after five years?
- What would happen to the bus operators who did not participate in a partnership option? and
- Who would regulate and monitor what the bus operators were doing?

7.4.7 Summary of suggestions - consultation

Through the consultation, some participants made comments which were neither positive nor negative about the partnership options, but constituted a suggestion. Some of the most common suggestions included:

- A need to review the option periodically and update it in response to developments as the country emerges from the pandemic and the impact on bus usage becomes clearer;
- A pilot of the partnership option should be run prior to any full implementation or roll out; and
- Elements that a partnership option should provide, such as simplified/standard and affordable fares, a joined up and integrated public transport system and the later provision of services that run 24/7 for shift workers and those on a night out.

Other suggestions were received and these are summarised in the codeframe in Appendix D.

7.5 Summary of responses from members of the public on the Do Minimum option

A relatively small number of comments were received via the consultation which were specific to the Do Minimum option. This option was also discussed during the qualitative research activity and the discussions are summarised in the relevant paragraphs below.

7.5.1 Summary of positive comments - consultation

Through the consultation, the main positive comment in response to the Do Minimum option was that it would be better for passengers and the people of Greater Manchester (but did not go on to explain why). Other comments related to it being cheaper in the short-term and less financial risk for TfGM and GMCA.

7.5.2 Summary of positive comments – qualitative research

Through the qualitative discussions, for some, support of the Do Minimum option was grounded in the fact that there was too much uncertainty about what was going to happen as a result of the pandemic. Keeping options open and remaining flexible was preferred.

The fact that there were no additional costs incurred was a positive as there were associated risks with investing money in an uncertain economic climate.

"If Scenario 3 happens, then 'Do Minimum' is the best..... If the economy takes a nose-dive, I wouldn't chuck my money into these [partnership option or Proposed Franchising Scheme] as I imagine this is expensive. You'd wait until the economy bounces back." Male, 42, Oldha

Whilst not overtly supportive, there was a belief from some that the environmental benefits cited were likely to be achieved anyway through a Do Minimum option, because of the introduction of hybrid vehicles.

7.5.3 Summary of negative comments - consultation

Through the consultation, the main negative comment was that the Do Minimum option should not be considered, that it would not lead to an improvement in services and that it would be a poor solution for the long-term.

Other comments were received and these are summarised in the codeframe in Appendix D.

7.5.4 Summary of negative comments – qualitative research

Through the qualitative discussions, for most participants, the Do Minimum option was not an option and they considered that if the ambition is to move forward and improve things, then the current system cannot remain. There was a belief among some participants that the Do Minimum option would not deliver on any of the objectives laid out by GMCA and indeed to do nothing would waste the money that had been spent on bus reform activity to date.

For some the desire to do something and reject the Do Minimum option was borne out of participants' negative experience of the current bus service, specifically:

- Over- serviced 'money spinner' routes vs. less profitable routes which are neglected; and
- The confusion generated by having multiple bus operators.

"Now you've got an all-day bus ticket, Diamond bus ticket, Go North West. I don't know what Stagecoach is like. If you want to go to Stockport, it's 2 buses or 3 companies, it's ridiculous." Male, 44, Trafford

There was also a belief by some that post pandemic, the service would deteriorate further as operators will prioritise the most profitable routes and services will be reduced.

7.6 Summary of general comments received about buses in Greater Manchester

Across the consultation, participants submitted recurring comments concerning different aspects of bus services in Greater Manchester. These comments were not necessarily directly relevant to the questions posed in the consultation, but nevertheless responded to issues with current services which were key foundations underpinning the Strategic Case for a Proposed Franchising Scheme in Greater Manchester. These included comments about:

- Bus fares, routes and services;
- Current bus operators in Greater Manchester;
- Bus network infrastructure; and
- GMCA/local authority control.

Such comments appeared repeatedly throughout the consultation and this section summarises the main themes in more detail. Please note that this section is a summary of the main themes emerging from the comments – a complete summary of all themes can be found in the codeframe in Appendix D.

7.6.1 Comments about bus services, fares and routes

The greatest proportion of comments were received about **bus services** in general, in particular about how poor they currently are and need to be improved and reformed. Specific comments highlighted the need for more direct services with fewer delays and hold-ups, a more reliable and frequent service with more buses running at more regular intervals and the need to join up and integrate the buses with other forms of transport in Greater Manchester. Protecting socially important routes was also identified as an important aspect of the bus service.

A common theme was that bus services should not be run by private companies and that any service should put people before profit and provide benefits for the people of Greater Manchester (rather than shareholders). There was opposition towards private companies receiving subsidies to run the bus service, and other comments which supported the running of buses by a single operator/under one umbrella. Other comments highlighted the need for them to be better managed and run, whilst some drew a comparison with the system in London and other major cities.

The objectives of any reform to encourage bus usage and correspondingly reduce car use, and therefore traffic on the road, was another key theme. Other comments emphasised the importance of investment to deliver an environmentally friendly fleet to reduce carbon emissions and improve air quality.

The long-term importance of the Proposed Franchising Scheme was mentioned, including how it would provide longer-term benefits and also contribute to the economic recovery and future growth of Greater Manchester as it emerges from the pandemic.

Other comments urged greater consideration of a range of factors, including:

- The availability of services in peak time/rush hour and also those outside of these times;
- The needs of BAME communities;
- The needs of children / school children / students / young people;
- The needs of commuters and the challenges of getting to/from work;
- Cross boundary services, and mitigations to ease any implementation and minimise disruption;
- The needs of frontline and key workers, particularly those working in hospitals;
- The safety and wellbeing of passengers and drivers, and those working for operators, in particular the drivers;
- Those with disabilities led / those with restricted mobility / their carers / travel trainers;
- Older people / pensioners / the infirm;
- The passenger experience, including for tourists and visitors, but also those travelling for shopping and recreational purposes; and
- The needs of women and those travelling with small children and buggies.

Comments received about bus fares complained that there are too many fares in Greater Manchester and that the fares system is too complicated and should be simplified so that a single/standard fare is charged. This sentiment was coupled with the general feeling that bus travel is currently too expensive and should be made more affordable.

Participants also wanted smart ticketing to be introduced, which allows for cashless and/or pre-paid tickets much like how the Oyster Card system operates in London.

Participants identified groups of travellers for whom they felt bus service should be made available free of charge. These included for school children, students and young people, people with disabilities or those with restricted mobility and for older people/pensioners. Other participants also felt consideration should be given to the vulnerable and those on low incomes when it came to bus fares.

Comments concerning bus routes focussed on the need to improve them, both in terms of their coverage of the entire Greater Manchester region and the need to restore routes and services which have been cut to ensure provision of routes is fair and accessible to all residents regardless of where they live. Specific comments were made about ensuring rural and remote locations were provided for, not just the busy and profitable routes and attention should be paid to demand and capacity reviewed accordingly given it was perceived some routes currently have too many buses, whilst there are too few on other routes.

7.6.2 Comments about bus operators

Participants made both positive and negative comments about current bus operators. Please see the codeframe in Appendix D to see the number of comments provided.

7.6.3 Comments about bus network infrastructure

Comments received about the bus network infrastructure focussed on necessary improvements at bus stations, stops and shelters. Some comments went into further detail as to the specific improvements that they felt were necessary, such as clearer numbering, the need for real time digital displays and toilets.

Other comments emphasised the importance of giving buses priority on congested roads, whilst there was also criticism of roads, which are often full of traffic, roadworks and other closures and restrictions, all of which hamper bus travel. The need for additional bus lanes was mentioned and some support was mentioned for the introduction of a congestion charge.

7.6.4 Comments about GMCA/local authority control

Over half of the comments received about GMCA/local authority control agreed that bus services should be under the control of Greater Manchester's local authorities and GMCA. Some of these comments specifically mentioned the need for fare, routes and timetables to be brought under local authority/GMCA control.

However, there were participants who disagreed with this view, feeling that bus services should not be run by local authorities/GMCA. The main reasons for this were the lack of local authority expertise in running bus services, a perceived poor track record of local authorities managing public finances and a perceived poor track record of running bus services.

8 The Economic Case

8.1 Introduction

The Economic Case set out the findings of an assessment, following an approach recommended by government, of the economic impact of the options. An appraisal of the benefits and costs to the public purse (including allowances for risk) over a 30-year period was completed and showed that the Proposed Franchising Scheme had a Net Present Value (the benefits minus the costs) almost three times higher than the Operator Proposed Partnership. In addition, in terms of value per pound spent by GMCA, all options had a 'high' benefit cost ratio rating, with the partnership option performing slightly better in this regard.

The Covid-19 Impact Report reviewed the robustness of the economic appraisal in the Assessment against the scenarios in terms of potential changes to patronage, associated changes in implementation costs and the achievement of benefits. This review found that, when allowing for these factors, the Proposed Franchising Scheme would, on balance, be likely to offer high value for money and better net economic benefits than the alternatives in all reasonably likely Scenarios.

More information on this can be found in the consultation document from paragraphs 2.41 to 2.52.

The consultation asked participants whether they had any comments on the consideration of the impact of Covid-19 on the value for money of the Proposed Franchising Scheme and partnership option.²⁵ The full questionnaire can be found in Appendix B.

Please note that this section is a summary of the positive and negative themes emerging from the comments, participants also provided suggestions and other comments to some questions which can be found in Appendix D – the complete summary of all themes from the consultation.

There were 381 participants in the consultation who made comments about the Economic Case. A similar proportion of participants made positive (104) or negative (93) comments.

Table 8.1 Positive and negative comments about the Economic Case²⁶

Q3. Do you have any comments on the consideration of the impact of Covid-19 on the value for money of the Proposed Franchising Scheme and partnership option?	Number of participants who made positive comments	Number of participants who made negative comments
All who provided a response (381)	104	93
Member of the public (357)	97	84
Stakeholder organisations (24)	7	9
Previous statutory consultee (14)	5	5
Other (10)	2	4

²⁵ Q3. Do you have any comments on the consideration of the impact of Covid-19 on the value for money of the Proposed Franchising Scheme and partnership option?

²⁶ A number of participants also made suggestions and other comments about the Economic Case. Participants could also make both positive and negative comments in a single response. For these reasons, the totals for each column do not equate to the base.

8.2 Summary of stakeholder organisation responses

This section of the report summarises the key points submitted by a range of stakeholder organisations. These submissions are from those organisations which identified themselves as organisations rather than members of the public, and therefore represent a considered organisational view. They include statutory consultees from the previous consultation.

Previous statutory consultees

Bus Operators (currently running services in GM)

- **First West Yorkshire Ltd** did not think the investment in setting up the Proposed Franchising Scheme is warranted, given that declining bus patronage would continue and potentially deteriorate even further during the transition period. It did not think the Proposed Franchising Scheme would deliver immediate customer benefits. The need for the taxpayer to underwrite some of the costs is also questioned, particularly at a time of unfavourable local economic conditions. Finally, it suggested a partnership approach could deliver quicker and more consistent journey times, as well as have a greater benefit to the environment through the quicker introduction of zero emission buses.
- **First Manchester Ltd** did not think that the Proposed Franchising Scheme would deliver any immediate customer benefits, rather that the Proposed Franchising Scheme would fund a continuation of declining bus patronage. It felt that this would leave the bus network vulnerable to further deterioration during the transition period. It felt that the time taken to deliver the change in structure, coupled with its concerns around customer benefits and cost, was reason to implement an alternative partnership approach. It questioned the need for the costs to be underwritten by taxpayers during the current economic climate – it felt this weighed against franchising. It suggested that partnership would deliver quicker bus journeys with significant fleets of zero carbon emissions buses.
- **Go North West Ltd** highlighted several perceived flaws in the Economic Case. These included:
 - The inflation of the benefits of the Proposed Franchising Scheme in the economic model;
 - The lack of sensitivity testing on key inputs of the Economic Case; and
 - An admission in paragraph 3.2.7 of the Covid-19 Impact Report about the caution with which the report should be treated. It presented an example of this concern as part of its submission.

It highlighted perceived uneven treatment of the two options, with no evidence having been presented to support the conclusion regarding previous partnership proposals, with alternative partnership proposals not having been provided by the bus operators. Despite this, Go North West Ltd considered that the partnership option is the ‘only one that offers value for money across all scenarios’. It also mentioned the lack of sensitivity testing applied to the partnership option and questioned the adequacy of the sensitivity testing performed in the Assessment.

Finally, the response criticised the lack of recognition of the immediacy of the benefits from a partnership option and lack of clarity as to whether the use of additional local funding sources, which it claimed have associated opportunity costs, have been taken into account. It also

criticised the Assessment for not providing an updated distributional analysis given the different socio-economic areas of Greater Manchester.

- **Rotala PLC** concluded that, in its view the impact of Covid-19 on the value for money on franchising has not been properly considered by GMCA. It referenced the accompanying report by Oxera and letter from BDO, which it included as part of its submission. It referenced that it would be ‘unlawful, unreasonable and irrational’ to make a decision now based on the identified flaws in the Covid-19 Impact Report. It also highlighted the apparent lack of an ‘accurate partnership proposal’ against which it could assess the Proposed Franchising Scheme. Rotala’s response summarised some key points from the Oxera report, including:
 - Highlighting perceived errors in the BCR and NPV figures presented under each scenario, which it states cannot be used to compare the impact of the Proposed Franchising Scheme against the partnership option – the latter may not now be feasible following the pandemic;
 - Comparing the NPV and BCRs of franchising with those for a partnership option (that has not been market tested) is ‘not meaningful enough to support such a major decision’;
 - Greater weight is given to the NPV, which is contrary to the DFT (2015) Value for Money Framework which states that for (transport interventions) the BCR is the most useful and interpretable value for money’; and
 - The conclusion that ‘the Proposed Franchising Scheme performs at least as well in value for money terms to an illustrative partnership’, which it stated is not supported by the evidence;

Rotala PLC and Oxera also requested further information to be able to form a view on the value for money of the Proposed Franchising Scheme (set out in A1 of the Oxera report).

Finally, the BDO letter was summarised in Rotala PLC’s submission. It outlined several criticisms of the Grant Thornton report on the Covid-19 Impact Report. It concluded that BDO did not consider that Grant Thornton’s heavily caveated conclusion that ‘this process represents a fair and reasonable way to assess potential VfM outcomes’ is helpful to a reader in understanding the level of assurance provided and was therefore unreliable.

- **Warrington’s Own Buses** did not think the fundamental value for money has changed from the Assessment. It felt uncertainty exists in all options and that GMCA could be forced to intervene in a Do Minimum scenario, in particularly for ‘socially necessary’ services.

Local Government

Greater Manchester authorities

- **Bolton Council** stated that the proposal should be subject to a full business case and analysis ensuring that the approach is both financially affordable and sustainable moving ahead. It was not convinced that the investment will represent best value for money in the immediate years ahead.

- **Bury Council** felt that Covid-19 impacts would be reasonably 'option agnostic' in as much as low patronage and behavioural change impact them all in some way but accepted that the economic analysis is less beneficial for the public than prior to the pandemic.
- **Manchester City Council** acknowledged the uncertainty of the central Economic Case as presented in the Assessment of the options. It was satisfied with the conclusion set out in paragraph 2.51 of the Consultation Document that even when subject to downside tests, in all reasonable scenarios, the Proposed Franchising Scheme remains preferable to any other option. The uncertainty over any partnership model is also a factor in their opinion.
- **Oldham Council** thought that the impact of Covid-19 on the value for money of the Proposed Franchising Scheme and a partnership appears to have been fully considered and agreed with the conclusion that the Proposed Franchising Scheme continues to represent value for money.
- **Salford City Council** agreed that all options would be impacted by Covid-19. It felt that the Proposed Franchising Scheme was the preferred option on balance as the net benefits would be higher and more deliverable.
- **Stockport Metropolitan Borough Council** did not think the pandemic should pause a decision on the Proposed Franchising Scheme and offered to more closely work with TfGM to put in place monitoring of those areas without the franchise in the early phases to ensure that benefits are realised early and any risks minimised.
- **Tameside Metropolitan Borough Council** thought that the report has fully taken into consideration the potential impact of Covid-19 on the value for money of the Proposed Franchising Scheme and partnership options.
- **Trafford Council** did not think that Covid-19 would cause a long-term paradigm shift and urged caution about its long-term impact on value for money.
- **Wigan Council** noted that the Proposed Franchising Scheme offers significantly the most economic value, but the two partnership options have better cost-benefit ratios as they have significantly lower costs. It also noted the decline in patronage in all scenarios and that the forecasts are purposefully conservative to avoid overstating benefits.

Neighbouring authorities

- **Derbyshire County Council** found it difficult to objectively decide what impact the pandemic might have on the value for money of the Proposed Franchising Scheme because of the challenges of understanding the long-term impact of Covid-19 on the wider economy.
- **Lancashire County Council** urged GMCA/TfGM to continually monitor and update the value for money impacts as the Covid-19 pandemic eases.

Other

- **Bus Users UK** had reservations about the Economic Case for the Proposed Franchising Scheme and the financial pressure it could place on the people of Greater Manchester if passenger numbers do not rise.

- **Manchester UNISON Branch** reiterated its desire for a decent bus service in spite of the pandemic.
- **TravelWatch NorthWest** pointed out that the worst-case scenario (Scenario 3) could be even worse given the stated market failure in the bus market.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** thought that the Proposed Franchising Scheme represented the best use of public funds to reform the bus market, as it acknowledged that intervention would be required anyway to 'prop it up' in the scenarios where patronage decreases significantly.

Bus Operators (non-GM)

- **Abellio** proposed a 'Scenario 5' which it felt should have been considered, which assessed the 'paradigm shift' which the bus market has gone through as a result of Covid-19. It identified some market failures, such as the need for Government subsidy and the reduction in profits for the bus operators, as evidence of failures of the current market which had resulted in Central Government subsidy between March and June 2020. However, it approved GMCA as being the appropriate body to make decisions about the bus network and agreed with the conclusion that the value for money of the Proposed Franchising Scheme is likely to be robust to cope with uncertainty created by Covid-19 in all reasonably likely scenarios.

Charity/Voluntary sector

- The **Caribbean and African Health Network** acknowledged the long-term impact of the pandemic on users.

Environment, Heritage, Amenity or Community Groups

- The **Community Transport Association** recognised that commercial bus operators are likely to face a steep decline in fare income, which would result in a reduction and withdrawal of routes and agreed that there needs to be structural changes to the bus network. It supported the Proposed Franchising Scheme.
- **Oxford Road Corridor** thought that the scenario testing had been conducted in good faith and supported the conclusion that the Proposed Franchising Scheme remains the best option.
- **Recovery Republic CIC** found it difficult to comment on this at the current moment in time.

Health organisations

- The **Northern Care Alliance Group** expressed concern that the economic appraisal in the Assessment is not well suited to dealing with structural changes in travel behaviour as a result of the pandemic.
- **The Christie NHS Foundation Trust** supported the intention of the Proposed Franchising Scheme to reduce the price of all-network tickets to match the lower-priced single operator ticket, which would improve value for money for its patients, staff and visitors. It felt there was greater uncertainty with other options.

Other

- The **Association of British Commuters** thought there should be no more cause for delay and that the Proposed Franchising Scheme is far more robust in every scenario.
- **Bruntwood** stated they are familiar with the arguments of the bus industry that similar benefits to those sought through introduction the Proposed Franchising Scheme could be delivered through a partnership-based model. They went on to say that the key argument from its perspective is that delivery of a full, integrated ticketing system (similar to London's) can only be guaranteed through a franchising approach. It also referred to the lack of guarantee offered by bus operators (relating to partnership approaches) and questioned the benefits of the Operator Proposed Partnership, which it felt were now 'highly uncertain'.
- The **Chartered Institute of Logistics and Transport (NW Region)** noted the argument in favour of interventions to support the network and provide investment, but also acknowledged that the Economic Case for a partnership approach remains strong. They accepted that the impact of the pandemic has strengthened the Economic Case for the Proposed Franchising Scheme because commercial operation of many services could no longer be possible. They also acknowledged that there is likely to be a greater role for TfGM in terms of subsidised services in any case if Government support, whilst continuing, is reduced.
- The **Confederation of Passenger Transport** raised a concern about the possible fare increase under the Proposed Franchising Scheme and stated that any fare increase under the partnership model will be invested into improving the customer experience of travelling by bus.
- **Greater Manchester Chamber of Commerce** could not see any immediate return to pre-pandemic levels of economic activity in the foreseeable future and therefore was pessimistic as to the return to positive growth, which would impact on patronage numbers. It proposed a six-month delay on any final decision as to whether to proceed with the Proposed Franchising Scheme.
- **OneBus** expressed concern that the comparison between the Proposed Franchising Scheme and the partnership option(s) had not been undertaken in a fair and equitable way. They expressed concern that such a big decision would be made on scenarios which are not certain to happen. They also posed the question as to whether the 'additional funding requirement', mentioned in the Covid-19 Impact Report, has been included in the proposed value for money assumption for the partnership option, as well as the lack of committed investment to 'Phase 2' interventions.
- **Steady State Manchester** supported the Proposed Franchising Scheme and made reference to the public subsidisation of bus companies' revenue without commensurate control over fares, routes and timetables, and thought the Proposed Franchising Scheme would use public money in the right way (i.e. to improve bus services).

8.3 Summary of responses from members of the public

This section summarises the responses from members of the public in response to the consultation question and the feedback from the qualitative research activity.

8.3.1 Summary of positive comments - consultation

Through the consultation, most of the positive comments in response to the conclusions of the Economic Case agreed that the conclusion of the Economic Case and the Assessment remained appropriate, despite the impact of Covid-19. Participants felt that the Proposed Franchising Scheme provided value for money, whilst others expressed the view that the current system does not provide value for money.

Generally, those making positive comments agreed that the Economic Case is comprehensive and thorough in the detail it presents, whilst the small number of participants who provided comments about Net Present Value (NPV) felt that the Proposed Franchising Scheme performed better when assessed against other, alternative options for bus reform. Participants making supportive comments felt the benefits generally outweighed the (upfront) costs to set up the Proposed Franchising Scheme.

There were some comments made which specifically made reference to the Proposed Franchising Scheme (as opposed to the conclusion of the Economic Case). These were of the clear opinion that the Proposed Franchising Scheme would definitely represent better value for money, with some identifying the increased market competition which would lead to this being the case. Others felt it provided better value for money for the long-term and that the case in favour of the Proposed Franchising Scheme has actually been strengthened by the impact of Covid-19.

Finally, a small number of positive comments were received concerning the partnership options. These included the opinions that the Operator Proposed Partnership would provide better NPV and therefore be better value for money, whilst other comments felt the Ambitious Partnership would also provide better value for money.

8.3.2 Summary of positive comments – qualitative research

Through the qualitative discussions, many participants made positive comments regarding the Economic Case for the Proposed Franchising Scheme. These comments often described the case as realistic and providing good value for money, in spite of the impact of Covid-19. Participants also argued that although the upfront costs would be higher than a potential partnership option, these costs were justified by potential benefits (e.g. quicker journey times). Additionally, some participants agreed that a reduction in Government funding would be unlikely and that, even in the 'worst case scenario' (Scenario 3), the Proposed Franchising Scheme would still be more economically stable than a partnership option due to the providers current lack of commitment.

"The partners are not 100% sure and cannot be committed to what they're offering due to the pandemic. With franchising, it looks like the Government is going to take more of the cost. So, I still think the franchise should be at the forefront. The partnership should be pushed aside." Male, 40, Tameside

A small number of participants made positive comments regarding partnership options. These comments tended to focus on the partnership options lacking the Proposed Franchising Scheme's perceived downsides, primarily its higher upfront costs. Another comment, in relation to the question of timing (see Chapter 15), was that it may not be fair to bus operators to assess the relative economic strengths of the Proposed Franchising Scheme and partnership options during the Covid-19 pandemic.

8.3.3 Summary of negative comments - consultation

Through the consultation, whilst the number of negative comments received about the conclusion of the Economic Case was proportionally similar to the number of positive comments, there was a greater variety of negative comments provided.

Concerns were raised about the value for money of the Proposed Franchising Scheme, with some specific concerns related to the issue of assessing value for money during the pandemic. Others felt too much emphasis was placed on the value for money assessment and thought too much focus had been placed on it. Further comments about value for money raised concern about the long-term value for money and the additional economic pressure from a potential decline in bus usage or failure of patronage to recover.

Other participants did not think that the Economic Case was sufficiently realistic and lacks evidence, with some of the content referred to as 'guesswork' and 'speculation'. There were also some comments about the lack of detail underpinning the value for money calculation.

General comments were received which broadly disagreed with the conclusion of the Economic Case, with some thinking they are irrelevant. A single comment was received which felt the current system provided greater value for money.

There were some comments which specifically made reference to the Proposed Franchising Scheme. These comments expressed the opinion that the Proposed Franchising Scheme would in fact be poor value for money. It was also felt that there would be a decline in NPV under all of the scenarios being considered.

Finally, negative comments were also received about the partnership options, in which participants felt they would be poor value for money.

8.3.4 Summary of negative comments – qualitative research

Through the qualitative discussions, some participants expressed concerns about the Economic Case regarding the Proposed Franchising Scheme, including:

- That the initial upfront cost may divert public money away from other spending priorities perceived to be more important (e.g. the NHS);
- That the Government cannot be trusted to uphold its promised level of funding;

"In the last 12 months, [the UK Government] think of a policy and then a U-turn. I have no faith." Male, 21, Stockport

- That the list of proposed economic benefits includes what participants believed to be the standard requirements of a bus service rather than an additional benefit;
- That a 30-year appraisal period may lack accuracy compared to a shorter-term appraisal period; and
- That benefits without clear financial costs cannot be accurately quantified within an economic analysis.

Participants also made negative comments regarding the Economic Case for partnership options, including:

- The perceived contradiction between achieving GMCA's goals and operating a profitable business;
- The current lack of operators agreeing to partnership options;
- The possibility of operators going out of business due to the current economic situation;
- The inability to ensure that a partnership will be upheld after five years; and
- Feelings of discomfort around private companies receiving money from GMCA without overall control by GMCA.

8.3.5 Summary of other comments - consultation

Through the consultation, a number of additional comments were submitted which were neither positive nor negative. These included:

- Bus service reform is too important not to be value for money;
- Making the point that value for money is subjective and relative to the situation pre-Covid-19, which as a result meant participants felt that there was now more value for money than before the pandemic (i.e. in the Assessment);
- Value for money may decrease without financial support; and
- Value for money will take longer to achieve due to the impact of the pandemic.

8.3.6 Summary of suggestions²⁷ - Consultation

Through the consultation, some participants made comments which were neither positive nor negative but constituted a suggestion. Specific suggestions included:

- The Economic Case should be periodically reviewed and updated (if necessary) according to developments as the UK moves out of the pandemic;
- GMCA needs to ensure that value for money is delivered;
- Cost effectiveness should be made more clear and apparent;
- Value for money should be made more clear and apparent; and
- Any consideration about value for money should be secondary to environmental concerns.

²⁷ It should be noted that some suggestions included in this section are taken into account in the context of the Proposed Franchising Scheme proposals. However, they have been summarised as submitted by participants and have not been filtered to only include those within scope of the consultation.

9 The Commercial Case

9.1 Introduction

The Commercial Case looked at the options from a commercial perspective and assessed their viability. It set out the commercial objectives for the Proposed Franchising Scheme, including driving competition between franchises; creating and sustaining an enduring market; providing flexibility to adapt to changing demand; and enabling access for small and medium-sized operators. It covered areas including how the franchises could be packaged; their length; the procurement process; the assets that would need to be acquired by GMCA such as depots and information systems; and the treatment of bus operator employees.

The Covid-19 Impact Report concluded that there is no material change and that GMCA would be able to secure the operation of services under franchise contracts. It set out how the flexibility of the model would enable it to be adapted in a number of specified eventualities such as changes in operated mileage, depot strategy, procurement strategy etc and that franchising as a commercial proposition remains largely consistent with the aims of the Commercial Case.

More information on this can be found in the consultation document from paragraphs 2.53 to 2.66.

The consultation asked if participants had any comments on the conclusion that the commercial arrangements described in the Assessment for the Proposed Franchising Scheme and the partnership options remained appropriate, notwithstanding Covid-19. This section of the report summarises all responses received in relation to this question.²⁸

Please note that this section is a summary of the positive and negative themes emerging from the comments. Participants also provided suggestions and other comments to some questions which can be found in Appendix D – the complete summary of all themes from the consultation. The qualitative research did not cover this question.

There were 451 participants who commented on the Commercial Case. There were almost four times as many positive responses received about the Commercial Case (347) than negative comments (88).

Q4. Do you have any comments on the conclusion that the commercial arrangements described in the Assessment for franchising and the partnership option remain appropriate, notwithstanding Covid-19?	Number of participants who made positive comments	Number of participants who made negative comments
All who provided a response (451)	347	88
Member of the public (425)	328	83
Stakeholder organisation (26)	19	5

²⁸ Q4. Do you have any comments on the conclusion that the commercial arrangements described in the Assessment for franchising and the partnership option remain appropriate, notwithstanding Covid-19?

²⁹ A number of participants also made suggestions and other comments about the Commercial Case. Participants could also make both positive and negative comments in a single response. For these reasons, the totals for each column do not equate to the base.

Previous statutory consultee (16)	12	4
Other (10)	7	1

9.2 Summary of stakeholder organisation responses

This following section summarises the key points submitted by stakeholder organisations. This section also includes responses from statutory consultees from the previous consultation.

Previous statutory consultees

Bus Operators (currently running services in GM)

- **Go North West Ltd** did not agree with the conclusions on the Commercial Case. It raised a number of specific points in its response including:
 - A lack of evidence to substantiate the claim that ‘the Proposed Franchising Scheme will likely be a more attractive proposition to the operator market during a period of volatility’;
 - A lack of evidence regarding the SME’s bidding appetite during the period of volatility caused by Covid-19;
 - The validity of the statement which concluded that ‘there would still be sufficient market appetite to bid for franchised contracts’, based on recent experiences of rail franchises;
 - A lack of supporting information setting out how GMCA conducted its assessment on the staffing requirements of the Proposed Franchising Scheme under the scenarios;
 - No recognition of the issues surrounding the nine-month mobilisation period, which were raised in the previous consultation. It felt these would be exacerbated by Covid-19 ; and
 - Unrealistic assumptions that GMCA would be able to acquire ownership of strategic depots in the sub-areas either by voluntary agreement with the current owners or by Compulsory Purchase Order within short timescales.

Go North West Ltd felt that route-by-route franchising was a better approach as it would enable better competition in the market since operators could choose which routes to bid for. It also felt that route-by-route franchising would enable a staggered implementation of franchising, allowing time for lessons to be learnt.

It questioned whether the implementation date assumed by TfGM in the Covid-19 Impact Report was long enough, highlighting that Covid-19 travel impacts may last until 2022.

- **Rotala PLC** referenced that the Oxera report³⁰ demonstrated flaws in the scenarios presented by TfGM. It therefore believed that the conclusions on the impacts of the Commercial Case were inaccurate. It felt that the only rational solution was to wait until the long-term changes brought about by Covid-19 were known to GMCA and TfGM. It also called for thorough analysis of the risks involved before coming to a decision on implementing the Proposed Franchising Scheme, due to its impact on operators and their employees.

³⁰ Oxera Consulting LLP provided supporting analysis and reviewed the updated consultation from an economic and statistical perspective to support Rotala with its response to the consultation.

- **Transdev Blazefield Ltd** felt that TfGM had underestimated the difficulties in operators raising capital to invest in their fleet. It argued that the capital investment required would be highest at the beginning of franchising, making it harder for operators to achieve.
- **Warrington's Own Buses** emphasised that it would like the opportunity for SMEs to bid for both small and large franchises. It referred to their suggestion for large franchise operators being unable to utilise spare depot capacity to bid for cross-boundary work and requested that this should be embedded into the franchising framework. It felt that the impact of Covid-19 would increase appetite among bidders, rather than reduce it.

Local Government

Greater Manchester authorities

- **Bolton Council** expressed concern that the current bus fleet does not meet environmental standards and that reducing carbon emissions should be a key focus in the future.
- **Bury Council** accepted that the factors relating to the commercial arrangements remained appropriate.
- **Manchester City Council** was satisfied that the analysis of the commercial arrangements was robust and remained appropriate notwithstanding Covid-19.
- **Oldham Council** agreed that the commercial arrangements described in the Assessment for the Proposed Franchising Scheme and the partnership options remained appropriate, notwithstanding Covid-19.
- **Salford City Council** noted that the commercial arrangements for the partnership options and the Proposed Franchising Scheme do not significantly change as a result of Covid-19. It agreed that the commercial arrangements for each option remain appropriate.
- **Stockport Metropolitan Borough Council** supported the strategy and proposed a mix of large and SME contracts. It also supported the proposal to franchise school services on a resource basis rather than as part of large or SME franchises, which would enable greater flexibility to respond to changing pupil demand.
- **Tameside Metropolitan Borough Council** agreed with the conclusions that the commercial arrangements described in the Assessment for the Proposed Franchising Scheme and the partnership options remained appropriate, notwithstanding Covid-19.
- **Trafford Council** felt that the safest option would be to stick with existing analysis, noting that all approaches carry with them a degree of uncertainty.
- **Wigan Council** felt that there would be no material change to the commercial aspect of the partnership options as a result of Covid-19. It felt that Covid-19 would have nominal commercial implications on the Proposed Franchising Scheme as most of the bus network would be able to operate under franchised contracts, but also allow operators to apply to run cross-boundary and other non-franchised services under permits. It went on to say that the Proposed Franchising Scheme would deliver the commercial aims of delivering franchised bus operations, whilst also allowing access to the market for SME operators.

Neighbouring authorities

- **Derbyshire County Council** argued that the concerns raised in their response to the previous consultation still applied. It stated that some options had been dismissed under the latest proposals, such as packaging contracts on a route-by-route basis. It also felt that the large franchise areas would discourage SME operators from taking part.
- **West Yorkshire Combined Authority** encouraged collaboration with neighbouring authorities. It felt that the approach to an integrated transport system could provide a useful step to achieving cross-boundary integration of ticketing, as well as wider integration of the public transport network.
- The response from **Liverpool City Region** mentioned the proposed service permit scheme, which it expects to be consulted on before the Proposed Franchising Scheme went ahead. It also offered to work collaboratively with TfGM to align cross boundary permit schemes.

Other

- The **Competition and Markets Authority** reiterated its points on the commercial arrangements from the original consultation and added further detail:
 - In light of the pandemic, it encouraged GMCA to engage with operators to reflect on what the expected level of competition for a given individual franchise will be. It also encouraged GMCA to continue to consider the effect that reduced operation mileage would have on competitive tension and smaller operators;
 - It welcomed the inclusion of an asset strategy and encouraged GMCA to reflect on how assets may create barriers to entry that prevent bus operators from competitively bidding. It acknowledged GMCA's considerations of the implications of Covid-19 on its asset strategy;
 - It recognised the benefit to passengers of simplified and integrated fares, but noted that during the transition period simplified and integrated fares carried a risk of confusing passengers and potentially introducing 'cliff-edges' for cross-boundary services;
 - It welcomed the continued commitment to the service permit scheme and highlighted the importance of creating a space for innovation by third parties;
 - It welcomed the Proposed Franchising Scheme creating a single point of contact for customer services, as well as the ability for TfGM to take remedial action which could be used to enforce better quality services; and
 - It acknowledged the levers set out that could facilitate improved competition.
- **Manchester UNISON branch** felt that there was no realistic alternative to franchising.
- **TravelWatch NorthWest** was satisfied with the conclusions surrounding the Commercial Case.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** felt it was logical for the conclusions around the commercial arrangements to remain appropriate.

Bus Operators (non-GM)

- **Abellio** felt that the commercial arrangements described in the Assessment were appropriate to deliver the Proposed Franchising Scheme. It accepted the conclusion that 'there is no indication the commercial arrangements in terms of...partnership...would change due to Covid-19'.

Charity/Voluntary sector

- The **Centre for Cities** agreed that the arrangements remained appropriate based on the likelihood of recovery in bus demand over the short- to medium-term.

Environment, Heritage, Amenity or Community Groups

- **Oxford Road Corridor** felt that the commercial arrangements were clear, reasonable and remained appropriate.
- **Recovery Republic CIC** considered both the Proposed Franchising Scheme and partnership options viable.

Health Organisations

- **The Christie NHS Foundation Trust** emphasised their status as a major employer outside of the city centre and argued that improving services in peripheral areas must be a binding commitment of any proposal.

Other

- The **Association of British Commuters** agreed with the conclusions made around the Commercial Case.
- **The Chartered Institute of Logistics and Transport (NW Region)** felt that Covid-19 had magnified the risks attached to future revenues, asset strategy and underestimated costs. It argued that the mitigations of increasing fares and network reduction were counter-productive, as well as the number of interested bidders being reduced. It concluded by stating that a National Bus Strategy was imminent.
- **OneBus** argued that public spending would be more heavily scrutinised due to Covid-19 and that projected revenues were unlikely to cover all of the assumed costs. It felt that the risks involved with the transition would become greater, with the only resolutions being service cuts or greater than planned fare rises – both of which it argued were bad adverts for franchising. It emphasised that the commercial model of the industry allowed for changing demands to happen quickly when required, and they would be lost under franchising. OneBus appreciated that service stability is important for customers but argued that the ability to respond to the demands for change is equally important.

- **The Trafford Centre** supported the conclusion that the commercial arrangements described in the Assessment for the Proposed Franchising Scheme and the partnership option remained appropriate, notwithstanding Covid-19.

9.3 Summary of responses from members of the public

This section summarises the responses from members of the public in response to this question.

Positive comments

The majority of positive comments agreed that the commercial arrangements remained appropriate. Participants praised the consideration given to SME operators, particularly those running school or hospital services. Others mentioned that the arrangements remained appropriate because the benefits of the Proposed Franchising Scheme outweighed the risks.

A small number of participants commented that the contracts or franchises are suitably attractive to encourage operators to bid, and that the commercial proposition would be able to adapt to changes as appropriate. Single positive comments were also left about the following:

- The asset strategy removing barriers for operators;
- Generally, in favour of a London-style bus system;
- GMCA would provide local control of depots to facilitate a move to zero emissions bus fleets;
- The Proposed Franchising Scheme would allow operators to run cross boundary services;
- The Proposed Franchise Scheme would allow operators to run non-franchised services under a service permit; and
- That there was no material change to the Commercial Case for the partnership option.

Negative comments

While there were fewer negative than positive responses to this question overall, there was a greater range of negative themes raised. Most participants who made negative comments disagreed with the conclusions and did not feel that the commercial arrangements described in the Assessment for franchising and the partnership option were appropriate. Others felt they were no longer relevant or would change in the future, whilst some felt the Commercial Case was unrealistic and described it as *speculation* or *guesswork*. Further negative comments were made about a disproportionate focus on running profitable services, while others stated it focussed too little on delivering a public service or delivering quality services.

Although not specific to any one option, several participants felt that the Commercial Case lacked information or detail on a number of factors including:

- Incentives or rewards for operators;
- Who would be running the operations;
- The requirements of the procurement or the bidding process for services;
- The requirements for the recruitment or training of additional staff; and

- The effective GMCA management of the depots.

Concerns were raised about a decline in bus usage and a possible increase in car or tram usage. Others were concerned about operator viability and a potential restraint on their trade. Concerns were also raised about some operators putting in low bids to win contracts, while others were concerned about school service contracts being too short. Some participants also felt concerned about the level of bureaucracy involved, while others felt that the franchise packages were too big and therefore unfair to SME operators.

Summary of suggestions

Some participants made comments which were neither positive nor negative, but constituted a suggestion. Specific suggestions included:

- The need to review the Commercial Case in response to ongoing developments;
- A balance being struck between profitable and non-profitable routes in franchise packages;
- A balance being struck between large, medium and small franchise packages;
- The Commercial Case should not overlook SME operators because large operators control depots;
- The Commercial Case considerations should be thorough in order to plan appropriately;
- Consideration should be given to the safety of the operation;
- Considerations for an unspecified body to buy depots and buses;
- Plans should be made to cover the circumstances where an operator withdraws from their contract or ceases trading; and
- Large operators should be prevented from occupying spare depot capacity to compete and distort the market outside of Greater Manchester.

10 The Financial Case

10.1 Introduction

The Financial Case set out whether GMCA would be able to afford the transition to, and to operate, any of the options, including the Proposed Franchising Scheme. The Financial Case considered the forecast income, costs and risks of each option and the associated funding requirements.

The Covid-19 Report concluded that the Proposed Franchising Scheme remains affordable, provided that mitigation options of the form and scale included in the report were accepted. It confirms that the sources of funding which were included in GMCA's preferred funding strategy for the transition period, which total £134.5m, remain available for the Mayor, GMCA and local authorities to prioritise bus reform over a transition period to 2025/26 if they wish to do so. The Report identified that there is now greater uncertainty as a result of Covid-19 than there was at the time of preparing the Assessment. This uncertainty could impact future bus demand and therefore the money that GMCA would receive from fares. If franchising is introduced, it would mean more of the financial responsibility for – and the financial risks associated with – the provision of bus services would belong to GMCA and the public sector. In the event that bus revenues and net revenues were lower than forecast in the Assessment, GMCA would need to consider further mitigations and/or funding sources in order for the Proposed Franchising Scheme to remain affordable.

More information on this can be found in the consultation document from paragraphs 2.67 to 2.91.

The consultation asked if participants had any comments on the affordability of the Proposed Franchising Scheme and partnership option in the light of Covid-19. This section summarises responses received in relation to this question.³¹ Please note that this section is a summary of the positive and negative themes emerging from the comments, participants also provided suggestions and other comments to some questions which can be found in Appendix D – the complete summary of all themes from the consultation.

There were 655 participants in the consultation who made comments about the Financial Case. Slightly more participants provided negative comments about the Financial Case (348) compared to those who made positive comments (318).

Table 10.1 Positive and negative comments about the Financial Case³²

Q5. Do you have any comments on the affordability to GMCA of the Proposed Franchising Scheme and partnership option in the light of Covid-19?	Number of participants who made positive comments	Number of participants who made negative comments
All who provided a response (655)	318	348
Member of the public (624)	300	327
Stakeholder organisation (31)	18	21
Previous statutory consultee (19)	13	12

³¹ Q5. Do you have any comments on the affordability to GMCA of the Proposed Franchising Scheme and partnership option in the light of Covid-19?

³² A number of participants also made suggestions and other comments about the Financial Case. Participants could also make both positive and negative comments in a single response. For these reasons, the totals for each column do not equate to the base.

Other (12)	5	9
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10.2 Summary of stakeholder organisation responses

The following section summarises the key points submitted by stakeholder organisations on the affordability of the Proposed Franchising Scheme and partnership option in the light of Covid-19. The responses summarised in this section also include statutory consultees from the previous consultation.

Previous statutory consultees

Bus Operators (currently running services in GM)

- **Go North West Ltd** emphasised the estimated change in farebox revenues accruing to GMCA compared to the Assessment and highlighted that Scenario 2 is the most similar, yet considered most unlikely by TfGM. It felt that the financial risk related to the lower farebox revenue beyond the transition period had not been adequately addressed within the Financial Case. It also commented that paragraph 5.5.5 of the Covid-19 Impact Report added further doubt to the perceived viability of the Proposed Franchising Scheme.

Go North West Ltd also felt there was a financial ‘gap’ of at least £32 million in the affordability assessment. Transition costs were estimated at £259 million, but with the funding envelope totalling £226.5 million. It was concerned with some of the mitigation measures in place, particularly cutting services to offset the forecasted ‘gap’ in revenue – in its view, this argument had been used by TfGM in recent years as a sign of market failure, making it one of the principal reasons for pursuing an alternative model.

Finally, Go North West Ltd highlighted GMCA’s consideration that the Covid-19 impacts would not significantly affect the affordability of the partnership option. It argued that pursuing the partnership option would overcome any risk regarding affordability, particularly in the short- to medium-term.

- **Rotala PLC** concluded that it was impossible for GMCA to properly consider whether it would be able to afford to operate the Proposed Franchising Scheme. The company referenced its accompanying report by BDO, which stated that the independent assurance report on the Covid-19 Impact Report by Grant Thornton is of no value due to the number of limitations and uncertainties. It also made reference to the lack of assurance provided by the scenario-based approach. The remainder of its response summarised the key detail from the BDO report on the funding and affordability of the Proposed Franchising Scheme along with comments on the assumed value of the Mayoral precept. It also makes some other comments, specifically about:
 - The apparent contradiction about GMCA reducing the cost of the fleet (and therefore a reduction in services) in order to mitigate the cost of the farebox revenue, which it stated was contradictory and undermines the reason for the Proposed Franchising Scheme;
 - The lack of certainty about the headline precept requirement; and
 - The lack of a proper response to Rotala PLC’s previous response to the consultation (dated 7 January 2020).
- **Warrington’s Own Buses** requested greater clarity on the concessionary payments point in the Financial Case. It highlighted that under a ‘gross cost franchise regime’, operators would not be

paid for concessions, querying whether or not this would lead to concessions being 'moved to actuals before franchising'. Warrington's Own Buses felt this would have serious implications for bus companies, leading to them being unable to operate and be damaging to the bus network.

Local Government

Greater Manchester authorities

- Bolton Council** noted risks surrounding the Proposed Franchising Scheme's funding, particularly with regards to any shortfalls, as well as any additional precept on council tax and cost for residents in a post-Covid-19 society. It stressed that the Proposed Franchising Scheme must not lead to increasing and ongoing extra financial burden on the ten Greater Manchester councils. It requested for fares to be consistent, and an integrated transport system for trains and trams. It finished by emphasising the strategic importance of reforming buses and the need for increased funding from the Government.
- Bury Council** recognised that the partnership option's affordability is impacted less by Covid-19 from GMCA's perspective.
- Oldham Council** was satisfied that the Proposed Franchising Scheme and partnership option remained affordable to GMCA in the light of Covid-19.
- Manchester City Council** recognised that the Proposed Franchising Scheme would result in a higher level of financial risk for GMCA and Greater Manchester districts compared to the partnership or Do Minimum options. However, it was content with the mitigations outlined in the Covid-19 Impact Report, stating they would be sufficient to proceed with the Proposed Franchising Scheme. It argued the benefits realisation would outweigh the risks involved. It also felt that the partnership or Do Minimum options would lead to public funding being put against uncontrollable commercial decisions of bus operators, which meant an integrated transport network was less likely to happen.
- Salford City Council** felt that both the partnership and Proposed Franchising Scheme options would be financially impacted by Covid-19 due to lower farebox revenue as a result of reduced patronage. It felt the risk involved in a partnership scenario lies predominately with the operators, except for subsidised services that are supported by GMCA. Under the Proposed Franchising Scheme, the Council argued that the risk would lie with GMCA. Albeit supportive of the Proposed Franchising Scheme, Salford City Council was concerned that making savings through reductions to the bus network was contradictory to one of the central aims of franchising for local authorities, which was to improve local bus services for residents. It also felt that use of the Integrated Transport Block to mitigate the revenue shortfall suggested in the Covid-19 Impact Report would impact on Greater Manchester's ability to deliver wider transport interventions in the future. It concluded by requesting further consideration and discussion with GMCA and districts on further mitigation options, specifically relating to the impact of Covid-19 on farebox revenue under a franchised model during the transition period.
- Stockport Metropolitan Borough Council** offered to actively work with TfGM to monitor areas without franchising in the early phases of the Proposed Franchising Scheme, in order to protect services and identify any package of measures needed to support them. It requested this to be factored into the proposals, although it acknowledged that the costs would be unknown.

- **Tameside Metropolitan Borough Council** agreed with the conclusions set out in the report on the affordability to GMCA of the Proposed Franchising Scheme and partnership option in light of Covid-19.
- **Trafford Council** acknowledged the risks associated with the Proposed Franchising Scheme, stating that they cannot be ruled out or mitigated. However, it stated that there would also be an indirect cost of not proceeding with the Proposed Franchising Scheme, likely through a continued decline in bus services and a lack of an integrated transport system.
- **Wigan Council** was most concerned with Covid-19's impact on the level of bus demand and associated farebox revenue. It specifically highlighted the mitigation measure of reducing the size of the network, labelling it as a 'last resort' as it could diminish customer confidence and patronage even further.

Neighbouring authorities

- **Blackburn with Darwen Borough Council** felt that the Proposed Franchising Scheme was positive in terms of the greater expected passenger, environmental, and societal benefits. It acknowledged that some costs would be collected from Greater Manchester taxpayers and there was potential for costs to be offset by Central Government. It also highlighted the mitigation options of concessionary reimbursement, reducing transition costs, locally prioritised funding sources and reductions to the network.
- **Derbyshire County Council** acknowledged that the decision on franchising is one for GMCA to make, however it was concerned about the long-term sustainability of funding the Proposed Franchising Scheme with the revenue risk and the long-term impact of Covid-19 being an unknown variable. It felt that any attempts to reduce potential funding deficits by reducing services, the quality of the offer, or increasing fares would likely result in long term reputational risk for GMCA, and to a bus franchising model more generally.
- **Lancashire County Council** highlighted the potential financial risk due to Covid-19. It emphasised that GMCA must be aware of the risks and suggested GMCA needs to undertake additional assessments in line with the extended lockdown periods.
- **West Yorkshire Combined Authority** highlighted the increased risk of declining farebox revenue, and the mitigations set out to resolve it in the Financial Case. It acknowledged the impact of the risk as currently unknown.

Other

- **Transport Focus** emphasised the risk that demand may not recover to pre-Covid-19 levels, even after a vaccination programme, highlighting increased working from home and modal shift to car as contributing factors. It acknowledged that if demand did not recover, the viability of bus services would be under threat. It felt that any future model would be a 'test' to understand how well it would cope with a drop in revenue and its ability to maintain funds. It went on to say that the franchising model could arguably offer a larger 'safety net' due to its wider resources and sources of funding. It concluded by acknowledging that the risks from a taxpayer perspective would be different.

- **TravelWatch NorthWest** referred to its response to the first consultation, in which it admitted their lack of expertise in understanding financial aspects of the Proposed Franchising Scheme. It felt that there is a large dependency on passengers returning to bus travel. It concluded by stating that greater local control through franchising would enable services to be maintained as widely as possible.
- **Manchester UNISON Branch** felt that Greater Manchester ‘could not afford to not’ implement franchising.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** felt that franchising was the more attractive option for changes to the bus market and would allow for GMCA to respond more effectively to the future of the bus market due to having greater control. It acknowledged this despite the Proposed Franchising Scheme’s greater financial risk. It also highlighted the impact of Covid-19 and how the recovery of farebox revenue was difficult to predict.

Bus Operators (non-GM)

- **Abellio** felt that the Covid-19 Impact Report did not consider the change to affordability of the other options in relation to the latest circumstances of a Do Minimum intervention – where GMCA leaves decisions about investment and deployment of assets in the hands of the incumbent commercial operators. It felt that the affordability to GMCA of the Proposed Franchising Scheme had improved in relation to a Do Minimum option, while the partnership option was no longer viable.

Abellio disagreed with two parts of paragraph 5.5.7 of the Covid-19 Impact Report as it said that:

- ‘It is important to note that although the Proposed Franchising Scheme exposes GMCA to an increased level of risk if patronage does not return to pre-Covid-19 levels’; and
- ‘...under the Do Minimum option for intervention GMCA would continue to support the bus network through subsidised services...as it does at present’.

It felt that these statements were incorrect representations of the current ‘status quo’ with state-aid, pre-Covid-19 levels of concessionary reimbursement, Bus Service Operator’s Grant (BSOG), and tender revenue. It felt that the correct analysis could have been provided if a ‘Scenario 5’ was developed or foreseen – a scenario which assessed the ‘paradigm shift’ which the bus market has gone through as a result of Covid-19.

Charity/Voluntary sector

- **The Caribbean and African Health Network** was concerned about Government funding being reduced or withdrawn and bus users having to pay more in order to make up the shortfall.
- The **Centre for Cities** felt that the costs of not intervening in Greater Manchester, even in the most pessimistic scenarios, were the most powerful incentive for those options to be avoided. It argued that under a partnership option, bus operators would seek to reduce the network which would yield weaker returns on intervention. It went on to say that under a partnership model, affordability risked becoming a ‘downward spiral of worse services and worse finances’, whereas

under the Proposed Franchising Scheme, any risks would become signals to spur mitigation using public sector finances.

Elected Representatives

- **Debbie Abrahams (MP for Oldham East and Saddleworth)** was concerned about Government funding cuts which could impact franchising, the local economy and infrastructure.

Environment, Heritage, Amenity or Community Groups

- **Bolton and South Lancashire Community Rail Partnership** expressed concern over increased transition and ongoing costs resulting in further cuts to the bus network and loss of other initiatives. It emphasised a degree of caution going forward.
- The **Community Transport Association** argued that small scale organisations and community transport operators would be unable to absorb costs in the same way as larger operators. It therefore requested that community transport operators be exempt should GMCA need to rely on reducing concessionary fares reimbursement as a mitigation measure. It argued that financial difficulties faced by operators would be further exacerbated if this exemption was not implemented.
- **Oxford Road Corridor** felt it was important for GMCA to have greater control over the bus network to ensure delivery of service for residents, despite all the proposed options carrying a financial risk. It also acknowledged Covid-19's impact on bus patronage and farebox revenues.
- **Recovery Republic CIC** felt that the proposals would have the support of the majority of Greater Manchester residents.

Health Organisations

- **The Christie NHS Foundation Trust** acknowledged GMCA would assume additional risk through the Proposed Franchising Scheme and this would be avoided if a partnership option was chosen. Despite this, it felt the partnership option carried uncertainties which could impact the chances of successfully reforming the bus market.

Other

- **Association of British Commuters** felt that bus operators focused on profit when making decisions, which was inadequate for users. It argued that operators have no accountability and no plan to improve bus services in the area.
- The **Chartered Institute of Logistics and Transport (North West)** questioned if the funding from district councils and precepts would still be available due to increased pressure on local funds in the current economic climate. It was concerned that if franchising was brought in when suggested, it would only be affordable to reproduce existing networks, or those reflecting a lower level of patronage. It went on to say there would be no funding to meet other objectives such as integrated ticketing, and service enhancement in areas of poor coverage. It was unsure what franchising was being brought in for.
- The **Confederation of Passenger Transport (CPT)** argued that the Proposed Franchising Scheme increased the cost and risk for GMCA, stating that a decline in bus patronage would require mitigation measures to be introduced, and this would have a negative impact on service

levels. It argued that the transition costs would not result in improvements for passengers and that it was unreasonable to expect taxpayers to fund the change. It suggested that improvements could be made to bus services by operators in the time it would take to transition services under the Proposed Franchising Scheme.

- **Greater Manchester Chamber of Commerce** recommended a short delay before GMCA made a final decision on franchising due to uncertainty around future economic recovery. It felt the decision should consider any measures announced in the upcoming budget as this could impact Government support for public transport.
- **OneBus** argued that the Proposed Franchising Scheme was no longer affordable without Government subsidy or mitigation measures being implemented, due to farebox revenue during the transition period being forecasted to -£292m. It felt this would be no different to the Do Minimum option.

It commented that it was not certain that the transitional costs were accurate and suggested they could be used for alternative needs across the region. It also queried the assumption of Phase 2 funding being necessary when it felt there was no guarantee that Phase 2 funding would transpire.

OneBus was in favour of a partnership option and praised its affordability as it would not require transition costs.

10.3 Summary of responses from members of the public

This following section summarises the key points submitted or discussed by members of the public on the affordability to GMCA of the Proposed Franchising Scheme and partnership option in the light of Covid-19. Responses to the consultation and feedback from the qualitative research exercise have been categorised into positive comments, negative comments, other comments, and suggestions.

10.3.1 Summary of positive comments - consultation

Through the consultation, the majority of positive comments in response to the conclusions of the Financial Case agreed that they are appropriate and affordable in the light of Covid-19. Participants specifically referenced that the Proposed Franchising Scheme is the most affordable or cost-effective option, whilst others expressed the view that bus service reform is too important to not find funding for.

Some participants who felt that the conclusions of the Financial Case were appropriate went on to say that the benefits of the Proposed Franchising Scheme outweighed any risks or costs involved, while others stated that any benefits of the Proposed Franchising Scheme would be long lasting. Some positive comments stated that the Proposed Franchising Scheme would lead to better control of spending, while others felt it would provide fare revenue from bus usage. Some participants commented that the investment put in would be recovered from economic growth or recovery, while others felt that the investment would be recovered from centralised planning.

Some participants expressed the view that any financial risks would sit with GMCA regardless of which proposal is chosen. One general positive comment was also made about the mitigations in place being sufficient to proceed with the Proposed Franchising Scheme, with others specifically referencing the mitigations being used to resolve reduced farebox revenue due to a decline in patronage.

Finally, although fewer participants made comments about the partnership option compared to the Proposed Franchising Scheme, several participants felt that the partnership option represented the cheaper and/or more affordable option available.

10.3.2 Summary of positive comments – qualitative research

Through the qualitative discussions, after considering the Financial Case, in light of the Covid-19 pandemic, many participants still considered the Proposed Franchising Scheme would be the best option. Participants often recognised the perceived risks involved but felt that the partnership or Do Minimum options were riskier. Under the Proposed Franchising Scheme participants felt less revenue would be lost and they had trust in GMCA being ‘customer-focused’ on the people of Greater Manchester, rather than on profit-maximisation.

‘I still think franchising is the best option because we’ll end up losing more money in the other options’ Female, 18, Stockport

A small number of participants expressed conditional support for the Financial Case, in that they would only do so if Government support was maintained.

Participants discussed the potential mitigation measures which could be introduced should a worst-case scenario be realised. From a positive perspective, some participants argued that cutting services for over-served routes would make financial sense. However, there was debate around this, with some believing that fewer services would be better than increasing fares, while others felt the opposite.

A small number of participants commented that the partnership option could be preferable as they believed that the financial risk would then be better shared between the public and private sectors.

10.3.3 Summary of negative comments - consultation

The negative comments primarily raised concerns about the costs or affordability of the Proposed Franchising Scheme. Participants were concerned about an increased burden on the taxpayer, while others deemed franchising as a waste of money altogether. Some raised concern about an anticipated reduction in farebox revenue due to a decline in patronage, while others raised concerns about affordability being the overriding focus. Further negative comments were made stating that the Proposed Franchising Scheme would cost more than planned for, whereas others raised concern about the level of Government subsidy or additional financial support. Several participants expressed concern about the cost of transitioning to the Proposed Franchising Scheme and others felt that it would require some form of subsidy to go ahead.

Some participants felt that the Financial Case was unrealistic and was lacking sufficient evidence – some of which described it as *speculation* or *guesswork*. Participants also commented that the Financial Case lacked information or detail regarding the costs whilst others went on to say there was lack of detail in the cost of running the Proposed Franchising Scheme in the future. Further negative comments were made which cited that the Financial Case lacked detail about the costs of Phase 2, while others felt there was insufficient information about concessionary payments.

Some participants felt that the conclusions of the Financial Case were incorrect and thus disagreed with them. Others felt concerned about the financial risks involved with the Proposed Franchising Scheme, with some going on to specifically reference Covid-19 uncertainty, unaccounted-for variables and vulnerability during transition as key risks.

Some negative comments made specific reference to the Proposed Franchising Scheme – participants felt that the Proposed Franchising Scheme would be too expensive and unaffordable, with some putting this down to an anticipated reduction in farebox revenue due to a decline in patronage. Others commented that the Proposed Franchising Scheme would be a *vanity project* and a *waste of money*.

Finally, negative comments were made about the partnership option, with participants describing it as *expensive* or *unaffordable*. Fewer negative comments were made about the partnership option compared to the Proposed Franchising Scheme.

10.3.4 Summary of negative comments – qualitative research

Through the qualitative discussions, as in discussions around the Economic Case, participants expressed concern that the Financial Case was partially reliant on Government fulfilling its promise of funding for bus reform. Another concern was that ‘uncommitted funding’ may not be available due to other funding priorities taking precedence over bus reform. Participants also expressed concerns around depending on business rates for funding when many businesses are currently struggling to operate.

With regard to the mitigation measures, the potential cutting of services generated the most concern, with participants highlighting certain populations who were dependent on bus travel.

“I think taking buses off isn’t acceptable. There are people like me who don’t have cars, or key workers, we need buses.” Female, Tyldesley, 45

Some participants expressed concerns around a potential partnership in relation to the Financial Case, specifically the perception that operators may not be as financially independent due to being ‘propped up’ financially by GMCA if they fail to deliver socially necessary routes.

Some participants commented on the Do Minimum option in relation to the Financial Case, arguing that in a worst-case scenario, money would still be lost but without any of the improvements that may come from the Proposed Franchising Scheme or a partnership option.

10.3.5 Summary of other comments - consultation

Through the consultation, several other comments were made by participants including comments about the affordability being subjective and how a reduction in services would mitigate some of the risk associated with transition costs.

10.3.6 Summary of other comments – qualitative research

As part of the workshop, participants were informed about the public funding of bus services during the Covid-19 pandemic; most participants were either already aware or not surprised by this. Participants also asked several clarification questions about the Financial Case, including:

- Whether potential changes to council tax would be the same across all ten Greater Manchester councils or would certain areas be disproportionately affected; and
- Whether there was a potential risk in the future that concessionary fares could be cut.

Summary of suggestions - consultation

Through the consultation, a number of suggestions were made by participants in their response to the Financial Case in light of Covid-19. These included:

- Bus services should receive some form of Government subsidy or additional financial support, similar to that which Transport for London receives;
- Bus services should be funded from increased council tax;
- Bus services should be funded using Manchester Airport profits;
- Bus services should be funded using operator profits;
- The cost and affordability should be made clearly apparent in the Financial Case;
- The cost and affordability of the Proposed Franchising Scheme should be secondary to environment concerns; and
- The Financial Case should be regularly reviewed in response to any new developments.

11 The Management Case

11.1 Introduction

The Management Case set out how the Proposed Franchising Scheme would be implemented during transition and subsequently managed. It also looked at how the transition would be managed and how any disruption to services would be mitigated.

The Covid-19 Impact Report found that the fundamentals of the future operating model as defined in the Management Case are still relevant, can still be used to provide the foundations for implementation and ongoing operation, with redesign happening at specific targeted areas and to manage cost so that is aligned to the economic forecasts at that point in time. The Report concluded, therefore, that TfGM would still be able to manage the transition and implementation of Proposed Franchising Scheme on behalf of GMCA.

More information on this can be found in the consultation document from paragraphs 2.92 to 2.101.

The consultation asked if participants had any comments on the transition and implementation of the Proposed Franchising Scheme including the proposed approach to managing the risks associated with Covid-19, as well as TfGM's ability to manage and implement a partnership on behalf of GMCA.³³ This section summarises the responses received in relation to this question. The qualitative research activity did not cover this question.

Please note that this section is a summary of the positive and negative themes emerging from the comments, participants also provided suggestions and other comments to some questions which can be found in Appendix D – the complete summary of all themes from the consultation.

There were 342 participants who made comments about the Management Case. The majority (222) made positive comments in their response while fewer (87) made negative comments.

Table 11.1 Positive and negative comments about the Management Case³⁴

Q6. Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, including the proposed approach to managing the risks associated with Covid-19 (as set out in the Management Case of the Covid-19 Impact on Bus Franchising Report) and whether TfGM would be able to manage and implement a partnership on behalf of GMCA, notwithstanding Covid-19?	Number of participants who made positive comments	Number of participants who made negative comments
All who provided a response (342)	222	87
Member of the public (321)	209	78

³³ Q6. Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, including the proposed approach to managing the risks associated with Covid-19 (as set out in the Management Case of the Covid-19 Impact on Bus Franchising Report) and whether TfGM would be able to manage and implement a partnership on behalf of GMCA, notwithstanding Covid-19?

³⁴ A number of participants also made suggestions and other comments about the Management Case. Participants could also make both positive and negative comments in a single response. For these reasons, the totals for each column do not equate to the base.

Stakeholder organisation (21)	13	9
Previous statutory consultee (14)	8	6
Other (7)	5	3

11.2 Summary of stakeholder organisation responses

This section of the report summarises the key points submitted by a range of stakeholder organisations. These submissions are from those organisations which identified themselves as organisations rather than members of the public, and therefore represent a considered organisational view. They include statutory consultees from the previous consultation.

Previous statutory consultees

Bus Operators (currently running services in GM)

- Go North West Ltd** noted that workforce planning assumptions made in the Assessment and thought that there may need to be a change which they discussed further in relation to the next question on impacts (see Chapter 12). Go North West Ltd also felt that it would be important to avoid lengthy periods of uncertainty between any decision and implementation, as this could add to market uncertainty, suppress patronage recovery and add to any financial gap dependent on the outcome of any scenario.

It also noted that additional uncertainty due to Covid-19 would add to the time period needed for adequate evaluation during any transition (which they previously stated to be too short and unrealistic). This 'inevitable' period of uncertainty would, in its view, further undermine public trust and faith in buses, meaning GMCA should consider a transition process that minimises all risks associated as included in their previous consultation response as well as their 2021 submission.

Finally, Go North West Ltd found that given the 'significant additional risks' brought about by Covid-19, the detail on how TfGM, on behalf of GMCA, would deliver management capabilities and mitigation measures was lacking.

- Rotala PLC** raised concerns about the scenario-based approach in relation to the Management Case, stating that not enough detail had gone into outlining the implementation of the Proposed Franchising Scheme under each scenario - particularly Scenario 3 given the Covid-19 Impact Report acknowledges processes would require modification in this instance. Rotala PLC did not accept that GMCA have demonstrated their ability to implement the future operating model as proposed in the Covid-19 Impact Report.

They also questioned the experience, given the 'low contemplated salaries' of those instructed by TfGM to manage the network under the Proposed Franchising Scheme. They also stated that Manchester Operators are better placed to deal with uncertainty caused by Covid-19 given their experience.

Regarding the partnership option, Rotala PLC agreed that it would be possible for GMCA to manage this option effectively despite Covid-19, due to the partnership option being more dynamic, flexible, less costly and less risky than the alternative. In conclusion, Rotala PLC believed that it would be prudent for GMCA to defer its decision on whether to implement the Proposed Franchising Scheme, or a partnership option, until the full impact of Covid-19 on the bus market has become apparent.

- **Transdev Blazefield Ltd** identified that the transition, given the uncertain future of the bus industry, would be a 'significant risk' particularly in relation to the future finance model. Transdev Blazefield Ltd stated that this is acknowledged within the Covid-19 Impact Report but no solution is suggested.

Local Government

Greater Manchester authorities

- **Manchester City Council** stated that the conclusions and workforce planning assumptions seemed appropriate to manage risk.
- **Oldham Council** was satisfied with the proposed approach to transition, implementation and managing the risks associated with Covid-19. It was also satisfied that TfGM would be able to manage and implement a partnership on behalf of GMCA.
- **Salford City Council** noted that Covid-19 has not significantly impacted the Management Case and TfGM have indicated their ability to implement the Proposed Franchising Scheme or a partnership option despite this.
- **Stockport Metropolitan Borough Council** asked that they be included within the latter stages of the phased transition to understand impacts on operators and employees and how they could be supported through the process. It was supportive of local decision making, collaborative working with TfGM and positive opportunities for the community to be more closely involved in decisions made around bus services.
- **Tameside Metropolitan Borough Council** agreed with the approach to the transition and implementation of the Proposed Franchising Scheme, including the proposed approach to managing the risks associated with Covid-19, as set out in the Covid-19 Impact Report, and also agreed that, notwithstanding Covid-19, TfGM would be able to manage and implement a partnership on behalf of GMCA.
- **Trafford Council** made reference to its previous response and provided broad support for the approach to transition and implementation of the Proposed Franchising Scheme and expressed support for the measures outlined for managing risks associated with Covid-19. It suggested that any further efficiencies in relation to risk mitigation and flexing of the operating model to meet future requirements should be explored.
- **Wigan Council** acknowledged the uncertainty surrounding Covid-19 but deemed the fundamentals of the future operating model as contained in the Assessment to be still relevant. It stated the model would allow for flexible resource allocation which could be aligned to economic predications at the point of any decision.

Neighbouring authorities

- **Lancashire County Council** suggested that the approach to transition would need to be flexible to account for market conditions at the appropriate time.
- **Liverpool City Region Combined Authority** reaffirmed their wish for risk mitigation with regards to cross-boundary services as a result of implementation or Covid-19. It also highlighted the need

for collaborative working between authorities in the event of a partnership option to maximise efficiencies and alignment of objectives.

- **West Yorkshire Combined Authority** felt that the time taken to realise potential benefits would come 'significantly later' under the Proposed Franchising Scheme than under the partnership option. It also referred to mitigations put in place in West Yorkshire during the pandemic for the long-term sustainability of the network and would encourage dialogue and coordination on this activity moving forwards. It raised previous concerns relating to the impact of transitional arrangements on cross-boundary travel, requesting:
 - a clear plan to mitigate and manage this is put in place to minimise disruption; and
 - data sharing and performance monitoring, especially during the early days of implementation. This will ensure that the impact of franchising on passenger movements, especially cross-boundary movements, can be monitored and responded to where required.

Other

- **Manchester UNISON Branch** stated its belief that TfGM would be able to deliver on the Management Case on behalf of GMCA.
- **Transport Focus** stated that the Proposed Franchising Scheme seemingly offers greater ability for the coordination of services. However, it noted potential passenger concern about the length of transition and 'lag' in implementation which may allow for 'network deterioration and investment to be undermined'. They posed questions about giving Greater Manchester and passengers the best opportunities through transition and how benefits for users could be enhanced through the replication of good investment models.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** thought that TfGM would be able to manage either the Proposed Franchising Scheme or a partnership arrangement irrespective of the impact of Covid-19.

Bus Operators (non-GM)

- **Abellio** stated that, despite the uncertainty of Covid-19, the approach as set out in the Management Case to manage the Proposed Franchising Scheme whilst mitigating potential cost risks provides the correct organisational foundations for TfGM. Abellio also noted that risks associated with service withdrawal would have existed in the pre-Covid-19 deregulated market, and these risks potentially worsened if support were to be withdrawn. They also made reference to an alternative Scenario 5 which would fully confirm these implications.

Abellio also thought that a time limited opportunity exists to avoid the risk of services being deregistered in the form of direct awards of 'proto-franchises' for short term security. Abellio stated that implementation and transition to the Proposed Franchising Scheme has become less risky for GMCA as a result of Covid-19 and as a result, has become a more attractive proposal in comparison to the partnership option.

Charity/Voluntary Sector

- **The Caribbean and African Health Network** was reassured by TfGM's plans for management and implementation regardless of Covid-19 disruption.

Environment, Heritage, Amenity or Community Groups

- **Bolton and South Lancashire Community Rail Partnership** highlighted the volatility and risk involved in the current environment, particularly in relation to patronage. However, it acknowledged the benefits of the Proposed Franchising Scheme.
- **Oxford Road Corridor** considered that TfGM would be able to manage either option effectively irrespective of Covid-19.

Health Organisations

- **Manchester University NHS Foundation Trust** agreed that effective management could still take place even though there may be fewer jobs resulting from the Proposed Franchising Scheme. However, it also requested further information on worst case scenario implications on support and services.
- **The Northern Care Alliance NHS Group** responded to highlight that any option should not create a disparity in service provision, and that there are assurances that any improvements to interchange, ticketing and travel information would not have a detrimental impact on services.
- **The Christie NHS Foundation Trust** suggested that a better understanding of the risks and implications of Covid-19 should be possible at implementation stage.

Other

- **OneBus** raised concerns around the additional staffing requirements of the Proposed Franchising Scheme implementation, as being 'unnecessary and excessive'. They were concerned that time pressures and the technical nature of the required positions may hinder outputs. OneBus proposed appointing staff on a workload basis with additional consideration given to gaining initial experience. It also identified gaps in provision of the additional staff needed by operators to oversee operational compliance which they felt to be significant, with additional costs having to be included in contract pricing.

OneBus thought that the partnership option would be more manageable and create less inconvenience for bus users, whilst avoiding some of the additional costs and recruitment of staff as required under the Proposed Franchising Scheme.

11.3 Summary of responses from members of the public

Summary of positive comments

The majority of positive comments in response to the conclusions of the Management Case agreed that they are appropriate in the light of Covid-19. Participants felt that TfGM [on behalf of GMCA] would be able to transition, implement and manage the bus network and services with others thought they would be able to also successfully transition to a Proposed Franchising Scheme.

Participants made specific reference to the ability of TfGM to recruit and train additional or suitably qualified staff, TfGM's proven track record managing Metrolink and years of experience supporting public transport provision across Greater Manchester.

Some participants made positive comments in relation to the management of risks, with others providing further detail that changes could be implemented quickly, financial risks could be managed and workforce planning could take place. Others also felt that it would allow for monitoring and evaluation of operator performance and flexibility to adapt to change.

Finally, a number of participants also made comments specifically about the partnership option, stating that TfGM would be able to manage and implement this option, whilst further detail was provided that this would enable cooperation and collaborative working.

Summary of negative comments

Fewer negative comments were received in response to the conclusion of the Management Case overall, but these were spread across a wider variety of themes.

Some participants raised general concerns about the possible transition and implementation of the Proposed Franchising Scheme. Others were more specific, raising concerns about the ability of TfGM [on behalf of GMCA] to implement the Proposed Franchising Scheme, their ability to manage bus services and their poor track record of operating services.

Participants also made negative comments in relation to the availability of additional or suitably qualified staff, specifically to manage the transition and implementation and to manage the contracts and ongoing operations.

Fewer participants expressed concern over the timeframe for transition and implementation, as well as the lengthy transition period and overall timing of any changes. Some participants expressed general disagreement with the conclusions of the Management Case, with a small number referencing the inability to manage risk and the potential impact that this could have on passengers.

Finally, some negative comments were also received in relation to the ability of TfGM [on behalf of GMCA] to manage and implement a partnership option.

Summary of suggestions

A number of suggestions were made by participants in relation to the Management Case in light of Covid-19. These included:

- TfGM should perform thorough due diligence and negotiate, plan and prepare properly;
- TfGM should seek guidance from experts/TfL and follow the TfL/London model;
- TfGM and GMCA should monitor and evaluate the performance and operations of existing operators;
- TfGM should undertake the recruitment and training of additional and suitably qualified staff;
- The transition should be reviewed periodically and updated in response to developments; and

- There should be penalties and enforcement for failure to adhere to the standards of performance and operation.

12 Impact Conclusions

12.1 Introduction

The Assessment considered the impacts of the different options on passengers, operators, TfGM and GMCA, and wider society. The Covid-19 Impact Report further considered these impacts in light of Covid-19.

More information on this can be found in the consultation document from paragraphs 2.102 to 2.114.

Participants were asked for their comments on the conclusions about how Covid-19 is likely to affect the impacts of the Proposed Franchising Scheme, partnership and Do Minimum options on passengers, operators, GMCA, and wider society.³⁵ This chapter summarises the responses received around this across the consultation. This question was not included in the qualitative research activity.

Please note that this section is a summary of the positive and negative themes emerging from the comments, participants also provided suggestions and other comments to some questions which can be found in Appendix D – the complete summary of all themes from the consultation.

There were 175 participants who made comments about the impact conclusions in the Covid-19 Impact Report. Most participants (121) made positive comments while few made negative comments (27).

Table 12.1 Positive and negative comments about the Impact Conclusions of the Covid-19 impact on Bus Franchising Report³⁶

Q7. Do you have any comments on the conclusions of the Covid-19 Impact on Bus Franchising Report about how Covid-19 is likely to affect the impacts of the Proposed Franchising Scheme, partnership and Do Minimum options on (a) passengers, (b) operators, (c) GMCA and (d) wider society?	Number of participants who made positive comments	Number of participants who made negative comments
All who provided a response (175)	121	27
Member of the public (155)	112	25
Stakeholder organisations (20)	9	2
Previous statutory consultee (11)	4	2
Other (9)	5	0

12.2 Summary of stakeholder organisation responses

This section of the report summarises the key points submitted by a range of stakeholder organisations. These submissions are from those organisations which identified themselves as organisations rather than members of the public, and therefore represent a considered organisational view. They include statutory consultees from the previous consultation.

³⁵ Q7. Do you have any comments on the conclusions of the Covid-19 Impact on Bus Franchising Report about how Covid-19 is likely to affect the impacts of the Proposed Franchising Scheme, partnership and Do Minimum options on (a) passengers, (b) operators, (c) GMCA and (d) wider society?

³⁶ A number of participants also made suggestions and other comments about the Impact Conclusions. Participants could also make both positive and negative comments in a single response. For these reasons, the totals for each column do not equate to the base.

Previous statutory consultees

Bus Operators (currently running services in GM)

- **Go North West Ltd** mentioned that its response to the original consultation had noted significant issues with the impact of the Proposed Franchising Scheme on passengers, operators, GMCA, and wider society. While such issues remained valid, the greater uncertainty caused by Covid-19 has caused prolonged upheaval of the bus market and would have an even greater detrimental impact on all groups than previously envisaged. It was believed that the pandemic had undermined customer confidence in bus services, and that it would be a significant challenge to overcome such concerns. It was concerned that any activity that would introduce more uncertainty into future bus services would likely have an even greater detrimental effect on the recovery of the bus market, requiring even greater efforts to get patronage levels back to the levels set out in the Assessment.

Go North West Ltd believed that the Proposed Franchising Scheme would have the following negative impacts:

- Disruption for passengers;
- Creation of uncertainty for employees of bus operators in relation to employment tenure and terms and conditions of their contracts; and
- Increased bus fares owing to greater risks to public finances.

To minimise transition risks and accelerate timescales for starting the development of a franchised network for Greater Manchester, Go North West Ltd suggested that GMCA should consider its alternative proposal as outlined in more detail in its response.

- **Rotala PLC** concluded that it expected the impact of Covid-19, as set out in the scenarios, to be incorporated into a new economic case model (some of which is detailed further in its submission). It considered it was not possible for GMCA to say what the permanent effects of Covid-19 would be and did not think that a decision should be made now. It also said that the decision was 'plainly irrational' and failed to take material matters into account.

Local Government

Greater Manchester authorities

- **Manchester City Council** considered that the conclusions of the Covid-19 Impact Report were based on a reasonable analysis of the different scenarios. The Council reiterated its points made in its original consultation response that the Proposed Franchising Scheme would represent the best outcomes for passengers and wider society in terms of the benefits of a coherent, integrated bus service within a wider public transport network. It was believed that while the impact of Covid-19 had not made any structural changes to the likely impacts on passengers, operators, GMCA and wider society, the pandemic could cause the starting point during the transition period of the Proposed Franchising Scheme to be different. However, the Council was satisfied the proposed mitigations identified in the Covid-19 Impact Report would be sufficient to proceed with the Proposed Franchising Scheme.

- **Oldham Council** agreed with the conclusions of the report as to how Covid-19 would be likely to impact the Proposed Franchising Scheme, partnership and Do Minimum options on passengers, operators, GMCA and wider society.
- **Salford City Council** noted that in respect of the Proposed Franchising Scheme, the impact of Covid-19 on passengers, operators, GMCA and wider society was either unchanged from the original assumptions or was a better proposition than a partnership arrangement. It felt that the transition arrangements were the exception to this but went on to acknowledge the mitigation plan for them.
- **Stockport Metropolitan Borough Council** mentioned that travel to and from Stockport to neighbouring authority areas beyond the Greater Manchester boundary was a key feature of the transport system. The Council said that it would like to work with TfGM to look at the impact of the Proposed Franchising Scheme and any transitional period on cross boundary services coming in and out of Greater Manchester. It was envisaged that a potential disjuncture between services in Greater Manchester and those crossing the boundary to other areas would be likely to be exacerbated by the impacts of Covid-19 and that the Council would like to work with TfGM to understand the actions which could be taken to positively support cross boundary services.
- **Tameside Metropolitan Borough Council** agreed with the conclusions of the report on how Covid-19 would be likely to impact the Proposed Franchising Scheme, partnership and Do Minimum options.
- **Trafford Council** believed that many of the benefits of the Proposed Franchising Scheme to passengers (including in its opinion: comprehensiveness, stability and efficiency of the network and greater fares simplification) would remain relevant. It was suggested that any disruption to services should be kept to a minimum, and that it welcomed measures TfGM had put in place to monitor and mitigate risk. The Council supported the Proposed Franchising Scheme, believing it to be the most appropriate way forward that could bring significant benefits to the bus network. It also believed that wider society would benefit from an improved transport system that could support economic activity, reduce congestion through encouragement of modal shift from private car, as well as improved environmental performance of the bus fleet.
- **Wigan Council** believed that reduced financial strength of operators could increase potential for the withdrawal of services or increased fares. However, it was stated that the Proposed Franchising Scheme would appear to reduce this risk and provide greater certainty for passengers in the long-term. For operators, it was believed that the Proposed Franchising Scheme would affect them in Greater Manchester in the same way as was set out in the Assessment, and that the effects of the Proposed Franchising Scheme in the light of Covid-19 would remain broadly the same. It was envisaged that without the Proposed Franchising Scheme there would be potential for further funding requests from operators as a result of Covid-19. In the view of the Council, this could be particularly severe if there was a weak economic recovery and a strong shift to car usage.

Neighbouring authorities

- **Blackburn with Darwen Borough Council** supported GMCA's analysis in terms of challenges facing the Greater Manchester bus market, which it thought mirrored background conditions experienced within the borough of Blackburn with Darwen, in relation to lack of co-ordination of

networks, the lack of commercial services at particular times of the day or week, and complex or numerous ticketing arrangements between different private operators.

- **Chorley Council** believed it would be important to encourage the use of sustainable modes of transport, including buses, in order to have a positive impact on reducing the impacts of climate change. The Council believed that the bus network would encourage more people to travel by bus rather than by car to help to achieve this.
- **Derbyshire County Council** was concerned about the impact of the proposal on cross boundary services and more generally on the network of services immediately outside the GMCA area. It was thought that the proposals failed to take proper account of the potential impact on bus passengers in neighbouring local authority areas and the bus market more generally, which was believed to be in a considerably more fragile state compared to when the previous public consultation was carried out in late 2019.
- **Lancashire County Council** believed that it would be important to understand any potential impacts on cross boundary services as referenced in the Consultation Document. The Council mentioned that it would welcome regular discussion with TfGM to assess what impacts may potentially arise so they could be mitigated against.
- **Liverpool City Region Combined Authority** stated that as a neighbouring authority it would not expect to see Liverpool City Region residents disadvantaged, particularly in communities closest to the boundary who need access to both their own and neighbouring authority areas for basic services, in addition to ensuring they have access to employment opportunities on both sides of the border. Liverpool City Region Combined Authority said that it would wish to work together on the basis of strengthening cross-boundary bus links where this might be achievable.
- **West Yorkshire Combined Authority** said that it understood that there were no changes specified to the Proposed Franchising Scheme affecting cross-boundary services. It was mentioned that the authority would like to reiterate that it would welcome further conversations with TfGM on the likely impact that a franchised operation would have on cross-boundary services.

Other

- **The Competition and Markets Authority** stated that the pandemic was an external shock, and as such, its impact would be independent of the preferred option. It was noted that the likely resultant lower demand for buses may require greater intervention to protect essential services regardless of the option pursued, including the Do Minimum option.
- **Manchester UNISON Branch** stated that franchising proposals must not be deflected by Covid-19. The organisation believed that a long-term view over decades is where the focus should be.
- **TravelWatch NorthWest** agreed that under all scenarios illustrated in the Consultation Document that the Proposed Franchising Scheme would offer greater benefits for passengers looking forward, for example, better integration between modes.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** believed that the Proposed Franchising Scheme would retain the greatest benefits and that this remained the case despite the impact of Covid-19. The university supported the Proposed Franchising Scheme, believing that it would ensure that buses were integral to the travel habits of its staff, students and visitors, as well as supporting 'a vibrant metropolitan area'.

Bus Operators (non-GM)

- **Abellio** believed that a scenario-based approach would fail to represent the real-life scenario which it believed had played out since March 2020. It was stated that an alternative Scenario 5 should be created to show the impact on passengers, operators, GMCA, and wider society of a Do Minimum option.

To ensure efficiency and value for money it was mentioned that GMCA and wider society would need to have competition for funding, including from potential new market entrants as soon as possible. Furthermore, Abellio believed that the Do Minimum option would not simplify the branding of the bus network, nor would it allow it to be effectively positioned within an integrated, multi-modal and spatially efficient public transport system. As such, it believed that change would be needed to improve the offering to current and potential future users of the system. Abellio advocated 'Do Maximum' franchising as opposed to what it referred to as Do Minimum franchising in order to bring about the benefits of franchising for passengers, wider society and GMCA as soon as possible.

Charity/Voluntary Sector

- Although it made no reference to a specific option, the **Caribbean and African Health Network** mentioned that the community was worried that passengers would suffer the most in the context of Covid-19.

Environment, Heritage, Amenity or Community Groups

- The **Community Transport Association** mentioned that in order to understand the effect of the Proposed Franchising Scheme on community transport operators, it requested greater clarity on how section 22 services³⁷ would fit within the new proposed arrangements.
- **Oxford Road Corridor** thought that the benefits of the Proposed Franchising Scheme for passengers and wider society were outlined clearly in the report, which it believed also articulated the challenges and risks to operators and GMCA. The organisation stated that on balance, there remained an overwhelming case for the Proposed Franchising Scheme.
- **Recovery Republic CIC** believed that the Proposed Franchising Scheme would allow a greater degree of modal shift and would be welcome, especially to younger residents and those more 'societally aware'.

³⁷ Section 22 permits are issued to bodies concerned for the social and welfare needs of one or more communities. They operate vehicles without a view to profit and use those vehicles to provide a community bus service.

Health Organisations

- **Manchester University NHS Foundation Trust** thought that the bus network across Greater Manchester was currently not fit for purpose and that it did not allow for all residents across the region to conveniently access vital services, such as healthcare, education and work. It was believed that the Do Minimum option should be discounted, as if emergency funding from the Government was stopped, there would be greater cuts to services, and confidence in the network could be lost.
- The **Northern Care Alliance NHS Group** stated that as an employer and provider of services across a large section of Greater Manchester, it would be seeking re-assurance that some form of service continuity would be maintained. The organisation wanted to ensure that there would not be a disparity in service provision, and that there would be assurances that any improvements to interchange, ticketing and travel information would also be provided to all services. It was mentioned that the bus network in Greater Manchester had evolved to become more of a city centre based network with much radial travel being impossible or extremely time consuming. It wanted to see this tackled as a priority within any review of the present system.
- **The Christie NHS Foundation Trust** recognised that GMCA would be taking a transfer of risk through the Proposed Franchising Scheme, risk that it believed would not need to be taken if a partnership model was chosen. The organisation mentioned that issues such as bus design may be crucial going forward, not only during the Covid-19 pandemic, but because of future mitigation against any future potential pandemics.

The organisation explained that this would mean that bus design may need to incorporate separate doors for entry and exit and compartmentation for social distancing, with consequences on the numbers of passengers per bus. However, the organisation also stated that during the ongoing uncertainty for the bus market, the Proposed Franchising Scheme would provide an intervention that was required to support the long-term recovery of Greater Manchester.

Other

- The **Association of British Commuters** thought that the benefits to wider society would (in its words) be 'crucial', and that the economic benefit would stretch across multiple areas of public life, including employment and the environment. The organisation believed that regulation would mean that Government and local authorities would have a better incentive to invest, knowing that they will not only be in charge of strategic planning, but also able to reap higher rewards than under deregulation.
- **Bruntwood** mentioned that from its perspective, its interest was in the impacts on passengers, on business and other organisations with interests in the city and on broader societal effects. The organisation thought that the Proposed Franchising Scheme would offer the best way forward in terms of benefits for passengers. It was also believed that the Proposed Franchising Scheme was likely to deliver wider societal benefits in terms of reduced emissions, over time, than Do Minimum or a partnership model.
- The **Chartered Institute of Logistics and Transport (NW Region)** noted the potentially huge impact on passenger numbers in the transition and thought that an updated partnership offer might reduce this. It was stated that the impact on operators would remain very disruptive and

that there was a high risk on GMCA from reduced revenue and less investment. Finally, it felt the environmental impact of less modal shift (i.e. away from cars) would also be more pronounced.

- **OneBus** stated that all parties are likely to be impacted by the effects of Covid-19 and will continue to be until there is certainty about the economy and patronage finds its new level. It was suggested that it would be more beneficial to all parties if the option of a recovery partnership was considered in the interim period. As to how different groups were impacted by Covid-19, OneBus stated that the impact on passengers during the transition period was well documented in the report.

It was also mentioned that there was no certainty that the original planned franchise network would be fit for purpose if passenger levels and revenues have changed since its design and further changes may be necessary. It was stated that concerns had already been raised by passenger groups that when an operator is aware that they have not been successful in gaining a contract they could transfer the better assets away from their operation in Greater Manchester, and replace them with an older (Euro VI) compliant fleet to the detriment of customers.

In addition, OneBus also echoed a view from other organisations that there would be a risk of reduced revenue for GMCA, and that the authority would have to rely on mitigations such as reducing the network or increasing fares which in its opinion would be no different to Do Minimum.

In conclusion, OneBus said that it would be totally inappropriate to state that operators have retreated from commitments about the composition of the bus fleet, and that despite the present uncertainty of the economy, operator investment was continuing.

- **The Trafford Centre** simply stated that it supported the conclusions as documented in the Covid-19 Impact Report.

12.3 Summary of responses from members of the public

This section summarises the responses from members of the public in response to this question

Summary of positive comments

Most of those who provided positive comments agreed with the conclusions of the report and/or felt that the conclusions were appropriate.

Those who provided positive comments about impact on passengers believed that passengers would benefit from the conclusions documented in the report. Such benefits included a belief that there would be more long-term stability of bus services, less risk of less profitable services being withdrawn by bus operators, and that bus fares would be less likely to be increased under the Proposed Franchising Scheme.

It was believed that bus operators would benefit from reform of bus services, and that the minimum fare revenue generated would be guaranteed.

There were very few comments about how GMCA would benefit from the report's conclusions. Of those comments received, these tended to be general comments about the benefits for GMCA, and that all boroughs in Greater Manchester would also benefit.

Those who provided comments about positive benefits to wider society tended to provide general comments but left no specific detail.

Summary of negative comments

Of those who provided negative comments, these included a belief that the impact conclusions were unrealistic, and that there was generally a lack of evidence about how different groups would benefit from the proposals. Other negative comments included a belief that the impact conclusions were biased or designed in such a way to support the proposal. Others disagreed with the impact conclusions, and this included a view that there should not be minimum levels, that the local environment would not be improved as a result of the reforms and/or that there was little to encourage a reduction in car usage and traffic congestion levels across Greater Manchester.

Those who provided negative comments about the impact on passengers thought that passengers would not benefit from the Proposed Franchising Scheme; that the financial strength of operators could be reduced with consequences for passengers in the form of increased fares; that passengers in neighbouring local authorities outside of Greater Manchester would not see any benefits; and a belief that some services could be reduced or withdrawn as a result of the Proposed Franchising Scheme.

A small number of negative comments were received about how bus operators would not benefit from the conclusions of the Covid-19 Impact Report. Such comments included that there would be no benefits from the Do Minimum option; that removal of competition would act as a disincentive for operators to bid to provide bus services; that services could be disrupted; and, that operators would require support.

A few negative comments were received about how GMCA could be affected. Of those who provided comments, some said that there could be a risk from reduced fare revenue from bus usage and a risk of reduced investment.

A few negative comments were received about how wider society could be affected by the proposal. There were general comments about lack of benefits to wider society, as well as concern that as services would be under the control of a single body, this could be to the detriment of wider society.

Summary of suggestions³⁸

The only suggestion made was that the impact conclusions should be periodically reviewed and updated in response to developments. For example, it was not yet known how long the Covid-19 pandemic might last and, as a consequence, the proposed reforms should take this into account going forward.

³⁸ It should be noted that some suggestions included in this section are taken into account in the context of the Proposed Franchising Scheme proposals. However, they have been summarised as submitted by participants and have not been filtered to only include those within scope of the consultation.

13 Further modifications

13.1 Introduction

The Proposed Franchising Scheme provides technical and practical details of how it is proposed that bus franchising would work in Greater Manchester. It also sets out the process of moving from the current deregulated bus market to a fully franchised system (which is known as transition).

The Covid-19 Impact Report considered the potential impacts of Covid-19 on the Proposed Franchising Scheme and whether any further modifications to that proposal might be needed. The Report concluded that other than the changes recommended by TfGM in the 27 June 2020 report to GMCA no further changes to the Proposed Franchising Scheme were required.

More information on this can be found in the Consultation Document from paragraphs 2.115 to 2.127.

The consultation asked if participants considered that the Proposed Franchising Scheme would not require any further modification beyond those already contemplated after the first consultation and which were included in the draft scheme³⁹ which was published as part of this consultation. This section of the report summarises the responses received in relation to this question. This question was not included in the qualitative research activity.

Please note that this section is a summary of the main themes emerging from the comments – a complete summary of all themes can be found in the codeframe in Appendix D.

There were 536 participants who made comments about further modifications to the Proposed Franchising Scheme. The majority of participants (322) stated that no modifications were required or that the modifications made were adequate. There were 140 participants who stated that the Proposed Franchising Scheme required further modifications, while 73 participants stated that the Proposed Franchising Scheme may require modifications.

Table 13.1 Comments about further modifications

Q8. Do you consider that the Proposed Franchising Scheme (attached at Appendix 3 of the Consultation Document) would not require any further modification beyond those already contemplated and included in the draft scheme?	Number of participants who stated that the Proposed Bus Franchising Scheme requires no further modifications / modifications made are adequate	Number of participants who stated that the Proposed Bus Franchising Scheme requires further modification / modifications are inadequate	Number of participants who stated that the Proposed Bus Franchising Scheme may require further / slight modification / modifications depending on developments	Number of participants who stated that the Proposed Bus Franchising Scheme requires no further modifications, specifically referencing the removal of specific launch dates
All who provided a response (536)	322	140	73	1

³⁹ Q8. Do you consider that the Proposed Franchising Scheme (attached at Appendix 3 of the Consultation Document) would not require any further modification beyond those already contemplated and included in the draft scheme?

Member of the public (519)	310	138	71	0
Stakeholder organisations (17)	12	2	2	1
Previous statutory consultee (10)	7	2	1	0
Other (7)	5	0	1	1

13.2 Summary of stakeholder organisation responses

This section summarises the key points submitted by stakeholder organisations. They include statutory consultees from the previous consultation.

Previous statutory consultees

Bus Operators (currently running services in GM)

- **Go North West Ltd** disagreed with the position that no further modifications were required. It wanted the Proposed Franchising Scheme to include a number of modifications such as:
 - GMCA should not undertake to provide depots to operators who are awarded franchise contracts, in order to avoid issues with strategic depots which would place significant risks on the timescales and costs assumed;
 - Any franchising scheme should be undertaken on a route-by-route basis rather than according to sub-areas;
 - The timetable for the procurement should be altered to allow operators the opportunity to acquire depots in advance of bidding for franchise contracts;
 - If franchising were to be implemented based on sub-areas, it should be implemented on a staged basis starting with a trial in sub-area A, which should be followed by a meaningful period of consultation. After this the Proposed Franchising Scheme may be adapted and improved for roll-out to sub-area B or C; and
 - Any franchising scheme should include cross-boundary services.

Go North West Ltd went on to say that the concerns expressed in the Consultation Document (over the difficulties in making changes and managing a greater number of operational interfaces) were overstated. It felt that with the appropriate governance arrangements, any management burden could be kept to a minimum.

- **Rotala PLC** referred to their response to the previous consultation, which amongst other things suggested that the Proposed Franchising Scheme should not be introduced at all and that GMCA should change the ordering of the tranches or introduce route-by-route franchises instead. In responding to the second consultation, Rotala PLC said that potential changes could occur, but it emphasised that it would be impossible to respond meaningfully due to the uncertainty caused by the pandemic.
- **Transdev Blazefield Ltd** agreed with the conclusion that no further modifications were required.

Local Government

Greater Manchester authorities

- **Manchester City Council** did not propose any further modifications.
- **Oldham Council** felt that the Proposed Franchising Scheme would not require any further modifications beyond those already contemplated and included in the draft scheme.
- **Salford City Council** concluded that the Proposed Franchising Scheme required no further changes due to Covid-19.
- **Stockport Metropolitan Borough Council** were supportive of the Proposed Franchising Scheme. It welcomed early engagement with TfGM to review opportunities around benefits realisation sooner, increasing community and Council involvement, and supporting cross-boundary services.
- **Tameside Metropolitan Borough Council** felt that the Proposed Franchising Scheme did not require any further modifications beyond those already contemplated and included in the draft scheme.
- **Wigan Council** proposed that GMCA consult with stakeholders within 12 months of franchising being operational in all sub-areas. Referencing its response to the previous consultation, it felt it was imperative that Wigan Council was consulted on how well the Proposed Franchising Scheme was progressing after its roll out. It also felt that ward members should also be involved, as they would understand any bus service issues within their wards.

Neighbouring authorities

- **Derbyshire County Council** commented that the speed of the proposed process appeared very quick with the first franchise contract being awarded in May 2022, the first services being introduced in February 2023, and the whole network being completed by January 2025. It felt that a longer timetable for changes to be introduced would allow time to review the initial processes before further areas were rolled out.
- **Lancashire County Council** felt that due to the uncertainty surrounding Covid-19, removing specific dates in the draft scheme was appropriate. It also felt that the list of services to be included might be subject to change. However, it assumed these would have already been considered in the draft scheme.

Other

- **Manchester UNISON Branch** did not believe there were any further modifications other than those envisaged.
- **TravelWatch NorthWest** saw no reason for any further modifications.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** agreed that the Proposed Franchising Scheme would not require any further modifications beyond those identified.

Bus Operators (non-GM)

- **Abellio** agreed that no further modifications were required.

Charity/Voluntary Sector

- The **Centre for Cities** felt that the Proposed Franchising Scheme did not need any further modifications and was clear and sensible. It went on to say that lessons would be learned through direct experience and drew comparison to franchise contracts in London.

Environment, Heritage, Amenity or Community Groups

- **Oxford Road Corridor** agreed that the Proposed Franchising Scheme would not require any further modifications beyond those identified.
- **Recovery Republic CIC** felt that the proposals were more adaptable by Greater Manchester residents, making it preferable and more likely to gain support.

Health Organisations

- **Manchester University NHS Foundation Trust** agreed with the modifications, including the removal of any specific dates on the launch of the Proposed Franchising Scheme due to the ongoing pandemic.
- **The Christie NHS Foundation Trust** felt that there would be several reports published over the coming months covering the short, medium and long-term impacts of the Covid-19 pandemic. It argued that the reports were likely to have implications for the Proposed Franchising Scheme. It requested binding commitments to address any factors identified as creating a negative impact on bus services. It also requested binding commitments to also tackle traffic and congestion levels.

Other

- **The Chartered Institute of Logistics and Transport (North West)** had no further modifications to suggest for the draft scheme.
- **OneBus** accepted that the dates outlined in the draft scheme were provisional. However, it considered the overall timescales to be ambitious. It felt that it would be more advantageous to allow each sub-area to operate for a longer period, to allow them to identify any lessons before moving on.

13.3 Summary of responses from members of the public

This section summarises the responses from members of the public in response to this question.

Comments and suggestions about further modifications

The majority of participants who responded to the question felt that the Proposed Franchising Scheme required no further modifications and that the modifications made were adequate. Some participants felt

that the Proposed Franchising Scheme did require further modifications although the majority left no further detail. Examples of modifications from those who left further detail included:

- The Proposed Franchising Scheme needing to reflect travel pattern changes once Covid-19 is 'under control' and the impacts of it are known;
- Increase the mileage operated in order to provide the increased services the Proposed Franchising Scheme promises to passengers; and
- Switching over to franchising the entire Greater Manchester region at once, as opposed to in stages as proposed.

Some participants felt that the Proposed Franchising Scheme might require modifications depending on any developments, with most stating that any franchising scheme would naturally require modifications once implemented. Others felt that the Proposed Franchising Scheme should be modified depending on any developments surrounding Covid-19.

A small number of participants suggested that the modifications to the Proposed Franchising Scheme needed to be clearer, but left no further detail.

14 Change of view since previous consultation

14.1 Introduction

The consultation questionnaire asked whether participants had responded to the previous consultation.⁴⁰ Of those who responded via the questionnaire and answered the relevant question, a total of 890 participants had responded previously, whilst 995 had not. Another 431 said they did not know if they'd responded or not.

Table 14.1 Responded to previous consultation⁴¹?

Q9a. Did you respond to the previous consultation?	Number of participants who responded yes	Number of participants who responded no
All who provided a response (2,316)	890	995
Member of the public (2,294)	869	995
Stakeholder organisations (22)	21	0
Previous statutory consultee (11)	11	0
Other (11)	10	0

Those who responded to the previous consultation were then asked to explain in what ways if at all their views about the introduction of the Proposed Franchising Scheme had changed as a result of the impact of Covid-19.⁴²

Please note that this section is a summary of the main themes emerging from the comments – a complete summary of all themes can be found in the codeframe in Appendix D.

There were 138 participants who made comments about how their views on the introduction of the Proposed Franchising Scheme changed as a result of the impact of Covid-19. Most participants (98) stated that their views had not changed, while fewer stated that their views had changed and strengthened (28) or their views had changed (15).

Table 14.2 Change in views about the introduction of the Proposed Franchising Scheme⁴³

Q9b. Please use the space below to explain in what ways, if at all, your views about the introduction of the Proposed Franchising Scheme have changed as a result of the impact of the Covid-19 pandemic.	Number of participants whose views have not changed / are the same as previously	Number of participants whose views have not changed / have been strengthened	Number of participants whose views have changed / are not the same as previously
All who provided a response (138)	98	28	15

⁴⁰ Q9a. Did you respond to the previous consultation?

⁴¹ A number of participants also stated 'Don't know' in response to the question, hence the totals for 'Yes' and 'No' not equating to the base.

⁴² Q9b. Please use the space below to explain in what ways, if at all, your views about the introduction of the Proposed Franchising Scheme have changed as a result of the impact of the Covid-19 pandemic.

⁴³ Participants could have provided multiple views in a single response, hence the totals for each view not equating to the base.

Member of the public (120)	84	27	12
Stakeholder organisations (18)	14	1	3
Previous statutory consultee (15)	12	1	2
Other (3)	2	0	1

14.2 Summary of stakeholder organisation responses

This section of the report summarises the key points submitted by a range of stakeholder organisations. These submissions are from those organisations which identified themselves as organisations rather than members of the public, and therefore represent a considered organisational view. They include statutory consultees from the previous consultation.

Previous statutory consultees

Bus Operators (currently running services in GM)

- **Go North West Ltd** stated an unchanged view since the previous consultation, reiterating concerns on the Economic Case, Commercial Case and Management Case, with the added uncertainty of the Covid-19 impact across conclusions made previously.
- **Rotala PLC** stated that the impacts of Covid-19 meant that it couldn't confirm whether its views on the Proposed Franchising Scheme remain unchanged. The previous position was that the proposal was not appropriate and that the 'Partnership Plus' model⁴⁴ was more in line with the proposed strategic approach.

It also cited potential inaccuracies on the numbers used in the consultation as a reason why its position could not be confirmed. Rotala PLC stated that Oxera⁴⁵ were unable to properly analyse (and therefore comment on) the proposal due to a 'lack of information'.

- **Transdev Blazefield Ltd** referred to its responses to previous questions and expressed a desire to work alongside TfGM to recover and return growth to the bus market.
- **Warrington's Own Buses** stated no material changes to its views since the previous consultation.

Local Government

Greater Manchester authorities

- **Bury Council** did not change its views.

⁴⁴ Improved partnership offer submitted by operators on 8th January 2020 by OneBus which can be found as a submitted additional document alongside the OneBus response to the previous consultation.

⁴⁵ Oxera prepared a report for Rotala PLC titled 'Review of GMCA's consultation on the impact of Covid-19 on bus franchising' which was submitted as an Annex alongside the Rotala PLC response to the consultation. It focused on the updated economic case and resulting conclusions and recommendations.

- **Manchester City Council** commended the consideration of Covid-19 impacts and stated that its view had not fundamentally changed around the Proposed Franchising Scheme as the preferred option.
- **Oldham Council** did not change its views in light of Covid-19 and maintained support for the Proposed Franchising Scheme.
- **Rochdale Borough Council** considered the case for the Proposed Franchising Scheme to be stronger than when previously consulted.
- **Salford City Council** did not change its views.
- **Stockport Metropolitan Borough Council** had not changed its views and welcomed early engagement and dialogue with TfGM.
- **Trafford Council** did not change its views.
- **Wigan Council** stated its views had not changed despite increased uncertainty due to Covid-19 as a fully integrated bus service network would be essential to the city-region.

Neighbouring authorities

- **Chorley Council** did not change its views.
- **Derbyshire County Council** expressed greater concern about the long-term viability of the proposals.
- **Liverpool City Region Combined Authority** stated its overall views has remained unchanged as a result of the information provided.
- **West Yorkshire Combined Authority** acknowledged the fundamental questions raised as a result of Covid-19 on future travel and public transport funding and would welcome partnership working and sharing of lessons learned through the process.

Other

- **TravelWatch NorthWest** did not fundamentally change its views.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** felt that the impact of Covid-19 on public transport reinforced the need for the Proposed Franchising Scheme to be implemented in order for buses to be as useful and efficient as possible for staff, students and visitors.
- **The University of Salford** stated that its views had been strengthened by the impact of Covid-19 in support of the Proposed Franchising Scheme.

Bus Operators (non-GM)

- **Abellio** updated its position in two areas since the previous consultation, which they presented in response to questions 1-8 (relating to what it referred to as Do Minimum and Do Maximum

franchising approaches). Abellio also factored in the published results of the previous consultation and lack of progression from incumbent operators which reinforced its view that GMCA should now act on the 'will of the people'.

Charity/Voluntary sector

- The **Caribbean and African Health Network** were predominantly concerned about the impact of the Proposed Franchising Scheme on passengers in the context of Covid-19.

Elected Representatives

- **Debbie Abrahams, MP for Oldham East and Saddleworth** reiterated her continued support for the proposal and encouraged her constituents to do the same.

Environment, Heritage, Amenity or Community Groups

- **GM Older People's Network Transport Group** maintained its full support for the Proposed Franchising Scheme.

Health Organisations

- **Manchester University NHS Foundation Trust** provided no further comment to this question, besides restating its support.
- The **Northern Care Alliance NHS Group** felt that in view of the revised circumstances, the Proposed Franchising Scheme may be one of the few ways to develop and build the future transport network necessary in Greater Manchester. It was also mindful of required improvements as explained throughout their response.
- **The Christie NHS Foundation Trust** expressed concern of the financial impact of the pandemic on the proposal, alongside concern about patronage and restoring the confidence of passengers.

Other

- **The Association of British Commuters** felt that it was now more urgent to take the opportunity as wealth disparities grow as a result of Covid-19.
- **Chartered Institute of Logistics and Transport (NW Region)** felt that the partnership option should be fully re-examined in light of the post-pandemic position of operators before proceeding.
- **OneBus** expressed concern over the financial assumptions presented which have been exacerbated by the impact of Covid-19 on patronage. OneBus also showed concern about the pre-transitional period where levels of Covid-19 Bus Services Support Grant (CBSSG) will decline and service levels reduce.

14.3 Summary of responses from members of the public

Summary of comments on change of views

Participants who identified themselves as having responded to the previous consultation were given the opportunity to express whether or not their views had changed as a result of the Covid-19 pandemic.

Most of these comments confirmed that participants' views had remained the same as previously submitted. For some, views had in fact been strengthened as a result of the Covid-19 pandemic.

There were, however, also comments which confirmed that views had changed or were in some way different to the submissions made by participants to the previous consultation, but these were fewer in number. These are fully detailed in the codeframe in Appendix D.

15 Timing of decision

15.1 Introduction

The consultation questionnaire asked if participants had any comments on the conclusion that it is the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme.⁴⁶ This section summarises all responses received in relation to this question.

Please note that this section is a summary of the main themes emerging from the comments across the consultation and the qualitative research activities – a complete summary of all themes from the consultation can be found in the codeframe in Appendix D.

There were 1,300 participants who made comments in the consultation about the timing of decision to proceed with the Proposed Franchising Scheme.

Table 15.1 Comments and suggestions about the timing of decision⁴⁷

Q10. Taking everything into account, do you have any comments on the conclusion that this is the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme?	Number of participants who responded saying it was the right time to proceed with the decision	Number of participants who responded saying it was the wrong time to proceed with the decision
All who provided a response (1,300)	827	197
Member of the public (1,267)	810	194
Stakeholder organisations (33)	17	3
Previous statutory consultee (19)	8	1
Other (14)	9	2

15.2 Summary of stakeholder organisation responses

This section of the report summarises the key points submitted by a range of stakeholder organisations. These submissions are from those organisations which identified themselves as organisations rather than members of the public, and therefore represent a considered organisational view. They include statutory consultees from the previous consultation.

Previous statutory consultees

Bus Operators (currently running services in GM)

- **First Manchester Ltd** raised questions about the timing of the decision, given the initial stages of the pandemic required a revised paper to be prepared. In its opinion, we are still currently in a period of uncertainty which requires further assessment or deferral given the fundamental changes being proposed. First Manchester Ltd raised concerns about planning for the medium to long-term given such uncertainty.

⁴⁶ Q10. Taking everything into account, do you have any comments on the conclusion that this is the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme?

⁴⁷ A number of participants also made other comments about the timing of the decision. Participants could also make multiple comments in a single response. For these reasons, the totals for each column do not equate to the base.

It also mentioned other local areas moving forward with partnership working and made reference to a 'critical moment' for the future of buses in Greater Manchester, where there is a choice between 'delay caused by the introduction of constitutional change or collective action and progress'.

- **Go North West Ltd** questioned the decision to 'multiply pressures' by accepting 'significant and unprecedented' financial, service and reputational risk during a time of uncertainty and pressure across all public transport markets in the UK, including Greater Manchester.

It identified aspects of the scenario-planning even in the more optimistic scenarios, which concede serious effects on services. This suggested it is not the right time to take any decision, let alone begin structural change on this scale.

Go North West Ltd also cited concessions in paragraph 6.2.46 of the Covid-19 Impact Report in relation to considerable impacts of Covid-19 on residents everyday lives, the economy and the bus market' to reaffirm their position that now is not the right time to make a decision given inevitable long-term and structural changes.

- **Rotala PLC** concluded that a decision to proceed with the Proposed Franchising Scheme now would be 'unlawful/irrational' and should not be taken until the long-term impacts of Covid-19 on the bus market are known. It based this conclusion on the uncertainty of restrictions throughout 2021 and belief that the long-term impact will be profound and change the bus market completely.

Rotala PLC also referred to the support of expert reports they submitted as part of their consultation response, where BDO⁴⁸ commented that Grant Thornton should have queried the appropriateness of the Covid-19 Impact Report timing in its independent auditor's report, given continuing uncertainty.

- **Transdev Blazefield Ltd** acknowledged the risk of making a decision at this time but felt a failure to do so would prolong current uncertainty.
- **Warrington's Own Buses** recommended that the Proposed Franchising Scheme be implemented as soon as possible.

Local Government

Greater Manchester authorities

- **Bury Council** concluded that there is 'no optimal entry point into bus reform' given current uncertainties but agreed that a preferred option should be pursued at the original pace.
- **Manchester City Council** stated its belief that further delay would be 'damaging to the bus services in the city' and the ability to improve the network in the way they would like. Therefore, it is the right time to make the decision.

⁴⁸ BDO are an accountancy and business advisory firm who provided Rotala PLC with assistance with response to proposed reforms to bus network by Greater Manchester Combined Authority (GMCA). A letter was submitted alongside the Rotala PLC consultation response detailing forensic accounting advice in relation to the challenge to the proposed reforms to the bus network in the Greater Manchester area.

- **Salford City Council** acknowledged that there were uncertainties around the future of the bus market in Greater Manchester due to Covid-19. However, it agreed that a decision on whether or not to proceed should be taken now. It felt that the challenges of providing a coherent and accessible bus network for passengers that are inherent in the existing deregulated system remain, and may be further exacerbated by Covid-19.
- **Oldham Council** agreed that now is the right time to proceed as future uncertainty around the market would be best managed and co-ordinated by GMCA as part of a fully integrated public transport system.
- **Trafford Council** concluded that now is the right time to proceed given uncertainty would likely amplify further uncertainty. It felt that deciding now would allow for effective future planning and a more effective response to the Covid-19 recovery.
- **Wigan Council** acknowledged that although timings of economic and service recoveries are currently uncertain, Covid-19 has highlighted the vital importance of the bus network to the people of Greater Manchester. Without further intervention, they felt that greater damage would be likely, therefore making a quick decision was imperative to address the challenges facing the bus market in Greater Manchester.

Neighbouring authorities

- **Blackburn with Darwen Council** agreed with GMCA's decision to proceed with the Proposed Franchising Scheme at this moment in time.
- **Chorley Council** felt that the Proposed Franchising Scheme is the best option to move forward with to improve the bus market, providing impacts on cross boundary services are considered as raised previously.

Other

- **Bus Users UK** 'strongly recommended' that the proposal be paused until a clearer understanding of the long-term impacts of Covid-19 are known. It advised the needs of everyone in the communities of Greater Manchester be considered and any chosen scheme should best reflect those needs.
- **Greater Manchester Transport UNISON** stated that the decision should be taken now and should proceed without delay to the Proposed Franchising Scheme.
- **Manchester UNISON Branch** felt that the decision was long overdue and should not be delayed further.
- **TravelWatch NorthWest** considered that appropriate timing is always difficult to determine, but with normality or near normality ahead this year, it would be appropriate to look ahead now at ways to address the future challenges facing public transport.
- **UNISON North West** concluded that the decision should proceed without further delay.

Other stakeholder organisations

Academic

- **Manchester Metropolitan University** thought that the pandemic had provided ‘a clear opportunity for ambitious projects such as the Proposed Franchising Scheme to be implemented’.

Bus Operators (non-GM)

- **Abellio** provided three main reasons as to why it believed it is the right time to proceed:
 - The weakness in the scenario-based approach means that the Covid-19 Impact Report has not considered the changes to value for money of affordability of the Proposed Franchising Scheme in relation to the Do Minimum;
 - The time limited opportunity to avoid the risk of services being deregistered and secure stability of the network. In their view, utilisation of the CBSSG (or any other funding) should be considered for the start of transition to franchising; and
 - Delay reduces benefits and therefore the Net Present Value (NPV) of the investment by pushing them into the future.

Charity/Voluntary Sector

- The **Caribbean and African Health Network** wished for the decision to be customer focused, regardless of timing.
- **The Centre for Cities** concluded that a quicker decision would make for a quicker solution, which was preferable in its eyes to achieve a London-style service.

Environment, Heritage, Amenity or Community Groups

- **Bolton and South Lancashire Community Rail Partnership** made reference to an ‘Improved Partnership’ approach in light of current uncertainties as the best way forward in the short- to medium-term.
- **The Community Transport Association** felt that the conclusion of the Assessment to proceed promptly was correct in order for GMCA to manage future changes and challenges.
- **Oxford Road Corridor** agreed with the conclusion that acting now is more important than ever to achieve wider ambitions as set out in the Greater Manchester Transport Strategy 2040, and as a ‘key component to build back better post-Covid-19’.
- **Recovery Republic CIC** concluded that that threat of Covid-19 makes it important now more than ever to act.

Health Organisations

- **Manchester University NHS Foundation Trust** stated that despite uncertainty around Covid-19, now is the right time to make a decision due to risks associated with declining patronage and other mitigation measures at the disposal of operators currently.
- **The Northern Care Alliance NHS Group** concluded that a decision is required now in order to guide the rebuilding of services across Greater Manchester due to the changes experienced across the market as a result of Covid-19.

- **The Christie NHS Foundation Trust** felt that the intervention during such uncertainty was needed.

Other

- The **Association of British Commuters** believed it vital to act as quickly as possible as any delay would waste time, money and momentum at a time when deregulation and Covid-19 impacts are delaying the inevitability of the Proposed Franchising Scheme being implemented.
- **Bruntwood** identified the fundamental importance in the medium and longer-term of a good bus network for the economic and social wellbeing of Greater Manchester. Therefore, it agreed with the decision to proceed now and stated that progress should be made as quickly as possible to transition and implement the Proposed Franchising Scheme.
- **Chartered Institute of Logistics and Transport (NW Region)** stated that April 2021 would be too soon to make a decision and it should be deferred until a partnership option can be properly considered. It found it difficult to justify proceeding now given the uncertainty of central forecasting on demand and funding requirements.
- **Confederation of Passenger Transport (CPT)** stated that the impact of Covid-19 remains uncertain and volatile and is likely to remain so for some time. As such the organisation wanted to ask GMCA to consider whether now would be the right time to proceed with the Proposed Franchising Scheme, and suggested that a partnership would offer much less risk and increased stability to both bus operators and passengers
- **Greater Manchester Chamber of Commerce** mentioned that the pandemic had resulted in a dramatic decline across all forms of public transport, with no immediate wholesale return to places of work in the near future. This, coupled with the impact of a wider and longer economic downturn, may result in disruption to passenger numbers for some years to come. The organisation believed that it would be impossible to ascertain with any accuracy what future passenger numbers might be or when they might return to consistent levels. It was believed therefore that given such issues, a short delay in decision making about the future of bus services would help to ensure that the right decision would be made.
- **OneBus** asserted that now is not the right time to proceed with a decision and provided the following reasoning:
 - At the time of completing the Covid-19 Impact Report in the summer of 2020, there was no appreciation of further lockdowns or additional restrictions on work and travel which render the scenario patronage levels ‘incorrect’;
 - Despite the scenario approach, the base data is four years out of date and modelling will have changed significantly in the past year;
 - Although risks are referred to within the report, the increased risk of further Covid-19 impacts have not been considered;
 - The Covid-19 Impact Report considers the implications of additional Government funding for the franchise option only;

- Additional costs of the Proposed Franchising Scheme due to increased uncertainty would fall to the local taxpayer; and
- GMCA have identified within the Covid-19 Impact Report the potential benefits of deferral.

Overall, OneBus concluded that there is ever increasing uncertainty about the effects of Covid-19, suggesting the decision should be deferred to allow for greater certainty and 'allow for constructive comparison with the alternative options'.

- **Steady State Manchester** felt that there was urgency to move towards a publicly controlled network with the environmental impact and disadvantaged communities in mind. It concluded that there was no time to waste in making these decisions for cleaner, greener and more accessible buses that bus companies have not delivered to this point.
- **The Trafford Centre** concluded that the Proposed Franchising Scheme offers the best pathway to arrest the decline in bus patronage and provide an alternative to the car and that now is the right time to assess support for the Proposed Franchising Scheme.

15.3 Summary of responses from members of the public

This section summarises the responses from members of the public in response to the consultation question and the feedback from the qualitative research exercise.

15.3.1 Summary of comments supporting the conclusion to proceed - consultation

Through the consultation, more than twice as many comments were received in support of the conclusion to move forward with the decision than to delay the decision.

Most of these comments simply stated that Covid-19 and its impact should not delay the decision and now is the right time to proceed. Others provided further detail that the decision is long overdue and should be moved forward as soon as possible. Some thought that proceeding now may help the economic recovery of Greater Manchester and the current uncertainty surrounding a decision, benefits nobody.

A number of participants also commented on the reduction in bus usage throughout the pandemic, which may make the process of transition simpler, and that it is the right time to start making improvements to the bus services whilst there is an opportunity for change.

15.3.2 Summary of comments supporting the conclusion to proceed - qualitative research

Through the qualitative discussions, some participants thought that the current climate would be a good time to begin to transition to and implement the Proposed Franchising Scheme due to quieter services because of travel restrictions. This could mean less short-term disruption for passengers as initial problems with implementation could be resolved before the network returned to capacity.

"If they were to start it now, given the fact that less people are on the network, any issues that might arise, early teething problems, can be ironed out before the network gets back to normal capacity and can run smoothly when under pressure." Male, 42, Bury

Others referenced the lengthy time period of implementing the Proposed Franchising Scheme, so proceeding now would be important so that benefits could be realised more quickly.

Having been presented with information from the Covid-19 Impact Report suggesting funding was still available, many participants questioned the need for a delay and others urged for decisive action to rectify what they saw as current inadequacies in the network.

"If the funding is there and we're not skimming off other pots, there is no reason to not implement it now. Given the length of time it's going to take for it to be fully in place, I think it's definitely a good thing for Greater Manchester in the long run." Male, 34, Rochdale

Comments were also made about the positive effect of making improvements to the bus service now which would lead to an increase in bus patronage and reduce the risk of losing income for bus operators.

15.3.3 Summary of comments supporting a delay to the decision - consultation

A number of comments were submitted of the view that Covid-19 should delay the timing of the decision, many of which stated with no further detail than their opinion that now is currently the wrong time to proceed.

Participants suggested that due to Covid-19, the decision should be delayed for the following reasons:

- Until immunisation and vaccinations are successfully completed;
- Until the true long-term impacts of Covid-19 are known;
- Until bus usage and transport trends can be re-assessed post-pandemic;
- To achieve better value for money; and
- To reconsider the partnership options.

A number of comments were also received regarding more specific potential timescales for such a delay including later in 2021, until 2022, after the Mayoral election or until the Proposed Franchising Scheme could be profitable. There was also concern that periods of uncertainty may lead to errors or make errors more likely, again in support of a delay.

15.3.4 Summary of comments supporting a delay to the consultation - qualitative research

Through the qualitative discussions, a decision to delay a reform of the bus service was less likely to appeal to many participants. However, some were sympathetic to the argument that a delay in proceedings may allow for a better understanding of the context in the medium-term including the economic climate, impact on travel, and peoples' jobs and livelihoods.

"This pandemic is something very serious and I don't think anyone knows what the economic situation will be when, or even if, we ever get out of it." Male, 83, Stockport

There was also concern that operators had not submitted an updated proposal given they seemed to be waiting for greater certainty, and they should be given the opportunity to put forward their alternative offer before a decision was made. Some also thought that it was important for operators to be 'on board' with the plan given their involvement in future options for the network.

"I think they need to get the bus companies to show their hands. You need to give them the opportunity to come forward and say what they want to do." Female, 41, Bolton

15.3.5 Summary of other comments - consultation

Through the consultation, other comments made by participants highlighted that in the context of Covid-19, the timing of any decision should be carefully considered whilst others made the point that there will never be the right time to make this decision.

16 Other comments

This chapter summarises other comments received through the consultation that do not relate to the proposal to introduce bus franchising in Greater Manchester or buses more generally.

Participants made more specific comments about the consultation itself, either in relation to the accompanying consultation documents, the response form itself, or the consultation process in general.

There were 336 participants who made comments about the consultation itself.

Table 16.1 Comments about the consultation	
	Number of participants who made comments
All who provided a response (336)	336
Member of the public (319)	319
Stakeholder organisations (17)	17
Previous statutory consultee (7)	7
Other (10)	10

There were also 190 participants who made comments about authority or political figures.

Table 16.2 Comments about the authorities	
	Number of participants who made comments
All who provided a response (190)	190
Member of the public (185)	185
Stakeholder organisations (5)	5
Previous statutory consultee (1)	1
Other (4)	4

Comments about the consultation

Most comments about the consultation referred to the consultation documents themselves. Participants commented that the documents were too long or difficult to understand, did not provide enough information, used incorrect or outdated information, or was designed to support the proposal. Some participants also felt that the consultation documents lacked non-digital options, while others encountered technical issues and were unable to access the consultation documents.

In terms of the consultation process, participants commented that it was 'a done deal' or would not make a difference, there was a lack of publicity and people were unaware it was happening, and that GMCA should stick to the outcomes of the first consultation.

Some participants praised the consultation process, appreciating that the public were asked their opinion.

Comments about the authorities/political figures

A number of comments were left by participants about various authorities and politicians, including:

- GMCA or TfGM, including specific comments stating that the objectives were not achievable. Other participants praised GMCA or TfGM, including specific comments stating they are leading the way with bus reform;
- General praise for Andy Burnham, Mayor of Greater Manchester, Richard Leese, Leader of Manchester City Council, or Manchester City Council;
- The Government, Prime Minister, or conservative politicians; and
- The opposition or Labour politicians.

17 Late responses to the consultation

While the consultation closed at 23:59 on Friday 29 January 2021, 23 responses were received after the consultation deadline (up to and including 16 February 2021, which was the cut-off date for inclusion in this report – any further responses received after that point are not referenced below).

As per the Ipsos MORI protocols set up at the beginning of the consultation, late responses have not been included in the analysis but have been reviewed separately. Of these, 11 were additional campaign responses, a summary of which is provided in Chapter 5 of this report. A total of eight late responses were from members of the public – all of these responses provided comments which were in-keeping with the themes raised by members of the public analysed throughout this report.

Four responses were received from stakeholder organisations:

- **Stagecoach** (a previous statutory consultee) submitted a response which included four documents:
 - Its response to the 12 questions set out in the GMCA's Consultation Document;
 - A legal paper prepared by Herbert Smith Freehills LLP, which sets out the legal concerns with the consultation process and the proposal more generally;
 - An economic paper prepared by NERA Economic Consulting, which assesses whether the GMCA has complied with the relevant process when updating their Value for Money analysis; and
 - An appendix on recovery partnerships.

All documents have been passed to GMCA and TfGM for consideration and this section summarises the key points made in its Executive Summary (Section A of the (1) above). Key points made included:

- The lack of reliance on the Assessment of the Proposed Franchising Scheme, which is based on data from 'several years earlier'. It claimed that the GMCA has not undertaken detailed work 'to form an informed view as to the performance of the possible options in the "new normal" post-pandemic'. Stagecoach felt that GMCA had only done 'light touch' analysis, rather than a detailed analysis of the societal and economic impact of the pandemic on passenger demand, and that such analysis was not carried out according to the statutory requirements and guidance;
- The perceived lack of robustness in GMCA's analysis, which Stagecoach stated it only found once additional information was provided (which was not made available with the consultation documents). It also mentioned the timing of providing this information, which did not give it sufficient time to consider it;
- GMCA could have awaited the publication of DfT's guidance on scenarios and Covid-19 uncertainty, which it stated was due to be published in February 2021;

- Stagecoach indicated it had identified flaws which it believes means that GMCA cannot be confident that the Proposed Franchising Scheme is either value for money or affordable. It expressed concern that taxpayers in Greater Manchester would ‘pay an inordinate amount for a scheme which does not deliver the intended benefits’.
 - It is likely that mitigations against a future funding shortfall are likely to be required given the uncertainty regarding the affordability of the Proposed Franchising Scheme, which would in turn disadvantage those in society who rely most heavily on the bus network;
 - The perceived lack of consideration of the impact of the pandemic on GMCA’s business case for the Proposed Franchising Scheme. Stagecoach identified a lack in realism in the commercial and transition arrangements, for example; and
 - The option for GMCA to explore more thoroughly the possibility of a partnership approach was mentioned. Stagecoach considered this to be the best approach for the people of Greater Manchester and represents a cost effective and flexible approach. It highlighted the support which recovery partnerships had from the DfT and how these were not referenced in the Assessment.
- **The University of Manchester** submitted a response via email which responded to each of the questions posed in the consultation questionnaire. On the whole, it strongly supported the Proposed Franchising Scheme because it would:
 - Create a more integrated and sustainable travel system, supporting staff, students and visitors;
 - Support the transition to a zero carbon region;
 - Encourage the use of public transport and reducing car usage and road congestion Greater Manchester;
 - Improve air quality;
 - Make Greater Manchester a more attractive place to work and boost employment within the region;
 - Be able to effectively manage the impacts from Covid-19 in a fair and equitable manner; and
 - Facilitate and support recovery from the pandemic in a way that will benefit the wider community.
 - **Graham Stringer (MP for Blackley & Broughton)** submitted a response which set out that Covid-19 has made the case for regulation and franchising stronger as more public subsidy will be required and ‘there should be more accountability via the Mayor for the expenditure of this money’.
 - **Schroders** submitted a letter, in which it acknowledged the importance of revisiting the Proposed Franchising Scheme in light of Covid-19. It agreed that it was the appropriate approach to take. It remained supportive of the Proposed Franchising Scheme as it would better integrate the

transport system in Greater Manchester. However, it urged GMCA to consider the role of Piccadilly Gardens/Parker Street interchange and proposed relocating this to Piccadilly Station, which it felt would result in a number of significant benefits for City Tower, the immediate Gardens and the wider area.

Part 3

Appendices

Appendix A – Demographics/classification summary

This section summarises the profile of public participants who took part in the consultation via the online or paper response form. A total of 2,300 members of the public participated in the consultation via the response form. The questions were optional and so not everybody provided this information. Those who submitted a response via email or letter would not have answered the questions and so are also excluded from the figures below.

Table A1. Local Authority area of respondents taking part in the consultation via online or paper response form

Local Authority	Number of respondents
Bolton	127
Bury	157
Oldham	142
Rochdale	124
Stockport	311
Tameside	127
Trafford	206
Manchester	597
Salford	203
Wigan	166
Outside Greater Manchester (specified)	106
Prefer not to say	29
Not stated	5

Table A2. Age of respondents taking part in the consultation via online or paper response form

Age	Number of respondents
Under 18	31
18-24	115
25-34	299
35-44	285
45-54	317
55-64	341
65-74	671
75 and over	188
Prefer not to say	48
Not stated	5

Table A3. The ethnic origin of those who took part in the consultation via online or paper response form

What is your ethnic group?	Number of respondents
White	1,995
English / Welsh / Scottish / Northern Irish / British	1,851
Irish	42
Gypsy or Irish Traveller	1
Eastern European	18
Any other White background	83
Mixed / multiple ethnic groups	45
White and Black Caribbean	12
White and Black African	6
White and Asian	14
Any other mixed / multiple ethnic groups	13
Asian / Asian British	46
Indian	13
Pakistani	16
Bangladeshi	3
Chinese	7
Kashmiri	2
Any other Asian background	5
Black / African / Caribbean / Black British	44
African	22
Caribbean	16
Any other Black / African / Caribbean background	6
Any other ethnic group	14
Arab	1
Any other background	13
Prefer not to say	151
Not stated	5

Table A4. The stated religion of those who took part in the consultation via online or paper response form

What is your religion?	Number of respondents
Buddhist	17
Christian	921
Hindu	6
Jewish	29
Muslim	29
Sikh	2
Other religion	43
No religion	955
Prefer not to say	293
Not stated	5

Table A5. Gender of respondents who took part in the consultation via online or paper response form

Gender	Number of respondents
A man (including Trans Man)	1,251
A woman (including Trans Woman)	759
Non-binary	33
In another way	20
Prefer not to say	232
Not stated	5

Table A6. Whether respondents who took part in the consultation via online or paper response form identify as Transgender

Do you identify as trans/transgender?	Number of respondents
Yes	23
No	2,056
In some ways	17
Prefer not to say	199
Not stated	5

Table A7. The sexual orientation of those who took part in the consultation via online or paper response form

Which of the following best describes how you think of yourself?	Number of respondents
Bisexual	111
Gay man	133
Gay woman or lesbian	29
Heterosexual	1,542
Other sexual orientation	52
Prefer not to say	428
Not stated	5

Table A8. Disability status of those who took part in the consultation via online or paper response form

Do you consider yourself to have a disability?	Number of respondents
No	1,605
Yes – learning disability	41
Yes – mental illness	88
Yes – mobility disability	206
Yes – sensory disability	49
Yes – other disability	110
Prefer not to say	196
Not stated	5

Table A9. Health status and impact on bus use of those with a disability who took part in the consultation via online or paper response form

Do you have a disability or long-term health condition that prevents you from using the bus?	Number of respondents
Yes	61
No	401
Prefer not to say	32

Appendix B – Consultation questionnaire



Ipsos MORI

Have your say on the impact of Covid-19 on GMCA's proposals for the future of your buses

The consultation runs from 09:00 on 2 December 2020 to 23:59 on 29 January 2021.

This consultation concerns the proposal to introduce bus franchising in Greater Manchester made by the Greater Manchester Combined Authority (GMCA).

Bus franchising would mean that GMCA would control the bus services to be provided in the city-region and would award contracts to operators to run services. From October 2019 to January 2020, GMCA consulted on its proposed bus franchising scheme which was supported by an Assessment of it, ("the Assessment"), prepared by Transport for Greater Manchester (TfGM). That consultation received over 8,500 responses and you can find out more about it at gmconsult.org (search for 'Doing Buses Differently'). The Assessment and that consultation, however, did not take account of the possible effects of Covid-19.

TfGM have therefore produced a Covid-19 Impact on Bus Franchising Report ("the Report"). The Report is not a new Assessment of the Proposed Franchising Scheme. It considers the potential impact and effects of Covid-19 on the bus market in Greater Manchester and how they may affect the key conclusions of the Assessment and the recommendation that franchising is the best option for reforming the bus market in Greater Manchester.

The consultation document (referenced throughout the questionnaire) explains why GMCA consider that bus franchising remains the right way to reform the bus market having considered the possible effects of Covid-19. The purpose of this consultation is to allow you to provide your views on the Assessment in the light of the Report across the five cases in the Assessment, on the Proposed Franchising Scheme, and on whether or not the Mayor should make such a scheme.

This consultation does not replicate or replace the consultation that took place between October 2019 and January 2020. Any representation that you previously made will be taken into account in any event by GMCA and the Greater Manchester Mayor before any decision is taken whether or not to make a franchising scheme. This means you do not need to repeat any earlier representations that you may have made in the previous consultation, although you are free to do so or to indicate where you may wish to modify or supplement them in the light of Covid-19.

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

You do not have to respond using the questionnaire, or to answer all the questions, in order to submit a response. The other ways you can respond are set out below.

Who can take part?

Anyone can take part in the consultation. You do not have to live in Greater Manchester or be a regular bus user to have your say. You can answer as a member of the public or in an official capacity (e.g. as an elected representative, statutory consultee, business or other organisation).

Please be aware that if you are answering in an official capacity your response may be published. Decision-makers will have access to all responses during and following the close of the consultation period. References or quotes from responses from a member of the public will be done on an anonymised basis.

How to provide your comments

Please reply by 29 January 2021 by sending this response form or letter to the following freepost address:

Freepost GM BUS CONSULTATION

Alternatively, responses will also be accepted through the following channels:

- Complete and submit a questionnaire at gmconsult.org
- Email a completed questionnaire or your comments to gmbusconsultation@ipsos-mori.com
- Via telephone on 0161 244 1100 (You will be forwarded through to independent research organisation Ipsos MORI to record your response)
- Paper copies of the questionnaire and consultation documents are available in Travelshops across Greater Manchester. Locations of Travelshops can be found at tfgm.com/public-transport/travelshops and in Appendix 2 of the consultation document

Please tick the box(es) as appropriate and write your responses clearly in black pen within the appropriate sections. If your response is too large to fit into the boxes, please attach additional evidence. If you do so, please make it clear which questions you are answering and number any additional pages you send.

If you need any support to respond or have any questions, please email info@gmbusconsultation.com or call the enquiries line on 0161 244 1100.

Confidentiality and data protection

TfGM has commissioned the independent research organisation Ipsos MORI to receive and analyse responses to the consultation, and to prepare a report of the findings. Transport for Greater Manchester (TfGM) are the data controller and are delivering this consultation for GMCA under delegated authority. Both TfGM and Ipsos MORI will process your personal data in accordance with the Data Protection Act (DPA) 2018, and the General Data Protection Regulation (GDPR).

Information you provide including personal information in response to the consultation will only be published in aggregate form or anonymised. However, if you are responding to the consultation in an official capacity, we may attribute comments you make to the organisation or body you represent. It should be noted that information provided in response to this consultation, including personal information, may be subject to disclosure in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations (EIR) 2004, the Data Protection Act (DPA) 2018, and the General Data Protection Regulation (GDPR). Therefore, if we receive a request for disclosure of the information, we cannot give an assurance that confidentiality can be maintained in all circumstances.

Further details of how TfGM process your personal data provided during the consultation and for details of how you can exercise your rights are available at tfgm.com/privacy-policy or by emailing data.protection@tfgm.com For Ipsos MORI's privacy policy, please visit at ipsos.uk/bus-privacy-policy or email gmbusconsultation@ipsos-mori.com

If you no longer wish for us to use your personal information during the analysis stage, you have a right to have the relevant information deleted. Please email gmbusconsultation@ipsos-mori.com before the consultation ends at 23:59 on 29 January 2021.

Consultation questions

Q1. In looking at the effects of the Covid-19 pandemic on the decision about whether or not to implement the Proposed Franchising Scheme, TfGM has used a number of scenarios which illustrate a wide range of potential longer-term outcomes for travel demand in Greater Manchester.

Do you have any comments on this scenario-based approach?

For more information see paragraphs 2.16 – 2.22 of the Consultation Document.

PLEASE WRITE IN BELOW

Q2. Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?

For more information see paragraphs 2.24 – 2.40 of the Consultation Document.

PLEASE WRITE IN BELOW

Q3. Do you have any comments on the consideration of the impact of Covid-19 on the value for money of the Proposed Franchising Scheme and partnership option?

For more information see paragraphs 2.41 – 2.52 of the Consultation Document.

PLEASE WRITE IN BELOW

Q4. Do you have any comments on the conclusion that the commercial arrangements described in the Assessment for franchising and the partnership option remain appropriate, notwithstanding Covid-19?

For more information see paragraphs 2.53 – 2.66 of the Consultation Document.

PLEASE WRITE IN BELOW

Q5. Do you have any comments on the affordability to GMCA of the Proposed Franchising Scheme and partnership option in the light of Covid-19?

For more information see paragraphs 2.67 – 2.91 of the Consultation Document.

PLEASE WRITE IN BELOW

Q6. Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, including the proposed approach to managing the risks associated with Covid-19 (as set out in the Management Case of the Covid-19 Impact on Bus Franchising Report) and whether TfGM would be able to manage and implement a partnership on behalf of GMCA, notwithstanding Covid-19?

For more information see paragraphs 2.92 – 2.101 of the Consultation Document.

PLEASE WRITE IN BELOW

Q7. Do you have any comments on the conclusions of the Covid-19 Impact on Bus Franchising Report about how Covid-19 is likely to affect the impacts of the Proposed Franchising Scheme, partnership and Do Minimum options on (a) passengers, (b) operators, (c) GMCA and (d) wider society?

For more information see paragraphs 2.102 – 2.114 of the Consultation Document.

PLEASE WRITE IN BELOW

Q8. Do you consider that the Proposed Franchising Scheme (attached at Appendix 3 of the Consultation Document) would not require any further modification beyond those already contemplated and included in the draft scheme?

For more information see paragraphs 2.115 – 2.127 of the Consultation Document.

PLEASE WRITE IN BELOW

Final Questions

Q9a. Did you respond to the previous consultation?

PLEASE TICK ONE BOX ONLY

- Yes – GO TO Q9b
- No – GO TO Q10
- Don't know – GO TO Q10

Q9b. Please use the space below to explain in what ways, if at all, your views about the introduction of the Proposed Franchising Scheme have changed as a result of the impact of the Covid-19 pandemic.

If your views have not changed then please tick the 'nothing to add' box - there is no need to provide any additional information.

For more information see paragraphs 2.128 – 2.138 of the Consultation Document.

PLEASE WRITE IN BELOW

- I have nothing to add

Q10. Taking everything into account, do you have any comments on the conclusion that this is the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme?

For more information see paragraphs 2.146 – 2.151 of the Consultation Document.

PLEASE WRITE IN BELOW

Q11a. To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?

PLEASE TICK ONE BOX ONLY

- Strongly support
- Tend to support
- Neither support nor oppose
- Tend to oppose
- Strongly oppose
- Don't know

Q11b. Why do you say this?

PLEASE WRITE IN BELOW

Q12. Finally, do you have any other comments you want to make?

PLEASE WRITE IN BELOW

About you

We must consider how different people will be affected by our strategies and policies, and we also want to make sure we hear from people from all of Greater Manchester's diverse backgrounds. Therefore the last few questions are about you, to help us ensure we hear from a range of voices, and to help identify any possible discrimination or barriers for particular groups of people. The personal information you give us will remain strictly confidential and we will not use it in a way that could identify you.

If there are questions you would prefer not to answer please choose the 'prefer not to say' option.

Q13. Are you responding on your own behalf or on behalf of an organisation or group?

PLEASE TICK ONE BOX ONLY.

- I am providing my own response – [GO TO Q18](#)
- I am providing a response on behalf of an organisation or group – [GO TO Q14](#)

PLEASE ANSWER QUESTIONS 14 TO 17 IF YOU ARE PROVIDING A RESPONSE ON BEHALF OF AN ORGANISATION OR GROUP.

Q14. What is your name, role and name and address of organisation/group on whose behalf you are submitting this response? These details of your organisation or group may appear in the final report. PLEASE WRITE IN BELOW

Your name (optional):
Your role (optional):
Name of organisation or group (optional):
Postcode of organisation or group:

Q15. What category of organisation or group are you representing?

PLEASE TICK ALL BOXES THAT APPLY

- Academic (includes universities and other academic institutions)
- Action group
- Elected representative (includes MPs and local councillors)
- Environment, heritage, amenity or community group (includes environmental groups, schools, church groups, residents' associations, recreation groups and other community interest organisations)
- Local Government (includes county councils, district councils, parish and town councils and local partnerships)
- Other representative group (includes chambers of commerce, trade unions, political parties and professional bodies)
- Other transport group (includes passenger representative groups, for example)
- Statutory agency
- Transport, infrastructure or utility organisation (includes transport bodies, transport providers, infrastructure providers and utility companies)
- Professional body
- Bus operator
- Charity / voluntary sector group
- Other (PLEASE WRITE IN BELOW)

Q16. Please write in the total number of employees/members in the organisation or group that you are representing. Please include yourself in the total, if applicable.

PLEASE WRITE IN BELOW

Q17. Please tell us who the organisation or group represents, and where applicable, how views of members were assembled.

PLEASE WRITE IN BELOW

--

PLEASE ANSWER QUESTIONS 18 TO 27 IF YOU ARE RESPONDING AS AN INDIVIDUAL AND PROVIDING YOUR OWN RESPONSE.

Q18. Your Contact Details

Please provide your name, address and postcode. While these details are not compulsory, if you can provide your contact details, these may be used to inform you of the outcomes of the consultation.

In particular, please consider providing your postcode as this information will be used to analyse how consultation responses differ by geography.

Name (optional):
Address:
Postcode:
E-mail:

NOTE: If you are aged under 13, we require the contact details from a parent or legal guardian and they must confirm they have given their permission to provide their contact details by ticking below:

- As a parent / guardian of the person responding to this consultation who is aged under 13, I have provided my contact details

Q19. Which of the following local authority areas do you live in?PLEASE TICK ONE BOX ONLY.

- Bolton
- Bury
- Manchester
- Oldham
- Rochdale
- Salford
- Stockport
- Tameside
- Trafford
- Wigan
- Outside Greater Manchester
- Prefer not to say

Q20. How old are you?PLEASE TICK ONE BOX ONLY

- Under 18
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65-74
- 75 and over
- Prefer not to say

Q21. What is your ethnic group?PLEASE TICK ONE BOX ONLY TO BEST DESCRIBE YOUR ETHNIC GROUP OR BACKGROUND**Asian / Asian British**

- Indian
- Pakistani
- Bangladeshi
- Chinese
- Kashmiri
- Any other Asian background

Black / African / Caribbean / Black British

- African
- Caribbean
- Any other Black / African / Caribbean background

Mixed / multiple ethnic groups

- White and Black Caribbean
- White and Black African
- White and Asian
- Any other mixed / multiple ethnic groups

White

- English / Welsh / Scottish / Northern Irish /British
- Irish
- Gypsy or Irish Traveller
- Eastern European
- Any other White background

Any other ethnic group

- Arab
- Any other background
- Prefer not to say

Q22. What is your religion?PLEASE TICK ONE BOX ONLY

- Buddhist
- Christian
- Hindu
- Jewish
- Muslim
- Sikh
- Other religion
- No religion
- Prefer not to say

Q23. How do you describe your gender?PLEASE TICK ONE BOX ONLY

- A man (including Trans Man)
- A woman (including Trans Woman)
- Non-binary
- In another way
- Prefer not to say

Q24. Do you identify as trans/transgender?PLEASE TICK ONE BOX ONLY

- Yes
- No
- In some ways
- Prefer not to say

Q25. Which of the following best describes how you think of yourself?PLEASE TICK ONE BOX ONLY

- Bisexual
- Gay man
- Gay woman or lesbian
- Heterosexual
- Other sexual orientation (PLEASE WRITE IN BELOW)

- Prefer not to say

Q26. Do you consider yourself to have a disability?PLEASE TICK ONE BOX ONLY

- No
- Yes – learning disability
- Yes – mental ill health
- Yes – mobility disability
- Yes – sensory disability
- Yes – other disability (PLEASE WRITE IN BELOW)

- Prefer not to say

ANSWER IF SELECTED YES AT Q26**Q27. Do you have a disability or long-term health condition that prevents you from using the bus?**PLEASE TICK ONE BOX ONLY

- Yes
- No
- Prefer not to say

Q28. How did you hear about this consultation?PLEASE TICK ALL THAT APPLY

- Email
- Twitter
- Facebook
- Instagram
- LinkedIn
- Posters
- Newsletter
- Events
- Search engine advert
- Radio
- Local newspaper
- gmconsult.org website
- Website (not gmconsult.org)
- Word of mouth
- Other (PLEASE WRITE IN BELOW)

- Prefer not to say

Thank you for your comments

Please reply by **29 January 2021** by sending this response form or letter to the following freepost address:

Freepost GM BUS CONSULTATION

Alternatively, responses will also be accepted through the following channels:

- Complete and submit a questionnaire at gmconsult.org
- Email a completed questionnaire or your comments to gmbusconsultation@ipsos-mori.com
- Via telephone on 0161 244 1100 (You will be forwarded through to independent research organisation Ipsos MORI to record your response)
- Paper copies of the questionnaire and consultation documents are available in Travelshops across Greater Manchester.

Please tick the box(es) as appropriate and write your responses clearly in black pen within the appropriate sections. If your response is too large to fit into the boxes, please attach additional evidence. If you do so, please make it clear which questions you are answering and number any additional pages you send.

If you need any support to respond or have any questions, please email info@gmbusconsultation.com or call the enquiries line on 0161 244 1100.

Please only use the channels described on page 1 of this Response Form when responding to this consultation. Transport for Greater Manchester cannot accept responsibility for any responses sent to any other addresses. We will acknowledge receipt of email and online submissions but we are not able to acknowledge postal submissions.

Appendix C – Technical note on coding

Receipt and handling of responses

The handling of responses was subject to a rigorous process of checking, logging and confirmation in order to support a full audit trail. All original electronic and hard copy responses remained securely filed within Ipsos MORI, catalogued and serial numbered for future reference.

Development of initial code frame

Coding is the process by which free-text comments, answers and responses are matched against standard codes from a coding frame Ipsos MORI compiled to allow systematic statistical and tabular analysis. The codes within the coding frame represent an amalgam of responses raised by those registering their view and are comprehensive in representing the range of opinions and themes given.

The Ipsos MORI coding team drew up an initial code frame for each open-ended free-text question using the first thirty to forty response form responses, and ten to fifteen responses for email and letter responses. An initial set of codes was created by drawing out the common themes and points raised across all response channels by refinement. Each code thus represents a discrete view raised. The draft coding frame was then reviewed before the coding process continued. The code frame was continually updated throughout the analysis period to ensure that newly emerging themes within each refinement were captured.

Coding using the Ascribe package

Ipsos MORI used the web-based Ascribe coding system to code all open-ended free-text responses found within completed response forms and from the free-form responses (i.e. those that were letters and emails etc.). Ascribe is a proven system which has been used on numerous large-scale projects. Responses were uploaded into the Ascribe system, where the coding team worked systematically through the verbatim comments and applied a code to each relevant part(s) of the verbatim comment.

The Ascribe software has the following key features:

- Accurate monitoring of coding progress across the whole process, from scanned image to the coding of responses.
- An “organic” coding frame that can be continually updated and refreshed; not restricting coding and analysis to initial response issues or “themes” which may change as the consultation progresses.
- Resource management features, allowing comparison across coders and question/issue areas. This is of particular importance in maintaining high quality coding across the whole coding team and allows early identification of areas where additional training may be required.
- A full audit trail – from verbatim response to codes applied to that response.

Coders were provided with an electronic file of responses to code within Ascribe. Their screen was divided, with the left side showing the response along with the unique identifier, while the right side

of the screen showed the full code frame. The coder attached the relevant code or codes to these as appropriate and, where necessary, alerted the supervisor if they believed an additional code might be required.

If there was other information that the coder wished to add they could do so in the “notes” box on the screen. If a response was difficult to decipher, the coder would get a second opinion from their supervisor or a member of the project management team. As a last resort, any comment that was illegible was coded as such and reviewed by the Coding Manager.

Briefing the coding team and quality checking

A small, core team of coders worked on the project, all of whom were fully briefed and were conversant with the Ascribe package. This team also worked closely with the project management team during the set-up and early stages of code frame development.

The core coding team took a supervisory role throughout and undertook the quality checking of all coding. Using a reliable core team in this way minimises coding variability and thus retains data quality.

To ensure consistent and informed coding of the verbatim comments, all coders were fully briefed prior to working on this project. The Coding Manager undertook full briefings and training with each coding team member. All coding was carefully monitored to ensure data consistency and to ensure that all coders were sufficiently competent to work on the project.

The coder briefing included background information and presentations covering the questions, the consultation process and the issues involved, and discussion of the initial coding frames. The briefing was carried out by Ipsos MORI’s executive team.

All those attending the briefings were instructed to read, in advance, the consultation documents and go through the response form. Examples of a dummy coding exercise relating to this consultation were carefully selected and used to provide a cross-section of comments across a wide range of issues that may emerge.

Coders worked in close teams, with a more senior coder working alongside the more junior members, which allowed open discussion to decide how to code any particular open-ended free-text comment. In this way, the coding management team could quickly identify if further training was required or raise any issues with the project management team.

The Ascribe package also afforded an effective project management tool, with the coding manager reviewing the work of each individual coder, having a discussion with them where there was variance between the codes entered and those expected by the coding manager.

To check and ensure consistency of coding, at least 10% of coded responses were validated by the coding supervisor team and the executive team, who checked that the correct codes had been applied and made changes where necessary.

Updating the code frame

An important feature of the Ascribe system is the ability to extend the code frame “organically” direct from actual verbatim responses throughout the coding period.

The coding teams raised any new codes during the coding process when it was felt that new issues were being registered. In order to ensure that no detail was lost, coders were briefed to raise codes that reflected the exact sentiment of a response, and these were then collapsed into a smaller number of key themes at the analysis stage. During the initial stages of the coding process, meetings were held between the coding team and Ipsos MORI executive team to ensure that a consistent approach was taken to raising new codes and that all extra codes were appropriate and correctly assigned. In particular, the coding frame sought to capture precise nuances of participants' comments in such a way as to be comprehensive.

A second key benefit of the Ascribe system is that it provides the functionality of combining codes, revising old codes and amending existing ones as appropriate. Thus, the coding frame grew organically throughout the coding process to ensure it captured all of the important "themes".

Appendix D – Codeframe⁴⁹

	Total	Q1	Q10	Q11b	Q12	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9b	QEW
	4017	4017	4017	4017	4017	4017	4017	4017	4017	4017	4017	4017	4017	4017
NET A - CAMPAIGNS	1431	2	3	5	1	2	4							1422
CAMPAIGN 01 - Better Buses for Manchester	1334	2	2	5	1	2	3							1326
10001. I was happy but not surprised to read that 'under all scenarios, franchising is still the best option to achieve Greater Manchester's long-term ambition for a fully integrated public transport system and GMCA still has funding available to pay for the transition to franchising	1298	2		1		1								1294
10002. I support a better, publicly controlled bus network because:	1326	2		1										1323
10003. Even this pandemic has shown that bus companies put profits over providing bus services	1323	2		2										1319
10004. Nationally, they have received over £1 billion in public money, but they still have threatened to cut services, and reduce the sick pay conditions of hardworking staff	1326	2		2										1322
10005. We need more control over public money going to buses	1326	2		2										1322
10006. The current privatised bus 'market' is not working well for residents of Greater Manchester	1327	2		2										1323
10007. We have lost 8 million miles of bus services since 2010, which is 11% of the service, despite fares increasing two years in a row	1327	2		2										1323
10008. The North West's bus network has shrunk more than any other region	1327	2		3	1									1322
10009. This is because bus companies run buses solely for profit over providing a service	1325	2		2										1321
10010. Meanwhile, bus company shareholders in the North West have received an average £18.4 million in dividend payouts a year for the past ten years	1326	2		1										1323
10011. We know that public control means we can plan an integrated network, with simple fares across all buses, trams and trains	1329	2		2										1325
10012. And we can use profits from busy routes to subsidise socially necessary routes, meaning every community gets a service	1328	2		2										1324
10013. (Transport for Quality of Life, Building a World-class Bus System for Britain)	1326	2		2										1322
10014. The alternative that is on the table, a voluntary partnership, leaves all the power in the hands of the bus companies	1327	2		1										1324
10015. Changes will only be made to the extent that they deem it in their interests	1327	2		1										1324
10016. We need a system that puts the interests of GM's people first	1328	2		1										1325
10017. The Local Government Association showed recently that 69% of residents	1324	2		1										1321
10018. Residents think local councils should be the main decision-makers on bus services	1327	2		1										1324

⁴⁹ Question numbers across the columns are not sequential, as this is how the document is output from the Ascribe system.

10019. I support region-wide standards of pay	1326	2		1									1323
10020. conditions and pensions for drivers to be negotiated with Unions representing drivers	1327	2		1									1324
10021. which represent over 8,000 workers in the region, so that drivers are respected for their hard work	1327	2		1									1324
10022. 'Deregulation in Britain resulted in a 'race to the bottom'	1326	2		1									1323
10023. (Transport for Quality of Life, Building a World-class Bus System for Britain, es.5)	1323												1323
10024. As your own most recent updated report concluded	1326					1	2						1323
10025. Despite the additional financial risks, the net benefits of franchising for Greater Manchester are still likely to be higher and more deliverable than other options	1329			1		1	2						1325
10026. such as a partnership with bus operators and so will provide value for money	1328			1		1	2						1324
10027. The original report into whether to bring buses into public control conclude that public control (franchising) would	1325					1	2						1322
10028. offer a 'high' ratio of benefits to the cost to GMCA, one which is broadly comparable with the Partnership Options	1326					1	2						1323
10029. provide the most economic value (Net Present Value), and	1326					1	2						1323
10030. create the best platform from which further economic value could be delivered	1327					1	2						1324
10031. Currently, public money makes up 40% of bus companies revenue, yet we have no control over fares, the vast majority of routes and timetables	1326					1	2						1323
10032. And 10% of that public money is leaked as dividends	1325					1	2						1322
10033. Public control means we take all the fare revenue and give bus companies contracts	1324					1	2						1321
10034. halving their profit margins, so that public money is used for buses over shareholders	1324					1	2						1321
10035. (Transport for Quality of Life, Building a World-class Bus System for Britain, es.7)	1326					1	2						1323
10036. Public control also means that profits from busy routes can be used to pay for socially necessary routes, rather than just bus company profits	1326					1	2						1323
10037. Research showed that 95% of people in GM supported the idea of subsidising bus routes which are unprofitable but necessary for the public good	1324					1	2						1321
10038. We can finally get a better bus network	1323					1	2						1320
10039. Initial upfront costs will mean we can get a better bus network, run for the public over shareholders, with a much better service and far better value for the public money we currently give to buses.	1325		1				1						1323
10040. We do not have time to waste and need a better publicly controlled network that will use public money effectively now	1325		2				1						1323
10041. We need buses that are clean, green and accessible and bus companies have not delivered	1324		1				1						1322
10042. I strongly support the introduction of a publicly controlled bus network	1324		1	1			1						1321
CAMPAIGN 02 - Your Buses - Rotala	97		1				1						96

10501. At this moment in time, I feel as though it is too early to be able to predict what is going to happen over the next few years	96													96
10502. While the scenarios do set out a number of different possibilities, the report itself admits that each scenario is unlikely to happen and it is likely to be a combination of all four scenarios. I agree.	96													96
10503. I do not believe this is the right time	97		1											96
10504. The region has suffered so much financially as a result of COVID-19 that to take this money from residents of Greater Manchester when many have lost or reduced their income is immoral	97		1											96
10505. Working together with bus operators who have delivered throughout the pandemic would be a much more sensible approach	97		1				1							96
10506. They have run buses for many years and the recent customer surveys show a satisfaction score of 87% in 2019. I agree.	97						1							96
10507. I believe that if TfGM, the bus operators, and local councils got together and worked on some proposals to bring about actual improvements, this would be much better and would benefit passengers much more quickly than this extremely complex process which has been going on for many years	96													96
10508. I strongly oppose the introduction of a publicly controlled bus network. I strongly oppose the proposal.	96													96
NET B - COMMENTS about COVID-19	938	148	214	90	41	78	349	67	129	74	191	44	141	81
GENERAL COMMENTS about COVID-19	923	145	209	87	38	76	345	67	121	73	182	37	141	81
10663. Covid-19 and its impact - bus usage / transport trends will need to be reassessed after the pandemic	37	6	4	3		2	14		2	3	2	1		6
10290. Covid-19 and its impact - bus usage will increase / return to normal / pre-Covid-19 levels	141	31	19	3	4	8	33	11	11	4	21	1	8	6
11073. Covid-19 and its impact - bus usage will increase / return to normal / pre-Covid-19 levels - by 2023 / 2024 when franchise arrangements go live	1													1
10455. Covid-19 and its impact - means bus usage will decline - people are not / do not feel safe on public transport	45	11	1	7		1	5		1		9		2	10
10453. Covid-19 and its impact - means bus usage will decline - people shopping online / not visiting high streets / town centres for shopping	11	3					4	1	1					3
10456. Covid-19 and its impact - means bus usage will decline - people were told to stay at home / avoid public transport	32	7	3	1	1	3	6	2	2	1	1		1	4
10289. Covid-19 and its impact - means bus usage will decline - people will avoid / not use public transport	159	19	18	12	6	6	46	8	7	6	18	4	16	19
10460. Covid-19 and its impact - means bus usage will decline - people will avoid / not use public transport - for longer journeys / will still want shorter around town journeys	4	2					1		1					
10616. Covid-19 and its impact - means bus usage will decline - people will avoid / not use public transport - for shorter journeys / will want longer out of town journeys	2	1												1
10839. Covid-19 and its impact - means bus usage will decline - people will change how they travel	7							1						6
10626. Covid-19 and its impact - means bus usage will decline - people will change how they travel for leisure / recreational purposes	5		2					2						2
10457. Covid-19 and its impact - means bus usage will decline - people will cycle / walk	14	3		3			2	1			1		1	3
10454. Covid-19 and its impact - means bus usage will decline - people will drive / use their cars	23	6		1			6		1		3		2	4

10452. Covid-19 and its impact - means bus usage will decline - people will work / study from home	76	18	6	3		1	17	4	3	2	8	1	8	12
10297. Covid-19 and its impact - means bus usage will decline - struggle to recover / never recover to pre-Covid-19 levels	21	3					4		1			2	5	7
10842. Covid-19 and its impact - means greater uncertainty in the Economic Case	13					1	6		3					3
11119. Covid-19 and its impact - means greater uncertainty in the Financial Case	5								2	1			1	1
10173. Covid-19 and its impact - means greater uncertainty in what the future holds	250	39	49	24	9	14	66	7	17	13	32	15	20	26
10936. Covid-19 and its impact - means that bus services will need to be less extensive / comprehensive as expected	2		1											1
10170. Covid-19 and its impact - means the proposals / plans are more urgent / strengthened the need for reform	125	4	33	10	4	6	17	6	7	2	8	1	51	1
10887. Covid-19 and its impact - means the proposals / plans are more urgent / strengthened the need for the Partnership Option	4									1				3
10886. Covid-19 and its impact - means the proposals / plans are more urgent / strengthened the need for the Proposed Franchising Scheme	17		2	1		2	2	1	2	1	3		2	3
10150. Covid-19 and its impact - needs to be properly / sufficiently accounted for	78	2	17	3	1	6	26	3	5	4	5	5	4	8
11172. Covid-19 and its impact - people will change how they travel	1										1			
13798. Covid-19 and its impact - should not fundamentally alter / influence the decision / proposals / plans	213	13	40	8	7	19	57	17	29	26	38	2	11	10
10549. Covid-19 and its impact - will affect bus fares - fare increases	9	1	1	1			4		2		1			
10648. Covid-19 and its impact - will affect GMCA / local authorities	7					1	2	1	1				2	
10718. Covid-19 and its impact - will affect power production / energy supply	1			1										
10342. Covid-19 and its impact - will affect TfGM	2	1					1							
10175. Covid-19 and its impact - will affect the economy / economic climate / inhibit economic recovery	144	18	14	13	4	4	26	1	29	1	6	3	18	23
10193. Covid-19 and its impact - will affect the operators and service delivery	92	7	8	5	5	11	14	3	2	4	7		13	18
10462. Covid-19 and its impact - will affect the operators and service delivery - operators have responded well - invested in / improved / maintained service delivery	15			1	1						1			12
10894. Covid-19 and its impact - will affect the operators and service delivery - operators have responded well - invested in / improved / maintained service delivery - essential routes / socially necessary services	3													3
10873. Covid-19 and its impact - will affect the operators and service delivery - operators have responded well - introduced measures to make bus travel safe	3													3
10861. Covid-19 and its impact - will affect the operators and service delivery - operators will be more willing to sell their assets	1						1							
10531. Covid-19 and its impact - will affect the operators and service delivery - reduced fare revenue from a decline in bus usage	30	1		2		1	7	1	3		4		6	5
11140. Covid-19 and its impact - will affect the operators and service delivery - reduced fare revenue from a decline in bus usage - small / medium operators	1								1					

11141. Covid-19 and its impact - will affect the operators and service delivery - reduced revenue / increased overheads from enforcing passenger / driver travel safety precautions / restrictions	1								1					
11132. Covid-19 and its impact - will affect the operators and service delivery - to compete for franchises	1													1
10924. Covid-19 and its impact - will affect the operators and service delivery - via the CBSSG / COVID-19 Bus Services Support Grant process	6													6
10303. Covid-19 and its impact - will affect the passengers / the general public / people of Greater Manchester	33	2	5	4	2	1	8	2	1		5		3	2
10152. Covid-19 and its impact - will be short lived / temporary / no significant / long lasting impact	177	13	15	6	3	6	64	9	16	11	51	4	11	4
10171. Covid-19 and its impact - will be significant - in the long term / long lasting	109	14	16	2	2	3	32	3	3	4	13	3	10	15
10795. Covid-19 and its impact - will be significant - in the medium term	7	1										2		4
10519. Covid-19 and its impact - will be significant - in the short term	20						8	1	3		3	1	2	2
10877. Covid-19 and its impact - will make the Proposed Franchising Scheme implementation / transition easier	2										1			1
10190. Covid-19 and its impact - will negatively affect the bus drivers / staff working for operators	12	2			1	1	2			2	2			2
10832. Covid-19 and its impact - will negatively affect the proposals / all options	16						8	1	1		2		1	3
10185. Covid-19 immunisation / vaccinations will be available soon	51	9	14	1			12	1	1	7	8		3	2
SUGGESTIONS about COVID-19	85	7	15	6	4	4	13	3	9	2	16	10	4	6
10796. Covid-19 and its impact - suggestion - bus fares / tickets - should be cheaper / more affordable - to encourage useage post Covid-19	3	2		1										
10226. Covid-19 and its impact - suggestion - bus fares should be subsidised - for frontline / key workers / NHS staff	4								3				1	
10603. Covid-19 and its impact - suggestion - bus fares should be subsidised - for the elderly / disabled - extend bus pass hours to allow access early opening hours / isolated shopping hour	1				1									
10577. Covid-19 and its impact - suggestion - bus services should be easier to use / convenient / user friendly - to encourage useage post Covid-19	11	1		1	2	2	3		2					
10838. Covid-19 and it's impact - suggestion - funding availability / restraints will mean compromise is required	3						2		1					
10569. Covid-19 and its impact - suggestion - funding should be made available to support bus services post pandemic	6		1	1		1	2							1
10192. Covid-19 and its impact - suggestion - means the proposals / plans should be reviewed periodically / updated in response to developments	65	5	15	4	1	1	7	3	3	2	16	10	3	6
NET C - COMMENTS about BUS FARES / ROUTES / SERVICES	1529	288	240	226	395	272	301	118	313	131	198	82	114	287
BUS FARES	611	72	61	63	118	80	112	27	118	25	42	20	29	102
10116. Bus fares / tickets - should be a simple / single / standard fare / currently too complicated / too many fares	188	23	17	17	23	37	21	9	14	4	13	5	4	42
10079. Bus fares / tickets - should be cheaper / more affordable / currently too expensive / overpriced	424	46	45	40	71	44	86	12	93	17	26	11	20	66
10970. Bus fares / tickets - should be fair / accessible to all	2								1	1	1			

10363. Bus fares / tickets - should be free	16	2	1	4	5	2	2	2	2		2	1	1	2
10464. Bus fares / tickets - should be free - for children / school children / students / young people	15	2		1	7	1	2		3				1	3
10395. Bus fares / tickets - should be free - for the disabled / those with restricted mobility / their carers / travel trainers	5			2	1				1					1
10364. Bus fares / tickets - should be free - for the elderly / pensioners / the infirm	14	1			5	1		1	2					4
10431. Bus fares / tickets - should be more available / more places to buy them from / travel shops / ticket shops	4		1		3									
10304. Bus fares / tickets - should be refunded - season tickets for cancelled services	4													4
10425. Bus fares / tickets - should be smart - cashless / pre-paid etc.	26	3	1	1	10	1	4	1	1	2		1		3
10532. Bus fares / tickets - should be smart - Oyster card system	42	7	4	10	15	11	5	2	4	2	3	3		3
10166. Bus fares / tickets - should be subsidised	16		1				2	2	8				1	2
10825. Bus fares / tickets - should consider the elderly / pensioners / the infirm	4		1		2				1					
10728. Bus fares / tickets - should consider the vulnerable / poor / those on low / reduced incomes	16	1		3	3	1			3		1		4	
10672. Bus fares / tickets - should include weekly / monthly / season tickets / passes	3	1			2									
10420. Bus fares / tickets - should not be a simple / single / standard fare	2				1	1								
10497. Bus fares / tickets - should not be an Oyster card system	2	1												1
10804. Bus fares / tickets - should not be changed / should remain as they are / happy with current fares / tickets	3				1	1			1					
10092. Bus fares / tickets - should not be more expensive than the cost of a taxi / minicab services	9			3	2		2			1		1		1
10279. Bus fares / tickets - should not be more expensive than the cost of traveling a car	18	3		4				2	2	1			1	6
10093. Bus fares / tickets - should not be subsidised / free - unless means tested	3			1	2									
10285. Bus fares / tickets - should not become cashless	7	2			3		1						1	
BUS ROUTES	517	70	39	47	92	81	42	24	54	21	45	16	24	116
10143. Bus routes should be better / improved	50	9	1	7	8	9	4	3	2	1	5			4
10800. Bus routes should be better / improved - should consider centres of population / new housing developments	1	1												
10274. Bus routes should be comprehensive / wide networks to cover / connect the entire region	158	18	10	11	31	11	11	4	16	5	8	3	4	48
10318. Bus routes should be fair / accessible to all	80	8	9	8	6	14	6	5	8	4	8	2	1	9
10909. Bus routes should consider - commuters / getting to / from work	8						2			1			2	3
10694. Bus routes should consider - demand / capacity / currently too many buses on some routes / too few buses on others	44	4	2	6	5	2	5	1	4		3	2	1	12
10296. Bus routes should serve all communities - not just at peak times / rush hour	7	1			1	1	1		1				1	1
10122. Bus routes should serve all communities - restore routes / services that were cut / serve places poorly served	96	15	3	10	20	12	1	2	2	1	3	4	4	30

10123. Bus routes should serve all communities - rural / remote locations / not just busy / profitable routes	153	17	7	10	17	36	7	7	17	6	10	3	7	21
10229. Bus routes should serve all communities - should not be cut off / isolated / have services cut / reduced	118	12	12	6	16	9	16	5	14	7	14	2	6	19
BUS SERVICES	1387	254	218	187	324	221	239	102	233	119	174	63	103	277
10483. Bus services require an innovative / entrepreneurial new approach to developing services	10			1	1	1	2					1		5
10140. Bus services should adopt a unified brand / a recognisable / distinctive livery	21	3	1		7	4	1	1						4
10537. Bus services should be accountable	26		4	3	3	7	1	1	2			2	2	3
10117. Bus services should be better / improved / are currently poor / reform is long overdue	332	30	69	31	56	32	31	25	52	24	23	9	19	48
10159. Bus services should be clean / comfortable / with heating / air-con / adequate seating	108	15	8	4	18	8	10	3	5	8	12	6	4	29
10301. Bus services should be determined by market forces / demand	23	5	1	3	1	2	6				3	2	1	2
10295. Bus services should be easier to use / convenient / user friendly	85	10	8	9	13	11	6	4	3	3	6	2	3	22
10652. Bus services should be ethical / moral	3	1	1	1	1	2	1	1	1	1	1	1		
10831. Bus services should be fair / accessible to all	21		2	1	4	1	1		5	1	1	1	1	6
10700. Bus services should be flexible / adapt to changes	18	3		2		4	4		1	1	2	1	1	1
10113. Bus services should be invested in - environmentally friendly / green fleet to reduce emissions / improve air quality	202	18	34	14	26	15	21	9	25	2	21	2	16	42
10241. Bus services should be invested in - modern fleet / new vehicles	44	3	5	4	9	3	2	2	2	2	2	2	1	7
10216. Bus services should be invested in - receive more funding / investment	62	3	7	4	5	2	9		16	1	5	4	2	9
10691. Bus services should be less frequent / run fewer buses	7	1							1		1		1	3
10492. Bus services should be more appealing - to a wider demographic than currently use buses	6	1			1				1					3
10120. Bus services should be more appealing - to encourage bus usage / reduce car usage / traffic / congestion on roads	331	47	32	24	51	19	49	9	52	7	35	8	29	56
10119. Bus services should be more direct / quicker / fewer delays / hold ups	107	17	6	11	14	14	11	4	4	7	6	2	2	32
10139. Bus services should be more efficient - better managed / run	93	10	10	6	9	17	14	3	11	7	7	1	4	12
10316. Bus services should be more efficient - run mini-buses / smaller buses on some routes / at certain times	43	11	1	2	7	5	2	1	3	1	2	3		11
10080. Bus services should be more frequent / regular / run at timed intervals / run more buses	210	42	16	9	43	21	16	7	10	10	20	6	11	46
10105. Bus services should be more joined up / integrated with other public transport services	256	25	33	11	38	35	20	10	23	9	16	9	17	55
10078. Bus services should be more reliable / punctual / run on time / not break down	233	31	22	17	38	27	24	8	16	6	15	6	10	56
10751. Bus services should be run by TfGM / under public control - subsidised services	4	1				1	1							1
10737. Bus services should be run for a profit	3							1						2
10854. Bus services should be run in collaboration / working with co-operation / alliance - sharing data / eg journeys / duration / passenger numbers etc	4									1	1			2

10424. Bus services should be smart - with an app booking / notification system	17	2	2	3	3	1	1					1		6
10649. Bus services should be smart - with an onboard "this stop / next stop" real time announcement / digital displays	14	1		1	3							1		8
10277. Bus services should be smart - with wi-fi / usb ports / phone charging points etc.	9	1		1	3	2	1	1						4
10704. Bus services should be subject to contracts with operators - with penalties / enforcement for failure to adhere to standards of performance / operation	9			2	4		1					1		1
10720. Bus services should be subject to contracts with operators - with rewards / incentives for adhering to standards of performance / operation	1										1			
10356. Bus services should be subsidised	17	2	1	2		2	3		2	1		1	4	2
10355. Bus services should be subsidised - funded from an increase in the mayors precept	2								2					
10324. Bus services should be subsidised - funded from council tax / use of taxpayers money	22	1	1	2	2	2	2	1	9		3	3	1	3
10344. Bus services should be subsidised - profits re-invested / profitable routes pay for unprofitable / essential routes / socially necessary services	43	2	4	5	2	9	7	5	9	1	2	1	3	6
10461. Bus services should be sustainable	26	3	3	1		3	3	3	5	1	1		2	3
10471. Bus services should consider - availability of services in peak time / rush hour	12	2			2	1	2				1			4
10472. Bus services should consider - availability of services outside of peak time / rush hour	36	5	1	2	2	1	2			2	1	1	1	18
10459. Bus services should consider - BAME communities	2	1				1								
10247. Bus services should consider - children / school children / students / young people	84	12	9	5	10	5	5	4	6	3	8	3	2	30
10246. Bus services should consider - commuters / getting to / from work	123	13	17	10	17	9	9	4	5	1	7	3	6	35
10081. Bus services should consider - cross border / boundary services	26	3	1	2	4	4	1	1		4	2	4	1	5
10959. Bus services should consider - cross border / boundary services - mitigations to ease implementation / minimise disruption	2										2			
10201. Bus services should consider - frontline / key workers / NHS staff / services for healthcare / hospitals etc	73	12	5	1	11	2	4		1		5	1	7	28
10129. Bus services should consider - safety / passenger / driver / road safety / public health / well-being	132	9	13	9	17	13	15	6	14	12	19	3	9	21
10937. Bus services should consider - the bus drivers / giving staff working for operators a sense of pride / something to be proud of	1		1		1									
10568. Bus services should consider - the bus drivers / staff working for operators	16		2	1	2	2				2	2		1	4
10133. Bus services should consider - the disabled / those with restricted mobility / their carers / travel trainers	54	4	8	5	13	1	5		3		4	3	1	20
10134. Bus services should consider - the elderly / pensioners / the infirm	109	16	5	1	17	10	5	1	6	1	4	4	2	45
10435. Bus services should consider - the passenger experience	26	1	2		3	3	1	3	1	1	5		1	5
10132. Bus services should consider - the vulnerable / poor / those on low / reduced incomes / without cars	97	12	7	6	11	6	19	5	19	1	6	2	5	11
10582. Bus services should consider - those travelling for shopping / leisure / recreational purposes	47	8		2	5	2	2		4		5	1	3	17

10347. Bus services should consider - those travelling with shopping / luggage / suitcases	6	2			1	3								
10786. Bus services should consider - visitors / tourists	2				1									1
10245. Bus services should consider - women / mothers with buggies / small children / shopping	8	1			2	1	1							3
10137. Bus services should employ - courteous / polite / professional / well trained staff	31	4	1	3	6	2	2		1	1	1			13
10202. Bus services should employ - staff / drivers on fair contracts / fair pay / terms and conditions etc	27	1		1	3	5		3		3	5		1	8
10358. Bus services should employ - sufficient staff / drivers / conductors / inspectors / no job losses	29	4	1	2	5	4	1			1	2	1		8
10136. Bus services should enforce anti-social behavior rules / loud music / smelly food / drinking / unruly behavior etc	20	3			3	3	1			1	1	1	2	9
10118. Bus services should enforce Covid-19 passenger / driver travel safety precautions / restrictions	120	23	4	3	10	4	18	2	2	24	21	3	5	19
10315. Bus services should enforce fare payment / stamp out fare evasion	4	1												3
10558. Bus services should give the people of greater Manchester a sense of pride / something to be proud of	4				1	1				1				1
10404. Bus services should listen to / consult / communicate with the public / let the passengers decide / have a say on services	68	5	7	11	14	5	6	2	2	5	10	6	6	13
10857. Bus services should not adopt a unified brand / a recognisable / distinctive livery	2											1		1
10934. Bus services should not be invested in - receive more funding / investment	1								1					
10677. Bus services should not be regulated	4	1		1	1									2
10802. Bus services should not be run by private companies - they have had 30 years to take action and have failed to do so	7			2		4								1
10676. Bus services should not be run by TfGM / under public control - poor track record of managing public finances	3			1					1	1				
10742. Bus services should not be subsidised - funded from an increase in the mayors precept	1						1							
10417. Bus services should not be subsidised - funded from council tax / use of taxpayers money	12	2	1	2	1	2	3	1	2		1			2
11063. Bus services should be subsidised - subsidies should be fair / transparent	2									1				1
10722. Bus services should not prioritise wi-fi over fares	1				1									
10284. Bus services should protect socially necessary services / essential routes / major arterial routes	151	11	15	10	11	8	13	6	15	2	11	1	15	44
10434. Bus services should provide a customer service helpline / travel information / complaints line	27	2	1	1	3	3	2			4		1		10
10985. Bus services should provide better customer service	1					1								
10209. Bus services should provide benefits - a public service for the passengers / the general public / people of Greater Manchester	195	18	21	18	20	34	20	10	22	14	18	7	8	27
10210. Bus services should provide benefits - for the economy / economic recovery / economic growth of Greater Manchester	72	3	16	3	8	4	7	2	13	5	3		1	12
10260. Bus services should provide benefits - for the long term / future	64	3	10		4		16	3	13	3	5	1	4	4
10233. I do not use bus services	29	4		9	5	2	2				1		1	6
10232. I use bus services	98	15	5	28	22	6	2	3	1		3			17

10690. Public should decide on how bus fares are spent	1							1						
NET D - COMMENTS ABOUT BUS OPERATORS	141	25	14	32	19	32	9	12	5	8	7	8	8	26
POSITIVE COMMENTS about OPERATORS	44	7	4	10	5	6	3	4	2	3	2	2	2	10
10495. General positive comments about OPERATORS	1					1								
10046. Positive comments about ARRIVA	4	1	1	3	1	1	1	1	1	1	1	1	2	
10045. Positive comments about DIAMOND	11	2	2	3	1						1		1	3
10044. Positive comments about FIRST BUS	4	1		1			1	1		1				1
10053. Positive comments about GO-AHEAD	2	1	1								1			
10596. Positive comments about HOLMESWOOD	1						1							
10070. Positive comments about JIM STONE	1			1										
10448. Positive comments about LITTLE GEM	1			1										
10560. Positive comments about MAGIC BUS	2							1						1
10211. Positive comments about ROSSO	3	1		1										1
10208. Positive comments about STAGECOACH	23	3	2	4	1	4		2	1	1		1		4
10308. Positive comments about VANTAGE	4			2	1									1
10633. Positive comments about VISION	1	1	1	1	1	1		1	1	1	1	1	1	
10846. Positive comments about WITCH WAY	1				1									
NEGATIVE COMMENTS about OPERATORS	112	19	12	24	14	27	7	8	3	5	6	7	7	20
10521. General negative comments about OPERATORS	19	2		2	1	4	1			2	3	2	1	2
10069. Negative comments about ABELLIO	1										1			
10048. Negative comments about ARRIVA	6			2		4								
10422. Negative comments about BUSY BEE	1					1								
10164. Negative comments about DIAMOND	22	4	3	3	2	2	2		1				3	6
10306. Negative comments about FINLANDS	1							1						
10199. Negative comments about FIRST BUS	27	2	5	12	5	4	1	2	1	2	2	2	1	3
10167. Negative comments about GO-AHEAD	8	2	1	2	1	1		1					1	2
10463. Negative comments about JIM STONE	1				1									
10421. Negative comments about LITTLE GEM	1					1								
10785. Negative comments about MAGIC BUS	1													1
10412. Negative comments about ROSSO	1					1								
10450. Negative comments about SELNEC	3			1				1				1		
10163. Negative comments about STAGECOACH	43	9	6	10	6	13	4	4	2	2	2	3	2	5

10286. Negative comments about TRANSDEV	1					1		1						
10309. Negative comments about VANTAGE	2			1										1
10647. Negative comments about WARRINGTON BUSES	1													1
NET E - COMMENTS ABOUT INFRASTRUCTURE	189	35	13	34	36	12	10	5	8	5	12	8	8	50
10121. Necessary infrastructure improvements	15	3	1	5	2	1	1			1	1			1
10125. Necessary infrastructure improvements - additional bus lanes where possible	15	4		6	1						1	1	1	1
10667. Necessary infrastructure improvements - additional bus stands / bus laybys	2			1										1
10153. Necessary infrastructure improvements - additional Congestion Charge Zone	12	5	1	1	3				1		1	1		2
10293. Necessary infrastructure improvements - additional cycle lanes / pedestrianisation / active travel	39	8	1	5	7	2	2	1	1		1	1	2	9
11072. Necessary infrastructure improvements - additional cycle locking / storage facilities at key hub sites	1													1
10127. Necessary infrastructure improvements - additional enforcement cameras	1	1												
10126. Necessary infrastructure improvements - additional park & ride / shuttle schemes	6	1		1	1	1		1			1		1	
10149. Necessary infrastructure improvements - additional parking restrictions / increased parking charges / fines for illegal parking	8	2		1	1				2					2
10194. Necessary infrastructure improvements - better bus stations / bus shelters / bus stops	33	6		3	10	4				1		1	1	10
11094. Necessary infrastructure improvements - bus stations / bus shelters / bus stops - should not be removed as proposed in the City Centre Transport Strategy	1													1
10426. Necessary infrastructure improvements - better bus stations / bus shelters / bus stops - numbered	1	1												
10313. Necessary infrastructure improvements - better bus stations / bus shelters / bus stops - with real time / digital displays	32	1	2	4	7	3		1	1		2	1	1	11
10312. Necessary infrastructure improvements - better bus stations / bus shelters / bus stops - with toilets	1				1									
10236. Necessary infrastructure improvements - better roads - free from traffic / road works / closures / restrictions	42	7	4	6	4	3	6		1		1	1		14
10446. Necessary infrastructure improvements - better roads - motorways for bus services	2	1		1										
10124. Necessary infrastructure improvements - buses should have priority on the roads	10	4	1	2		1							1	1
10310. Necessary infrastructure improvements - integrated taxi / minicab services	5	2		1										2
10801. Necessary infrastructure improvements - needs consideration for centres of population / new housing developments	2	1									1			
10427. Necessary infrastructure improvements - remove bus lanes	4	1	2	2	1	2	2	2	2	2	3	2	1	1
10439. Necessary infrastructure improvements - remove Congestion Charge Zones	2	1	1											
10433. Necessary infrastructure improvements - remove cycling lanes / fewer cycling lanes	5	3			2									
10907. Necessary infrastructure improvements - should be more efficient - better managed / run	1									1				

NET F - COMMENTS about GMCA / LOCAL AUTHORITY CONTROL	1026	127	110	296	150	238	113	82	112	80	59	49	64	145
10231. Bus services should be more like they are in London / other major cities	181	21	14	21	40	26	14	9	18	11	3	8	3	43
10351. Bus services should be planned / operated / delivered by organisations / people with local knowledge / understanding	9	1	1	2	2		1	1	2				1	
10536. Bus services should be regulated	55	5	3	4	11	6	8	1	5	2	1	4	3	10
10161. Bus services should be run by a single body / operator / under one umbrella	84	8	7	10	8	25	1	6	4	3	2	3	4	16
10091. Bus services should be run by experienced operators with the expertise in providing bus services	46	2	2	5	1	5	2	3	3	8	4	4	5	7
10076. Bus services should be run by GMCA / under local authority / council control	222	29	21	29	24	57	24	15	23	11	9	12	22	25
10552. Bus services should be run by GMCA / under local authority / council control - fares / routes / timetables etc.	17		1	4	2	4	1		2					3
10789. Bus services should be run by GMCA / under local authority / council control - only as a last resort post Covid-19	1													1
10856. Bus services should be run by GMCA / under local authority / council control - will be accountable	1					1								
10535. Bus services should be run by TfGM / under public control	104	17	17	18	14	18	13	11	8	14	6	5	8	7
10083. Bus services should be run in collaboration / working with co-operation / alliance	60	3	7	6	4	6	6	3	4	5	2	2	3	19
10511. Bus services should be subject to cohesive / committed / unified strategy / transport plan	17	3	2	1	1	2	1	1		2		1		6
10131. Bus services should be subject to contracts with operators	9	2	1		1	2	1			1			1	
10374. Bus services should be subject to contracts with operators - essential routes / socially necessary services	3			1		1	1							
10266. Bus services should not be a monopoly / cartel / should encourage competition / drive up standards	26	2	4	3	2	4	3		1		2			9
10100. Bus services should not be changed / should remain as they are / happy with current services	81	12	7	8	12	11	6	4	9	10	6	5	2	13
10345. Bus services should not be determined by market forces / demand	6			1			2			1				2
10372. Bus services should not be run by GMCA / under local authority / council control	13			2	1	4	1	2	1	1	1	1		1
10539. Bus services should not be run by GMCA / under local authority / council control - lack of expertise in providing bus services	3			1					2					
10646. Bus services should not be run by GMCA / under local authority / council control - poor track record of managing public finances	8	1		1		2		2						2
10540. Bus services should not be run by GMCA / under local authority / council control - poor track record of running bus services	8			3	1								1	3
10077. Bus services should not be run by private companies - for shareholders benefit / should put passengers / people before profit	325	29	39	52	47	72	34	33	37	13	19	14	13	43
10317. Bus services should not be run by private companies - that receive subsidies from taxpayers money	32	2	1	6	3	2	7	1	3		1		6	6
10538. Bus services should not be run by TfGM / under public control	5	1		2	1							1		
10541. Bus services should not be run by TfGM / under public control - lack of expertise in providing bus services	11	1	1	3		3				6				1
10542. Bus services should not be run by TfGM / under public control - poor track record of running services	8		2	4	1	3				1				1
10397. Bus services should not be run like they are in London / other major cities	15	1	1	2	2	3			1	1	1	2		1

10491. Bus services should not be run on "not for tender" contracts	1													1
10065. The Impact Conclusions - passengers will benefit more from services being run by GMCA / under local authority / council control	5			2		1					2			
10061. The Impact Conclusions - wider society will benefit more from Proposed Franchising Scheme being run by GMCA / under local authority / council control	13			4		4	1		1		3			
10128. The Proposed Franchising Scheme - will be run by GMCA / under local authority / council control	221	6	4	154	3	40	11	1	6		5	1	6	6
NET 1 - SCENARIOS for FUTURE DEMAND	370	334	10	2	2	9	4	1	6	1	3	2	1	19
COMMENTS ON SCENARIOS	343	306	8	2	1	8	2	1	2	1	3	2		19
POSITIVE COMMENTS about SCENARIOS	241	217	4	1	1	2	2		1	1	2			15
12216. Scenarios are a good idea / sensible approach	161	144		1		1	2							15
12333. Scenarios are comprehensive / thorough - have covered a number of likely / possible outcomes	60	51	1				1		1		1			6
12334. Scenarios are correct / agree with the conclusions of the scenarios	22	18	2			1								1
12327. Scenarios are good / realistic / well thought through	32	29			1					1	1			
12331. Scenarios will help to design / plan service delivery	14	11												3
12332. Scenarios will help to estimate / forecast costs	4	3	1											
NEGATIVE COMMENTS about SCENARIOS	95	80	4	1		5			1		1			7
12328. Scenarios are biased / designed to support the proposal	15	11				2								2
12335. Scenarios are irrelevant / meaningless	11	10												1
12336. Scenarios are not comprehensive / thorough	13	7		1		1			1					3
12349. Scenarios are not realistic - 60% recovery rate will not be known until much later	3	1												2
12339. Scenarios are not realistic - are false representation / unconsidered variables	25	17	1			3								5
12343. Scenarios are not realistic - are short sighted / based on the current pandemic	8	5				1								2
12330. Scenarios are not realistic - are speculation / guesswork / lack evidence	38	29	3								1			5
12329. Scenarios are too complicated / confusing	5	5												
12342. Scenarios fail to consider public policy	2	2												
12350. Scenarios lack of detail / information - about the likelihood of each scenario occurring	1													1
12345. Scenarios lack of detail / information - ignores GMCA's power to influence modal choice	1	1												
12344. Scenarios lack of detail / information - ignores how fewer services will be required at peak times / rush hour	2	2												
12338. Scenarios lack of detail / information - ignores how franchising is an improvement on the current system	1	1												
12348. Scenarios lack of detail / information - ignores improvements to introduce bus priorities	1													1

12347. Scenarios lack of detail / information - ignores improvements to public transport infrastructure	1																			1
12337. Scenarios lack of detail / information - ignores positive benefits of improved bus services	1	1																		
12340. Scenarios lack of detail / information - ignores the demographics of bus users	2	2																		
12341. Scenarios should not be the main focus / the only / overriding priority	3	3																		
12346. Scenarios will not allow for flexibility in the future / will not be adaptable	1	1																		
SUGGESTIONS about SCENARIOS	43	33					1		1								2			6
10741. Scenarios - suggestion - all scenarios should include that changes in travel behaviours are permanent - people shopping online / not visiting high streets / town centres for shopping	1																			1
10740. Scenarios - suggestion - all scenarios should include that changes in travel behaviours are permanent - people working / studying from home	3	2																		1
10739. Scenarios - suggestion - should be aware of the changing bus usage / transport trends in bus travel demands	7	3																		4
11171. Scenarios - suggestion - should be considered equally / no outlier scenarios	1																			1
12775. Scenarios - suggestion - should be reviewed periodically / updated in response to developments	15	12															2			1
12778. Scenarios - suggestion - should consider 5th scenario	2	1																		1
12781. Scenarios - suggestion - should consider a hybrid scenario of 1 & 2	2	2																		
12783. Scenarios - suggestion - should consider a hybrid scenario of 1 & 2 - more people travelling for leisure / recreational purposes	1	1																		
12782. Scenarios - suggestion - should consider a hybrid scenario of 1 & 2 - more people will work / study from home	1	1																		
12785. Scenarios - suggestion - should consider Covid-19 passenger / driver travel safety precautions / restrictions	1																			1
12777. Scenarios - suggestion - should consider looking at data from other / comparable cities	3	3																		
12779. Scenarios - suggestion - should consider looking at opportunities from changes in travel behaviours	5	4																		1
12776. Scenarios - suggestion - should consider passenger experience	2						1													1
12786. Scenarios - suggestion - should have a stronger environmental / sustainability focus	1	1																		
12780. Scenarios - suggestion - should ignore the pandemic and focus on long term planning	5	4							1											
12784. Scenarios - suggestion - should not overestimate the number of people working / studying from home	3	3																		
12789. Scenarios - suggestion - should not be assessed until the Uncertainty Toolkit is published	1																			1
12787. Scenarios - suggestion - should not be assessed until Autumn 2021	1																			1
12788. Scenarios - suggestion - should show the impact of Covid-19 on the case for partnership and franchising relative to the do minimum	1																			1
OTHER COMMENTS about SCENARIOS	11	10																		1

10933. Scenarios - GMCA will have potential to influence scenarios / choice of scenarios / how scenarios are implemented	1	1													
10932. Scenarios - GMCA will have power to influence modal choice	1	1													
10995. Scenarios - it is difficult at present to predict with accuracy the most likely outcome	1														1
10673. Scenarios - other comments	9	9													
COMMENTS ON SCENARIO 1	9	6	1			1	1	1							1
10089. Scenario 1 is the most best option / most realistic / most likely outcome	7	5	1				1	1							1
10850. Scenario 1 raises concerns - about increased car usage / decline in bus usage	2	1				1									
COMMENTS ON SCENARIO 2	23	18													5
12371. Scenario 2 is not realistic - is speculation / guesswork / lacks evidence	1														1
12367. Scenario 2 is not realistic - overly optimistic	5	3													2
12369. Scenario 2 is not realistic - unlikely / least likely outcome	4	2													2
12370. Scenario 2 is not realistic - unlikely / least likely outcome - bus usage will decline / struggle to recover / never recover to pandemic levels	1														1
12366. Scenario 2 is the best option / most realistic / most likely outcome	14	14													
12368. Scenario 2 would be more achievable under a Partnership Option as it would allow operators to rebuild the network	1														1
COMMENTS ON SCENARIO 3	21	13				1		1		3					3
11112. Scenario 3 - is flawed / will not work / should not go ahead / will not help deliver the objectives	2	1								1					
11166. Scenario 3 is not realistic - is speculation / guesswork / lacks evidence	1														1
10362. Scenario 3 is not realistic - overly optimistic	2	2													
10833. Scenario 3 is not realistic - unlikely / least likely outcome	7	5						1							1
11170. Scenario 3 is realistic / not an outlier scenario	1														1
10090. Scenario 3 is the most best option / most realistic / most likely outcome	7	5								1					1
10851. Scenario 3 raises concerns - about increased car usage / decline in bus usage	4	2				1				1					
11111. Scenario 3 raises concerns - about service levels / will result in service cuts / poor bus services	1									1					
10675. Scenario 3 will impact on the environment	2	2													
COMMENTS ON SCENARIO 4	23	21	1							1				1	1
12397. Scenario 4 implies more buses will be needed	2	2													
12446. Scenario 4 is not realistic - overestimates growth in active travel	1														1
12445. Scenario 4 is not realistic - overestimates growth in cycling	2	1													1
12448. Scenario 4 is not realistic - underestimates economic recovery	1														1

12449. Scenario 4 is not realistic - unlikely / least likely outcome	1	1												
12396. Scenario 4 is the best option / most realistic / most likely outcome	17	16	1						1				1	
12399. Scenario 4 raises concerns - about increased car usage / decline in bus usage	1	1												
12398. Scenario 4 will be cheaper / more affordable	1												1	
12441. Scenario 4 will be impacted by a poor economy / economic climate / inhibit economic recovery	1	1												
12447. Scenario 4 will be impacted by availability of cheap / affordable electric / clean vehicles	1	1												
NET 2 - THE STRATEGIC CASE	1867	208	375	1411	245	1079	227	128	188	102	137	136	140	98
THE PROPOSED BUS FRANCHISING SCHEME	1851	199	371	1401	240	1035	209	111	173	86	117	136	136	94
POSITIVE COMMENTS about the PROPOSED BUS FRANCHISING SCHEME	1514	140	307	1198	189	848	164	75	123	67	90	42	105	59
10073. The Proposed Franchising Scheme - is a better option / preferable / should go ahead / will help deliver the objectives	942	87	125	228	78	653	80	48	33	30	42	22	63	42
10482. The Proposed Franchising Scheme - is an innovative / entrepreneurial new approach to developing services	3			1							1	1		
10085. The Proposed Franchising Scheme - is long overdue / the sooner the better / proceed with haste	277	13	109	66	72	20	6	5	5	21	4	12	17	4
10103. The Proposed Franchising Scheme - is necessary / needed / current system doesn't work	389	14	28	266	12	69	12	5	15	4	4	1	14	4
10679. The Proposed Franchising Scheme - provides greater benefits	37	1	1	16	2	3	4		3	2	3			2
10878. The Proposed Franchising Scheme - provides greater benefits - benefits outweigh the costs	13				1	2	1		6		3			
10151. The Proposed Franchising Scheme - provides greater benefits - benefits outweigh the costs / are worth the increase in council tax / good use of taxpayers money	69	2	2	15	3	10	9	2	23	2	2	2	1	1
10863. The Proposed Franchising Scheme - provides greater benefits - benefits outweigh the costs / are worth the increase in mayors precept	1						1							
10135. The Proposed Franchising Scheme - provides greater benefits - for drivers / staff working for operators	21	2		12			3			1	3		1	1
10138. The Proposed Franchising Scheme - provides greater benefits - for operators	14			4		2	1	1	1		5		1	
10976. The Proposed Franchising Scheme - provides greater benefits - for operators - financial security	1										1			
10952. The Proposed Franchising Scheme - provides greater benefits - for operators - small / medium operators	2										2			
10406. The Proposed Franchising Scheme - provides greater benefits - for operators - still allow operators to make a profit	11	1	1	3	1	2	1	1			1			
10108. The Proposed Franchising Scheme - provides greater benefits - for passengers / the general public / people of Greater Manchester	355	8	26	223	20	65	13	5	17	3	25	3	6	14
10162. The Proposed Franchising Scheme - provides greater benefits - for TfGM / GMCA	26	1	3	1	3	5	4		3		8			1
10711. The Proposed Franchising Scheme - provides greater benefits - for TfN / Transport for the North	1			1										

10258. The Proposed Franchising Scheme - provides greater benefits - for the economy / economic recovery / economic growth of Greater Manchester	90	3	13	48	5	5	11		7	1	5		3	4
10157. The Proposed Franchising Scheme - provides greater benefits - for the long term / future	99	4	9	32	2	9	23	2	14		7	1	8	2
10712. The Proposed Franchising Scheme - provides greater benefits - for the North / helps reduce the North / South divide	1			1										
10688. The Proposed Franchising Scheme - provides greater benefits - for visitors / tourists	6	1	1	2	2								1	
11143. The Proposed Franchising Scheme - provides greater benefits - including / bringing forward Phase 2	1								1					
10872. The Proposed Franchising Scheme - will be easier / quicker to implement / cause less disruption	5	1		1			1		1					1
10490. The Proposed Franchising Scheme - will be environmentally friendly / green fleet to reduce emissions / improve air quality	150	3	14	105	7	10	3		6		7	1	7	8
10634. The Proposed Franchising Scheme - will be fair / accessible to all	74		2	56		8	3		3				1	2
10693. The Proposed Franchising Scheme - will be flexible / adapt to changes	16	2	2	4		2	5	1	3		1			1
10278. The Proposed Franchising Scheme - will be more efficient - better managed / run	117	1	6	85	2	13	5	1	2	2	2		2	4
10698. The Proposed Franchising Scheme - will be smart - with an app booking / notification system	2			2										
10627. The Proposed Franchising Scheme - will be sustainable	12			4	2	2							1	3
10534. The Proposed Franchising Scheme - will be under TfGM / public control	122	5	5	79	1	31	2	2	2	1				6
10584. The Proposed Franchising Scheme - will consider children / school children / students / young people	13			8		2			1		1		1	1
10625. The Proposed Franchising Scheme - will consider commuters / getting to / from work	43		3	30	2	3	3		1		1		1	1
10644. The Proposed Franchising Scheme - will consider cross border / boundary services	5			4		1								
10695. The Proposed Franchising Scheme - will consider demand / capacity / currently too many buses on some routes / too few buses on others	42		3	24		7	1	1	1		2		1	4
10645. The Proposed Franchising Scheme - will consider frontline / key workers / NHS staff / services for healthcare / hospitals etc	12			8		1	1						1	1
10632. The Proposed Franchising Scheme - will consider safety / passenger / driver / road safety / public health / well-being	28		2	17	1	1	2	1	3		1	1	1	1
10641. The Proposed Franchising Scheme - will consider the disabled / those with restricted mobility / their carers / travel trainers	16			15	1									
10665. The Proposed Franchising Scheme - will consider the elderly / pensioners / the infirm	7		1	6										
10631. The Proposed Franchising Scheme - will consider the passenger experience	12	1	1	7		1	1							1
10623. The Proposed Franchising Scheme - will consider the vulnerable / poor / those on low / reduced incomes	35		3	23	1	4	3		1		1		2	
10703. The Proposed Franchising Scheme - will consider those travelling for shopping / leisure / recreational purposes	11		1	5		2	1		2					
10643. The Proposed Franchising Scheme - will employ - courteous / polite / professional / well trained staff	3			3										
10662. The Proposed Franchising Scheme - will employ - staff / drivers on fair contracts / fair pay / terms and conditions etc	29			24		1							1	3

10294. The Proposed Franchising Scheme - will encourage bus usage / reduce car usage / traffic / congestion on roads	207	9	10	146	8	18	5	3	8	1	9		8	11
10664. The Proposed Franchising Scheme - will encourage collaboration / working with co-operation / alliance	15			10		2	1				1			1
10130. The Proposed Franchising Scheme - will encourage competition / drive up standards	31	1	2	16		6	1	3		1	1			1
10708. The Proposed Franchising Scheme - will enforce Covid-19 passenger travel safety precautions / restrictions	10	1	1	3			2			1	1		1	
10629. The Proposed Franchising Scheme - will mean are profits re-invested / profitable routes help pay for unprofitable / essential routes / socially necessary services	42			31		4	2		4					2
10624. The Proposed Franchising Scheme - will mean buses are run by a single body / operator / under one umbrella	104	2	1	85	2	11		1	2		1	1		3
11010. The Proposed Franchising Scheme - will present less financial risk for TfGM / GMCA	4									2				2
10256. The Proposed Franchising Scheme - will protect routes / essential / socially necessary services	70	2	3	36		11	5	2	4	1	4		7	3
10619. The Proposed Franchising Scheme - will provide a cohesive / committed / unified strategy	30			25		2	1			1				2
10642. The Proposed Franchising Scheme - will provide a customer service helpline / travel information / complaints line	23			12		4								7
10230. The Proposed Franchising Scheme - will provide a level playing field / more balanced	15		2	11		1								1
10686. The Proposed Franchising Scheme - will provide a sense of pride / something the people of Greater Manchester can be proud of	4		1	1	1	1								
10259. The Proposed Franchising Scheme - will provide a simple / single / standard fare	228	6	8	159	5	41	6	2	3		2		2	13
10620. The Proposed Franchising Scheme - will provide a unified brand / a recognisable / distinctive livery	15	1		11		2								2
10257. The Proposed Franchising Scheme - will provide affordable fares / prevent excessive fare increases	275	3	10	233	5	21	9		6		2		3	8
10533. The Proposed Franchising Scheme - will provide an Oyster card system	11			10	1		1							
10346. The Proposed Franchising Scheme - will provide better bus services	247	7	16	175	9	34	11	2	9	1	3		4	7
10578. The Proposed Franchising Scheme - will provide better bus services - to serve all communities - rural / remote locations / not just busy / profitable routes	145	2	3	118	5	14	2	1		1	2			5
10611. The Proposed Franchising Scheme - will provide better bus stations / bus shelters / bus stops - with real time / digital displays	12			10										2
10666. The Proposed Franchising Scheme - will provide better roads - free from traffic / road works / closures / restrictions	1			1										
10585. The Proposed Franchising Scheme - will provide clean / comfortable buses / with heating / air-con / adequate seating	30	2	2	17	1	5			1		1	1	1	
10717. The Proposed Franchising Scheme - will provide communication with the public / let the passengers decide / have a say on services	6			4		1				1				
10881. The Proposed Franchising Scheme - will provide communication with the public / let the passengers decide / have a say on spending / where taxpayers money is spent	1	1												
10509. The Proposed Franchising Scheme - will provide comprehensive route networks to cover / connect the entire region	113	5	2	73	2	10	4				6	3	3	9
10510. The Proposed Franchising Scheme - will provide easier to use / convenient / user friendly services	101	3	3	80	1	9	3	2			1		1	3

10104. The Proposed Franchising Scheme - will provide greater accountability / holds the operators accountable for services	85	2	3	48	4	19	1	5	1	1	2	1	1	2
10637. The Proposed Franchising Scheme - will provide greater investment	5			2		1	2							
10622. The Proposed Franchising Scheme - will provide greater investment - in a modern fleet / new vehicles	17			11		1					1	1		4
10146. The Proposed Franchising Scheme - will provide investment in bus services	13		1	5	1	3	2		1		2			
10252. The Proposed Franchising Scheme - will provide joined up / integrated public transport services	389	11	24	288	10	77	17	2	4	1	8	1	10	15
10609. The Proposed Franchising Scheme - will provide more direct services / quicker / fewer delays / hold ups	33			25		2		1			1			4
10496. The Proposed Franchising Scheme - will provide more frequent / regular services / at timed intervals / run more buses	86	2	2	73	1	8				1	3		1	2
10567. The Proposed Franchising Scheme - will provide more reliable / punctual services	150	1	5	127	3	11	2		2		4		2	2
10610. The Proposed Franchising Scheme - will provide regulated services	78	1	5	66	1	7			1				2	2
10630. The Proposed Franchising Scheme - will provide services outside of peak time / rush hour	6			6										
10705. The Proposed Franchising Scheme - will provide services subject to contracts with operators	4			3		1								
10706. The Proposed Franchising Scheme - will provide services subject to contracts with operators - with penalties / enforcement for failure to adhere to standards of performance / operation	10			5		4						1		
10621. The Proposed Franchising Scheme - will provide services that run earlier / later / at weekends / 24/7 for shift workers etc.	29			27		1								1
10628. The Proposed Franchising Scheme - will provide smart / cashless / pre-paid bus fares / tickets	16			10		2	1	1	1					1
10253. The Proposed Franchising Scheme - will put passengers / people before profit / shareholders	215	1	1	176	1	33	3		3		2		5	2
10654. The Proposed Franchising Scheme - will serve all communities - re-introduce routes / services that were cut / serve places poorly served	43			34		5			1	1	2			
10082. The Proposed Franchising Scheme - works well / works in London / other major cities	205	5	6	158	4	36	2	4	1	2	2	2	1	8
NEGATIVE COMMENTS about the PROPOSED BUS FRANCHISING SCHEME	402	47	54	199	41	168	43	35	48	18	30	59	32	38
10086. The Proposed Franchising Scheme - is flawed / will not work / should not go ahead / will not help deliver the objectives	206	24	42	50	19	84	11	17	12	10	11	45	19	15
10088. The Proposed Franchising Scheme - is not necessary / needed / current system works	37	5	1	20	2	9	1	1	1				1	
11098. The Proposed Franchising Scheme - is not necessary / needed / current system works - operators are already investing in / improving / maintaining service delivery	1					1								
11079. The Proposed Franchising Scheme - is not realistic - anticipated cuts to local authority budgets will impact on GMCA ability to transition / implement to the Proposed Franchising Scheme	1													1
10087. The Proposed Franchising Scheme - is not realistic - is speculation / guesswork / lacks evidence	38		2	8		18	2		1			6	2	2
11115. The Proposed Franchising Scheme - is not realistic - sub-areas roll-out timetable doesn't allow time for learning and adapting	1													1
10526. The Proposed Franchising Scheme - is not working in London / TfL are in debt	18	2		3	4	6			9	1		1	2	1

11081. The Proposed Franchising Scheme - lack of information / detail - about how the ambitions / output from the scheme will fit with local plans / strategies / priorities	2													2
10725. The Proposed Franchising Scheme - lack of information / detail - about how this option would work	18	1		2	1	7	2	1		1		1		3
11137. The Proposed Franchising Scheme - lack of information / detail - about level of public confidence in the transport network	1													1
11165. The Proposed Franchising Scheme - the continuation of the franchising proposal is unlawful / irrational	1													1
11103. The Proposed Franchising Scheme - the one-year implementation extension - is unrealistic	1													1
11107. The Proposed Franchising Scheme - the one-year implementation extension - will impact on GMCA	1													1
11106. The Proposed Franchising Scheme - the one-year implementation extension - will impact on operators	1													1
11105. The Proposed Franchising Scheme - the one-year implementation extension - will impact on passengers / the general public / people of Greater Manchester	1													1
11043. The Proposed Franchising Scheme - timescales are too ambitious	3						1	1		1				1
11011. The Proposed Franchising Scheme - will be complicated to implement / transition / cause disruption	3													3
10228. The Proposed Franchising Scheme - will be inefficient / bureaucratic / too many tiers of management	16	1		4	2	6			1					2
10723. The Proposed Franchising Scheme - will be unfair	3					1	1					1		
10302. The Proposed Franchising Scheme - will create a monopoly / stifle competition	9			5	1	4								1
10811. The Proposed Franchising Scheme - will create uncertainty / division	1													1
10369. The Proposed Franchising Scheme - will disproportionately impact the boroughs of Greater Manchester	1													1
10948. The Proposed Franchising Scheme - will impact cross border / boundary services / neighbouring authorities	2				1									1
11100. The Proposed Franchising Scheme - will impact the bus market	1													1
10144. The Proposed Franchising Scheme - will mean a lack of accountability for services	7		1	2	1	1		1			1	1	1	
10594. The Proposed Franchising Scheme - will mean a lack of investment for buses / bus services	6			3			1							2
10707. The Proposed Franchising Scheme - will mean a lack of investment for modern fleet / new vehicles	4			1		1								2
10458. The Proposed Franchising Scheme - will mean an increase in council tax / burden on taxpayer	68	4	2	25		10	5	1	8		2	3	5	18
10156. The Proposed Franchising Scheme - will mean greater financial risk for TfGM / GMCA	33	2	3	5	1	4	6	1	6		4	3	7	3
10896. The Proposed Franchising Scheme - will mean greater financial risk for the operators - insolvent franchise contract	1													1
10300. The Proposed Franchising Scheme - will mean private companies still retain ownership of the vehicles / rolling stock	3					1		1					1	
10219. The Proposed Franchising Scheme - will mean private companies still run services for profit	39	4	2	19	1	10	3	3	1	1	1		2	1
10651. The Proposed Franchising Scheme - will not be ethical	1		1	1	1				1	1	1	1		

10692. The Proposed Franchising Scheme - will not be flexible / adapt to changes	5	1				1								3
10638. The Proposed Franchising Scheme - will not be sustainable	4		1	2	1				1	1	1	1		2
10835. The Proposed Franchising Scheme - will not be sustainable - relies on past profits from commercial operation being maintained	1								1					
10203. The Proposed Franchising Scheme - will not change anything for the better / will make matters worse	59	3	3	20	4	21	1		1		4	1		2
10684. The Proposed Franchising Scheme - will not consider commuters / getting to / from work	4			3		1								
10813. The Proposed Franchising Scheme - will not consider frontline / key workers / NHS staff / services for healthcare / hospitals etc	1					1								
11045. The Proposed Franchising Scheme - will not consider safety / passenger / driver / road safety / public health / well-being	1									1				
10680. The Proposed Franchising Scheme - will not consider the disabled / those with restricted mobility / their carers / travel trainers	3			2		1								
10682. The Proposed Franchising Scheme - will not consider the elderly / pensioners / the infirm	4			1	1		1		1					
10674. The Proposed Franchising Scheme - will not consider the vulnerable / poor / those on low / reduced incomes	2			1	1									
10683. The Proposed Franchising Scheme - will not consider women / mothers with buggies / small children / shopping	1			1										
10605. The Proposed Franchising Scheme - will not deliver more environmentally friendly services / green fleet to reduce emissions / improve air quality	8	1		3		2	1							1
10607. The Proposed Franchising Scheme - will not deliver more frequent / regular services / buses at timed intervals / more buses	9			5	1	2								1
10670. The Proposed Franchising Scheme - will not deliver more more reliable / punctual services	6	1		3		2	1							
10660. The Proposed Franchising Scheme - will not encourage an innovative / entrepreneurial new approach to developing services	3				1	1						1		
10669. The Proposed Franchising Scheme - will not encourage bus usage / reduce car usage / traffic / congestion on roads	13	1		8	1	1								2
10263. The Proposed Franchising Scheme - will not protect essential routes / socially necessary services	14			6	1	3	1	1	1				1	
10262. The Proposed Franchising Scheme - will not protect fares / will lead to fare increases	46	2	2	13	3	6	7	2	2		1	2	3	8
10618. The Proposed Franchising Scheme - will not protect fares / will lead to fare increases - cancellation of subsidised services / concessionary fares	2							1						1
10198. The Proposed Franchising Scheme - will not protect service levels / will result in service cuts / poor bus services	53	1	3	15	4	11	5	2	3		2	4	4	8
10765. The Proposed Franchising Scheme - will not provide a simple / single / standard fare	2			1										1
10819. The Proposed Franchising Scheme - will not provide an Oyster card system	1						1							
10882. The Proposed Franchising Scheme - will not provide benefits	2						1							1
10612. The Proposed Franchising Scheme - will not provide benefits - benefits are exaggerated / not worth the cost	13		1	4	2	4	1					1		2
10264. The Proposed Franchising Scheme - will not provide benefits - for drivers / staff working for operators	9	1		3	1	1		1					1	1

10099. The Proposed Franchising Scheme - will not provide benefits - for passengers / the general public / people of Greater Manchester	50	2	1	22	2	15	3	6	1		5	2	1	2
11080. The Proposed Franchising Scheme - will not provide benefits - for passengers / the general public / people of Greater Manchester - if details are not clarified over how the scheme will fit with local plans / strategies (IE: City Centre Transport Strategy / Deansgate Proposals)	1													1
10570. The Proposed Franchising Scheme - will not provide benefits - for the economy / aid economic recovery / economic growth of Greater Manchester	9		2	2		1								4
10223. The Proposed Franchising Scheme - will not provide benefits - for the long term / future	8					3		2	2		1			
10571. The Proposed Franchising Scheme - will not provide benefits - for the operators	8			1	1	4					1		1	1
10195. The Proposed Franchising Scheme - will not provide benefits - for the operators - lack of profit motive / incentive to bid	18	4	1	2		1	3		1		2		2	3
10593. The Proposed Franchising Scheme - will not provide benefits - for the operators - short franchise contracts	1						1							
10681. The Proposed Franchising Scheme - will not provide benefits - for the operators - smaller operators	3					2		1						
11041. The Proposed Franchising Scheme - will not provide benefits - relocation of terminals away from Piccadilly Gardens	1													1
10600. The Proposed Franchising Scheme - will not provide benefits - until Phase 2	3						1							2
10766. The Proposed Franchising Scheme - will not provide comprehensive route networks to cover / connect the entire region	8	1		1		1						2	1	3
10805. The Proposed Franchising Scheme - will not provide more direct services / quicker / fewer delays / hold ups	1					1								
10814. The Proposed Franchising Scheme - will not put passengers / people before profit	10	2		2	1	6	1		1		2			
10818. The Proposed Franchising Scheme - will not re-invest profits from profitable routes to pay for unprofitable / essential routes / socially necessary services	2			1					1					
10768. The Proposed Franchising Scheme - will not work / doesn't work elsewhere	2				1	1								
10142. The Proposed Franchising Scheme - will place control with TfGM / GMCA who lack expertise in providing bus services	33	4		22	2	7	1		2	2		1	1	1
10255. The Proposed Franchising Scheme - will require considerable government subsidy / additional financial support like TfL / London	19	1		5	1	4	1		3				1	4
10396. The Proposed Franchising Scheme - will require longer to implement / transition	7					1				2		1	1	4
10239. The Proposed Franchising Scheme - will result in a decline in bus usage / increase in car usage / people will drive	8			3		3				1	2			
10653. The Proposed Franchising Scheme - will result in job losses	10			4	3	1	1	1						1
10240. The Proposed Franchising Scheme - will result in poor cross border / boundary services	3			1	1	1								
10910. The Proposed Franchising Scheme - will result in poor cross border / boundary services - 2 stage test for permit scheme presents increased risk	1													1
10911. The Proposed Franchising Scheme - will result in poor cross border / boundary services - lack of detail outlining the involvement of neighbouring authorities in the introduction of a permit scheme	1													1

OTHER COMMENTS about the PROPOSED BUS FRANCHISING SCHEME	28	1	1	10	1	9	5		1		1			
10449. The Proposed Franchising Scheme - GMCA / local authorities / council will be accountable	6			3		1	2							
10546. The Proposed Franchising Scheme - GMCA / local authorities / council will be accountable for cuts to services	1				1									
10547. The Proposed Franchising Scheme - GMCA / local authorities / council will be accountable for fare increases	1				1									
10049. The Proposed Franchising Scheme - has pros and cons	7		1	2		4								
10713. The Proposed Franchising Scheme - others	14	1		5		4	3		1		1			
SUGGESTIONS about the PROPOSED BUS FRANCHISING SCHEME	180	12	18	36	13	40	7	6	9	3	3	43	3	17
11125. The Proposed Franchising Scheme - suggestion - benefits should be balanced against the costs	1													1
10807. The Proposed Franchising Scheme - suggestion - should allow free advertising / promotion on buses	2	1												1
10949. The Proposed Franchising Scheme - suggestion - should allow impacts on cross border / boundary fares / tickets to be discussed collaboratively with neighbouring authorities	3										1			2
10559. The Proposed Franchising Scheme - suggestion - should balance need / essential services with demand / market forces	1								1					
10701. The Proposed Franchising Scheme - suggestion - should be a gradual transition / implementation	5		1	1	1							1		1
10719. The Proposed Franchising Scheme - suggestion - should be determined by market forces / demand	5			1	1	2	1						1	1
10743. The Proposed Franchising Scheme - suggestion - should be environmentally friendly / green fleet to reduce emissions / improve air quality	2			2										
10775. The Proposed Franchising Scheme - suggestion - should be fair	1					1								
10158. The Proposed Franchising Scheme - suggestion - should be fair to the current operators	2					1		1						
10749. The Proposed Franchising Scheme - suggestion - should be flexible / adapt to changes	6						1		2					3
10781. The Proposed Franchising Scheme - suggestion - should be more efficient - better managed / run	8			1	1	4	1			1				
10050. The Proposed Franchising Scheme - suggestion - should be reviewed periodically / updated in response to developments	58	3	7	4		6	1	2	2		1	33	1	
11133. The Proposed Franchising Scheme - suggestion - should be rolled out route-by-route	1													1
10732. The Proposed Franchising Scheme - suggestion - should be run in collaboration / working with co-operation / alliance	7					4		1		1				1
11127. The Proposed Franchising Scheme - suggestion - should be smart - with an app booking / notification system	1													1
11046. The Proposed Franchising Scheme - suggestion - should be smart - with an onboard "this stop / next stop" real time announcement / digital displays	2			1										1
11160. The Proposed Franchising Scheme - suggestion - should consider altering the procurement timetable to allow operators to opportunity to acquire depots in advance of bidding	1													1
11040. The Proposed Franchising Scheme - suggestion - should consider centres of population / new housing developments	1			1										

11062. The Proposed Franchising Scheme - suggestion - should consider commuters / getting to / from work	1				1								
10602. The Proposed Franchising Scheme - suggestion - should consider cross border / boundary services	6	1		1						1			3
11161. The Proposed Franchising Scheme - suggestion - should consider cross border / boundary services - for each franchise	1												1
10919. The Proposed Franchising Scheme - suggestion - should consider cross border / boundary services - for the economy / aid economic recovery / economic growth across other regions	1												1
10923. The Proposed Franchising Scheme - suggestion - should consider cross border / boundary services - mitigations to ease implementation / minimise disruption	2												2
11128. The Proposed Franchising Scheme - suggestion - should consider demand / capacity / currently too many buses on some routes / too few buses on others	1												1
10916. The Proposed Franchising Scheme - suggestion - should consider development of the Intelligent Transport System to introduce a simple / single / standard fare with neighbouring authorities to allow for cross border / boundary services	1												1
10917. The Proposed Franchising Scheme - suggestion - should consider development of the Intelligent Transport System to introduce a simple / single / standard fare with neighbouring authorities to allow for further joined up / integrated public transport services	1												1
10729. The Proposed Franchising Scheme - suggestion - should consider drivers / staff working for operators	3	1		1		1					1		
10806. The Proposed Franchising Scheme - suggestion - should consider drivers / staff working for operators - improved training / professional development	2	1				1							
11099. The Proposed Franchising Scheme - suggestion - should consider further consultation once operational	2					1						1	
10685. The Proposed Franchising Scheme - suggestion - should consider safety / passenger / driver / road safety / public health / well-being	2	1		1								1	
10975. The Proposed Franchising Scheme - suggestion - should consider the disabled / those with restricted mobility / their carers / travel trainers	2	1				1							
10776. The Proposed Franchising Scheme - suggestion - should consider the elderly / pensioners / the infirm	3	1				1	1					1	
10889. The Proposed Franchising Scheme - suggestion - should consider thorough due diligence / negotiate / plan / prepare properly	1			1									
10812. The Proposed Franchising Scheme - suggestion - should follow TfL's Vision Zero plan	1	1											
10639. The Proposed Franchising Scheme - suggestion - should make impacts on services more clearly apparent	1					1							
10879. The Proposed Franchising Scheme - suggestion - should make use of the CBSSG / COVID-19 Bus Services Support Grant funding during the transition to franchising	1												1
10710. The Proposed Franchising Scheme - suggestion - should not be a monopoly / cartel / should encourage competition / drive up standards	4				1	1	1						1
10788. The Proposed Franchising Scheme - suggestion - should not be the default option because of a need for GMCA to intervene because of the pandemic	1												1

10747. The Proposed Franchising Scheme - suggestion - should not be the default option because of an immediate need for government subsidy / additional financial support	2		1										1
10787. The Proposed Franchising Scheme - suggestion - should not be the default option because of reduced bus usage	2					1							1
10746. The Proposed Franchising Scheme - suggestion - should not be the default option because of urgency of action	1												1
10792. The Proposed Franchising Scheme - suggestion - should not be the default option if bus usage / transport trends are significantly down on pre-Covid-19 levels	2	1											1
10556. The Proposed Franchising Scheme - suggestion - should not overlap with other services	1	1											
10791. The Proposed Franchising Scheme - suggestion - should only go ahead if bus usage / transport trends return to normal / pre-Covid-19 levels	2		1										1
11091. The Proposed Franchising Scheme - suggestion - should only go ahead if does not lead to increasing / ongoing financial burdens on the 10 councils	1												1
10343. The Proposed Franchising Scheme - suggestion - should only go ahead if fares are frozen / reduced / not increased	7	2		3		1							1
10874. The Proposed Franchising Scheme - suggestion - should only go ahead if GMCA controls investments / deployment of assets	2							1					1
10803. The Proposed Franchising Scheme - suggestion - should only go ahead if GMCA monitor / evaluate the performance / operation of existing operators	3			1		1					1		
10730. The Proposed Franchising Scheme - suggestion - should only go ahead if GMCA provide a customer service helpline / travel information / complaints line	1					1							
10436. The Proposed Franchising Scheme - suggestion - should only go ahead if it is the only way to keep the buses running	4		2	2									
10727. The Proposed Franchising Scheme - suggestion - should only go ahead if lessons have been learned from other public transport franchises	4		1	1				1				1	
10650. The Proposed Franchising Scheme - suggestion - should only go ahead if lessons have been learned from rail franchise	5					3		1	1			1	
10437. The Proposed Franchising Scheme - suggestion - should only go ahead if services are improved	20		2	9		7						3	
10777. The Proposed Franchising Scheme - suggestion - should only go ahead if services are improved - to serve all communities - rural / remote locations / not just busy / profitable routes	5					4	1						
10516. The Proposed Franchising Scheme - suggestion - should only go ahead if services are not reduced	5	2		2		1							
10898. The Proposed Franchising Scheme - suggestion - should only go ahead if TfGM undertake recruitment / training of additional / suitably qualified staff	1					1							
10052. The Proposed Franchising Scheme - suggestion - should only go ahead in a Scenario 4 situation	1	1											
11083. The Proposed Franchising Scheme - suggestion - should only go ahead in it's entirety / unchanged / the full scheme must be delivered	1						1						
10555. The Proposed Franchising Scheme - suggestion - should only go ahead in the right places	2	1							1				
10661. The Proposed Franchising Scheme - suggestion - should only go ahead when the transport plan has removed the unnecessary constraints	1											1	

11096. The Proposed Franchising Scheme - suggestion - should only go ahead with a full business case / analysis ensuring the approach is financially sustainable / affordable	1													1
10359. The Proposed Franchising Scheme - suggestion - should only run City to City services	1									1				
10902. The Proposed Franchising Scheme - suggestion - should protect essential routes / socially necessary services	4				2				1					1
10828. The Proposed Franchising Scheme - suggestion - should provide a simple / single / standard fare	3				1		1					1		
10738. The Proposed Franchising Scheme - suggestion - should provide a unified brand / a recognisable / distinctive livery	1				1									
10733. The Proposed Franchising Scheme - suggestion - should provide benefits - a public service for the passengers / the general public / people of Greater Manchester	10		1	2	1	3					1	1	1	1
10764. The Proposed Franchising Scheme - suggestion - should provide benefits - for the long term / future	2			2										
11058. The Proposed Franchising Scheme - suggestion - should provide easier to use / convenient / user friendly services	1													1
10780. The Proposed Franchising Scheme - suggestion - should provide joined up / integrated public transport services	6				2	1			1			1		2
11129. The Proposed Franchising Scheme - suggestion - should put passengers / people before profit / shareholders	2				1									1
10055. The Proposed Franchising Scheme - suggestion - should run as a pilot scheme before a full transition / implementation	10		2	3	1	1	1		1			2		
10810. The Proposed Franchising Scheme - suggestion - should use technology - dash cams with alerts linked to police / emergency services	1	1												
10808. The Proposed Franchising Scheme - suggestion - should use technology - to gather real time highway data	1													1
THE PARTNERSHIP OPTIONS	230	10	8	31	14	115	38	25	25	24	19	4	14	22
POSITIVE COMMENTS about the PARTNERSHIP OPTIONS	110	7	7	20	11	46	9	16	15	12	11	4	10	14
10147. The Partnership Option - is a better option / preferable / should go ahead	63	3	4	8	8	33	3	11	5	8	5	3	6	5
11158. The Partnership Option - is realistic - provides facts / evidence to back it up	1													1
10196. The Partnership Option - means control stays with experienced operators with the expertise in providing bus services	16		2	1	2	4	1	3		1				3
10699. The Partnership Option - provides greater benefits	5			1		3			1					
10307. The Partnership Option - provides greater benefits - for operators	6			1		3		1						1
10148. The Partnership Option - provides greater benefits - for passengers / the general public / people of Greater Manchester	14			2		4		2		2	2			3
10595. The Partnership Option - provides greater benefits - for small / medium operators	1						1							
10779. The Partnership Option - provides greater benefits - for the long term / future	2					1								1
10267. The Partnership Option - will be easier / quicker to implement / cause less disruption	9		1			2	1			1	1			4
10893. The Partnership Option - will be environmentally friendly / green fleet to reduce emissions / improve air quality	3									1				2
10697. The Partnership Option - will be flexible / adapt to changes	4					2								2

10992. The Partnership Option - will be more efficient - better managed / run	2			1										1
10714. The Partnership Option - will employ - staff / drivers on fair contracts / fair pay / terms and conditions etc	1					1								
10477. The Partnership Option - will encourage an innovative / entrepreneurial new approach to developing services	2							1						1
10299. The Partnership Option - will encourage bus usage / reduce car usage / traffic / congestion on roads	11			5		1		1		1				3
10242. The Partnership Option - will encourage collaboration / working with co-operation / alliance	11		1	3		4		2			1			1
10478. The Partnership Option - will encourage competition / drive up standards	2			1				1						
10870. The Partnership Option - will not be flexible / adapt to changes	2					1								1
10221. The Partnership Option - will not require an increase in council tax / burden on the taxpayer	28	3	2	2		7	3	1	7	1	2	1	4	5
11036. The Partnership Option - will not require additional / suitably qualified staff	1													1
11108. The Partnership Option - will present less financial risk for the operators	1													1
10169. The Partnership Option - will present less financial risk for TfGM / GMCA	16	1		2	1	4	1	1	2	1	2			5
10323. The Partnership Option - will protect essential routes / socially necessary services	1										1			
10298. The Partnership Option - will protect fares / prevent excessive fare increases	2				1	1								
10999. The Partnership Option - will provide a simple / single / standard fare	1													1
10867. The Partnership Option - will provide better bus stations / bus shelters / bus stops - with real time / digital displays	1							1						
11015. The Partnership Option - will provide better Net Present Value (benefits vs costs)	3													3
11142. The Partnership Option - will provide better Net Present Value (benefits vs costs) across all / most scenarios	2													2
10227. The Partnership Option - will provide better services	9			1	2	1		1	1		1	1		2
10494. The Partnership Option - will provide comprehensive route networks to cover / connect the entire region	1					1								
10243. The Partnership Option - will provide investment in buses / bus services	5				1	3					1			
10319. The Partnership Option - will provide investment in buses / bus services - environmentally friendly / green fleet to reduce emissions / improve air quality	1													1
10261. The Partnership Option - will provide investment in buses / bus services - profits re-invested / profitable routes help pay for unprofitable / essential routes / socially necessary services	1													1
10998. The Partnership Option - will provide joined up / integrated public transport services	1													1
10234. The Partnership Option - works well / works elsewhere	11			1	1	4		1			1	1		4
NEGATIVE COMMENTS about the PARTNERSHIP OPTIONS	131	3	1	12	2	71	28	8	9	10	9		3	13
10816. The Partnership Option - is flawed / will not work / should not go ahead / will not help deliver the objectives	48		1	3		20	10	4	3	5	4		3	4

10415. The Partnership Option - lack of information / detail about how this option would work	16	1		2	1	9	2			1			1
10528. The Partnership Option - raises concerns about level of government subsidy / additional financial support	5					1	1			2		1	
10179. The Partnership Option - should not go ahead / too similar to what we currently have	23			4		11	3		1	3	1		2
10731. The Partnership Option - will be run by private companies - for shareholders benefit / should put passengers / people before profit	11			1		4	4	1			1		
10957. The Partnership Option - will create a monopoly / stifle competition	1										1		
10841. The Partnership Option - will impact passengers / the general public / people of Greater Manchester	3										2		1
10416. The Partnership Option - will mean a lack of profit motive / incentive to bid for operators	3					2							1
10615. The Partnership Option - will mean private companies receiving subsidies from taxpayers money	2					2							
10321. The Partnership Option - will not be good use of council tax / burden on the taxpayer	3					2					1		
10964. The Partnership Option - will not consider commuters / getting to / from work	1										1		
10853. The Partnership Option - will not consider safety / passenger / driver / road safety / public health / well-being	1					1							
10962. The Partnership Option - will not consider the vulnerable / poor / those on low / reduced incomes / without cars	1										1		
10968. The Partnership Option - will not deliver more environmentally friendly services / green fleet to reduce emissions / improve air quality	1										1		
10734. The Partnership Option - will not employ - staff / drivers on fair contracts / fair pay / terms and conditions etc	1												1
10897. The Partnership Option - will not encourage bus usage / reduce car usage / traffic / congestion on roads	1										1		
10419. The Partnership Option - will not encourage collaboration / working with co-operation / alliance	4			1		4							
10843. The Partnership Option - will not guarantee commitment from operators made previously / pre pandemic	8	1				1	2						4
10180. The Partnership Option - will not hold the operators to account	8					2	3	3					
10320. The Partnership Option - will not improve services	10			3		6			1		1		
10341. The Partnership Option - will not improve services - services will be cut / reduced	10					3	3	1	1		1		1
10326. The Partnership Option - will not improve services - services will be fragmented	5					3	2						
10784. The Partnership Option - will not protect essential routes / socially necessary services	2						2						
10862. The Partnership Option - will not protect fares / will lead to fare increases	4			1		1	2						1
10901. The Partnership Option - will not provide a customer service helpline / travel information / complaints line	1			1		1							
10899. The Partnership Option - will not provide a simple / single / standard fare	2			1		2							
10858. The Partnership Option - will not provide benefits	4						2		1				1
10782. The Partnership Option - will not provide benefits - for passengers / the general public / people of Greater Manchester	4					3			1				

10860. The Partnership Option - will not provide benefits - for the long term / future	1					1							
10900. The Partnership Option - will not provide comprehensive route networks to cover / connect the entire region	2		1		1					1			
11130. The Partnership Option - will not provide joined up / integrated public transport services	1			1									
10340. The Partnership Option - will not provide the same level of benefits as the Proposed Franchising Scheme	11		1	1	5	2		1		1			
10418. The Partnership Option - will present more risk for TfGM / GMCA	9	1				2	1		2	2		1	2
10869. The Partnership Option - will require further discussion / work / involvement from operators / is not ready to go ahead	2							2					
10235. The Partnership Option - will still place control with the operators	14				11	1				1			1
SUGGESTIONS about the PARTNERSHIP OPTIONS	14		1		1	2	1	1	2	2		1	4
10769. The Partnership Option - suggestion - an updated Partnership offer should reduce the impact of declining passenger numbers	1												1
10745. The Partnership Option - suggestion - operators should be given the opportunity to develop new partnership proposals when changing bus usage / transport trends can be more accurately established	2												2
10761. The Partnership Option - suggestion - Phase 2 improvements should be part of the local authority responsibilities under a Partnership Option and not exclusive to the Proposed Franchising Scheme	1												1
10200. The Partnership Option - suggestion - should be reviewed periodically / updated in response to developments	5		1			1		1		1		1	
11006. The Partnership Option - suggestion - should consider appealing to a wider demographic than currently use buses	1												1
11005. The Partnership Option - suggestion - should consider demand / capacity / currently too many buses on some routes / too few buses on others	1												1
11007. The Partnership Option - suggestion - should consider operators involvement in community programmes / forum for community partnerships	1												1
11066. The Partnership Option - suggestion - should consider penalties / enforcement for failure to adhere to standards of performance / operation	1								1				
11004. The Partnership Option - suggestion - should consider those travelling for shopping / leisure / recreational purposes	1												1
10222. The Partnership Option - suggestion - should only go ahead if fares are frozen / reduced / not increased	1												1
11138. The Partnership Option - suggestion - should only go ahead if thorough due diligence is done / negotiate / plan / prepare properly	1							1					
10829. The Partnership Option - suggestion - should provide a simple / single / standard fare	2					1							1
10830. The Partnership Option - suggestion - should provide affordable fares / prevent excessive fare increases	1					1							
11002. The Partnership Option - suggestion - should provide joined up / integrated public transport services	1												1
11003. The Partnership Option - suggestion - should provide services that run earlier / later / at weekends / 24/7 for shift workers etc.	1												1

10305. The Partnership Option - suggestion - should run as a pilot scheme before a full transition	4				1	1			1	1			
OTHER COMMENTS about the PARTNERSHIP OPTIONS	2												2
10744. The Partnership Option - has not been updated and the extent to which it could rebuild the market compared to franchising cannot be judged	2												2
THE AMBITIOUS PARTNERSHIP	1												1
10636. The Ambitious Partnership - should not go ahead / too similar to what we currently have	1												1
OPERATOR PROPOSED PARTNERSHIP	3						1						2
10798. The Operator Proposed Partnership - benefits in relation to fare reductions are now uncertain	1												1
10635. The Operator Proposed Partnership - should not go ahead / too similar to what we currently have	1												1
10592. The Operator Proposed Partnership - would provide better mitigation of risks - short franchise contracts	1						1						
OTHER PARTNERSHIPS	13			1		2		1	1				9
11001. Other Partnerships - Improved Partnership - is a better option for the medium term	1												1
11000. Other Partnerships - Improved Partnership - is a better option for the short term	1												1
10993. Other Partnerships - OneBus Partnership - would deliver improvements to the bus network	1												1
10994. Other Partnerships - OneBus Partnership - would help Greater Manchester achieve Clean Air Zone targets and improve public health	1												1
10797. Other Partnerships - OneBus Partnership Plus - will not guarantee commitments from operators made pre pandemic	2					1							1
10561. Other Partnerships - Quality Bus Partnership - is a better option	2			1		1							1
11093. Other Partnerships - Recovery Partnerships - establish Direct Award franchise contracts to reduce the risks during the transition	2												2
10982. Other Partnerships - Recovery Partnerships - should be considered	4												4
10989. Other Partnerships - Recovery Partnerships - should be established quickly	1												1
10990. Other Partnerships - Recovery Partnerships - should be established quickly - to focus on key issues to ensure ongoing delivery of services	2												2
11090. Other Partnerships - Recovery Partnerships - should be established quickly - with a view to establishing longer term Franchising Options	1												1
10991. Other Partnerships - Recovery Partnerships - should be established quickly - with a view to establishing longer term Partnership Options	2												2
10986. Other Partnerships - Recovery Partnerships - to provide a local framework - for agreeing a new network	2												2
10987. Other Partnerships - Recovery Partnerships - to provide a local framework - for distribution of funding to support a new network in the short term	1												1

10944. The Do Minimum Option - will not protect fares / will lead to fare increases	2										2			
10890. The Do Minimum option - will not provide a unified brand / a recognisable / distinctive livery	1													1
10906. The Do Minimum option - will not provide additional benefits	1													1
10904. The Do Minimum option - will not provide commitment from operators due to the impact of the pandemic	1													1
10891. The Do Minimum option - will not provide joined up / integrated public transport services	2										1			1
10956. The Do Minimum Option - will not provide the same level of benefits as the Proposed Franchising Scheme	1										1			
10074. The Do Minimum option - will not work for the long term / future	5										4			1
10840. The Do Minimum option - will present more risk for TfGM / GMCA	1													1
NET 3 - THE ECONOMIC CASE	381	6	6	45	8	29	274	8	31		5	1	2	17
POSITIVE COMMENTS about THE ECONOMIC CASE	104		1	1	1	3	84	1	11				1	4
10827. The Economic Case - benefits outweigh the costs	2						2							
10095. The Economic Case - conclusions remain appropriate - agree with the conclusion	53					1	50	1	1					
10238. The Economic Case - current system is not value for money	9		1		1	1	6							1
10373. The Economic Case - is comprehensive / thorough	7						6						1	
11016. The Economic Case - is purposefully conservative to avoid overstating benefits	1													1
10793. The Economic Case - represents better Net Present Value (benefits vs costs)	4						2		1					1
10188. The Economic Case - represents the benefits	3						3							
10207. The Economic Case - represents value for money	29			1		1	19		9					1
11082. The Economic Case - represents value for money - in the long term	1						1							
NEGATIVE COMMENTS about THE ECONOMIC CASE	93	1	2	2		4	70	2	5		1			7
11173. The Economic Case - conclusions are not appropriate - are biased / designed to support the proposal	1													1
10269. The Economic Case - conclusions are not appropriate - disagree with the conclusion	7						5	1						1
10187. The Economic Case - conclusions are not relevant	4						3							1
10905. The Economic Case - current system is better value for money	2						1							1
10865. The Economic Case - is not realistic - fails to take the scenarios into account	2						1							1
10096. The Economic Case - is not realistic - is speculation / guesswork / lacks evidence	21		1			1	17							2
11174. The Economic Case - lack of information / detail - economic case of the Partnership Option	1													1
10322. The Economic Case - lack of information / detail - value for money calculations	4					1	2							1

10292. The Economic Case - raises concerns about suitable uncertain management strategies	3			1			2						
10349. The Economic Case - raises concerns about value for money	33		1	1		1	23	1	3		1		3
10409. The Economic Case - raises concerns about value for money - being the main focus / the only / overriding priority	9						7		2				
10589. The Economic Case - raises concerns about value for money - during the current pandemic	15	1				1	13						
10931. The Economic Case - raises concerns about value for money - economic pressure from a decline in bus usage / if passenger numbers fail to rise	2												2
11168. The Economic Case - raises concerns about value for money - is speculation / guesswork / lacks evidence	1												1
10783. The Economic Case - raises concerns about value for money - long term impact	5						4						1
10410. The Economic Case - raises concerns about value for money - short term impact	2						2						
SUGGESTIONS about THE ECONOMIC CASE	38	1	2	3	4	2	21	3	4				
11048. The Economic Case - suggestion - should be cautious about the long term impact on value for money	1						1						
10601. The Economic Case - suggestion - should be reviewed periodically / updated in response to developments	1						1						
10687. The Economic Case - suggestion - should ensure value for money is delivered	20	1	1	2	3		9	1	4				
11089. The Economic Case - suggestion - should include suitable uncertainty management strategies	1						1						
10383. The Economic Case - suggestion - should make cost effectiveness clearly apparent	5				1	1	2	1					
10047. The Economic Case - suggestion - should make the value for money clearly apparent	8		1	1		1	4	1					
10794. The Economic Case - suggestion - value for money should be secondary to environmental concerns	3						3						
OTHER COMMENTS about THE ECONOMIC CASE	15						13		1				1
10451. The Economic Case - bus service reform is too important not to be value for money	4						3		1				
10604. The Economic Case - others	3						3						
10408. The Economic Case - value for money is subjective / relative	3						3						
10551. The Economic Case - value for money is subjective / relative - no more value for money now than there was pre Covid-19	3						2						1
10517. The Economic Case - value for money may decrease without financial support	2						2						
10864. The Economic Case - value for money will take longer to achieve due to the impact of the pandemic	1						1						
OTHER COMMENTS about THE ECONOMIC CASE - PROPOSED FRANCHISING SCHEME	162	4	1	38	2	18	94	2	7		2	1	9
OTHER POSITIVE COMMENTS about THE ECONOMIC CASE - PROPOSED FRANCHISING SCHEME	125	4	1	31		14	73	2	6		1		5
10204. The Proposed Franchising Scheme - will be better value for money	120	4	1	31		14	70	2	5		1		4
10892. The Proposed Franchising Scheme - will be better value for money - due to competition for the market	1												1

10834. The Proposed Franchising Scheme - will be better value for money - for the long term / future	4					3		1					
10750. The Proposed Franchising Scheme - will be better value for money - strengthened by the impact of the pandemic	3					1							2
OTHER NEGATIVE COMMENTS about THE ECONOMIC CASE - PROPOSED FRANCHISING SCHEME	40		7	2	4	23		1		1	1		5
11167. The Proposed Franchising Scheme - raises concerns about value for money	1												1
11022. The Proposed Franchising Scheme - raises concerns about value for money - lack of committed funds to deliver the Phase 2 benefits	1												1
10366. The Proposed Franchising Scheme - will be poor value for money	37		7	2	4	23		1		1	1		2
10748. The Proposed Franchising Scheme - will see a decline in Net Present Value (benefits vs costs) under the scenarios	3					1							2
OTHER COMMENTS about THE ECONOMIC CASE - PARTNERSHIP OPTIONS	30		2	1	3	18		3		2		1	4
OTHER POSITIVE COMMENTS about THE ECONOMIC CASE - PARTNERSHIP OPTIONS	13		2	1	1	5		1		1		1	4
10880. The Ambitious Partnership - is not realistic - is speculation / guesswork / lack evidence	1												1
10062. The Ambitious Partnership - will be better value for money	1					1							
10591. The Operator Proposed Partnership - will be better Net Present Value (benefits vs costs)	1					1							
10064. The Operator Proposed Partnership - will be better value for money	1									1			
10205. The Partnership Option - will be better value for money	9		2	1	1	3		1				1	3
OTHER NEGATIVE COMMENTS about THE ECONOMIC CASE - PARTNERSHIP OPTION	19				2	14		2		1			1
10367. The Partnership Option - will be poor value for money	19				2	14		2		1			1
NET 4 - THE COMMERCIAL CASE	451		5	1	4	3	423	4	6	1	4		13
POSITIVE COMMENTS about THE COMMERCIAL CASE	347				1		338	1	3				7
10101. The Commercial Case - arrangements remain appropriate - agree with the conclusion	335				1		331		1				4
10389. The Commercial Case - arrangements remain appropriate - asset strategy removes barriers for operators	2						1						1
10407. The Commercial Case - arrangements remain appropriate - benefits outweigh the risks	4						4						
11104. The Commercial Case - arrangements remain appropriate - consideration of operators with the expertise in providing bus services	1						1						
11102. The Commercial Case - arrangements remain appropriate - consideration of small / medium operators	2						2						
10220. The Commercial Case - arrangements remain appropriate - consideration of small / medium operators (school / hospital services)	6						5						1
10500. The Commercial Case - arrangements remain appropriate - contracts / franchises are suitably attractive to encourage operators to bid	3						1	1	2				
10371. The Commercial Case - arrangements remain appropriate - contracts / franchises for a 3 year fixed term contracts	1						1						
11067. The Commercial Case - arrangements remain appropriate - GMCA to provide local control of depots to facilitate a move to zero emissions bus fleets	1												1

11065. The Commercial Case - arrangements remain appropriate - GMCA to provide local control of depots to facilitate letting of large franchise contracts under the Proposed Franchising Scheme	1													1
10102. The Commercial Case - arrangements remain appropriate - in favour of a London style bus system	1							1						
11019. The Commercial Case - arrangements remain appropriate - no material change to the commercial case for the Partnership Option	2							1						1
11021. The Commercial Case - arrangements remain appropriate - only minimal commercial considerations for the Proposed Franchising Scheme as services are run on contracts	1													1
11024. The Commercial Case - arrangements remain appropriate - Proposed Franchise Scheme will allow operators to run cross border / boundary services under permit	2													2
11025. The Commercial Case - arrangements remain appropriate - Proposed Franchise Scheme will allow operators to run non franchised services under permit	1													1
11097. The Commercial Case - arrangements remain appropriate - will be flexible / adapt to changes	2							2						
NEGATIVE COMMENTS about THE COMMERCIAL CASE	88		4	1	3	2	70	1	2		2			5
10058. The Commercial Case - arrangements are not appropriate - disagree with the conclusion	34							32						2
10403. The Commercial Case - arrangements are not relevant / circumstances have changed / will change	3							3						
11152. The Commercial Case - compulsory purchase orders are unrealistic in the given timeframes	1													1
10401. The Commercial Case - focuses too little on delivering a public service	2							2						
10402. The Commercial Case - focuses too little on delivering quality services	1							1						
10400. The Commercial Case - focuses too much on running profitable services	6				1			5						
10059. The Commercial Case - is not realistic - are speculation / guesswork / lack evidence	10							9						1
10388. The Commercial Case - is not realistic - GMCA lack the expertise to manage depots	1							1						
10387. The Commercial Case - lack of information / detail - about effective GMCA management of the depots	4		1					1		1		1		
10915. The Commercial Case - lack of information / detail - about incentives / rewards	1							1						
10392. The Commercial Case - lack of information / detail - about requirements for the recruitment / training of additional / suitably qualified staff	2							1						1
10280. The Commercial Case - lack of information / detail - about requirements of the procurement / bidding process for services	2							2						
11154. The Commercial Case - lack of information / detail - about the impact of Covid-19 on the valuation of assets [depots / buses etc.]	1													1
11144. The Commercial Case - lack of information / detail - about the sale of assets [depots / buses etc.] / buses	1													1
10393. The Commercial Case - lack of information / detail - who will be running operations	2							2						
10928. The Commercial Case - raises concern about lack of packaging contracts on a route by route basis to encourage participation by small / medium operators	1													1

10826. The Commercial Case - raises concerns about "risks and responsibilities sitting with the party best able to manage them"	1						1						
10368. The Commercial Case - raises concerns about a decline in bus usage / increase in car usage / people will drive	4						4						
10820. The Commercial Case - raises concerns about a decline in bus usage / increase in Metrolink usage	2			1		1							
10394. The Commercial Case - raises concerns about bureaucracy / too many tiers of management	3						3						
10370. The Commercial Case - raises concerns about contracts - 5 year fixed term contracts with operators removes accountability	1						1						
10384. The Commercial Case - raises concerns about contracts - school service contracts are too short	2						2						
11074. The Commercial Case - raises concerns about funding - capital requirements are higher for the first franchise as the RV model will only apply to the second awards	1												1
10913. The Commercial Case - raises concerns about funding - of rural / remote locations / not just busy / profitable routes	1						1						
11101. The Commercial Case - raises concerns about funding - operators will encounter difficulties in obtaining finance	1						1						
11076. The Commercial Case - raises concerns about funding - operators will encounter difficulties in obtaining finance to invest in fleet at the outset of franchising	1												1
11075. The Commercial Case - raises concerns about funding - significant funding requirements for fleet as vehicles from unsuccessful incumbents will not be available	1												1
11095. The Commercial Case - raises concerns about GMCA lacking the expertise to manage commercial arrangements	1						1						
10391. The Commercial Case - raises concerns about operators viability / restraint on trade / forcing operators out of business	7		2		1		3				1		
10752. The Commercial Case - raises concerns about the asset strategy	1												1
10606. The Commercial Case - raises concerns about the franchise packages - operators put in low bids to win contracts / wipe out competition then deliberately fail so they can place a higher bid	3				1	1	1						
10470. The Commercial Case - raises concerns about the franchise packages - packages are too big / disadvantages small / medium operators	5		1				1	1	1				1
10405. The Commercial Case - raises concerns about the management of the risks	2						2						
10912. The Commercial Case - will not provide benefits	1						1						
SUGGESTIONS about THE COMMERCIAL CASE	39		1			1	28	3	1	1	2		3
10375. The Commercial Case - suggestion - should be fair	2						2						
10376. The Commercial Case - suggestion - should be honest	2		1				1						
10868. The Commercial Case - suggestion - should be overseen by a third party / independent organisation - contracts	1						1						
10348. The Commercial Case - suggestion - should be reviewed periodically / updated in response to developments	6						6						
10429. The Commercial Case - suggestion - should be reviewed periodically / updated in response to developments - contracts	2						1				1		
10922. The Commercial Case - suggestion - should consider access to small / medium operators	3							3		1			

10488. The Commercial Case - suggestion - should consider franchise packages - balance between large / medium / small franchise packages	1							1						
10481. The Commercial Case - suggestion - should consider franchise packages - balance between profitable and non-profitable routes in the packages	4							3		1				
10479. The Commercial Case - suggestion - should consider having a Manchester body buying depots and buses	2							2						
10380. The Commercial Case - suggestion - should consider like for like depot costs for small / medium operators	1							1						
10823. The Commercial Case - suggestion - should consider longer contracts (14-15 years)	1							1						
10489. The Commercial Case - suggestion - should consider longer contracts for school services	1							1						
10599. The Commercial Case - suggestion - should consider packaging contracts on a route by route basis to encourage participation by small / medium operators	1													1
10382. The Commercial Case - suggestion - should consider safety of the performance / operation	2							2						
10480. The Commercial Case - suggestion - should consider selling old fleet to help purchase new fleet	1							1						
11120. The Commercial Case - suggestion - should consider smaller / shorter contracts / franchises - be flexible / adaptable to changes	1								1					
11155. The Commercial Case - suggestion - should consider the investments made by the operators to make the depots Covid-19 secure in the valuation model	1													1
10390. The Commercial Case - suggestion - should consider thorough due diligence / negotiate / plan / prepare properly	3						1	2						
10689. The Commercial Case - suggestion - should include a plan for if an operator withdraws from their contract / ceases trading	3							2						1
10386. The Commercial Case - suggestion - should make the exit strategy for poor performance / operation clearly apparent	1							1						
10378. The Commercial Case - suggestion - should not overlook small / medium operators because large operators control depots	3							3						
10824. The Commercial Case - suggestion - should not provide contracts for separate school services / children should use the same services as commuters to encourage prolonged use	1							1						
10866. The Commercial Case - suggestion - should only go ahead if lessons have been learned from rail franchise	1							1						
10914. The Commercial Case - suggestion - should only go ahead if operators agree	1							1						
10379. The Commercial Case - suggestion - should prevent large operators occupying spare depot capacity to compete and distort the market outside of Greater Manchester	2							1				1		
NET 5 - THE FINANCIAL CASE	655	30	26	77	27	66	99	23	477	26	11	14	16	36
POSITIVE COMMENTS about THE FINANCIAL CASE	318	3	3	27	2	11	19	6	248	2	1	1	3	11
10353. The Financial Case - bus service reform is too important not to find funding for	51		1				3	1	47					
10106. The Financial Case - conclusions are appropriate - agree with the conclusions	53			1					52					
10189. The Financial Case - conclusions are appropriate - benefits outweigh the risks / costs	35							1	33					1

10875. The Financial Case - conclusions are appropriate - financial risks sit with GMCA regardless of the proposals	4								4					
10583. The Financial Case - conclusions are appropriate - investment will be recovered	3								3					
10543. The Financial Case - conclusions are appropriate - investment will be recovered from centralised planning	2			1	1									
10476. The Financial Case - conclusions are appropriate - investment will be recovered from economic growth / economic recovery	4								4					
10107. The Financial Case - conclusions are appropriate - is affordable	62								60			1		1
10845. The Financial Case - conclusions are appropriate - mitigations are in place	1													1
11088. The Financial Case - conclusions are appropriate - mitigations are in place - to address cost / affordability in the future / long term	1						1							
10908. The Financial Case - conclusions are appropriate - mitigations are in place - to resolve reduced fare revenue from a decline in bus usage	3								2					1
10248. The Financial Case - conclusions are appropriate - provides benefits for the long term / future	31			1		1	2		28				1	
10276. The Financial Case - conclusions are appropriate - provides better control of spending	5			2		1			2					
10411. The Financial Case - conclusions are appropriate - provides fare revenue from bus usage	6			2			3		1					
11086. The Financial Case - conclusions are appropriate - the increase in council tax / burden on taxpayer will be short term	1						1							
10145. The Financial Case - conclusions are appropriate - the money is available / set aside	6		1						5					
11114. The Financial Case - conclusions are appropriate - will be flexible / adapt to changes - in funding	1								1					
10377. The Financial Case - conclusions are appropriate - will save money	4			1			2	1						
11053. The Financial Case - indirect cost of not proceeding will have an adverse impact on the economy, society and environment	1								1					
10168. The Partnership Option - will be cheaper / more affordable	23			1		5	3	1	6	1			1	7
10097. The Proposed Franchising Scheme - has been costed / is affordable	80	3	1	20	1	4	7	2	39	1	1		1	2
NEGATIVE COMMENTS about THE FINANCIAL CASE	348	25	19	47	21	48	76	14	224	19	10	13	13	26
10060. The Financial Case - conclusions are not appropriate - disagree with the conclusions	10								9					1
10237. The Financial Case - is just an excuse to grab grants / tax	2								1					1
10225. The Financial Case - is not realistic - is speculation / guesswork / lacks evidence	14			1			2		11					1
10655. The Financial Case - lack of information / detail - calculation of the mayors precept value	1													1
10282. The Financial Case - lack of information / detail - concessionary payments	3		1		1				1					
10283. The Financial Case - lack of information / detail - costs / affordability / budget	10					2			6	1				1
10678. The Financial Case - lack of information / detail - costs / affordability / budget of litigation in purchasing the depots from incumbent operators by Compulsory Purchase Order	1													1

11020. The Financial Case - lack of information / detail - costs / affordability / budget - of pension schemes / liabilities	1														1
10597. The Financial Case - lack of information / detail - costs / affordability / budget for the running of the Proposed Franchising Scheme in the future	5						1	1	3						
10598. The Financial Case - lack of information / detail - costs / affordability / budget of Phase 2	4						2								2
10291. The Financial Case - lack of information / detail - strategic objectives	1								1						
10925. The Financial Case - raises concerns about a decline in bus usage / increase in car usage / people will drive	3								2						1
10177. The Financial Case - raises concerns about an increase in council tax / burden on taxpayer	70	2	1	3	3	4	19	5	39	3		2	1	4	
10183. The Financial Case - raises concerns about an increase in the mayors precept	7								5						2
10275. The Financial Case - raises concerns about bureaucracy / too many tiers of management	1								1						
10181. The Financial Case - raises concerns about cost / affordability	120	1	2	6	5	8	12	2	77	8	1	1	2	7	
10883. The Financial Case - raises concerns about cost / affordability - £134.5M funding will be paying for continued reduction in bus usage	2														2
10884. The Financial Case - raises concerns about cost / affordability - £134.5M funding will not be delivering any benefit to passengers	2														2
10350. The Financial Case - raises concerns about cost / affordability - 10% contingency for increasing costs is unrealistically low	2								2						
10760. The Financial Case - raises concerns about cost / affordability - additional financial resources used for the Proposed Franchising Scheme will be at the expense of funding to assist buses	2					1									1
10182. The Financial Case - raises concerns about cost / affordability - being the main focus / the only / overriding priority	20					2	4		15						
10903. The Financial Case - raises concerns about cost / affordability - during the current pandemic	5						1		4						
10837. The Financial Case - raises concerns about cost / affordability - environmentally friendly / green fleet / facilities	1														1
10876. The Financial Case - raises concerns about cost / affordability - GMCA bail out for lack of operator viability / operators going bankrupt / out of business	2	1							1						
11156. The Financial Case - raises concerns about cost / affordability - of franchising too early / during a period of instability	1														1
10996. The Financial Case - raises concerns about cost / affordability - of ongoing costs leading to a reduction in services	2														2
10997. The Financial Case - raises concerns about cost / affordability - of ongoing costs leading to a reduction in the other benefits / objectives of reform	2					1									1
10945. The Financial Case - raises concerns about cost / affordability - of the long term financial viability of the proposals	3														3
10763. The Financial Case - raises concerns about cost / affordability - of the wider objectives outside of transition to the Proposed Franchising Scheme	2								1						1
10354. The Financial Case - raises concerns about cost / affordability - of transition to the Proposed Franchising Scheme	10					1			4	1					4
10288. The Financial Case - raises concerns about cost / affordability - procurement / bidding process for services	2							1		1					

10487. The Financial Case - raises concerns about cost / affordability - recruitment of additional / suitably qualified staff	2	1												1
10352. The Financial Case - raises concerns about cost / affordability - reduced fare revenue from a decline in bus usage	24						10		8	1	1			5
10512. The Financial Case - raises concerns about cost / affordability - reduced household income in the current economic climate	2								1					1
10051. The Financial Case - raises concerns about cost / affordability - will be a waste of money	26	1	1	1	2	4	3	2	14	2	3	1	1	1
10206. The Financial Case - raises concerns about cost / affordability - will require more money / cost more than planned	17			1	1	3	3	1	6					2
10217. The Financial Case - raises concerns about cost / affordability - will require subsidy	7					1			4	1				1
11134. The Financial Case - raises concerns about cost / affordability - will require subsidy - from increases in fares	2								2					
11157. The Financial Case - raises concerns about mitigation measures - are unrealistic - lower transition costs	1													1
11139. The Financial Case - raises concerns about mitigation measures - concessionary reimbursement	1								1					
11122. The Financial Case - raises concerns about mitigation measures - contradicts the Strategic Case	2													2
11118. The Financial Case - raises concerns about mitigation measures - potential negative impact on bus services	3								1					2
11121. The Financial Case - raises concerns about mitigation measures - potential negative impact on passengers / the general public / people of Greater Manchester	2													2
11145. The Financial Case - raises concerns about mitigation measures - potential redundancy costs	1													1
10755. The Financial Case - raises concerns about the availability of £17.8M from local authority funding	2								1					1
10756. The Financial Case - raises concerns about the availability of £22.7M from mayoral precept	1													1
11131. The Financial Case - raises concerns about the availability of funding / funding being withdrawn	3								2					1
10754. The Financial Case - raises concerns about the availability of the total of £134.5M funding	3								1					2
10513. The Financial Case - raises concerns about the financial risks	10								7	1	1			1
10929. The Financial Case - raises concerns about the financial risks - GMCA is exposed to revenue risk in light of the ongoing pandemic	3								1					2
10836. The Financial Case - raises concerns about the financial risks - too many unaccounted for variables	1								1					
11050. The Financial Case - raises concerns about the financial risks - uncertainty about risks associated with Covid-19 cannot be mitigated / ruled out	2						1		2					
11092. The Financial Case - raises concerns about the financial risks - uncertainty about risks associated with the purchasing of assets [buses / depots etc.]	1													1
10885. The Financial Case - raises concerns about the financial risks - vulnerability during transition	1													1
10178. The Financial Case - raises concerns about the level of government subsidy / additional financial support	19	2	1			2	5		9	1		2		1
11136. The Financial Case - raises concerns about the use of Integrated Transport Block / ITB - impact on future transport plans	2								1					1
10176. The Partnership Option - will be too expensive / unaffordable	16					5		1	10					1

10154. The Proposed Franchising Scheme - will be a vanity project / white elephant / waste of money	52	7	7	10	7	10	9		10	1	3	3	4	5
10098. The Proposed Franchising Scheme - will be too expensive / unaffordable	71	10	6	27	2	10	11	2	14	1	1	6	7	7
11159. The Proposed Franchising Scheme - will be too expensive / unaffordable - hidden costs for acquiring depots and fleet	1													1
10762. The Proposed Franchising Scheme - will be too expensive / unaffordable - reduced fare revenue from a decline in bus usage	3							1						2
SUGGESTIONS about THE FINANCIAL CASE	68	2	4	2	4	7	6	3	27	5	1			10
10335. The Financial Case - suggestion - bus services should not receive government subsidy / additional financial support like TfL / London	5					2			1	2				
10094. The Financial Case - suggestion - bus services should receive government subsidy / additional financial support like TfL / London	30	2	3	1	4	4	2	1	8	2				4
10918. The Financial Case - suggestion - cost / affordability should be secondary to environmental concerns	4								4					
10920. The Financial Case - suggestion - should allow for changes to fare structure of cross border / boundary fares to be discussed collaboratively with neighbouring authorities	1													1
10440. The Financial Case - suggestion - should be reviewed periodically / updated in response to developments	3		1				1		1					
11123. The Financial Case - suggestion - should consider larger / longer contracts / franchises - more cost effective / affordable	2								1					1
10273. The Financial Case - suggestion - should fund bus services from an increase in council tax / use of taxpayers money	3								3					
10926. The Financial Case - suggestion - should fund bus services from Manchester Airport profits	1								1					
10475. The Financial Case - suggestion - should fund bus services from operator surpluses	3						1		1					1
10365. The Financial Case - suggestion - should fund bus services from the GMCA	2						1		1					
11153. The Financial Case - suggestion - should invest £134.5M funding with current operators so they can improve services	1													1
10588. The Financial Case - suggestion - should invest in standardised physical resources to mitigate financial risk / reduce overheads	1								1					
10587. The Financial Case - suggestion - should invest in tech solutions to mitigate financial risk / reduce overheads	2								1					1
10381. The Financial Case - suggestion - should make the cost / affordability clearly apparent	9			1		1	1	1	6					
10758. The Financial Case - suggestion - should re-examine the value for money from supported services to mitigate the financial risks	1													1
10757. The Financial Case - suggestion - should revisit the current approach to maintaining concessionary support to mitigate financial risks	1													1
10514. The Financial Case - suggestion - should share financial risk with private operators	2							1			1			
11034. The Proposed Franchising Scheme - suggestion - ensure is implemented efficiently and cost effectively	1									1				
OTHER COMMENTS about THE FINANCIAL CASE	15			1		1	1		11					1
10724. The Financial Case - affordability is subjective / relative	2								2					
10184. The Financial Case - others	12			1		1	1		9					

10759. The Financial Case - reduced services will mitigate risks associated with transition costs	1													1
NET 6 - THE MANAGEMENT CASE	342	2	5	10	9	7	2	8	7	292	6	3	2	13
POSITIVE COMMENTS about THE MANAGEMENT CASE	222	1	4	4		3	1	3	3	196	4	2		4
10109. The Management Case - conclusions are appropriate / agree with the conclusion	85		2			1				80	1			1
11060. The Management Case - conclusions remain appropriate - benefits outweigh the risks	2									2				
11150. The Management Case - conclusions remain appropriate - mitigations are in place	2									2				
10385. The Management Case - monitoring / evaluating the performance / operation of the operators	10		2	1		1		3				2		1
10498. The Management Case - TfGM will be able to create the routes / network	2	1								1				
10499. The Management Case - TfGM will be able to create the service delivery targets for performance / operation	1									1				
10214. The Management Case - TfGM will be able to manage and implement a Partnership Option	27									27				
11038. The Management Case - TfGM will be able to manage and implement a Partnership Option - run in collaboration / working with co-operation / alliance	1									1				
10249. The Management Case - TfGM will be able to manage the risks	23						1		1	20	1			
11017. The Management Case - TfGM will be able to manage the risks - financial risks	2								1	1				
10586. The Management Case - TfGM will be able to manage the risks - implement changes quickly	3								1	2				
10580. The Management Case - TfGM will be able to manage the risks - safety / passenger / driver / road safety / public health / well-being	2									2				
10848. The Management Case - TfGM will be able to manage the risks - workforce planning	1													1
10212. The Management Case - TfGM will be able to transition / implement / manage bus services	59					1				55	3			
10329. The Management Case - TfGM will be able to transition / implement / manage bus services - investment in IT systems	1									1				
10726. The Management Case - TfGM will be able to transition / implement / manage bus services - proven track record / years of experience	3									3				
10579. The Management Case - TfGM will be able to transition / implement / manage bus services - proven track record with Metrolink	5									5				
10581. The Management Case - TfGM will be able to transition / implement / manage bus services - proven track record with new bus stations	1									1				
10328. The Management Case - TfGM will be able to transition / implement / manage bus services - recruitment / training of additional / suitably qualified staff	8			3						5				
11018. The Management Case - TfGM will be able to transition / implement / manage bus services - timescales	1									1				
11023. The Management Case - TfGM will be able to transition / implement / manage bus services - via phased approach / 3 sub-areas	1									1				
10327. The Management Case - TfGM will be able to transition / implement / manage bus services - via sub section approach	2									2				

10110. The Management Case - TfGM will be able to transition and implement the Proposed Bus Franchising Scheme	37									35				2
11026. The Management Case - TfGM will be flexible / adapt to changes	2									2				
11027. The Management Case - TfGM will be flexible when allocating resource aligned to economic predictions	1													1
11151. The Management Case - TfGM will perform thorough due diligence / negotiate / plan / prepare properly	1									1				
11162. The Management Case - will remove excess bureaucracy / too many tiers of management	1									1				
NEGATIVE COMMENTS about THE MANAGEMENT CASE	87		1	5	7	4	1	2	1	64	2		2	7
10357. The Management Case - conclusions are not appropriate - disagree with the conclusion	5									5				
10270. The Management Case - raises concerns about a decline in bus usage / increase in car usage / people will drive	1									1				
10330. The Management Case - raises concerns about a lack of collaboration / working with co-operation / alliance	3									3				
10268. The Management Case - raises concerns about additional / suitably qualified staff	8			2	2					4				1
10333. The Management Case - raises concerns about additional / suitably qualified staff - to manage the contracts / ongoing operation	2									2				
10332. The Management Case - raises concerns about additional / suitably qualified staff - to manage the transition / implementation	4					1				3				
10524. The Management Case - raises concerns about commercial failure	1									1				
10715. The Management Case - raises concerns about loss of jobs from the proposals	1													1
11013. The Management Case - raises concerns about operators - micromanagement / constraints of having to report to GMCA	1									1				
10545. The Management Case - raises concerns about TfGM and their ability to hold operators to account for failure to adhere to standards of performance / operation	1									1				
10191. The Management Case - raises concerns about TfGM and their ability to manage / implement a Partnership Option	8									8				
10668. The Management Case - raises concerns about TfGM and their ability to manage / transition / implement bus services	9			1		1				7				
11044. The Management Case - raises concerns about TfGM and their ability to manage / transition / implement bus services - poor track record of managing public finances	1									1				
11030. The Management Case - raises concerns about TfGM and their ability to manage / transition / implement bus services - poor track record of running services	3									3				
10271. The Management Case - raises concerns about TfGM and their ability to manage the risks	5									5				
11039. The Management Case - raises concerns about TfGM and their ability to manage the risks - financial risks	2									2				
10544. The Management Case - raises concerns about TfGM and their ability to monitor / evaluate the performance / operation	2								1	1				
10265. The Management Case - raises concerns about TfGM and their ability to transition / implement the Proposed Bus Franchising Scheme	10				1	1		1		6			2	

11042. The Management Case - raises concerns about TfGM and their ability to transition / implement the Proposed Bus Franchising Scheme - poor track record of running services / lack of expertise	2			1					1				
10563. The Management Case - raises concerns about the costly transition / implementation of the Proposed Franchising Scheme	1			1		1							
10562. The Management Case - raises concerns about the lengthy transition / implementation period of the Proposed Franchising Scheme	3		1	1									2
10564. The Management Case - raises concerns about the management of the risks - of the transition / implementation of the Proposed Franchising Scheme	2			1					1				
10523. The Management Case - raises concerns about the management of the risks - risks are currently poorly managed	1								1				
11077. The Management Case - raises concerns about the management of the risks - uncertainty of future finance options for the bus industry	1												1
10550. The Management Case - raises concerns about the timing of any changes	2		1		1								
11061. The Management Case - raises concerns about the timing of any changes - confusion / disruption / upheaval	1								1				
11068. The Management Case - raises concerns about the timing of any changes - phasing / 3 sub-areas - too slow / will take too long	2								1				1
10213. The Management Case - raises concerns about the transition / implementation / management	16				3	1		1	10	1			
11014. The Management Case - raises concerns about the transition / implementation / management - confusion / confused tiers of management	2								2				
11012. The Management Case - raises concerns about the transition / implementation / management - disruption to bus services in the short term	2								1	1			
10325. The Management Case - raises concerns about the transition / implementation / management - impact on passengers	5								5				
10522. The Management Case - raises concerns about the transition / implementation / management - timeframe	6					1			3				2
10942. The Management Case - raises concerns about the transition / implementation / management - timescales - is too rapid / quick	2								1				1
11054. The Management Case - will require further discussion / work / involvement from operators / is not ready to go ahead	1								1				
SUGGESTIONS about THE MANAGEMENT CASE	59	1		1	2	1		3	3	43	1	2	5
11008. The Management Case - suggestion - should consider accountability / hold the operators accountable for services	1								1				
11055. The Management Case - suggestion - should consider additional efficiencies to mitigate risks / uncertainties	3								3				
11059. The Management Case - suggestion - should consider additional sub-areas / 3 sub-areas too few	1								1				
10529. The Management Case - suggestion - should consider penalties / enforcement for failure to adhere to standards of performance / operation	4							1	2		1		
11147. The Management Case - suggestion - should ensure collaboration / working with co-operation / alliance	1								1				
10215. The Management Case - suggestion - should ensure GMCA manage and implement a Partnership Option	1								1				
11064. The Management Case - suggestion - should ensure risk assessments are completed	1								1				

10721. The Management Case - suggestion - should ensure TfGM / GMCA monitor / evaluate the performance / operation of operators	8	1			1	1		1	1				3
10438. The Management Case - suggestion - should ensure TfGM are not adversely impacted by the current crisis on best quality / best practice for franchise contracts	1								1				
10254. The Management Case - suggestion - should ensure TfGM are not adversely impacted by the current crisis on the construction / implementation of franchise contracts	1								1				
11149. The Management Case - suggestion - should ensure TfGM manage the risks - implement changes quickly	1								1				
10334. The Management Case - suggestion - should ensure TfGM perform thorough due diligence / negotiate / plan / prepare properly	15							1	15				
10331. The Management Case - suggestion - should ensure TfGM seek guidance from experts / TfL / follow the TfL / London model	9		1	1			1		5				1
10337. The Management Case - suggestion - should ensure TfGM undertake recruitment / training of additional / suitably qualified staff	8								7	1			
10432. The Management Case - suggestion - should ensure TfGM use previous historical / present experience of crisis management to build workable model	2							1	1				
10980. The Management Case - suggestion - should ensure that the operators are given adequate / advance notice	1								1				
11148. The Management Case - suggestion - should ensure that the operators are given some freedom / independence in decision making	1								1				
10984. The Management Case - suggestion - should ensure that the operators are given the option to remain on services - to ensure smooth transition	1								1				
10336. The Management Case - suggestion - should ensure that the operators do not own the assets so they can sell them for profit	2								1		1		
10943. The Management Case - suggestion - should ensure that the transition is carried out over a longer timeframe	2								1				1
10339. The Management Case - suggestion - should ensure that the transition is quickly actioned	5								5				
10338. The Management Case - suggestion - should ensure that the transition is reviewed periodically / updated in response to developments	6								5				1
10716. The Management Case - suggestion - should include detail how the support would differ from the Proposed Franchising Scheme, and what impact this would have on the service	1												1
OTHER COMMENTS about THE MANAGEMENT CASE	10								10				
11607. The Management Case - others	10								10				
NET 7 - IMPACT CONCLUSIONS of the C-19 IMPACT on BUS FRANCHISING REPORT	175		19	2		3	5	30	1	119	15	1	11
POSITIVE COMMENTS about THE IMPACT CONCLUSIONS	121		19	1			5	30	1	77	15		2
10799. The Impact Conclusions - analysis of the impacts of the future options on different groups has been thorough / comprehensive	6									4			2
10111. The Impact Conclusions - conclusions are appropriate / agree with the conclusion	107		19				5	30	1	64	15		
10849. The Impact Conclusions - conclusions are appropriate / agree with the conclusion - to proceed with the Proposed Franchising Scheme	11			1						9			1
10946. The Impact Conclusions - conclusions are appropriate / agree with the conclusion - will be environmentally friendly / green fleet to reduce emissions / improve air quality	1									1			

NEGATIVE COMMENTS about THE IMPACT CONCLUSIONS	27			1						24			2
10250. The Impact Conclusions - are not realistic - are speculation / guesswork / lack evidence	14			1						13			
10399. The Impact Conclusions - conclusions are not appropriate - are biased / designed to support the proposal	2									2			
10428. The Impact Conclusions - conclusions are not appropriate - disagree with the conclusion	10									8			2
10398. The Impact Conclusions - conclusions are not appropriate - should not have "minimum" levels	1									1			
10978. The Impact Conclusions - conclusions are not appropriate - will not deliver more environmentally friendly services / green fleet to reduce emissions / improve air quality	1									1			
10973. The Impact Conclusions - conclusions are not appropriate - will not encourage bus usage / reduce car usage / traffic / congestion on roads	1									1			
10972. The Impact Conclusions - conclusions are not appropriate - will not protect service levels / will result in service cuts / poor bus services	1									1			
SUGGESTIONS about THE IMPACT CONCLUSIONS	5									4			1
11508. The Impact Conclusions - suggestions - should be reviewed periodically / updated in response to developments	4									4			
11509. The Impact Conclusions - suggestions - should not impact passengers in neighbouring authorities because of the proposals impact on cross border / boundary services	1												1
OTHER COMMENTS about THE IMPACT CONCLUSIONS	9					1				7			1
10493. Impact conclusions - impacts all 4 groups: passengers / operators / GMCA / wider society	4					1				3			
10576. Impact conclusions - the Proposed Franchising Scheme benefits all 4 groups: passengers / operators / GMCA / wider society	4									3			1
10430. Impact conclusions - others	1									1			
A/ IMPACTS ON PASSENGERS	18					2				12		1	4
POSITIVE IMPACTS on PASSENGERS	7					2				4			1
10572. The Impact Conclusions - passengers will benefit	3					1				2			
10971. The Impact Conclusions - passengers will benefit - from the Proposed Franchising Scheme	2									2			
11033. The Impact Conclusions - passengers will benefit - from the Proposed Franchising Scheme - long term certainty / stability of services	2					1							1
11032. The Impact Conclusions - passengers will benefit - from the Proposed Franchising Scheme - reduced risk of an increase in fares	1												1
11031. The Impact Conclusions - passengers will benefit - from the Proposed Franchising Scheme - reduced risk of withdrawal of services	1												1
NEGATIVE IMPACTS on PASSENGERS	12									8		1	4
10468. The Impact Conclusions - lack of detail / information - ignores the demographics of bus users	1									1			
10767. The Impact Conclusions - passenger numbers will be impacted during transition	1												1
10938. The Impact Conclusions - passengers will not benefit	3									3			

10066. The Impact Conclusions - passengers will not benefit - from the Do Minimum option	4										3		1	1
10940. The Impact Conclusions - passengers will not benefit - in neighbouring authorities because of the proposals impact on cross border / boundary services	2										1			1
11028. The Impact Conclusions - passengers will not benefit - possible increase in fares from reduced financial strength of operators	1													1
11029. The Impact Conclusions - passengers will not benefit - possible withdrawal of services from reduced financial strength of operators	1													1
B/ IMPACTS ON OPERATORS	10										8			2
POSITIVE IMPACTS on OPERATORS	5										5			
10941. The Impact Conclusions - operators will benefit - from the Partnership Option	1										1			
10974. The Impact Conclusions - operators will benefit - from the Proposed Franchising Scheme	3										3			
10573. The Impact Conclusions - operators will benefit - minimum fare revenue guaranteed	1										1			
NEGATIVE IMPACTS on OPERATORS	7										5			2
10981. The Impact Conclusions - operators will not benefit - from Partnership Option	1										1			
10966. The Impact Conclusions - operators will not benefit - from Proposed Franchising Scheme	1										1			
10983. The Impact Conclusions - operators will not benefit - from the Do Minimum option	1										1			
11037. The Impact Conclusions - operators will not benefit - if there is a decline in bus usage / increase in car usage / people will drive	1													1
10939. The Impact Conclusions - operators will not benefit - lack of profit motive / incentive to bid for Proposed Franchising Scheme	2										2			
10770. The Impact Conclusions - operators will not benefit - will be disrupted	1													1
10360. The Impact Conclusions - operators will not benefit - will need to be prioritised	1										1			
10361. The Impact Conclusions - operators will not benefit - will require support	1										1			
OTHER IMPACTS on OPERATORS	1													1
11035. The Impact Conclusions - operators will not be able to run services unless they have won franchise contracts / secured a permit	1													1
C/ IMPACTS ON GMCA	2										1			1
POSITIVE IMPACTS on GMCA	1										1			
10574. The Impact Conclusions - GMCA will benefit - positive impact in all boroughs	1										1			
NEGATIVE IMPACTS on GMCA	1													1
10771. The Impact Conclusions - GMCA will not benefit - will be at risk from a reduced network	1													1
10772. The Impact Conclusions - GMCA will not benefit - will be at risk from reduced fare revenue from bus usage	1													1
10773. The Impact Conclusions - GMCA will not benefit - will be at risk from reduced investment	1													1

D/ WIDER SOCIETY	14										12			2
POSITIVE IMPACTS on WIDER SOCIETY	8										8			
10575. The Impact Conclusions - wider society will benefit	4										4			
10979. The Impact Conclusions - wider society will benefit - from the Proposed Franchising Scheme	4										4			
NEGATIVE IMPACTS on WIDER SOCIETY	5										4			1
10469. The Impact Conclusions - lack of detail / information - ignores the demographics of wider society	1										1			
10977. The Impact Conclusions - wider society will not benefit	1										1			
10961. The Impact Conclusions - wider society will not benefit - from lack of protection of routes / essential / socially necessary services	1										1			
10774. The Impact Conclusions - wider society will not benefit - from modal shift to bus usage / reduced car usage / traffic / congestion on roads	1													1
10043. The Impact Conclusions - wider society will not benefit - from services controlled by a single body / operator	1										1			
OTHER IMPACTS on WIDER SOCIETY	1													1
11109. Impact Conclusions - lack of detail / information on how wider society will be impacted by the liabilities / implications of the clean air and climate change reform	1													1
NET 8 - FURTHER MODIFICATIONS	536	2	1	1							2	525	1	8
COMMENTS about FURTHER MODIFICATIONS	533	2	1	1							2	522	1	8
10172. The Proposed Bus Franchising Scheme may require further / slight modification / modifications depending on developments	73			1							2	69		1
10115. The Proposed Bus Franchising Scheme requires further modification / modifications are inadequate	140				1							138	1	1
10114. The Proposed Bus Franchising Scheme requires no further modifications / modifications made are adequate	322		2									317		5
10272. The Proposed Bus Franchising Scheme requires no further modifications / modifications made are adequate - including removal of specific launch dates	1													1
SUGGESTIONS about FURTHER MODIFICATIONS	3											3		
10613. The Proposed Bus Franchising Scheme requires further modification - it needs to be made clearer	2											2		
10614. The Proposed Bus Franchising Scheme requires further modification - it needs updating with passengers needs prior to a final decision	1											1		
NET 9 - CHANGE OF VIEW	138	2		1	2		1	1			1	1	117	14
10174. My views have changed / are not the same as previously	15	1			1			1					9	3
10084. My views have not changed / are the same as previously	98	1		1			1				1	1	83	10
10197. My views have not changed / have been strengthened	28				1								26	1
NET 10 - TIMING of DECISION	1300	35	1231	46	35	18	45	16	31	28	34	13	20	26
11084. Covid-19 should delay the decision - so that a hasty decision is not made without due consideration for the current / future economic environment	2						1	1						1

11057. Covid-19 should delay the decision - so that thorough due diligence / negotiation / planning / proper preparation can be considered	2							1		1				
10287. Covid-19 should delay the decision - this is a period of great uncertainty / errors are possible / likely	39	3	24	2	1	2	4		2	1	1		1	2
10608. Covid-19 should delay the decision - this is the wrong time to add additional burden to taxpayers	9		3	1					1		2		2	1
10112. Covid-19 should delay the decision - this is the wrong time to proceed	197	7	182	12	4	3	3	2	2	1	8	3	1	4
10947. Covid-19 should delay the decision - this is the wrong time to proceed - change at this time of uncertainty carries significant risk	4								1	1				2
11085. Covid-19 should delay the decision - to ensure the correct decision is made	1													1
11087. Covid-19 should delay the decision - to ensure the routes can be maximised for efficacy of new services	1													1
10443. Covid-19 should delay the decision - wait until [later in] 2021	24		19				1			1				3
10441. Covid-19 should delay the decision - wait until 2022	10		9							1	1		1	
10671. Covid-19 should delay the decision - wait until 2026	1													1
11078. Covid-19 should delay the decision - wait until after the details of the chancellors budget have been announced in March 2021	1													1
10696. Covid-19 should delay the decision - wait until after the GMCA Mayor election	1		1											
10484. Covid-19 should delay the decision - wait until economic recovery has been achieved	15		7	1					3				1	3
10442. Covid-19 should delay the decision - wait until the pandemic is over	114	8	76	6	3	2	10	5	4	7	10	4	3	1
10790. Covid-19 should delay the decision - wait until the pandemic is over - bus usage / transport trends will need to be reassessed after the pandemic	15	1	5		2		1	1	1		2			5
10566. Covid-19 should delay the decision - wait until the pandemic is over - bus usage has returned to 75% of previous levels	1			1										
11009. Covid-19 should delay the decision - wait until the pandemic is over - end of restrictions / social distancing measures	1													1
10817. Covid-19 should delay the decision - wait until the pandemic is over - focus on staff retention / furlough packages until the pandemic is over	1		1											
10447. Covid-19 should delay the decision - wait until the pandemic is over - immunisation / vaccinations completed successfully	23	2	17				2		1	1		1		1
10565. Covid-19 should delay the decision - wait until the pandemic is over - investigations conducted into the role public transport played in the spread of Covid-19	1		1											
10518. Covid-19 should delay the decision - wait until the pandemic is over - long term / true impacts are known	16		8	2	2		1		1		1	2		1
10935. Covid-19 should delay the decision - wait until the pandemic is over - so that thorough due diligence / negotiation / planning / proper preparation can be considered	1		1											
10530. Covid-19 should delay the decision - wait until the pandemic is over - to achieve maximum benefit	1									1				
10709. Covid-19 should delay the decision - wait until the pandemic is over - to achieve value for money	4		1				2							1
11169. Covid-19 should delay the decision - wait until the pandemic is over - to conduct a proper analysis of the risks	1													1

10778. Covid-19 should delay the decision - wait until the pandemic is over - to reconsider the Partnership Options	4		1				1							2
10702. Covid-19 should delay the decision - wait until the Proposed Franchising Scheme can be profitable	2	1	1											
13818. Covid-19 should mean the timing of any decision is very carefully considered	18	1	9	1	1				2	2	1			1
10557. Covid-19 should not delay the decision - this is long overdue / the sooner the better / proceed with haste	150	3	119	6	14	1	3	3	3	4	5	1	1	3
13790. Covid-19 should not delay the decision - this is the right time to proceed with the decision	827	14	799	17	8	8	14	3	11	7	5	2	9	8
13843. Covid-19 should not delay the decision - this is the right time to proceed with the decision - an opportunity for change	11		8		1	1								1
13838. Covid-19 should not delay the decision - this is the right time to proceed with the decision - as long as plans are flexible / adapt to changes	3		2						1					
13848. Covid-19 should not delay the decision - this is the right time to proceed with the decision - as long as the economic situation is right / it is affordable	1		1											
13849. Covid-19 should not delay the decision - this is the right time to proceed with the decision - as long as there is thorough due diligence / negotiate / plan / prepare properly	2		1							1				
13821. Covid-19 should not delay the decision - this is the right time to proceed with the decision - bus usage has reduced and transition will be easier	20	1	13	1		1	4			1			2	
13850. Covid-19 should not delay the decision - this is the right time to proceed with the decision - current uncertainty benefits nobody	6		5											1
13847. Covid-19 should not delay the decision - this is the right time to proceed with the decision - so that impetus / momentum is not lost	3		3											
13828. Covid-19 should not delay the decision - this is the right time to proceed with the decision - so that reform is in place post pandemic	28		22				2	1	2	1	1			
13846. Covid-19 should not delay the decision - this is the right time to proceed with the decision - to achieve better Net Present Value (benefits vs costs)	1													1
13844. Covid-19 should not delay the decision - this is the right time to proceed with the decision - to achieve value for money	3		1				1							1
13845. Covid-19 should not delay the decision - this is the right time to proceed with the decision - to avoid the risk of services being deregistered	1													1
13834. Covid-19 should not delay the decision - this is the right time to proceed with the decision - to help the economy / economic recovery / economic growth of Greater Manchester	22	2	16	1			1		1					1
13837. Covid-19 should not delay the decision - this is the right time to start making the benefits of reform apparent to the public	2								1					1
13840. Covid-19 should not delay the decision - this is the right time to start making the necessary improvements to bus services	16		12				2			1				2
13830. There will never be a right time to make this decision	13		11							1				1
SUGGESTIONS	266	34	19	46	53	39	17	20	22	4	10	9	10	58
10930. Suggestion - bus fares should be frozen / reduced / not increased	1													1
10474. Suggestion - bus fares should be reviewed annually	1								1					
10548. Suggestion - bus fares should be subject to "surge" charging according to passenger volume / peak times / rush hour	1				1									

10155. Suggestion - bus fares should be subsidised - for children / school children / students / young people	9	2		2	3	2	2		2					1
10815. Suggestion - bus fares should be subsidised - for children / school children / students / young people - extend Our Pass usage further	4					1			1					3
10822. Suggestion - bus fares should be subsidised - for community services by embedding them in contracts and funding on a journey by journey basis	1						1							
10852. Suggestion - bus fares should be subsidised - for frontline / key workers / NHS staff / services for healthcare / hospitals etc	1				1									
10244. Suggestion - bus fares should be subsidised - for smart / cashless / pre-paid fares	2					1								1
10821. Suggestion - bus fares should be subsidised - for socially necessary services	2						1		1					
10160. Suggestion - bus fares should be subsidised - for the disabled / those with restricted mobility / their carers / travel trainers	4	1			2	1			1					
10165. Suggestion - bus fares should be subsidised - for the elderly / pensioners / the infirm	17	1		2	4				6	1				3
10311. Suggestion - bus fares should be subsidised - for those on low / reduced incomes / the less well off / poor	2				1									1
11070. Suggestion - bus services should adopt localised brands / each with it's own recognisable / distinctive livery	1													1
11135. Suggestion - bus services should allow free advertising / promotion on buses	1													1
10465. Suggestion - bus services should be awarded with local services run by the same operator	2	1										1		
10466. Suggestion - bus services should be awarded with separate operators running town to town services	1											1		
10218. Suggestion - bus services should be cost neutral / funded by fares only	5			1					2			1		1
10141. Suggestion - bus services should be nationalised / controlled / funded by the government	38	3	3	10	5	8	4	5	1		1	2	1	5
10413. Suggestion - bus services should be overseen by a third party / independent organisation	5					2		1			1			1
10859. Suggestion - bus services should be owned by GMCA / in local authority / council ownership	18	1	1	2	1	6	1	4	2	1	2	1	1	3
10075. Suggestion - bus services should be owned by TfGM / in public ownership	57	8	8	22	10	9	3	8	3		2	1	3	8
11116. Suggestion - bus services should be reformed so any new scheme will fit with local financial challenges	1													1
11113. Suggestion - bus services should be reformed so any new scheme will fit with local plans / strategies / priorities	1													1
11117. Suggestion - bus services should be reformed so any new scheme will fit with the impacts of the post Covid-19 world	1													1
10554. Suggestion - bus services should be replaced with autonomous / driverless / eco / green taxi / minicab services	1	1												
10467. Suggestion - bus services should be run along a grid system	1										1			
10314. Suggestion - bus services should be run along the lines of the One-Bus proposal	1													1
10186. Suggestion - bus services should be run earlier / later / at weekends / 24/7 for shift workers etc.	74	12	4	5	16	10	6	3	1	2	3	1	4	16
10423. Suggestion - bus services should be run with autonomous / driverless buses	1	1												

10515. Suggestion - bus services should be run with drivers isolated from public contact	1	1												
10553. Suggestion - bus services should be scrapped / are outdated / no longer fit for purpose	3	1	1	1	1									
10486. Suggestion - bus services should be subsidised	2				2									
10445. Suggestion - bus services should be subsidised - funded from a local car tax	1			1										
10444. Suggestion - bus services should be subsidised - funded from a local road tax	1			1										
10473. Suggestion - bus services should be subsidised - funded from sponsorship	1								1					
10847. Suggestion - bus services should be subsidised - to arrest the decline in bus usage	1													1
11071. Suggestion - bus services should consider bike & ride / scooter & ride to address the first / last mile problem	1													1
10958. Suggestion - bus services should consider fitting cycle racks to buses	1													1
10855. Suggestion - bus services should invest in tech solutions	1													1
10251. Suggestion - bus services should not be nationalised / controlled / funded by the government	5		1	3	1									
10063. Suggestion - bus services should use ANPR technology to identify commuters who drive / use cars / to design commuter routes	1													1
11069. Suggestion - bus services should use include high quality "executive style" coach services to encourage bus usage / reduce car usage / traffic / congestion on roads	1													1
10656. Suggestion - council tax should be reduced so people can afford taxis instead	1										1			
10921. Suggestion - should consider development of cross border / boundary services collaboratively with neighbouring authorities	2													2
10617. Suggestion - TfGM / GMCA should launch a campaign to encourage bus usage / reduce car usage / traffic / congestion on roads	5	1			2									2
10658. Suggestion - transport plan should consider alternative fuels	2	1					1				1			
10056. Suggestion - transport plan should consider alternative fuels - electric powered buses	14		1		6	3			1			1		3
10735. Suggestion - transport plan should consider alternative fuels - hydrogen fueled buses	1													1
10657. Suggestion - transport plan should consider autonomous / driverless vehicles	1	1									1			
10736. Suggestion - transport plan should consider developing / manufacturing hydrogen fueled buses in Manchester in collaboration with others	1													1
10809. Suggestion - transport plan should consider dredging the Manchester waterways and using them to run a network of water bus services	1													1
10927. Suggestion - transport plan should consider placing restraint measures on car usage to ensure car users pay the full cost of their travel decision	1													1
10659. Suggestion - transport plan should consider the future of car ownership and shared vehicle schemes	4	2			1						1			1
10753. Suggestion - transport plan should consider the imminent National Bus Strategy	1													1
COMMENTS about the CONSULTATION	336	51	47	80	108	50	33	34	33	43	45	61	9	30

10068. Comments about the consultation - criticism - information / data / details provided are incorrect / out of date	16	1	1	1	1	2	2		2	1	1			4
13802. Comments about the consultation - criticism - is a done deal / lip service / will not listen / make a difference / waste of time / money	68	9	9	14	21	11	3	7	9	6	4	6	2	4
13804. Comments about the consultation - criticism - is biased / designed to support the proposal	26	2	3		3	8	1	2		1	2	1		6
13823. Comments about the consultation - criticism - is not needed / GMCA should stick to the outcomes of the first consultation	6	2		2	1			1						
13803. Comments about the consultation - criticism - is too long / dense / technical / complex / difficult to understand	112	11	8	27	36	9	6	6	5	14	6	16	3	9
13851. Comments about the consultation - criticism - lack of consultation with the operators	3													3
13799. Comments about the consultation - criticism - lack of information / detail provided / further consultation required	67	5	8	12	14	7	8	3	1	4	3	8	1	5
13809. Comments about the consultation - criticism - lack of paper based / non-digital options for the digitally deprived	7		1		4			1		2				
13808. Comments about the consultation - criticism - lack of publicity / people are unaware it's happening	16	1	3	4	4	1		1		2	1	1		1
13793. Comments about the consultation - criticism - question / questionnaire / documents / consultation etc	98	11	10	8	32	8	2	4	6	18	15	19	2	8
12288. Comments about the consultation - criticism - unable to use the link / access the documents / read the relevant section	43	16	8	16	9	14	13	13	12	10	13	11	2	3
12289. Comments about the consultation - praise - consultation with the public	29	1	3	3	15			1	1		1			6
COMMENTS about the AUTHORITIES	190	20	17	36	36	35	9	9	15	30	18	9	6	25
13794. Criticism of the GMCA / TfGM	78	10	6	11	7	17	2	4	2	16	7	3	2	10
13812. Criticism of the GMCA / TfGM - objectives are not achievable	3			1		2							1	
13801. Criticism of the government / Prime Minister / conservative politicians	53	4	4	11	7	9	2	2	5	2	6	2	1	5
13792. Criticism of the Mayor / Andy Burnham / Richard Leese / Manchester City Council	65	7	9	12	15	10	4	2	5	6	6	3	4	10
13822. Criticism of the opposition / labour politicians	7			1	1			1		1				3
13820. Praise of the GMCA / TfGM	18	1		3	4		1		1	5	2	1		1
13825. Praise of the GMCA / TfGM - leading the way with bus reforms	4		1	1					1					1
13829. Praise of the Mayor / Andy Burnham / Richard Leese / Manchester City Council	9	1		1	6				1	2	1			
OTHERS	392	49	29	51	67	37	49	25	39	33	28	31	17	44
13839. I have faith in / trust the decision makers / agree with their decision	8		2	1					2	3				
13811. It is just my opinion / feeling / gut instinct	5			3	1									1
10485. It is too early to say / only time will tell / we have to wait and see	40	3	2	6		6	7	6	4	2	3	5	1	
13813. It makes no difference to me / I have no preference	15	3		5		1	4		1		1			
13791. Other comments	188	21	16	21	43	15	21	9	9	15	14	9	10	11
13795. Respondent asks a question / requests a follow up / further communication / involvement	135	19	2	7	22	12	12	10	21	9	9	15	5	26

13807. Respondent has inserted a link / refers to another report / article / document	19			6	1	1	1				1			10
13835. Respondent makes a highly complex / technical / legal argument	1													1
13817. Respondent makes an evidence based argument / uses evidence in response	4		1											3
13797. Respondent makes suggestions of fraud / corruption / financial irregularities etc	19		2	3	1	2	2		2	4	1	2		3
13800. Respondent mentions Brexit / accounting for Brexit / life after Brexit etc	14	4	4		2		3		1			1	1	1
10888. Respondent requests confidentiality / wishes to remain anonymous	3													3
MISCELLANEOUS	449	84	39	92	114	67	94	88	98	107	100	72	11	1
13787. Don't know / not sure / not informed enough about this	100	6	11	25	1	16	12	13	13	15	3	27	1	
13788. No answer / no comment / nothing to add / not applicable	287	78	23	5	104	42	68	63	69	72	73	30	10	1
13789. See previous answers / comments / see above / as before	128		5	62	9	9	14	12	16	20	24	15		
ATTACHMENTS	31				1									30
10951. ATTACHMENT - CODING COMPLETE + QC	31				1									30
10590. ATTACHMENT - newspaper / magazine article / report / study etc	2													2
10520. ATTACHMENT - photographs / pictures / images / graphs / diagrams / maps etc	8													8

Appendix E – List of stakeholder participants

The following is a list of stakeholder organisations who responded to the consultation within the advertised consultation period. Any organisation that took part in the consultation using the online or paper form was able to select the category they belonged to. Stakeholder organisations that responded by email were allocated to categories by Ipsos MORI and confirmed by TfGM. Please note that the categorisation of stakeholder organisations has been undertaken to demonstrate the breadth of the response; the categorisation is not definitive and has no bearing on the way in which the responses were dealt with.

a) Previous statutory consultees

Bus operators (currently running services in GM)

▪ First Manchester
▪ First West Yorkshire
▪ Go North West
▪ Rotala Plc
▪ Transdev Blazefield Ltd
▪ Warrington's Own Buses

Local Government (Greater Manchester authorities)

▪ Bolton Council
▪ Bury Council
▪ Manchester City Council
▪ Oldham Council
▪ Rochdale Borough Council
▪ Salford City Council
▪ Stockport Metropolitan Borough Council
▪ Tameside Metropolitan Borough Council
▪ Trafford Council
▪ Wigan Council

Local Government (Neighbouring authorities)

▪ Blackburn with Darwen Borough Council
▪ Chorley Council
▪ Derbyshire County Council
▪ Lancashire County Council
▪ Liverpool City Region Combined Authority
▪ West Yorkshire Combined Authority

Other

▪ Bus Users UK
▪ Competition and Markets Authority
▪ Greater Manchester Transport UNISON
▪ Manchester UNISON Branch
▪ Peak District National Park Authority
▪ Transport Focus
▪ TravelWatch NorthWest

- | |
|---|
| <ul style="list-style-type: none"> ▪ UNISON North West |
|---|

b) Other stakeholder organisations

Academic

- | |
|--|
| <ul style="list-style-type: none"> ▪ Manchester Metropolitan University |
| <ul style="list-style-type: none"> ▪ University of Salford |

Bus operators (non-GM)

- | |
|---|
| <ul style="list-style-type: none"> ▪ Abellio |
|---|

Charity/voluntary sector

- | |
|--|
| <ul style="list-style-type: none"> ▪ Caribbean and African Health Network |
| <ul style="list-style-type: none"> ▪ Centre for Cities |

Elected representatives

- | |
|---|
| <ul style="list-style-type: none"> ▪ Afzal Khan, MP for Gorton |
| <ul style="list-style-type: none"> ▪ Cllr Gavin White |
| <ul style="list-style-type: none"> ▪ Cllr Heather Fletcher |
| <ul style="list-style-type: none"> ▪ Cllr Mandie Shilton Godwin |
| <ul style="list-style-type: none"> ▪ Cllr Marcus Johns |
| <ul style="list-style-type: none"> ▪ Debbie Abrahams, MP for Oldham East and Saddleworth |
| <ul style="list-style-type: none"> ▪ Robert Langan, MP for High Peak |

Environment, heritage, amenity or community group

- | |
|--|
| <ul style="list-style-type: none"> ▪ Bolton and South Lancashire Community Rail Partnership |
| <ul style="list-style-type: none"> ▪ Chorlton Voice (Civic Society) |
| <ul style="list-style-type: none"> ▪ Community Transport Association |
| <ul style="list-style-type: none"> ▪ Friends of Mill Brow |
| <ul style="list-style-type: none"> ▪ GM Older People's Network Transport Group |
| <ul style="list-style-type: none"> ▪ Oxford Road Corridor |
| <ul style="list-style-type: none"> ▪ Recovery Republic CIC |

Health organisations

- | |
|--|
| <ul style="list-style-type: none"> ▪ Manchester University NHS Foundation Trust |
| <ul style="list-style-type: none"> ▪ Northern Care Alliance NHS Group |
| <ul style="list-style-type: none"> ▪ The Christie NHS Foundation |

Other

▪ Association of British Commuters
▪ Bruntwood
▪ Chartered Institute of Logistics and Transport (NW Region)
▪ Confederation of Passenger Transport
▪ Greater Manchester Chamber of Commerce
▪ Manchester Green Party
▪ OneBus
▪ Steady State Manchester
▪ Stockport Green Party
▪ The Paper Shop
▪ The Trafford Centre

Appendix F – Data tables

Full data tables can be found under a separate cover.

Appendix G – Additional summary tables

There were 1,529 participants who made comments about bus fares, routes, and/or services. The majority (1,387) made comments on bus services while fewer made comments about fares (611) or routes (517).

Table 7.4 Comments about bus fares / routes / services			
Q2. Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?	Number of participants who made comments on bus fares	Number of participants who made comments on bus routes	Number of participants who made comments on bus services
All who provided a response (1,529)	611	517	1,387
Member of the public (1,476)	590	493	1,336
Stakeholder organisations (53)	21	24	51
Previous statutory consultee (22)	7	9	21
Other (31)	14	15	30

Participants also made general comments about bus operators, with twice as many participants making negative comments (112) than positive comments (44).

Table 7.5 Positive and negative comments about bus operators		
Q2. Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?	Number of participants who made positive comments	Number of participants who made negative comments
All who provided a response (141)	44	112
Member of the public (136)	42	109
Stakeholder organisations (5)	2	3
Previous statutory consultee (2)	2	0
Other (3)	0	3

There were also 189 participants who made general comments about infrastructure.

Table 7.6 Comments about infrastructure	
Q2. Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?	Number of participants who made comments
All who provided a response (189)	189
Member of the public (174)	174
Stakeholder organisations (15)	15
Previous statutory consultee (7)	7
Other (8)	8

Finally, there were 1,026 participants who made comments about GMCA or Local Authority control over buses.

Table 7.7 Comments about GMCA / Local Authority control	
Q2. Do you have any comments on the conclusion that the Proposed Franchising Scheme is likely to perform better than the partnership option in achieving GMCA's objectives, notwithstanding Covid-19?	Number of participants who made comments
All who provided a response (1,026)	1,026
Member of the public (992)	992
Stakeholder organisations (34)	34
Previous statutory consultee (15)	15
Other (19)	19

Appendix H – Qualitative participant profiles

(See overleaf)

Depth interviews profiles (1)

Age	SEG	Gender	Local authority live in (Q4a)	Type of area live in (Q4b)	Ethnicity (Q11)	Disabilities / long-term conditions (Q12/13)	Working status (Q14)	Frequency of bus use pre Covid-19 (Q16)	Primary mode of transport when travelling around Greater Manchester in 2019 (Q17)	Purpose of bus journeys in 2019 in Greater Manchester (Q18)	Prediction of future bus use post Covid-19 (Q19)	Prediction of primary mode of transport when travelling around Greater Manchester post Covid-19 (Q20)
76	C1	F	Trafford (South GM)	Urban	Black Caribbean / Black British	N/A	Retired	2-3 days a week	N/A	Shopping	2-3 days a week	N/A
70	B	M	Rochdale (North GM)	Urban	White British	N/A	Retired	2-3 days a week	In non-electric vehicle (either as driver or passenger)	Socialising / leisure	2-3 days a week	In non-electric vehicle (either as driver or passenger)
73	B	F	Bury (North GM)	Semi-rural	White British	Physical impairment (Bad knee, awaiting surgery)	Retired	Once a fortnight	In non-electric vehicle (either as driver or passenger)	Socialising / leisure	Once a week	Bus
74	B	M	Stockport (South GM)	Semi-rural	White British	N/A	Retired	2-3 days a week	N/A	Socialising / leisure	2-3 days a week	N/A
83	A	M	Stockport (South GM)	Semi-rural	White British	Longstanding illness or health condition (such as cancer, HIV, diabetes, chronic heart disease, or epilepsy)	Retired	At least once a month	In non-electric vehicle (either as driver or passenger)	For medical appointments / prescriptions	At least once a month	In non-electric vehicle (either as driver or passenger)

Age	SEG	Gender	Local authority live in (Q4a)	Type of area live in (Q4b)	Ethnicity (Q11)	Disabilities / long-term conditions (Q12/13)	Working status (Q14)	Frequency of bus use pre Covid-19 (Q16)	Primary mode of transport when travelling around Greater Manchester in 2019 (Q17)	Purpose of bus journeys in 2019 in Greater Manchester (Q18)	Prediction of future bus use post Covid-19 (Q19)	Prediction of primary mode of transport when travelling around Greater Manchester post Covid-19 (Q20)
86	C2	M	Stockport (South GM)	Urban	White British	N/A	Retired	At least once a month	Train	Shopping, Visiting family	At least once a month	Train
70	C1	F	Oldham (North GM)	Urban	Black Caribbean / Black British	Longstanding illness or health condition (such as cancer, HIV, diabetes, chronic heart disease, or epilepsy)	Retired	Once a fortnight	In non-electric vehicle (either as driver or passenger)	Shopping	Once a fortnight	In non-electric vehicle (either as driver or passenger)
72	C1	F	Oldham (North GM)	Semi-rural	White British	N/A	Retired	Once a week	N/A	Shopping, Socialising / leisure	Once a week	N/A

Deliberative event profiles (2)

SEG	Gender	Age Local authority live in (Q4)	Type of area live in (Q4a)	Ethnicity (Q11)	Disabilities / long-term conditions (Q12/13)	Working status (Q14)	Frequency of bus use pre Covid-19 (Q16)	Primary mode of transport when travelling around Greater Manchester in 2019 (Q17)	Purpose of bus journeys in 2019 in Greater Manchester (Q18)	Prediction of future bus use post Covid-19 (Q19)	Have access to a car either as the driver or as a passenger (Q20)
B	Female	21 Bolton	Rural	White British	No	In education/training/apprenticeship, Employed part-time	At least once a month	Train	Socialising / leisure	At least once a month	Yes
C1	Female	69 Bolton	Rural	White British	No	Retired	Once a fortnight	Tram, Train	Shopping	Once a fortnight	Yes
C1	Female	41 Bolton	Urban	Black African / Black British	Physical impairment, Longstanding illness or health condition	Self-employed	2-3 days a week	N/A	Caring responsibilities, For medical appointments / prescriptions, Shopping, Visiting family	At least once every 3 months	Yes

SEG	Gender	Age	Local authority live in (Q4)	Type of area live in (Q4a)	Ethnicity (Q11)	Disabilities / long-term conditions (Q12/13)	Working status (Q14)	Frequency of bus use pre Covid-19 (Q16)	Primary mode of transport when travelling around Greater Manchester in 2019 (Q17)	Purpose of bus journeys in 2019 in Greater Manchester (Q18)	Prediction of future bus use post Covid-19 (Q19)	Have access to a car either as the driver or as a passenger (Q20)
C1	Male	48	Bury	Urban	White British	No	Employed full-time	At least once a month	Tram	Visiting family	At least once a month	No
D	Female	54	Manchester	Semi-rural	White and Asian / Asian British	Health condition - Hyperhidrosi s	Self-employed	At least once a year	In non-electric vehicle	Shopping	At least once a month	No
C1	Female	37	Manchester	Urban	Black Caribbean / Black British	No	Employed full-time	Never	Walking	N/A	At least once every 3 months	Yes
D	Male	40	Manchester	Urban	Black Caribbean / Black British	No	Employed full-time	2-3 days a week	N/A	Shopping	2-3 days a week	Yes
D	Male	22	Manchester	Urban	White and Black Caribbean / Black British	No	Employed part-time	4 days a week	N/A	Work / volunteering	4 days a week	No
B	Male	41	Oldham	Semi-rural	White British	No	Employed full-time	At least once a month	Train	Socialising / leisure	At least once a month	Yes

SEG	Gender	Age	Local authority live in (Q4)	Type of area live in (Q4a)	Ethnicity (Q11)	Disabilities / long-term conditions (Q12/13)	Working status (Q14)	Frequency of bus use pre Covid-19 (Q16)	Primary mode of transport when travelling around Greater Manchester in 2019 (Q17)	Purpose of bus journeys in 2019 in Greater Manchester (Q18)	Prediction of future bus use post Covid-19 (Q19)	Have access to a car either as the driver or as a passenger (Q20)
C1	Female	28	Oldham	Urban	White Canadian	No	Employed full-time	5 days a week or more	N/A	Work / volunteering	5 days a week or more	Yes
B	Male	48	Oldham	Urban	White British	No	Employed full-time	Never	In non-electric vehicle	N/A	At least once a year	Yes
D	Female	32	Oldham	Semi-rural	Bangladeshi / Bangladeshi British	No	Employed full-time	At least once every 3 months	Tram	Work / volunteering	Never	Yes
D	Female	57	Rochdale	Semi-rural	White British	Sensory impairment, Mental health condition	Employed full-time	5 days a week or more	N/A	Education	5 days a week or more	No
D	Male	20	Rochdale	Semi-rural	White British	No	Employed full-time	2-3 days a week	N/A	Visiting family, Work / volunteering	2-3 days a week	No
B	Female	35	Rochdale	Semi-rural	Black Caribbean / Black British	No	In education/training/apprenticeship	Once a fortnight	Walking	Shopping	Once a fortnight	Yes
C2	Male	59	Salford	Urban	White British	No	Employed full-time	Once a fortnight	Train	Socialising / leisure	Once a fortnight	Yes

SEG	Gender	Age	Local authority live in (Q4)	Type of area live in (Q4a)	Ethnicity (Q11)	Disabilities / long-term conditions (Q12/13)	Working status (Q14)	Frequency of bus use pre Covid-19 (Q16)	Primary mode of transport when travelling around Greater Manchester in 2019 (Q17)	Purpose of bus journeys in 2019 in Greater Manchester (Q18)	Prediction of future bus use post Covid-19 (Q19)	Have access to a car either as the driver or as a passenger (Q20)
C2	Male	18	Salford	Semi-rural	White British	No	In education/training/apprenticeship, Employed part-time	5 days a week or more	N/A	Socialising / leisure	5 days a week or more	Yes
C2	Male	27	Salford	Urban	White and Black African / Black British	No	Employed full-time	5 days a week or more	N/A	Socialising / leisure, Work / volunteering	5 days a week or more	Yes
C1	Male	45	Salford	Urban	White British	No	Employed full-time	5 days a week or more	N/A	Work / volunteering	5 days a week or more	Yes
E	Female	69	Stockport	Semi-rural	White British	Longstanding illness or health condition - Arthritis	Retired	Never	Other: Taxi	N/A	At least once a year	No
B	Female	51	Stockport	Semi-rural	White British	No	Employed full-time	Once a fortnight	Train	Socialising / leisure	Once a fortnight	No
C1	Male	21	Stockport	Semi-rural	White British	No	Employed full-time	5 days a week or more	N/A	Work / volunteering	5 days a week or more	Yes
D	Female	18	Stockport	Semi-rural	White British	No	Employed full-time	2-3 days a week	N/A	Socialising / leisure, Visiting family	2-3 days a week	No

SEG	Gender	Age	Local authority live in (Q4)	Type of area live in (Q4a)	Ethnicity (Q11)	Disabilities / long-term conditions (Q12/13)	Working status (Q14)	Frequency of bus use pre Covid-19 (Q16)	Primary mode of transport when travelling around Greater Manchester in 2019 (Q17)	Purpose of bus journeys in 2019 in Greater Manchester (Q18)	Prediction of future bus use post Covid-19 (Q19)	Have access to a car either as the driver or as a passenger (Q20)
C2	Female	31	Stockport	Urban	White British	No	Employed full-time	At least once a month	Train	Visiting family	At least once every 3 months	Yes
C2	Male	65	Stockport	Rural	White British	No	Retired	2-3 days a week	N/A	Work / volunteering	2-3 days a week	Yes
B	Female	25	Tameside	Urban	Chinese / Chinese British	Longstanding illness or health condition - Arthritis	Employed full-time	2-3 days a week	N/A	Work / volunteering	2-3 days a week	Yes
D	Male	18	Tameside	Urban	White British	No	Employed full-time	Once a fortnight	Train	Socialising / leisure	Once a fortnight	No
C2	Female	41	Tameside	Semi-rural	White British	No	Employed part-time	5 days a week or more	N/A	For medical appointments / prescriptions, Shopping, Work / volunteering	5 days a week or more	No
B	Male	40	Tameside	Urban	Black African / Black British	No	Employed full-time	Once a fortnight	Tram	Shopping, Socialising / leisure, Work / volunteering	Once a week	Yes

SEG	Gender	Age	Local authority live in (Q4)	Type of area live in (Q4a)	Ethnicity (Q11)	Disabilities / long-term conditions (Q12/13)	Working status (Q14)	Frequency of bus use pre Covid-19 (Q16)	Primary mode of transport when travelling around Greater Manchester in 2019 (Q17)	Purpose of bus journeys in 2019 in Greater Manchester (Q18)	Prediction of future bus use post Covid-19 (Q19)	Have access to a car either as the driver or as a passenger (Q20)
C2	Female	48	Tameside	Urban	Bangladeshi / Bangladeshi British	No	Employed full-time	Once a fortnight	In non-electric vehicle	Shopping, Socialising / leisure	Once a fortnight	Yes
C2	Female	48	Trafford	Urban	Asian	No	Employed full-time	At least once a month	Train	Socialising / leisure, Shopping	At least once a month	No
C1	Female	44	Trafford	Urban	White British	No	Looking for work/unemployed	Once a fortnight	Tram	Socialising / leisure, Shopping	Once a fortnight	Yes
B	Female	34	Trafford	Semi-rural	White British	No	Employed full-time	At least once a year	Tram, Train	Socialising / leisure	At least once a month	Yes
C2	Male	44	Trafford	Semi-rural	White British	No	Employed full-time	Never	Cycling	N/A	At least once a month	Yes
C2	Female	18	Wigan	Semi-rural	White British	No	In education/training/apprenticeship	5 days a week or more	N/A	Education	5 days a week or more	Yes
C1	Male	38	Wigan	Semi-rural	White British	Physical impairment	Employed full-time	At least once every 3 months	In non-electric vehicle	Shopping	At least once every 3 months	Yes
C1	Male	34	Wigan	Semi-rural	White British	No	Employed full-time	At least once a month	Train	Socialising / leisure	At least once a month	Yes

SEG	Gender	Age	Local authority live in (Q4)	Type of area live in (Q4a)	Ethnicity (Q11)	Disabilities / long-term conditions (Q12/13)	Working status (Q14)	Frequency of bus use pre Covid-19 (Q16)	Primary mode of transport when travelling around Greater Manchester in 2019 (Q17)	Purpose of bus journeys in 2019 in Greater Manchester (Q18)	Prediction of future bus use post Covid-19 (Q19)	Have access to a car either as the driver or as a passenger (Q20)
E	Female	70	Wigan	Urban	White British	Physical impairment	Retired	5 days a week or more	N/A	Shopping, Visiting family	5 days a week or more	Yes
D	Female	45	Wigan	Urban	White British	No	Employed full-time	4 days a week	N/A	Shopping	2-3 days a week	No
D	Male	41	Rochdale	Semi-rural	White British	No	Employed full-time	5 days a week or more	N/A	Work / volunteering	5 days a week or more	No
D	Male	24	Bolton	Urban	Black African / Black British	No	Employed full-time	2-3 days a week	N/A	Education	Once a fortnight	Yes
B	Male	34	Bury	Semi-rural	White British	No	Employed full-time	At least once a month	Tram	For medical appointments / prescriptions	At least once a month	No
D	Male	37	Bury	Semi-rural	White British	No	Employed full-time	2-3 days a week	Cycling	For medical appointments / prescriptions	4 days a week	Yes
C1	Male	42	Bury	Semi-rural	White Other	No	Employed full-time	2-3 days a week	Tram	For medical appointments / prescriptions	2-3 days a week	Yes

SEG	Gender	Age	Local authority live in (Q4)	Type of area live in (Q4a)	Ethnicity (Q11)	Disabilities / long-term conditions (Q12/13)	Working status (Q14)	Frequency of bus use pre Covid-19 (Q16)	Primary mode of transport when travelling around Greater Manchester in 2019 (Q17)	Purpose of bus journeys in 2019 in Greater Manchester (Q18)	Prediction of future bus use post Covid-19 (Q19)	Have access to a car either as the driver or as a passenger (Q20)
E	Male	27	Tameside	Urban	Pakistani / Pakistani British	No	Looking for work/unemployed	5 days a week or more	N/A	Socialising / leisure	5 days a week or more	No

Appendix I – Qualitative interview materials and presentations

Pre interview materials – depth interviews (1)



Why proceed now?

The impact and effect of Covid-19 remains uncertain. Delaying a decision on franchising reduces the uncertainty about the impacts of Covid-19 and what partnerships operators may offer as time goes by. But there are reasons why a decision about how buses should be run should be made sooner rather than later, as the challenges facing the bus market have not disappeared. Even before Covid-19, bus use was falling and the public sector was providing significant subsidy to operators through payments for subsidised services and concessionary fares. During the pandemic, operators have also received emergency funding from government.

Public subsidy of the GM bus market

- £33.6m** in emergency funding provided by central government (Mar to end Sept 2020)
- £86m** funding per year for subsidised services and concessionary fares
- £16m** fuel duty funding per year

If bus usage remains low in the future and central government stops or reduces its emergency funding, bus operators may reduce services or increase ticket prices. This may mean the public sector having to provide additional funding to keep essential services running, especially for key workers and the poor and vulnerable who depend on the bus network. Fewer bus routes or more expensive tickets could also mean more people driving, increasing congestion and pollution.

GMCA is consulting on the proposed franchising scheme in the light of the findings of the Covid-19 Impact Report.

Your responses will help inform a future decision on how Greater Manchester's buses should be run. The outcome of both consultations will be considered as part of the final decision on whether to implement a franchising scheme.

Who can take part?

Anyone can take part in the consultation. You don't have to have taken part in the previous consultation, live in Greater Manchester or be a regular bus user. In fact, we would like to hear from people who don't currently travel by bus.

Where do I get more information?

You can find more information, including the Consultation Document and the Covid-19 Impact Report, on gmconsult.org.

If you need to respond in a different way, or require the consultation materials in a different format or want hard copies of any documents, please contact info@gmbusconsultation.com or call **0161 244 1100** to discuss how we can help you.

Support for non-English speakers is also available on **0161 244 1100**.

How do I take part?

Responses will be accepted through the following channels:

- Complete and submit a questionnaire at gmconsult.org
- Email a completed questionnaire or your comments to gmbusconsultation@ipsos-mori.com
- Post a completed questionnaire or your comments to: **Freepost GM BUS CONSULTATION** (You do not need a stamp and can write this address on any envelope)
- Via telephone on **0161 244 1100** (you will be forwarded through to our independent research organisation Ipsos MORI to verbally record your response)
- Paper copies of the questionnaire are available in **Travelshops** across Greater Manchester. Locations of TravelShops can be found at tfgm.com/public-transport/travelshops

Doing buses differently

Have your say on the impact of **Covid-19** on our proposals for the future of your buses

Consultation runs from Wednesday 2 December 2020 to Friday 29 January 2021

gmconsult.org
0161 244 1100

#GMBusConsultation



Buses are important

Greater Manchester has an ambition for a truly integrated public transport system, Our Network, to make getting around the city-region easy, accessible and affordable.

Buses will be central to Our Network – they're vital to Greater Manchester and have become even more essential during Covid-19.

75% of public transport journeys made in Greater Manchester before and during the pandemic are by bus and they continue to be a critical link to jobs and essential services for some of our poorer communities.

How buses are run now

Since 1986 bus services in Greater Manchester have been deregulated. This means the buses are run by commercial bus companies who decide the routes, timetables, fares and standards. The bus companies receive the revenue from fares and retain the profits.

Greater Manchester's current bus services

150+
Fares and ticketing are complex. There are more than 150 types of ticket.

There is no single brand or source of travel information.

Customer standards vary.

Bus companies decide which routes to run based on commercial reasons meaning some routes are well served and others less so.

Difficult to plan a network that meets the future needs of the city region.

Our Network

Launched in June 2019 and aligned to the Greater Manchester Transport Strategy 2040, Our Network is Greater Manchester's vision for public transport in 2029.

To keep Greater Manchester moving, we need a truly integrated public transport system so that getting around our city-region is easy, accessible and affordable. This means having the right connections in the right places, simple ticketing that works across different modes of transport and the necessary powers to ensure our transport network works together for the benefit of Greater Manchester's people and businesses.

**OUR PEOPLE
OUR PLACE
OUR NETWORK**

Reforming the bus market

Between October 2019 and January 2020, Greater Manchester Combined Authority (GMCA) held a consultation on a proposed franchising scheme for the city-region's buses.

Franchising means bus services would be brought under local control. GMCA would coordinate both the bus network and investment, based on what passengers need, with operators contracted to run the services.

Over 8,500 respondents gave their views, with four out-of-five respondents supporting the proposed franchising scheme.

In June 2020, GMCA received the results of the consultation but decided, before a final decision could be made, that the longer-term impact that the Covid-19 pandemic may have on the bus market and the proposed scheme should be considered.

Reform and Covid-19

Covid-19 has caused a lot of uncertainty over how people will travel in future. So, TFGM has used four scenarios in a report which looks at potential future travel demand in Greater Manchester and what it could mean for GMCA's proposals to change how buses are run.

Under all scenarios, franchising is still the best option to achieve Greater Manchester's long-term ambition for a fully integrated public transport system and GMCA still has funding available to pay for the transition to franchising.

Under franchising, GMCA would be responsible for the bus network and that means it would have more of the financial responsibility and the risks. So depending on the impacts of Covid-19, GMCA might have to make difficult choices about the bus network in the future to manage these financial risks - such as by providing further funding or by making reductions to the network.

But even under the other options available - such as entering into a partnership with bus operators or making no change to the bus market - there would still be difficult choices as GMCA would need to pay to fill more of the gaps in the commercial bus network. But GMCA would have to do this with no overall coordination and none of the other benefits of franchising.

Despite the additional financial risks, the net benefits of franchising for Greater Manchester are still likely to be higher and more deliverable than other options, such as a partnership with bus operators and so will provide value for money.



Pre interview materials – depth interviews (2)



Page 1 of 6

Mr A Example
Sample UK Ltd
123 Example Road
London, SW1W 9SH

January 2021

Dear Mr Example

Re. Telephone discussion about buses in Greater Manchester

You will have recently been in contact with Criteria fieldwork, who have passed your details on to us as someone who will be taking part in research we are conducting for Transport for Greater Manchester. As part of this research, you will be taking part in a 1-hour telephone interview, for which you'll be paid £50 as a thank-you.

Prior to our telephone call, please spend some time looking through the included documents. There is a booklet with a variety of charts and tables, as well as a leaflet. We understand that some of these might not make sense right now, but rest assured everything will be explained during the interview. Please have these documents in front of you for the interview.

Please treat all documents included in this envelope as confidential, and do not share with anyone.

Thank you for agreeing to take part in this research, and we look forward to speaking with you soon.

Yours sincerely,

Grace Jacobs | Senior Research Executive | Ipsos MORI

Grace.jacobs@ipsos.com



Greater Manchester Combined Authority (GMCA) is made up of the ten Greater Manchester local authorities and the Greater Manchester Mayor (GM Mayor) and works with other local services, businesses, communities and other partners to improve the city-region. It is a strategic authority with powers including public transport, skills, housing, regeneration, waste management and the environment as well as fire services. GMCA is also the Integrated Transport Authority as set out in the Local Transport Act 2008 and make decisions about public transport policies, strategies and funding. GMCA is responsible for making certain decisions under that and other Acts, including some decisions on bus franchising.



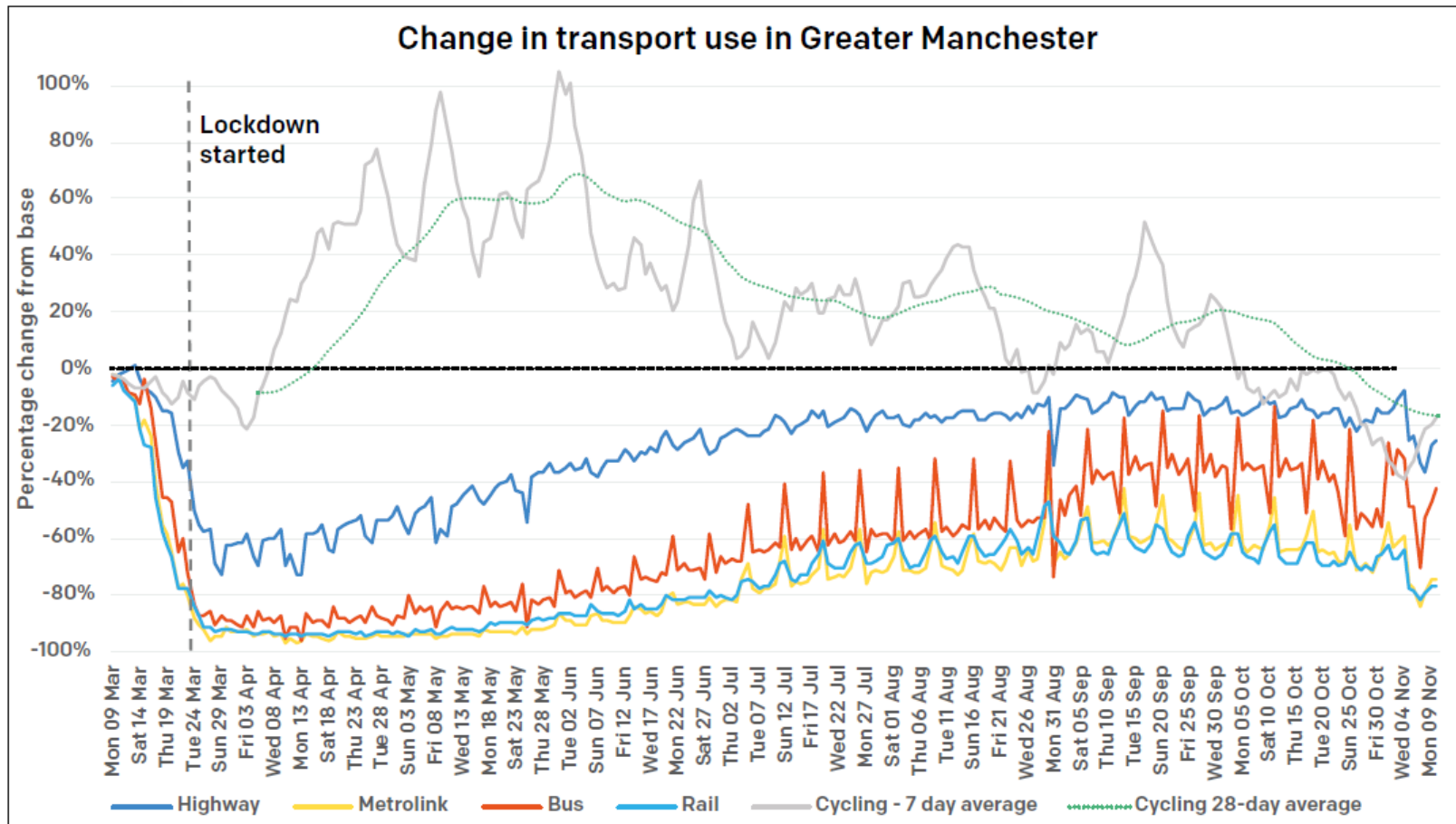
Transport for Greater Manchester (TfGM) is Greater Manchester's Passenger Transport Executive, the public body responsible for securing the provision of such passenger transport services as GMCA considers appropriate. It is responsible for coordinating the Greater Manchester Transport Strategy 2040 and delivering its objectives. TfGM also owns the Metrolink system as well as other assets, including interchanges, bus shelters and bus stops. It is accountable to and directed by GMCA, which is made up of the 10 Greater Manchester local authorities and the GM Mayor. TfGM prepared the Assessment and the Report on behalf of GMCA. It is also delivering this consultation on GMCA's behalf.





Chart 1: Change in transport use in Greater Manchester, March – November 2020

Chart 1: Change in transport use in Greater Manchester, March–November 2020

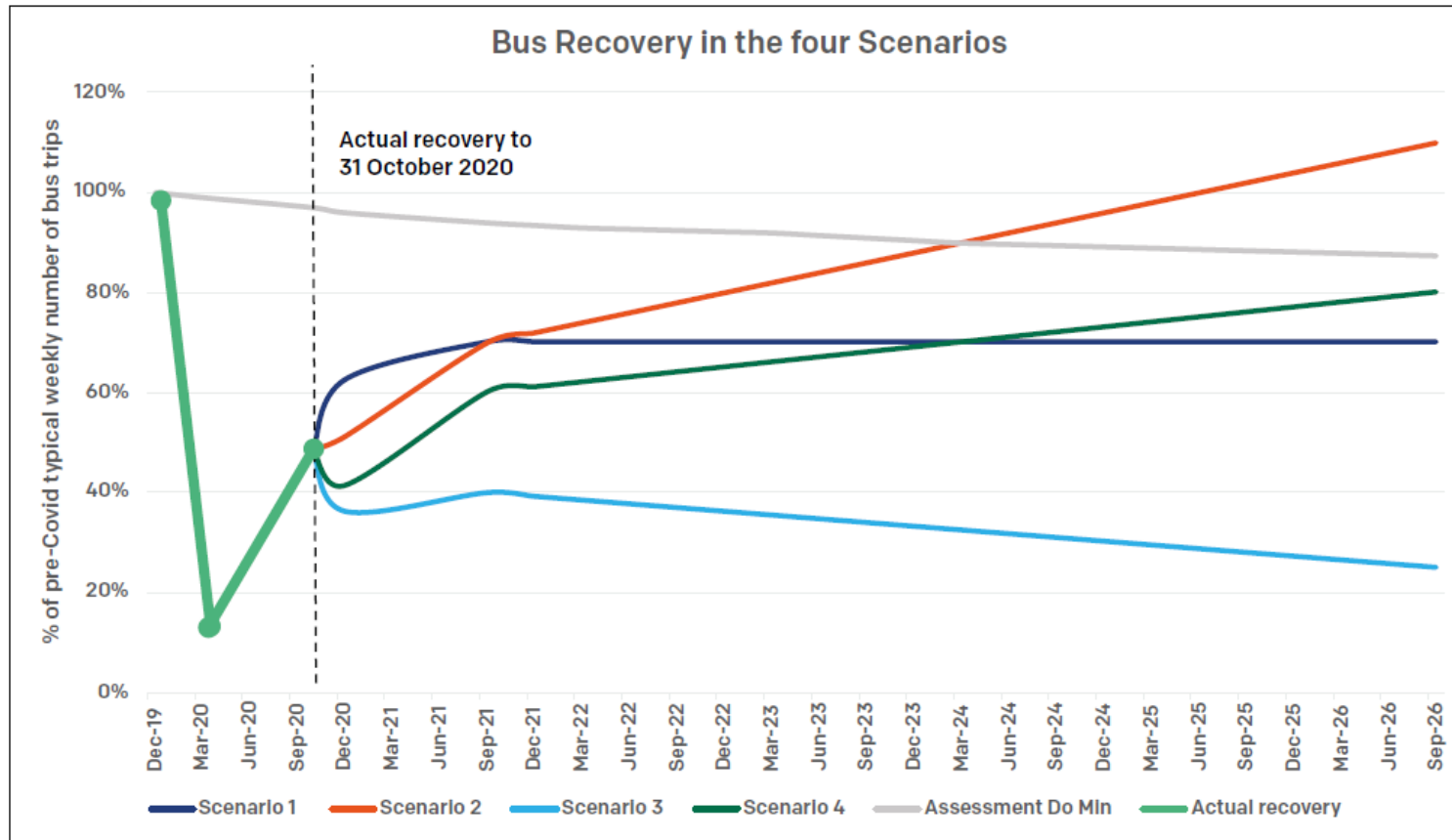


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Chart 2: Actual bus recovery, bus recovery under the four scenarios, and the forecast decline in patronage from the Assessment

Chart 2: Actual bus recovery, bus recovery under the four Scenarios, and the forecast decline in patronage from the Assessment



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GMCA's objectives for reforming the bus market (The Strategic Case)

- Reach and stability of the bus network
- Integration and efficiency
- Quality of service provided
- Harmful emissions from buses are reduced and CO2 emissions from buses are reduced
- Integrated and simple fares
- Fares should offer value for money
- Account-based smart ticketing introduced as soon as possible
- Ease of understanding of the bus service is improved
- Safety of travel is improved
- Improvement in on-bus experience
- Value for money for public investment
- Any market intervention is sustainable in the long term
- Any market intervention is affordable



The Economic Case

Transport for Greater Manchester have also considered the value for money of the three different options, looking at their costs to the public and their benefits over a 30-year period.

The things it considers includes:

- Quicker journeys and time saved for passengers due to a wider choice of services
- Simpler fares
- An easier to understand network
- Centralized information
- Improvements to the quality of services
- Impacts to operators, wider society and GMCA.

Table 1: Summary of Economic Case results from the Assessment

	The Proposed Franchising Scheme	Partnership 1	Partnership 2
Predicted economic benefits (e.g. time saved, simpler fares...)	+ £345 million	+ £113 million	+ £142 million
Costs to the public purse (i.e. taxes)	- £111 million	- £33 million	- £39 million
Benefits minus costs	£234 million	£80 million	£103 million

The Financial Case

Table 2: Estimates of the potential unmitigated change in farebox revenues

Table 2: Estimates of the potential unmitigated change in farebox revenues

GMCA's potential (unmitigated) change in farebox compared with the Assessment	2022/23	2023/24	2024/25	2025/26	Total over the period £m
	£m	£m	£m	£m	
Scenario 1	(4)	(16)	(33)	(43)	(96)
Scenario 2	(3)	(4)	7	31	31
Scenario 3	(10)	(43)	(97)	(141)	(292)
Scenario 4	(5)	(17)	(29)	(30)	(82)
Note: Proportion of farebox accruing to GMCA	9%	35%	74%	100%	

Deliberative event (Session 1)

Doing Buses Differently:
A deliberative workshop on the impact of Covid-19 on our proposals for the future of your buses

Transport for Greater Manchester

GMCA

Ipsos MORI Ipsos

Deliberative Workshops are a form of facilitated group discussions that provide participants with the opportunity to consider an issue in depth, challenge each other's opinions and develop their views/arguments to reach an informed position





- Public body responsible for coordinating Greater Manchester’s transport strategy and delivering its objectives
- Owns the Metrolink system, as well as interchanges, bus shelters and bus stops.
- Accountable to and directed by the GMCA



- 10 Greater Manchester local authorities + GM Mayor
- Powers include public transport, skills, housing, regeneration, waste management and the environment as well as fire services
- GMCA is Integrated Transport Authority as set out in Local Transport Act 2008
- Also makes decisions about public transport policies, strategies and funding

The Greater Manchester Mayor

- Chairs GMCA
- Has specific executive powers, including some related to transport
- Has the power to decide whether to introduce a franchising scheme

3



Vision for Bus

GMCA wants buses that:



Integrate with the rest of the public transport network



Have simple fares and tickets



Provide a consistent customer experience



Offer value for money



- 18.00 – 18.15 Introduction and quiz
- 18.15 – 18.30 Experience of buses in Greater Manchester, pre- and post- Covid-19
- 18.30 – 18.45 Future bus demand. Presentation and Q&A with TfGM
- 18.45 – 19.15 Discussion about future bus demand
- 19.15 – 19.25 Tea break
- 19.25 – 19.40 The strategic case. Presentation and Q&A with TfGM
- 19.40 – 20.40 Discussion about the strategic case
- 20.40 – 21.00 Debrief, voting and preview of next session.

5



QUIZ!

Since **????** bus services in Greater Manchester have been **deregulated** – they are run by commercial bus companies who decide the routes, timetables, fares and standards.

6

Greater Manchester's current bus services

Fares and ticketing are complex. There are more than 150 types of ticket.

There is no single brand or source of travel information.

Bus companies decide which routes to run based on commercial reasons meaning some routes are well served and others less so.

Customer standards vary.

Difficult to plan a network that meets the future needs of the city region.

QUIZ!

There are ? bus companies in Greater Manchester.

7



QUIZ!

?% ...of bus services are supported by GMCA funding.

8



Vision for Bus

GMCA wants buses that:



- Integrate with the rest of the public transport network
- Have simple fares and tickets
- Provide a consistent customer experience
- Offer value for money

9

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Breakout group discussion



 Transport for Greater Manchester

Ipsos MORI 

10

Future bus demand in Greater Manchester

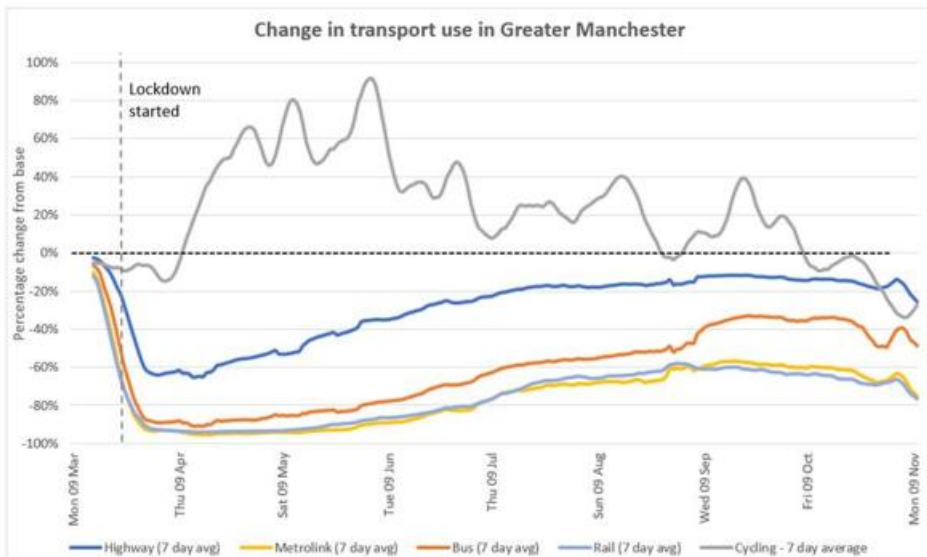


11

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Change in transport use in GM



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Scenarios for future bus use

- Role of scenarios: to help make informed decisions across different aspects of travel, not just bus reform and consider extent to which conclusions in Assessment remain valid
- Not all equally likely to occur, but illustrate a range of potential outcomes to 2026 that should be considered when deciding whether to proceed with proposal to franchise bus services
- Scenarios reflect potential outcomes of two important trends in particular:
 - pace and nature of economic recovery and associated changes to employment and travel
 - social attitudes to public transport and employment (e.g. where people choose or are able to work)



Scenarios summary

There are two 'central' Scenarios where bus use approaches, but does not fully recover to previous levels as follows:

- **Scenario 1:** travel demand returns due to a strong V-shaped recovery but with a slight shift to car
- **Scenario 4:** there is weaker rate of economic recovery, but greater active and local travel means bus demand does recover progressively.

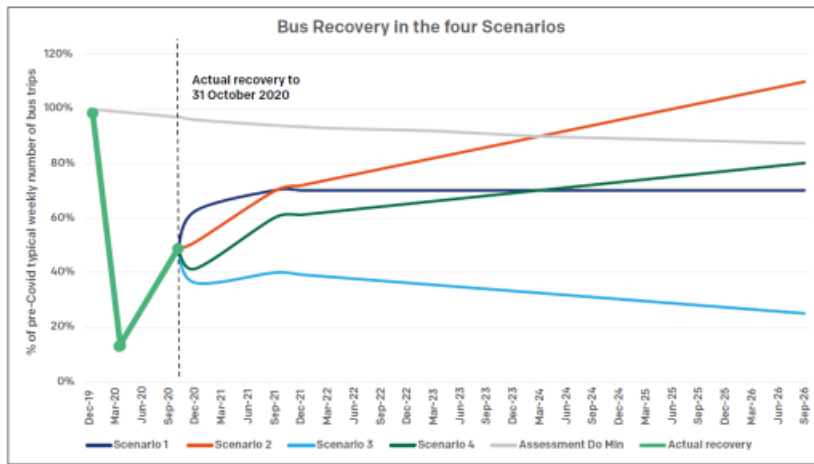
Two 'outlier' Scenarios that are now considered less likely were developed to test a very optimistic and very pessimistic outcome as follows:

- **Scenario 2** (most optimistic): leads to an increase in bus use compared with pre-Covid-19 levels due to public attitude shifting to more sustainable journeys and ensuring ongoing increased Government funding to promote public transport
- **Scenario 3** (most pessimistic): there is a weak economic recovery, a strong shift to car usage, and Government subsidy to public transport reduces, leading to even greater decline than anticipated in the Do Minimum option in the Assessment.



Bus recovery in the four scenarios

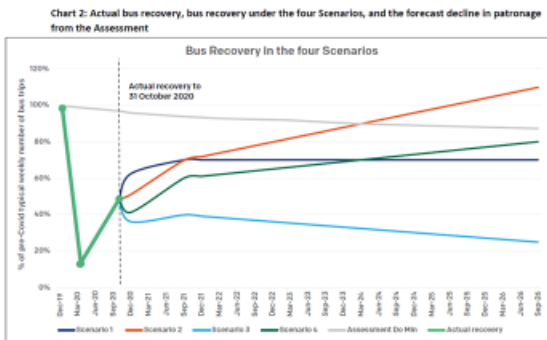
Chart 2: Actual bus recovery, bus recovery under the four Scenarios, and the forecast decline in patronage from the Assessment



Breakout group discussion



“Back to normality” (Scenario 1)



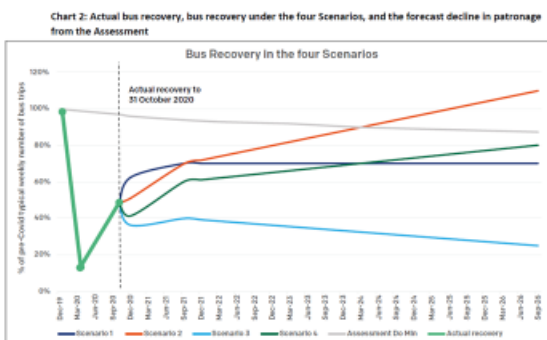
In this scenario, pre-pandemic economic activity would return but with a lower likelihood of travel by public transport and cycling and walking. This means that TfGM expect that:

- Travel demand would return as Government restrictions are lifted, with some reduced travel to work but more people travelling for leisure
- Car travel would increase slowly to reach new highs after 5 years.

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“Poorer and more local” (Scenario 4)



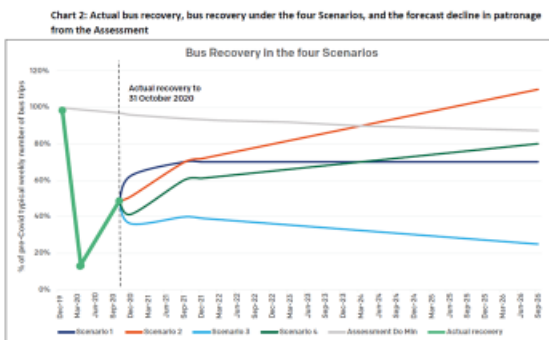
In this scenario, pre-pandemic economic activity would not return, at least for some time, but there would be a growth in the proportion of travel by public transport or cycling and walking. This means that TfGM expect that:

- Public transport would remain lower than pre-pandemic, replaced by more home-working and a greater take up of cycling and walking
- Car-use would also remain lower than pre-pandemic, reduced by a weak economy.

18



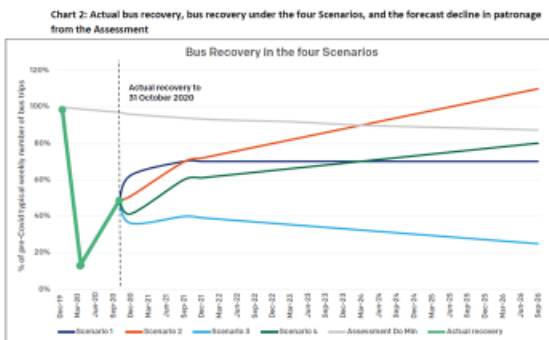
“New travel demand” (Scenario 2)



In this scenario, pre-pandemic economic activity would return, accompanied by a growth in the number of people travelling by public transport and cycling and walking. This means that TfGM expect that:

- There would be a reduction in the overall number of people travelling because more people would work from home
- Public transport usage would grow beyond pre-COVID19 levels

“Car travel dominant” (Scenario 3)



In this scenario, pre-pandemic economic activity would not return, at least for some time, and with fewer people travelling by public transport or cycling and walking. This means that TfGM expect that:

- The decline in public transport travel would continue alongside lower economic activity
- Private car travel would increase as a proportion of total travel and exceed pre-COVID19 levels after five years

Tea break



See you at 19:25

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The Strategic case



Transport for Greater Manchester

22

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Since 1986

bus services in Greater Manchester have been **deregulated** – they are run by commercial bus companies who decide the routes, timetables, fares and standards.

23

Greater Manchester's current bus services



Fares and ticketing are complex. There are more than 150 types of ticket.



There is no single brand or source of travel information.



Bus companies decide which routes to run based on commercial reasons meaning some routes are well served and others less so.



Customer standards vary.



Difficult to plan a network that meets the future needs of the city region.

3/4



Of public transport journeys in GM are by bus



Greater Manchester is growing, but bus use is falling



Limited oversight and coordination

OUR PEOPLE OUR PLACE OUR NETWORK

Greater Manchester's ten-year vision for world-class public transport



Vision for Bus



Ipsos MORI 

GMCA objectives for bus reform

- **Network integration:** Reach and stability of the bus network; integration and efficiency; quality of service provided; harmful emissions from buses are reduced and CO2 emissions from buses are reduced
- **Integrated and simple fares;** fares should offer value for money; account-based smart ticketing introduced as soon as possible
- **Consistent customer experience:** Ease of understanding of the bus service is improved; safety of travel is improved; improvement in on-bus experience
- **Value for money** for public investment; any market intervention is sustainable in the long term; any market intervention is affordable

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Bus franchising: legislative framework


- November 2014: Devolution Deal between GM and government includes promise of powers to reform the bus market
- April 2017: Bus Services Act received Royal Assent
- June 2017: GMCA decided to use the powers in the Bus Services Act and prepare an assessment of a proposed bus franchising scheme
- The Bus Services Act requires an assessment, an audit and for the scheme to be consulted on
- June 2019: TfGM completed the assessment (on behalf of GMCA) and GMCA instructed TfGM to obtain a report from an independent audit organisation on the assessment

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Legislative framework 2: consultation

- October 2019: Having obtained the report from an independent audit organisation, GMCA decided to proceed to consultation
- Between October 2019 and January 2020, GMCA held a consultation on a proposed franchising scheme for the city-region's buses.
- Over 8,500 respondents gave their views, with four out of five respondents supporting the proposed franchising scheme.
- In June 2020, GMCA received the results of the consultation but decided, before a final decision could be made, that the longer-term impact that Covid-19 may have on the bus market should be considered.

More than 
8,500 People and organisations
 responded to the first
 consultation

83% 
 Of respondents to the first consultation,
 who answered the relevant question,
 supported the proposed franchising scheme

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Options considered in original Assessment and earlier consultation

1 Do Minimum

Services continue as they are, and bus operators choose services they provide. Does not deliver GMCA objectives, but no additional cost/risk compared to other options

2 New partnership

Working with bus operators in different ways to improve services

3 Proposed franchising scheme

Taking bus services under Greater Manchester's control – TfGM on behalf of GMCA would set routes, timetables, fares and standards

Under the proposed franchising scheme it is intended that all local bus services provided within Greater Manchester (with some exceptions) would be provided under franchise contracts.

The operators would then have to run these services on the terms specified in the contract, including relating to frequency, fares and standards.

The Proposed Franchising Scheme is option which is most likely to...

Support the delivery of GMCA's strategic objectives for Greater Manchester set out in the Greater Manchester Strategy.

Support the delivery of the objectives of the 2040 Strategy, which are supporting sustainable economic growth, improving quality of life for all, protecting the environment and developing an innovative city-region

Achieve the outcomes set out in Greater Manchester's Vision for Bus

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Delivering the Vision for Bus

- **Network:** GMCA can plan the bus network and better integrate with other forms of public transport and more scope to make changes
- **Fares and ticketing:** simpler ticketing, more competitively priced fares across buses and other forms of public transport
- **Customer experience:** GMCA to set consistent standards, one 'brand', joined up travel information
- **Value for money:** the proposed franchising scheme delivers more benefits and is affordable, commercially viable and deliverable

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Impact of Covid-19 on performance of options

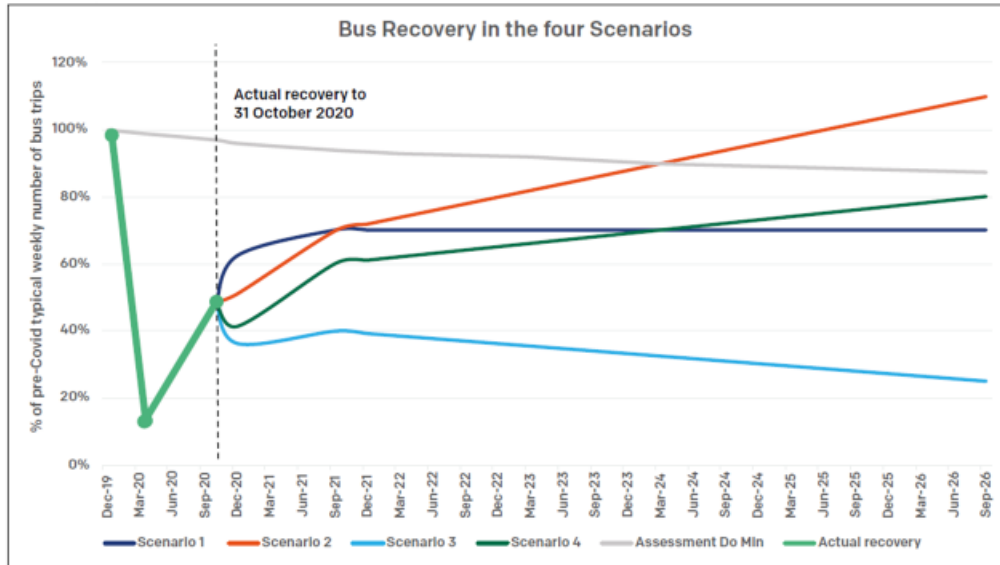
- Assessment concluded that Proposed Franchising Scheme was best way of meeting GMCA's objectives and delivering Greater Manchester's Vision for Bus
- - integration across bus services and with other modes
- - network efficiency
- - integrated ticketing, unified brand and clear point of customer information
- - local accountability and value for money
- Objectives have not changed and post-Covid 19 analysis indicates that Proposed Franchising Scheme continues to perform better than other options under each of the Scenarios. Operators have been unable to commit to earlier partnership proposals



Breakout group discussion

The graphic features a dark blue background with diagonal stripes. In the center, there is a row of stylized human silhouettes in various colors (orange, green, blue, purple, white). Above them are several overlapping speech bubbles in matching colors. In the bottom left corner, there is the Transport for Greater Manchester logo (a stylized 'M') and the text 'Transport for Greater Manchester'. In the bottom right corner, there is the Ipsos MORI logo and the Ipsos logo.

Chart 2: Actual bus recovery, bus recovery under the four Scenarios, and the forecast decline in patronage from the Assessment



35



Debrief

36

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

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THANK YOU.

For more details of the consultation please visit:

<https://www.gmconsult.org>

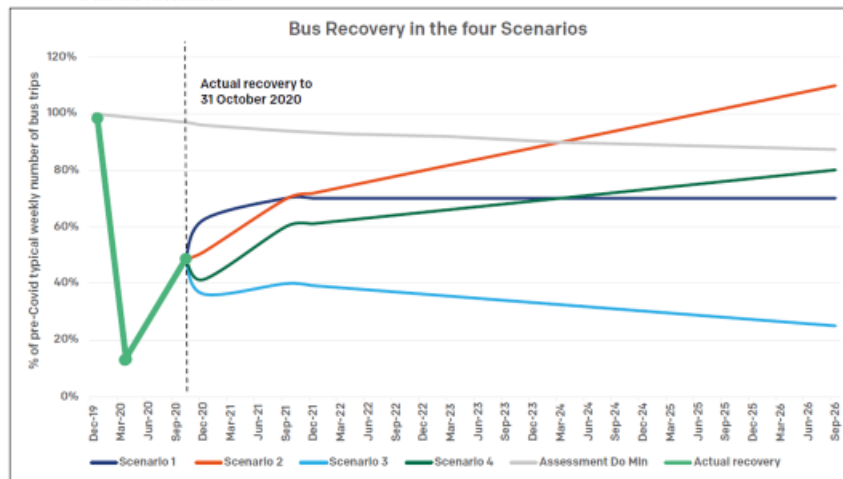
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Deliberative event (Session 2)



Future bus demand in Greater Manchester

Chart 2: Actual bus recovery, bus recovery under the four Scenarios, and the forecast decline in patronage from the Assessment



Options considered in original Assessment and earlier consultation

1 Do Minimum

Services continue as they are, and bus operators choose services they provide. Does not deliver GMCA objectives, but no additional cost/risk compared to other options

2 New partnership

Working with bus operators in different ways to improve services

3 Proposed franchising scheme

Taking bus services under Greater Manchester's control – TfGM on behalf of GMCA would set routes, timetables, fares and standards

3



What did you drink to wake yourself up this morning?



4



- 10.00 – 10.05** Introduction
- 10.05 – 10.15** The economic case, presentation and Q&A with TfGM
- 10.15 – 11.05** Discussion about the economic case
- 11.05 – 11:15** Debrief in plenary on the economic case
- 11.15 – 11.25** Tea break
- 11.25 – 11.40** The financial case. Quiz, presentation and Q&A with TfGM
- 11.40 – 12:20** Discussion about the financial case
- 12.20 – 12.30** Debrief in plenary on financial case, voting.
- 12.30 – 12.40** Why now? Presentation and Q&A with TfGM
- 12.40 – 12.55** Discussion on 'why now?'
- 12.55 – 13.00** Thanks, next steps and close.

5

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The economic case



Transport for
Greater Manchester

6

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Reminder of the options initially assessed

1 Do Minimum

2 New partnership

- Operator Proposed Partnership
- Ambitious Partnership

3 Proposed franchising scheme

7

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An economic impact of the options was carried out for the initial Assessment.

An appraisal of the benefits and costs to the public purse and others over a 30-year period was also completed.

8

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The method



We assessed impacts to passengers of investing in improvements to the bus system through franchising and partnership arrangements, including improvements to the passenger experience by better matching bus service supply with the demand for travel.

The impacts to operators, wider society and GMCA were also assessed.

The Assessment set out the level of benefits for each option and then also compared those benefits against the capital and operating costs (which are higher for the proposed franchising scheme than the partnership options).

9

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Net present value (NPV)

the benefits minus the costs

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In the original Assessment, the Proposed Franchising Scheme has a Net Present Value (the benefits minus the costs) almost three times higher than the Operator Proposed Partnership.

In addition, all options have a 'high' benefit cost ratio rating, with partnership performing slightly better.

Quantified Economic Impacts	The Proposed Franchising Scheme	Operator Proposed Partnership	Ambitious Partnership
Present Value of Benefits (PVB 2010)	£345m	£113m	£142m
Present Value of Costs (PVC 2010)	(£111m)	(£33m)	(£39m)
Net Present Value (NPV 2010 = PVB - PVC)	£234m	£80m	£103m
Benefit Cost Ratio (PVB/PVC)	3.1	3.5	3.7

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Impact of Covid-19 on the economic case: methodology

- Scenario planning offers a tool to explore the range of possible alternative futures and hence test the robustness of the assumptions underpinning a proposal.
- The analysis in the Covid-19 Impact Report uses Scenario planning and 'What If?' tests to consider the robustness of the Economic Case presented in the Assessment, and to consider under what, if any, circumstances the Proposed Franchising Scheme may not offer value for money and how likely this may be.

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Impact of Covid-19 on the economic case

- The Proposed Franchising Scheme is still the best performing option
- Under Scenario 1, 2 and 4 it offers at least medium value for money (low or poor under Scenario 3)
- Illustrative partnership option shows high value for money in most scenarios but lower economic benefit than Proposed Franchising Scheme
- There is considerable uncertainty surrounding the delivery of partnership benefits given operators' inability to confirm that their previous commitments still hold as a result of Covid-19
- Uncertainty management strategies in franchise specifications will be important, for example reducing number/size of franchises, streamlining bidding process

Breakout group discussion



The economic case

Transport for Greater Manchester have also considered the value for money of the three different options, looking at their costs to the public and their benefits over a 30-year period.

The things it considers includes:

- Quicker journeys and time saved for passengers due to a wider choice of services
- Simpler fares
- An easier to understand network
- Centralised information
- Improvements to the quality of services
- Impacts to operators, wider society and GMCA.

15

The economic case

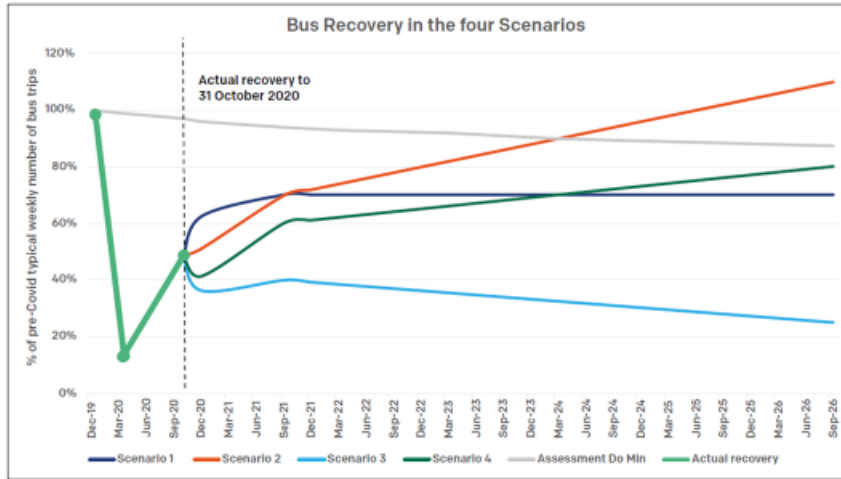
Table 1: Summary of Economic Case results from the Assessment

	The Proposed Franchising Scheme	Partnership 1	Partnership 2
Predicted economic benefits (e.g. time saved, simpler fares...)	+ £345 million	+ £113 million	+ £142 million
Costs to the public purse (i.e. taxes)	- £111 million	- £33 million	- £39 million
Benefits minus costs	£234 million	£80 million	£103 million

16

The economic case

Chart 2: Actual bus recovery, bus recovery under the four Scenarios, and the forecast decline in patronage from the Assessment



17



The economic case - debrief

18

Tea break



See you at 11.25

19

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The financial case



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20

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The financial case in the original Assessment sets out whether GMCA would be able to afford the transition to, and to operate, any of the options.

The financial case considers the forecast income, costs and risks of each option and the associated funding requirements.

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Affordability of the options in the Assessment

- The proposed franchising scheme would require **additional funding of £122m** over a transition period that covers the first five years of the scheme. The position across subsequent years is a forecast cumulative net surplus of approximately £94m.
- The Operator Proposed Partnership would require additional funding of £97.4m over the full appraisal period to 2051 and the Ambitious Partnership would require £112.5m over the same period.
- The financial case sets out **a range of credible additional funding sources** that could, in principle, be used to fund any of the options.
- In the case of the proposed franchising scheme, **the additional funding sources could fully fund** the total forecast transition requirement of £134.5m (£122m, plus £12.5m increases for concessionary reimbursement over the same period which are forecast under all options)

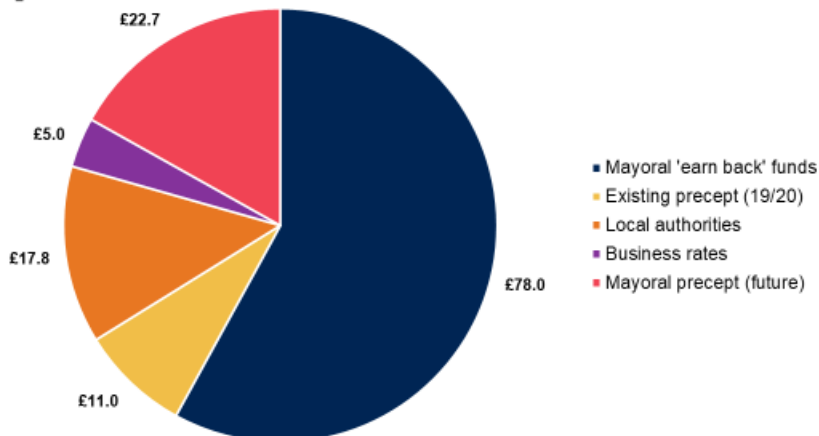
All options would require additional funding

22

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Approved proposal for transition funding prior to previous consultation



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Public sector funding and Covid-19

- Pre-Covid-19 public investment over £250m since 2014 on infrastructure (Bus Priority; interchanges) and ongoing revenue funding of over £100m per year in GM.
- Patronage dropped to c27% March–June but recovered to 60% during October compared to c40% for other modes.
- Social distancing has significantly impacted on service capacity.
- Public subsidy has maintained the network: subsidised services c£3m per month; concessionary fares at pre-Covid-19 levels c£4m per month; £33.6m emergency central government funding to end of September.
- Additional public subsidy likely to be required for some time to maintain existing services. If this is withdrawn or reduced prematurely there will be reductions in the bus network and/or increases in fares.



Impact of Covid-19 on financial case: methodology

- Not currently possible to provide revised central forecast of bus demand and precise funding requirement to reflect impact of Covid-19
- It is not assumed that passenger demand will return to pre-Covid 19 levels
- Scenarios used, which represent possible rather than forecast changes
- Scenarios do not specifically include assumptions beyond 2025-26 (transition period)
- The table on the following slide presents the estimated change in passenger/fares income compared to the Assessment forecast as a result of Covid-19 before any potential mitigating actions GMCA could take

Impact of Covid-19 on revenue forecast

Table 2: Estimates of the potential unmitigated change in farebox revenues

GMCA's potential (unmitigated) change in farebox compared with the Assessment	2022/23	2023/24	2024/25	2025/26	Total over the period
	£m	£m	£m	£m	
Scenario 1	(4)	(16)	(33)	(43)	(96)
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Scenario 3	(10)	(43)	(97)	(141)	(292)
Scenario 4	(5)	(17)	(29)	(30)	(82)
Note: Proportion of farebox accruing to GMCA	9%	35%	74%	100%	

Mitigation measures during transition to Proposed Franchising Scheme

- Potential mitigation options during transition if Government funding is reduced or withdrawn, or for other reasons such as fall in demand, include:
 - concessionary reimbursements paid as previously on an actual usage basis
 - reducing transition costs, including on bus equipment, depots and risk allowances
 - other credible, locally prioritised funding sources
 - reductions to the network

Impacts and mitigation measures under other options

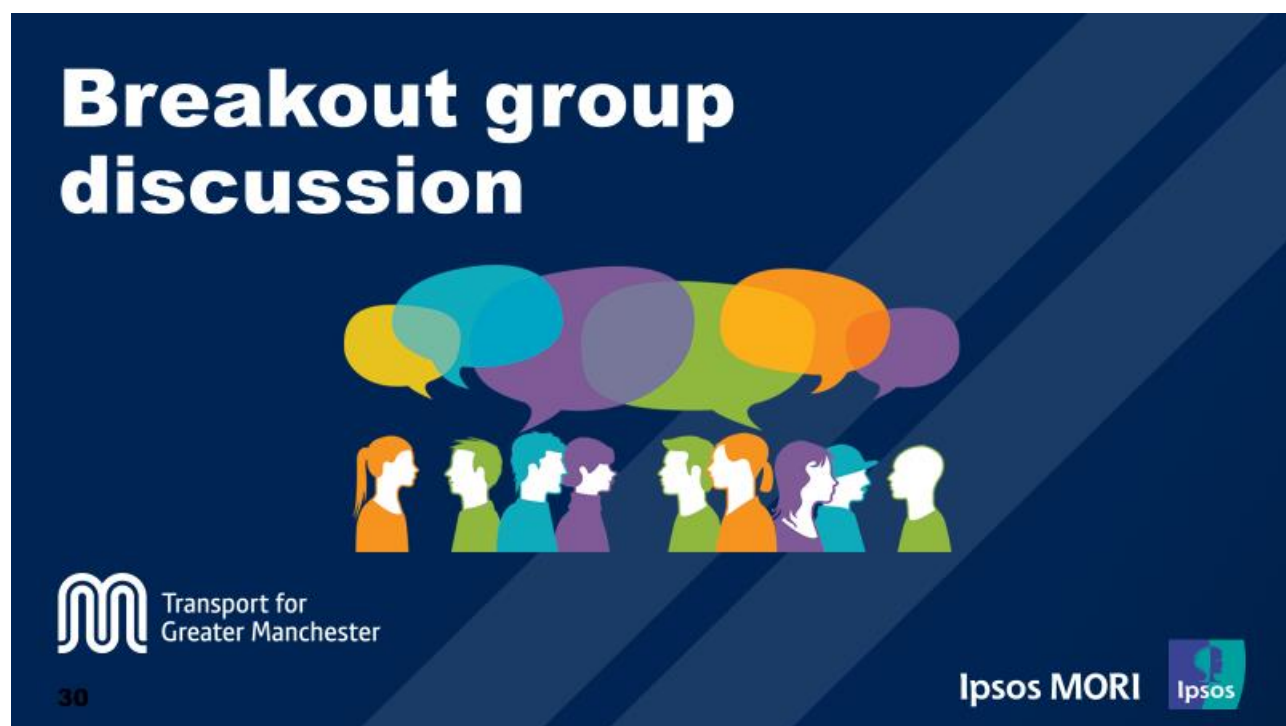
- Affordability of partnership option for GMCA not significantly affected by Covid-19 and thus lower direct financial risks for GMCA as farebox revenues would remain with operators, but there is greater uncertainty in relation to operators' commitments and the associated benefits.
- Under Do Minimum GMCA would continue to support the bus network, and the process would continue to be one of reacting to the decisions of private sector operators

QUIZ!

Which of the following sources of funding do you think is the largest?

- Devolved funding from central government
- Current Mayoral precept
- Future Mayoral precept
- Contribution from local authorities
- Business rates

29



Breakout group discussion

The graphic features a dark blue background with diagonal stripes. At the top, the text 'Breakout group discussion' is written in white. Below the text is an illustration of a group of stylized human figures in various colors (orange, green, blue, purple) with speech bubbles above them, representing a group discussion. In the bottom left corner, there is a logo for 'Transport for Greater Manchester' consisting of a stylized 'M' and the text 'Transport for Greater Manchester'. In the bottom right corner, there are logos for 'Ipsos MORI' and 'Ipsos'.

Transport for Greater Manchester

Ipsos MORI Ipsos

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Impact of Covid-19 on revenue forecast

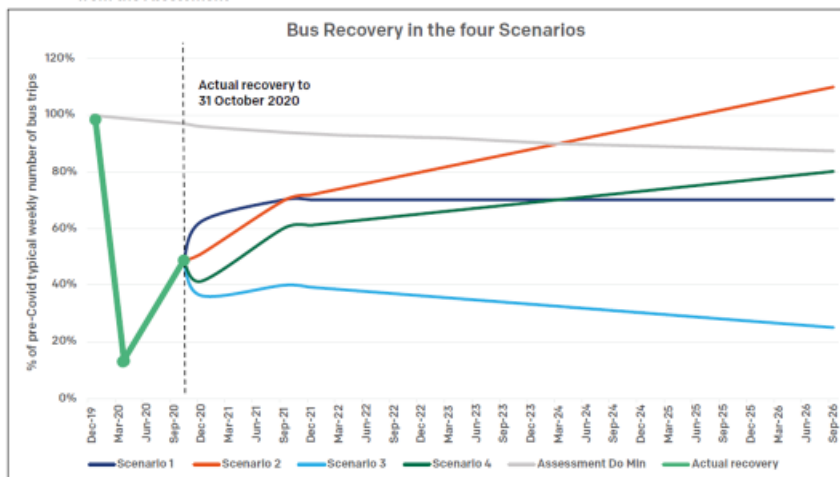
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The financial case

Chart 2: Actual bus recovery, bus recovery under the four Scenarios, and the forecast decline in patronage from the Assessment



The financial case - debrief



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

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Deciding how to proceed in a time of continuing uncertainty

- Is now the right time to make a decision on bus reform?
- Original Assessment noted importance of bus to GM economy and made case for intervention because of importance of bus service to achieving objectives of 2040 Strategy
- Covid-19 Impact report finds Proposed Franchising Scheme remains option most likely to enable GMCA to meet GM bus service objectives
- Covid-19 Impact Report includes conclusions on affordability and value for money
- Pros and cons of deciding now outlined in next two slides

Reasons to delay

- It might be possible in future to be more certain about future costs and benefits, although future shape of market will not necessarily be easy to predict. Economic recovery and changes in attitudes to public transport may play out over a longer timeframe
- Bus operators may be able to provide a better indication of what partnership they may be prepared to offer, but it is not clear when this might be

Reasons to proceed

- Challenges faced by bus market have not disappeared, and competition from other modes has increased under Covid-19
- Pandemic has reinforced reliance on bus service, e.g. by key workers
- Potential for increased car travel and increased congestion and air pollution in future because of Covid-19, which would damage bus market and potentially the environment
- GMCA needs to intervene to support the recovery from the pandemic and it may be more important for GMCA to be able to intervene in the transport system if its performance is further damaged by the pandemic.
- If a decision is not made, and if funding reduces while fewer people are travelling, it is likely to mean a reduction in services, increased fares and an increase in the price/fares of tendered services.

Breakout group discussion



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THANK YOU.

For more details of the consultation please visit:

<https://www.gmconsult.org/strategy-team/greater-manchester-bus-consultation/>

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Appendix J – Qualitative discussion guides

Depth interview discussion guide

TfGM bus reform qualitative engagement DEPTHS DISCUSSION GUIDE

1. Introduction (5 mins)

Introduce self, Ipsos MORI, purpose of discussion

- Transport for Greater Manchester on behalf of Greater Manchester Combined Authority has commissioned Ipsos MORI to ask local people what they think about the proposed bus franchising scheme in the context of the COVID-19 pandemic.
- *Have you heard of Transport for Greater Manchester and the Greater Manchester Combined Authority?* (REFER TO DEFINITIONS IN HANDOUT TO ENSURE UNDERSTANDING)

Role of Ipsos MORI – independent research organisation, here to gather your opinions. Everything you say is confidential – MRS rules.

Can I just check, did you receive the pack which we sent to you about the project?
(IF NO, REARRANGE APPOINTMENT)

Have you had an opportunity to read what we sent to you in the post? That is great/don't worry, we will be going through the content as we talk

Reassure all responses anonymous and that identifiable information about them will not be passed on to anyone, including back to TfGM or GMCA.

Explain tone and nature of discussion:

- Relaxed and informal
- No right or wrong answers
- Plenty to get through, so may have to move on from time to time – not that we're not interested in what you have to say
- Voluntary – can end, pause or withdraw at any time
- Clarify end time (45-60 minutes)
- Ask for permission to digitally record – transcribe for quotes, not detailed attribution. Only non-identifiable information will be passed back to TfGM.

Confirm that participant is happy to proceed.

Any questions before we begin?

2. Current awareness and overview of franchising scheme (10 mins)

Let's talk about the buses in Greater Manchester. I can see that before the pandemic you were using buses [2-3 times a week], mostly for [shopping].

What was your experience of the bus service generally?

Was it mainly positive or negative? Why?

- Prompts: network and frequencies? – routes where needed? Frequent enough? Reliable? Safe? Clean? Drivers who were friendly/helpful? Real-time information?

And are you aware of who runs the buses in your local area?

- Note if aware/unaware

That's right/actually...since 1986 bus services in Greater Manchester have been deregulated. This means the buses are run by commercial bus companies. Because there is no single body with overall oversight or control, the bus companies individually decide the routes, timetables, fares and standards. These companies receive the revenue from fares and retain the profits. The public sector does fund a number of specific services such as school bus services and socially-necessary services which aren't profitable for the bus companies to run. As you will have seen in the leaflet we sent you, GMCA believes that we need a truly integrated public transport system so that getting around our city-region is easy, accessible and affordable. Between October 2019 and January 2020, GMCA held a consultation on a proposed franchising scheme for the city-region's buses. Have you heard of franchising?

- Note if aware/unaware

That's right/no problem...so, franchising means the GMCA would control bus services in Greater Manchester and TfGM would award franchise contracts to run local bus services on GMCA's behalf, setting routes, timetables, fares and standards, for which bus companies would competitively bid for contracts to run services on GMCA's behalf. This is the way buses are run in London and in other major cities around the world. Does that make sense?

- Clarify if any confusion

Before we tell you more details about the proposals, how does this sound in general?

Over 8,500 people replied to the consultation, with four out-of-five respondents supporting the proposed franchising scheme. However, the GMCA decided that before a final decision could be made, the longer-term impact that the Covid-19 pandemic may have on the bus market and the proposed franchising scheme should be considered.

3. Effects of Covid-19 on the bus market in Greater Manchester (10 mins)

Has your bus use differed much over the last year during the Covid-19 pandemic?

- Using the same amount as before the pandemic?
- Using less? Are you travelling less or taking alternative modes? Why?
- How about your friends and family?

If you look at **chart 1 (Change in transport use in Greater Manchester, March – November 2020)** in the handout we sent you, you'll see that bus use dropped during the first lockdown and has not yet returned to the same level. Government had to step in and support the bus industry with taxpayers' money to ensure the buses could keep running for those who needed to use them, as many services would no longer have been commercially viable with the drop in usage. Transport for Greater Manchester recognise that Covid-19 has caused a lot of uncertainty over how people will travel in future. To work out what to do, they have created four scenarios which look at potential future travel demand in Greater Manchester and how bus services and the city-region's transport plans and priorities could be affected.

If you look at **chart 2 (Actual bus recovery, bus recovery under the four scenarios, and the forecast decline in patronage from the Assessment)** on the next page, this shows the four different scenarios of bus use from now up to September 2026. Scenario 1, the dark blue line, and scenario 4, the green line, are the most likely, with scenarios 2 and 3 as best and worst-case scenarios. These are based on how strong or weak the economic recovery will

be, Government support for buses and how much people use cars instead of public transport, cycling or walking.

To what extent do you think using scenarios like this is the right way to think about demand for bus travel in the future?

- *Have they missed anything?*
- *Are you optimistic/pessimistic about the economic recovery?*
- *Do you think people will shift away/towards private car use?*
- *Do you think the Government's focus on climate change and reducing carbon emissions will have a positive or negative impact on bus use?*

4. The strategic case (10 mins)

- (a) Under the Proposed Franchising Scheme, GMCA would specify what bus services it wants, and bus companies would compete for contracts to deliver these services.**

In the previous consultation, the Proposed Franchising Scheme was compared against two other options. The first is, 'do minimum'. The market would be left as it is now and bus services in Greater Manchester would continue to be deregulated, with bus operators choosing the services they provide. This would not contribute to the achievement of the ambition for a fully integrated public transport system, it would not address air quality or contribute to sustainable economic growth by which we mean tackling social exclusion and helping to deliver expected housing and employment growth. but it carries no additional cost or risk. Does this 'do minimum' option make sense?

- *Clarify if any confusion*
- *How does that option sound to you?*

Another option was for a new 'partnership' with the bus operators. This would involve working with bus operators in different ways to improve services. Before the pandemic, operators proposed a partnership which they said would include a review of the network, reliability targets, a two-year fares freeze and greener buses, subject to government funding. They would continue to run commercially-viable services and take the commercial risk of doing so. However, the voluntary agreement they proposed would only last for five years. Post-pandemic, they have not been able to confirm that the key parts of their proposal still stand. GMCA would still need to pay to fill the gaps in the commercial bus network, but would have to do this with no overall control and none of the other benefits of franchising. Decisions about the network, fares and standards would continue to be made primarily by commercial operators and this would not enable Greater Manchester to get the full benefit of an integrated transport system. As well as this, a second type of partnership was considered and this represented an illustration of what TfGM thought could theoretically be achieved under a partnership. However, the focus of the post-Covid-19 analysis has been on the proposals from operators, as this is the option which can be currently envisaged. Does this 'partnership' option make sense?

- *Clarify if any confusion*
- *How does that option sound to you?*

Having compared the options under the four post-Covid-19 Scenarios we looked at earlier, Transport for Greater Manchester found that the Proposed Franchising Scheme is still the best option to the long-term ambition for a fully integrated public transport system. What do you think about this conclusion?

- *Looking at what franchising is trying to achieve REFER TO OBJECTIVES IN PACK (PAGE 5) Are any of these no longer relevant as a result of the pandemic?*
- *Are any of these objectives more relevant?*
- *Is anything missing?*
- *Is anything unclear?*

5. Economic case (10 mins)

Transport for Greater Manchester have also considered the value for money of the different options, looking at their costs to the public purse and others and their wider benefits over a 30-year period. The things it considers include quicker journeys and time saved for passengers due to a wider choice of services, simpler fares, an easier to understand network, centralised information, improvements to the quality of services, impacts to operators, wider society (such as environmental impacts) and to GMCA. If you look at **Table 1 in the handout (Summary of Economic Case results from the Assessment)** you can see all of this added up. As you can see, the proposed franchising scheme has the highest cost to the public purse and others, but it also has the highest economic benefit and once costs are subtracted from the benefits, the net value is the highest. *Does this make sense?*

- Clarify if any confusion

In contrast, the two partnership proposals in the table from before the pandemic have lower costs to the public purse and others but also lower economic benefits which means that the net value is lower than the proposed franchising scheme. *Does this make sense?*

- Clarify if any confusion

As **table 1** shows, the Proposed Franchising Scheme was considered to have an overall economic benefit almost three times higher than a partnership option as measured by Net Present Value. *What do you think about this conclusion?*

- Are any of the **benefits listed above table 1** more important to you than others? Is anything missing?
- Is anything unclear?

When we consider the impact of Covid-19 on the economic case there are risks under a worst-case scenario (which is Scenario 3 that some of the benefits of franchising would be harder to achieve and pressure would increase on GMCA to intervene more to support the market. However, this would also be likely under any anticipated partnership. There is also a degree of uncertainty generally among operators about what can be delivered under a voluntary partnership agreement at this moment in time. *Does this make sense?*

- What do you think of this conclusion?
- Is anything missing regarding the uncertainty around Covid-19?

Transport for Greater Manchester's conclusion is that the Proposed Franchising Scheme is still preferable to a partnership because the overall benefits will probably remain higher and more feasible than a partnership. Additionally, it is not clear what, if any, partnership options are available. *What do you think about this conclusion?*

- Is anything unclear?

6. Financial case (10 mins)

The GMCA also needs to consider whether it could still, despite the impacts of Covid-19, afford to transition and operate the Proposed Franchising Scheme. This set up or transition would include things such as providing depots and setting up ticketing systems. To do this they consider the cost, any risks, their forecasted income and the associated funding requirements.

The impact of Covid-19 means there is uncertainty over the levels of bus demand and therefore money received from fares. During the pandemic, bus operators have been supported by a combination of Central Government emergency funding, and TfGM's continued payment of concessionary fares and subsidised services at pre-Covid-19 levels.

- Were you aware of this?
- Does this surprise you? What part? Why
- The Assessment carried out in 2019 concluded that GMCA could afford to introduce and operate the Proposed Franchising Scheme and agreed how it would fund it. This was partly based on a revenue forecast that included money from fares over the

transition period, (i.e. the period in which the network is gradually becoming franchised, given it will not happen all at once).

The Table we have sent you explains the impact of Covid-19 on that forecast under the four scenarios. As you can see from **table 2 in your handout (Estimates of the potential unmitigated change in farebox revenues)**, the income from fares has been calculated using each of the four scenarios. In Scenarios 1 and 4, there is a substantial decline compared with the Assessment, and in Scenario 3 there is a very substantial decline. Scenario 2 only sees an increase after several years, so there might still be reductions during a potential transition to the Proposed Franchising Scheme. It should be noted that this fall in patronage would also be the case if nothing was done or a partnership option was chosen, but GMCA would have additional financial responsibilities under franchising. *Does this make sense?*

- *Is anything unclear?*

If the income from fares does decrease significantly and additional govt funding is withdrawn, the GMCA has a number of mitigations in place that it would explore and as a last resort the GMCA may have to cut services for example by reducing the number of buses or reducing the operating hours. It should also be noted that these options would also be a consideration for the bus operators if a do minimum approach or partnership option was chosen, but in these cases individual bus operators would decide how to react, according to their own company's commercial interests. GMCA would not be able to ensure decisions were taken in the best interests of the overall network.

Does this make sense?

- *Is anything unclear?*

Do these suggested responses to reduced income and funding change the way you feel about the proposed franchising option, compared to the 'do minimum' or partnership options, or do you feel the same way? Why?

7. Overall thoughts and wrap up (5 mins)

There are reasons to wait a short time, such as allowing all those involved to better understand the risks, to predict what will happen to the bus market with more confidence and allow bus operators to clarify a potential partnership offer. However, delaying a decision and thus continuing to not intervene in the bus market would also expose GMCA to risk. Bus use was falling prior to the pandemic and the challenges facing the market have not disappeared. It is also important to remember that franchising is a long-term project, costed over 30 years. The first franchised buses would be unlikely to appear for at least two years, by which time demand for bus travel may have changed.

- In the event that Government reduces or stops funding before recovery then operators may cut the network and inflate the pricing of tendered services in order to recover to some level of profitability.
- This cycle of reductions could lead to more services becoming commercially unviable, again leading to cuts to the network. This tends to impact the poorer and more vulnerable people in GM, who have less ability to move to other more expensive modes such as car. In turn this reduces access to employment, education and essential services.
- All of which means that there will be still significant pressure and need to fund an increased proportion of services.

Taking everything into account, do you have any comments on the conclusion that this is the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme?

Why do you think TfGM and GMCA are considering this proposed franchising scheme at this time?

At the beginning of our talk today we asked you how you felt about the proposed franchising scheme in general. You said [previous answer]. Thinking about everything we've talked about, do you still feel the same way or have you changed your mind?

- ***(Prompt if timing regarding Covid-19 does not come up naturally). And do you think now is the right time to go ahead with this?***

Is there anything else you would like to add?

Do you have any final questions before we close?

CONFIRM THAT THEY HAVE GIVEN THEIR BACS PAYMENT DETAILS TO CRITERIA

We will send the payment via BACs transfer to your bank account, and you should see it arrive in your account in the next couple of weeks. If you don't see it in your account after two weeks, you may contact Holly.Day@ipsos.com to let us know.

THANK AND CLOSE.

Deliberative event – Session 1 – Discussion guide

TfGM bus reform deliberative workshop 1

17.30-17.45**Chair, facilitators and TfGM team members arrive**

- Testing of videos and breakout rooms and tech support where needed
- Remind facilitators to record sessions locally on their laptops

17.45-18.00**Participants and note-takers begin to arrive**

- Administrator keeps track of participants, assigns them to breakout rooms and provides tech support where needed
- Check-in with note-takers, assign to breakout rooms provide tech support where needed

18.00**Start of deliberative event**

Guide Key:

General Instructions
<i>Discussion questions asked to participants</i>
Other moderator instructions

1 Introduction, quiz and vote

Time	Facilitation Instructions / Moderator discussion questions
18.00-18.15	<p>Chair to introduce self, Ipsos MORI and facilitators</p> <ol style="list-style-type: none"> 1. Thank participants for taking part in the deliberative event. 2. Explain what a deliberative event is <ul style="list-style-type: none"> ○ <i>(Deliberative Workshops are a form of facilitated group discussions that provide participants with the opportunity to consider an issue in depth, challenge each other's opinions and develop their views/arguments to reach an informed position).</i> 3. Explain that each person present has something to bring to the discussion – we are keen to hear opinions from all and to that effect, will break up the event into small groups, enabling all to express themselves. 4. Explain that the topic of the event is bus reform: <ul style="list-style-type: none"> ○ Introduce GMCA (Greater Manchester Combined Authority) and TfGM (Transport for Greater Manchester) ○ Reiterate the position that GMCA is proposing to introduce a Bus Franchising Scheme as the optimum way to reform buses. However, there are other options (e.g. do minimum, new partnership) and some of the discussion will need to introduce these options for comparative purposes. ○ Brief summary of the previous consultation on whether to introduce a Proposed Franchising Scheme. Explain that GMCA are consulting again in the light of the impact of Covid-19. <p>Explain the structure of the event (with agenda on slide):</p> <ol style="list-style-type: none"> 1. <u>18.00 - 18.15: Introduction and quiz</u> 2. <u>18.15 – 18.30 Experience of buses in Greater Manchester, pre- and post- Covid-19</u> 3. <u>18.30 – 18.45 Future bus demand. Presentation and Q&A with TfGM</u> 4. <u>18.45 – 19.15 Discussion about future bus demand</u> 5. <u>19.15 – 19.25 Tea break</u> 6. <u>19.25 – 19.40 The strategic case. Presentation and Q&A with TfGM</u> 7. <u>19.40 – 20.40 Discussion about the strategic case</u> 8. <u>20.40 – 21.00 Debrief, voting and preview of next session.</u> <p>Role of Ipsos MORI – independent research organisation, here to facilitate.</p> <ul style="list-style-type: none"> • Everything you say is confidential – MRS rules. • Note-takers and recording being made. May quote what you say but not say who you are. <p>Explain tone and nature of discussion</p> <ul style="list-style-type: none"> • Relaxed and informal • No right or wrong questions or answers • We are keen to hear about everyone's views • Please feel free to disagree with one another; just keep it polite • The moderator will make sure everyone gets a chance to share their opinion • Please try to avoid talking over one another • Plenty to get through, so the moderators may have to move people on from time to time <ul style="list-style-type: none"> • <i>Bus services in Greater Manchester are deregulated. This means the buses are run by commercial bus companies, not local authorities. Because there is no single body with overall oversight or control, the bus companies individually decide the routes, timetables, fares and standards. These companies receive</i>

the revenue from fares and retain the profits. But in what year did this system come in?

Using the poll function within Zoom, lead a quiz about how buses are currently run in Greater Manchester.

- ***Question number one. When were bus services in Greater Manchester deregulated?***
 - 1976
 - 1986 [correct answer]
 - 1996
 - 2006

Wait for final tally, reveal correct answer.

- ***That's right, since 1986. And how many bus companies are there in Greater Manchester now in 2021?***
 - 28
 - 38
 - 48 [correct answer]
 - 58

Wait for final tally, reveal correct answer.

- ***That's right. Seven of these are large operators and 41 of these are small and medium operators. But the public sector does still play a part. It funds a number of specific services such as school bus services and socially-necessary services which aren't profitable for the bus companies to run. What percentage of services do you think are supported by GMCA funding?***
 - 5%
 - 10%
 - 15%
 - 20% [correct answer]
- ***As you will have seen in the leaflet we sent you, GMCA believes that we need a truly integrated public transport system so that getting around our city-region is easy, accessible and affordable. Between October 2019 and January 2020, GMCA held a consultation on a proposed franchising scheme for the city-region's buses. Franchising means bus services would be brought under local control. GMCA would coordinate both the bus network and investment, based on what passengers need, with operators contracted to run the services. Over 8,500 people replied to the consultation, with four out-of-five respondents supporting the proposed franchising scheme. However, GMCA decided that before a final decision could be made, the longer-term impact that the Covid-19 pandemic may have on the bus market and the proposed franchising scheme should be considered. That's what we're here to talk about today and in the next session.***

Chair and admin coordinate splitting into breakout groups.

2 Experience of buses in GM, pre- and post- Covid-19

Time	Facilitation Instructions / Moderator discussion questions
18.15 – 18.30	<p>Moderators introduce selves with participants at their table.</p> <p>Moderators to reiterate ground rules.</p> <p>Ice breaker discussion</p> <ul style="list-style-type: none"> • Name, where they live in GM, and when/where/why they last took a bus journey • Let's talk about the buses in Greater Manchester at the moment. Whilst you will all focus on the service in your local area, please think about the services more widely. Firstly, are you aware of who runs the buses in your local area? <ul style="list-style-type: none"> ○ <i>Prompt: one/multiple companies? Is there much difference between them?</i> • How often were you using buses in GM back in 2019? <ul style="list-style-type: none"> ○ <i>(quick responses from everyone)</i> • What were your experiences of using the buses in 2019? <ul style="list-style-type: none"> ○ What was good about the buses? ○ What was not so good about the way buses were run? ○ TO NON-USERS: Why did you not use the bus back in 2019? ○ <i>Prompts: network and frequencies – routes and run at suitable times (timetable), reliability, getting a seat, fares & tickets, coordination and integration, service quality: safety, cleanliness, drivers who are friendly/helpful, signposting (e.g. complaints etc.), routes, frequency of service, quality of fleet, real-time information</i> • And last year during the pandemic how often did you use the bus? <ul style="list-style-type: none"> ○ <i>Probe: Use more? Use less? Why? Taking alternative modes? Working/caring situation changed? Restrictions on travel, activities curtailed and limited reasons to go out? Did you feel safe?</i> • Do you expect to use the buses more this year once Covid restrictions ease? <ul style="list-style-type: none"> ○ <i>(quick responses from everyone)</i> ○ <i>Probe: Use more? Use less? Why? Continue to use alternative modes? Working/caring situation going to change? Restrictions on activities lifted?</i> • Beyond yourself, do you think people in general are going to be using buses in GM more or less over the next year once Covid restrictions ease? <ul style="list-style-type: none"> ○ <i>Probe: use less? Use more? Why? Vaccines / herd immunity / 'new normal' etc.</i> • How about over the next 5 years? <ul style="list-style-type: none"> ○ <i>Probe: new technologies / carbon footprint / air quality / state of economy and employment, changing work, care and shopping patterns etc.</i>

3 Future bus demand. Presentation and Q&A with TfGM

Time	Facilitation Instructions / Moderator discussion questions
18.30 – 18.45	<p>Chair/admin brings groups back to plenary.</p> <p>TfGM rep gives presentation on future bus demand and introduces the four scenarios.</p> <p>Chair asks participants to add questions in the chat and collates these to put to the TfGM rep.</p> <p>Chair/admin puts groups back into breakout rooms.</p>

4 Discussion about future bus demand

Time	Facilitation Instructions / Moderator discussion questions
18.45 – 19.15	<p>Group facilitator welcomes participants back into the breakout room.</p> <ul style="list-style-type: none"> • <i>Do you have any more questions about the presentation we just saw? Did it all make sense?</i> <p>Clarify, bringing in experts where necessary.</p> <p>If you look at the slide on the screen or in the pack we sent you (Slide 15 “Bus recovery in the four scenarios”), you can see the four different scenarios of bus use from now up to September 2026. Before we go into detail, what do you think about this scenario-based approach?</p> <ul style="list-style-type: none"> • <i>Have they missed anything?</i> • <i>Are you optimistic/pessimistic about the economic recovery?</i> • <i>Do you think people will shift away/towards private car use?</i> • <i>Do you think the Government’s focus on climate change and reducing carbon emissions will have a positive or negative impact on bus use?</i> <p>Go through each scenario on the slide deck slides 17 – 20</p> <p>Let’s have a look at each of the scenarios in turn, starting with the most likely ones. Scenario 1, the dark blue line, is called ‘Back to Normality’. Post-pandemic economic activity would return but with a lower likelihood of travel by public transport and cycling and walking. Travel demand would return as Government restrictions are lifted, with some reduced travel to work but more people travelling for leisure, and car travel would increase slowly to reach new highs after five years.</p> <ul style="list-style-type: none"> • <i>Does this make sense?</i> <p>Scenario 4, the green line, is called “Poorer and more local”. Economic activity from before the pandemic would <u>not</u> return, at least for some time, but there would be a growth in the proportion of travel by public transport or cycling and walking. Public transport travel would remain lower than pre-pandemic, replaced by more home-working and a greater take up of cycling and walking. Car-use would also remain lower than pre-pandemic, reduced by a weak economy.</p> <ul style="list-style-type: none"> • <i>Does this make sense?</i> <p>Next we’ve got the less likely ‘outlier’ scenarios. Scenario 2, the orange line, is called “New Travel Demand” economic activity from before the pandemic <u>would</u> return, accompanied by a growth in the number of people travelling by public transport and cycling and walking. There would be a reduction in the overall number of people travelling because more people would work from home and public transport usage would grow beyond pre-Covid-19 levels.</p> <ul style="list-style-type: none"> • <i>Does this make sense?</i> <p>Finally, scenario 3, the light blue line, is called “Car travel dominant”. Pre-pandemic economic activity would not return, at least for some time, and with fewer people travelling by public transport or cycling and walking. The decline in public transport travel would continue alongside lower economic activity. Private car travel would increase as a proportion of total travel and</p>

	<p>exceed pre-Covid-19 levels after five years.</p> <ul style="list-style-type: none"> • <i>Does this scenario make sense to you?</i> <p>Now that you've looked at all four scenarios in more detail, do you feel the same way about this approach i.e. using scenarios for planning for bus travel in the future?</p> <ul style="list-style-type: none"> • <i>Why do you still feel the same way?</i> • <i>What changed your mind?</i> • <i>What could be improved?</i> • <i>Do you think they've missed anything in these future scenarios?</i> <p>And which of these scenarios do you personally feel is most likely? Why?</p> <ul style="list-style-type: none"> • <i>Do you think that economic activity will increase or decrease? Why?</i> • <i>Do you think that public transport use will increase or decrease? Why?</i> • <i>Do you think that walking and cycling will increase or decrease? Why?</i> • <i>Do you think that personal car use will increase or decrease? Why?</i> • <i>Are there any other factors that you think are important to consider?</i> <p>Chair brings everyone back to plenary and announces break.</p>
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5 Break

Time	Facilitation Instructions / Moderator discussion questions
19.15 - 19.25	Short comfort break.

6 The strategic case. Presentation and Q&A with TfGM

Time	Facilitation Instructions / Moderator discussion questions
19.25 – 19.40	<p>Chair/admin welcomes participants back from their break.</p> <p>TfGM rep gives presentation on the strategic case for the proposed franchising scheme in contrast to the 'do minimum' and partnership options, in addition to the GMCA's objectives for reforming the bus market.</p> <p>Chair/admin puts groups back into breakout rooms.</p>

7 Discussion about the strategic case

Time	Facilitation Instructions / Moderator discussion questions
19.40 – 20.40	<p>Display the summary of the three options (slide 29 on screen)</p> <p>In the previous consultation, the Proposed Franchising Scheme was compared against two other options. The first is, 'do minimum'. The market would be left as it is now and bus services in Greater Manchester would continue to be deregulated, with bus operators choosing the services they provide. This would not contribute to the achievement of the ambition for a fully integrated public transport system, it would not address air quality or contribute to sustainable economic growth by which we mean tackling social exclusion and helping to deliver expected housing and employment growth. but it carries no additional cost or risk. Does this 'do minimum' option make sense?</p> <p>Clarify if any confusion</p> <p>How does that option sound to you?</p> <p>Display the GMCA's objectives on screen/refer them to their handouts (slide 26 on screen)</p>

How do you think the ‘do minimum’ option would perform against GMCA’s objectives?

- *Prompt any principles that do not come up naturally*
- *Ensure context of pandemic is covered if it does not come up naturally*
- *Are any of these more or less relevant because of the pandemic?*
- *Anything important missing from this list?*

Refer them back to the four scenarios (slide 35 on screen).

Would your opinion on the ‘do minimum’ option vary depending on whether the future is similar to scenario 1/2/3/4?

Refer them to the options slide 29

Another option was for a new ‘partnership’ with the bus operators. This would involve Transport for Greater Manchester working with bus operators in different ways to improve services. Before the pandemic, operators proposed a partnership which they said would include a review of the network, reliability targets, a two-year fares freeze and greener buses. They would continue to run commercially-viable services and take the commercial risk of doing so. However, the voluntary agreement they proposed would only last for five years. Post-pandemic, they have not been able to confirm that the key parts of their proposal still stand. GMCA would still need to pay to fill the gaps in the commercial bus network, but would have to do this with no overall control and none of the other benefits of franchising. Decisions about the network, fares and standards would continue to be made primarily by commercial operators and this would not enable Greater Manchester to get the full benefit of an integrated transport system. As well as this, a second type of partnership was considered and this represented an illustration of what TfGM thought could theoretically be achieved under a partnership. However, the focus of the post-Covid-19 analysis has been on the proposals from operators, as this is the option which can be currently envisaged. Does this ‘partnership’ option make sense?

Clarify if any confusion

How does that option sound to you?

Display the GMCA’s objectives on screen/refer them to their handouts Slide 26

How do you think the partnership option would perform against GMCA’s objectives?

- *Prompt any principles that do not come up naturally*
- *Ensure context of pandemic is covered if it does not come up naturally*
- *Are any of these more or less relevant because of the pandemic?*

Refer them back to the four scenarios. Slide 35

Would your opinion on a potential partnership option vary depending on whether the future is similar to scenario 1/2/3/4?

Refer them to the options slide 29

- (b) Under the Proposed Franchising Scheme, GMCA would specify what bus services it wants to be delivered. Private firms would compete on the basis of quality and cost of their bids to secure a contract to deliver the services. Franchising would thus change the nature of competition in the market from ‘on-road’ competition, which has resulted in a market characterised by limited competition, to one where there was competition ‘for the market’ to deliver franchise contracts. In its Assessment, Transport for Greater Manchester concluded that the Proposed Franchising Scheme was the best way of achieving GMCA’s objectives.**

Refer them to the objectives slide 26

	<p>How do you think the Proposed Franchising Scheme would perform against GMCA’s objectives?</p> <ul style="list-style-type: none"> • <i>Prompt any principles that do not come up naturally</i> • <i>Ensure context of pandemic is covered if it does not come up naturally</i> • <i>Are any of these more or less relevant because of the pandemic?</i> <p>Refer them back to the four scenarios slide 35.</p> <p>Would your opinion on the Proposed Franchising Scheme vary depending on whether the future is similar to scenario 1/2/3/4?</p> <p><i>Having compared the options under the four post-Covid-19 Scenarios we looked at earlier, Transport for Greater Manchester found that the Proposed Franchising Scheme is still the best option to the long-term ambition for a fully integrated public transport system. What do you think about this conclusion?</i></p> <p>Clarify if any confusion</p> <p>Before we re-join everyone, is there anything unclear to you?</p> <p>Collate clarification questions.</p>
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8 Debrief, voting and preview of next session.

Time	Facilitation Instructions / Moderator discussion questions
20.40 – 21.00	<p>Chair asks each table moderator to briefly reflect on what their groups have discussed.</p> <p>Chair then asks each table moderator for clarification questions that came up (any not covered/too complex to be answered in following session)</p> <p>Chair explains that they want to see how people feel about the Proposed Franchising Scheme at this stage, after everything they’ve talked about this evening. Open poll:</p> <p>To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?</p> <ul style="list-style-type: none"> • <i>Strongly support</i> • <i>Tend to support</i> • <i>Neither support nor oppose</i> • <i>Tend to oppose</i> • <i>Strongly oppose</i> <p>Chair closes vote, thanks participants, reminds them of the date and time of the next workshop and provides a brief summary of what it will be about (the economic and financial cases).</p>

Deliberative event – Session 2 – Discussion guide

TfGM bus reform deliberative workshop 2

09.30-09.45

Chair, facilitators and TfGM team members arrive

- Testing of videos and breakout rooms and tech support where needed
- Remind facilitators to record sessions locally on their laptops

09.45-10.00

Participants and note-takers begin to arrive

- Administrator keeps track of participants, assigns them to breakout rooms and provides tech support where needed
- Check-in with note-takers, assign to breakout rooms provide tech support where needed

10.00

Start of deliberative event

Guide Key:

General Instructions
<i>Discussion questions asked to participants</i>
Other moderator instructions

1 Introduction, quiz and vote

Time	Facilitation Instructions / Moderator discussion questions
10.00-10.05	<p>Chair to welcome participants back.</p> <ol style="list-style-type: none"> 5. Thank participants for taking part in the deliberative event. 6. Brief re-cap of previous session 7. Brief reminder of the ground rules <p>Explain the structure of the event:</p> <ol style="list-style-type: none"> 9. <u>10.00 – 10.05 Introduction</u> 10. <u>10.05 – 10.15 The economic case, presentation and Q&A with TfGM</u> 11. <u>10.15 – 11.05 Discussion about the economic case</u> 12. <u>11.05 – 11:15 Debrief in plenary on the economic case</u> 13. <u>11.15 – 11.25 Tea break</u> 14. <u>11.25 – 11.40 The financial case. Quiz, presentation and Q&A with TfGM</u> 15. <u>11.40 – 12:20 Discussion about the financial case</u> 16. <u>12.20 – 12.30 Debrief in plenary on financial case, voting.</u> 17. <u>12.30 – 12.40 Why now? Presentation and Q&A with TfGM</u> 18. <u>12.40 – 12.55 Discussion on ‘why now?’</u> 19. <u>12.55 – 13.00 Thanks, next steps and close.</u> <p>Quick fun poll to test the voting tool (e.g. what did you drink to wake you up this morning? coffee, tea, water, nothing...)</p> <p>Chair introduces speaker.</p>

2 Experience of buses in GM, pre- and post- Covid-19

Time	Facilitation Instructions / Moderator discussion questions
10.05 – 10.15	<p>TfGM rep gives presentation on the economic case and its purpose to consider whether the proposed franchising scheme (and other options) would provide value for money.</p> <p>Chair asks participants to add questions in the chat and collates these to put to the TfGM rep.</p> <p>Chair/admin puts groups into breakout rooms.</p>

3 Discussion about economic case

Time	Facilitation Instructions / Moderator discussion questions
10.15 – 11.05	<p>Transport for Greater Manchester have considered the value for money of the different options, looking at the costs and benefits to the public as ratepayers and bus users, to bus operators and others over a 30-year period.</p> <p>Refer to list of potential benefits on slide 15</p> <p>Let’s start with the potential benefits. How do these look to you?</p> <ul style="list-style-type: none"> • <i>Do these all make sense?</i> • <i>Are any of these more or less important to you? Why?</i> • <i>Do you think your opinion on this list will change in a few years time, after the pandemic?</i> <p>If you look at table 1 slide 16, you can see all of these potential benefits added up on the row ‘present value of benefits’ and the following row adds up the cost to the public</p>

purse, to everyone as taxpayers, and to others. The final row shows the 'net present value' which is the net benefits minus the net costs. As you can see, the proposed franchising scheme has the highest cost to the public purse and others, but it also has the highest economic benefit and once costs are subtracted from the benefits, the net value is the highest. Does this make sense?

- *Clarify if any confusion*

In contrast, the two partnership proposals in the table have lower costs to the public purse but also lower economic benefits which means that the net value is lower than the proposed franchising scheme. Does this make sense?

- *Clarify if any confusion*

Comparing the options, the Proposed Franchising Scheme was considered to have an overall economic benefit almost three times higher than partnership options as measured by Net Present Value. What do you think about this conclusion?

- *Do you feel like this conclusion is missing anything?*
- *Do you feel like the higher level of public investment is worth the potential higher benefits? Or is this too risky?*

Refer to scenarios chart [slide 17](#).

As you'll remember from the last session, Covid-19 has added long-term uncertainty and this also applies to the economic case. In scenarios 1, 2 and 4 the Proposed Franchising Scheme is still likely to offer at least medium value for money. However, in scenario 3, where decline is worsened by the assumed early withdrawal of significant proportions of Government funding, the analysis suggests that the Proposed Franchising Scheme would be poor value for money because there would be fewer passengers to gain from the potential benefits. What do you think about this conclusion?

- *Does this make sense?*
- *Is there anything missing around the uncertainty of Covid-19?*
- *Do you agree or disagree with GMCA that it is unlikely that Central Government will withdraw funding? Why/why not?*

The illustrative potential partnership options show high value for money in most scenarios. However, the risks under the worst-case scenario that some of the benefits of franchising would be harder to achieve and pressure would increase on GMCA to intervene more to support the market would also be likely under any anticipated partnership. Operators have also stated that their previous commitments no longer hold.

- *Does this make sense?*
- *What do you think of this conclusion?*
- *Is anything missing around regarding the uncertainty around Covid-19?*

The overall conclusion is that the Proposed Franchising Scheme remains the best performing option, offers value for money in all reasonably likely scenarios and provides higher and more deliverable benefits than a partnership. What do you think about this conclusion?

Before we re-join everyone, is there anything unclear to you?
Collate clarification questions.

4 Debrief in plenary on the economic case

Time	Facilitation Instructions / Moderator discussion questions
11.05 – 11.15	<p>Chair asks each table moderator to briefly reflect on what their groups have discussed.</p> <p>Chair then asks each table moderator for clarification questions that came up (any not covered/too complex to be answered in following session)</p> <p>Chair announces break.</p>

5 Break

Time	Facilitation Instructions / Moderator discussion questions
11.15 - 11.25	Short comfort break.

6 The financial case. Quiz and presentation and Q&A with TfGM

Time	Facilitation Instructions / Moderator discussion questions
11.25 – 11.40	<p>Chair/admin welcomes participants back from their break.</p> <p>TfGM rep gives presentation on the financial case for the proposed franchising scheme, including explanation of the Mayoral precept (as many may be unaware of this). As part of this there will be a quiz, asking participants which of the following sources of funding they think is the largest</p> <ul style="list-style-type: none"> • Devolved funding from Central Government (£78 million – correct answer) • Current Mayoral precept (£11 million) • Future Mayoral precept (£22.7 million) • Contribution from local authorities (£17.8 million) • Business rates (£5 million) <p>Reveal correct answer and continue presentation</p> <p>Chair asks participants to add questions in the chat and collates these to put to the GMCA/TfGM rep.</p> <p>Chair/admin puts groups back into breakout rooms.</p>

7 Discussion about the financial case

Time	Facilitation Instructions / Moderator discussion questions
11.40 – 12.20	<p>Welcome back everyone. How did you do on the quiz?</p> <ul style="list-style-type: none"> • <i>Did you get it right or wrong?</i> • <i>Was anything surprising?</i> • <i>Did you already know about the Mayoral precept or was this new information to you?</i> <p>As we heard in the presentation, the GMCA needs to consider whether it can afford to transition and operate the Proposed Franchising Scheme. This set up or transition would include things such as buying depots and setting up ticketing systems. To do this they consider the cost, any risks, their forecasted income and the associated funding requirements.</p>

The Assessment carried out in 2019 concluded that GMCA could afford to introduce and operate the Proposed Franchising Scheme and GMCA subsequently agreed a consultation proposal to fund the introduction of the scheme, partly based on a revenue forecast that included fares revenue over the transition period. The Table we have sent you explains the impact of Covid-19 on that forecast under the four scenarios.

The impact of Covid-19 means there is uncertainty over the levels of bus demand and therefore money received from fares. During the pandemic, bus operators have been supported by a combination of emergency funding from Central Government (£33.6m), and GMCA's continued payment of concessionary fares (around £4m per month) and subsidised services (around £3m per month) on the basis of pre-Covid passenger trip numbers. Were you aware of this?

- *Does this surprise you? What part? Why*

Refer to table [slide 31](#).

As you can see from the table, the change in the income from fares received by GMCA has been calculated using each of the four scenarios. In Scenarios 1 and 4, there is a substantial decline, and in Scenario 3 there is a very substantial decline. Scenario 2 only sees an increase after several years, so there might still be reductions during a potential transition to the Proposed Franchising Scheme. It should be noted that this fall in patronage would also be the case if nothing was done or a partnership option was chosen.

- *Does this make sense?*
- *Is anything unclear?*

If the income from fares does decrease significantly and additional govt funding is reduced, then GMCA may have to introduce one or more mitigation measures, for example:

- Set the amount of money required from local authorities for concessionary fares to actual usage rather than pre-Covid level usage
- Reduce spending on transition costs (bus equipment, depots etc.)
- Use currently uncommitted funding (e.g. future devolved funding from Central Government)
- Reduce the number of buses
- Reduce the operating hours
- *Do these all make sense?*
- *Are any of these more or less acceptable mitigation measures? Why?*

It should also be noted that some of these options would also be a consideration for the bus operators if a do minimum approach or partnership option was chosen, but in these cases individual bus operators would decide how to react, according to their own company's commercial interests. GMCA would not be able to ensure decisions were taken in the best interests of the overall network. In addition, without intervention, GMCA could be looking at around £60-£65m increased costs across 5 years of levy-funded bus costs - without any of the benefits that franchising would deliver.

Does this make sense?

- *Is anything unclear?*

Do these suggested responses to reduced income and funding change the way you feel about the proposed franchising option, compared to the 'do minimum' or partnership options, or do you feel the same way? Why?

Refer them back to the four scenarios. [Slide 32](#)

	<p>Would your opinion on the ‘do minimum’ or partnership options vary depending on whether the future is similar to scenario 1/2/3/4?</p> <p>Given everything we’ve discussed, what do you think about the affordability of the Proposed Franchising Scheme in the light of Covid-19?</p> <p>Before we re-join everyone, is there anything unclear to you? Collate clarification questions.</p>
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8 Debrief in plenary on financial case and voting

Time	Facilitation Instructions / Moderator discussion questions
12.20 – 12.30	<p>Chair asks each table moderator to briefly reflect on what their groups have discussed.</p> <p>Chair then asks each table moderator for clarification questions that came up (any not covered/too complex to be answered in following session)</p> <p>Chair explains that they want to see how people feel about the Proposed Franchising Scheme at this stage, to see if people’s feelings have changed since the last session. Open poll:</p> <p>To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?</p> <ul style="list-style-type: none"> • <i>Strongly support</i> • <i>Tend to support</i> • <i>Neither support nor oppose</i> • <i>Tend to oppose</i> • <i>Strongly oppose</i> <p>Chair closes vote and introduces next session and speaker.</p>

9 Why now? presentation and Q&A with TfGM

Time	Facilitation Instructions / Moderator discussion questions
12.30-12.40	<p>TfGM rep gives presentation on Why now</p> <p>Chair asks participants to add questions in the chat and collates these to put to the GMCA/TfGM rep.</p> <p>Chair/admin puts groups back into breakout rooms.</p>

10 Discussion on ‘why now?’

Time	Facilitation Instructions / Moderator discussion questions
12.40 – 12.55	<p>What did you think about the results from the poll?</p> <ul style="list-style-type: none"> • <i>Different or the same from what you expected? Why do you think that was?</i> • <i>Did you vote same way or differently as you did on Tuesday? What changed/did not change for you?</i> <p>Did you understand the why now arguments?</p>

	<p>I'll just explain in a bit more detail the arguments for and against considering the proposed franchising scheme now. There are reasons to wait a short time, such as allowing all those involved to better understand the risks, to predict what will happen to the bus market with more confidence and allow bus operators to clarify a potential partnership offer. However, delaying a decision and thus continuing to not intervene in the bus market would also expose GMCA to risk. Bus use was falling prior to the pandemic and the challenges facing the market have not disappeared. If this is not addressed now there is a risk of longer-term modal switch away from buses. It is also important to remember that franchising is a long-term project considered for 30 years. The first franchised buses would be unlikely to appear for at least two years, by which time demand for bus travel may have changed.</p> <ul style="list-style-type: none"> • In the event that Government reduces or stops funding before recovery then operators may cut the network, increase fares and inflate the pricing of tendered services in order to recover to some level of profitability. • This cycle of reductions could lead to more services becoming commercially unviable, again leading to cuts to the network and increased fares. This tends to impact the poorer and more vulnerable people in GM, who have less ability to move to other more expensive modes such as car. In turn this reduces access to employment, education and essential services. • All of which means that there will be still significant pressure and need to fund an increased proportion of services. <p>Taking everything into account, do you have any comments on the conclusion that this is the right time to make a decision about whether or not to proceed with the Proposed Franchising Scheme?</p> <ul style="list-style-type: none"> • <i>Why do you think TfGM and GMCA are considering this proposed franchising scheme at this time?</i> • <i>Is there anything that we haven't covered in these two sessions that you think GMCA or TfGM need to consider?</i> <p>Facilitator thanks participants for their time and prepares them to go back to the main room for the final closing section.</p>
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11 Thanks, next steps and close

Time	Facilitation Instructions / Moderator discussion questions
12.55 – 13.00	Chair thanks everyone for their time, explains what GMCA/TfGM will be doing in terms of next steps with the consultation and closes the session.

Appendix K – Voting during deliberative events

During the deliberative events, voting took place to enable moderators to probe any changes in opinion and the reasons which informed such changes. The table below summarises the votes as recorded.

Table K1 Summary of votes during deliberative events					
To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?					
	Strongly support	Tend to support	Neither/nor	Tend to oppose	Strongly oppose
Vote 1 (42 participants)	29	12	1	0	0
Vote 2 (42 participants)	29	13	0	0	0

Despite the unanimous level of overall support for the Proposed Franchising Scheme, a minority of participants felt that a delay to the reform of bus services would be beneficial in the current climate. These comments are discussed in section 15.3.4 of the main report.

Appendix L – Our standards and accreditations

Ipsos MORI's standards and accreditations provide our clients with the peace of mind that they can always depend on us to deliver reliable, sustainable findings. Our focus on quality and continuous improvement means we have embedded a "right first time" approach throughout our organisation.



ISO 20252

This is the international market research specific standard that supersedes BS 7911/MRQSA and incorporates IQCS (Interviewer Quality Control Scheme). It covers the five stages of a Market Research project. Ipsos MORI was the first company in the world to gain this accreditation.



Market Research Society (MRS) Company Partnership

By being an MRS Company Partner, Ipsos MORI endorses and supports the core MRS brand values of professionalism, research excellence and business effectiveness, and commits to comply with the MRS Code of Conduct throughout the organisation. We were the first company to sign up to the requirements and self-regulation of the MRS Code. More than 350 companies have followed our lead.



ISO 9001

This is the international general company standard with a focus on continual improvement through quality management systems. In 1994, we became one of the early adopters of the ISO 9001 business standard.



ISO 27001

This is the international standard for information security, designed to ensure the selection of adequate and proportionate security controls. Ipsos MORI was the first research company in the UK to be awarded this in August 2008.



The UK General Data Protection Regulation (GDPR) and the UK Data Protection Act (DPA) 2018

Ipsos MORI is required to comply with GDPR and the UK DPA. It covers the processing of personal data and the protection of privacy.



HMG Cyber Essentials

This is a government-backed scheme and a key deliverable of the UK's National Cyber Security Programme. Ipsos MORI was assessment-validated for Cyber Essentials certification in 2016. Cyber Essentials defines a set of controls which, when properly implemented, provide organisations with basic protection from the most prevalent forms of threat coming from the internet.



Fair Data

Ipsos MORI is signed up as a "Fair Data" company, agreeing to adhere to 10 core principles. The principles support and complement other standards such as ISOs, and the requirements of Data Protection legislation.

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About Ipsos MORI Public Affairs

Ipsos MORI Public Affairs works closely with national governments, local public services and the not-for-profit sector. Its c.200 research staff focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. Combined with our methods and communications expertise, this helps ensure that our research makes a difference for decision makers and communities.

Ipsos MORI



DRAFT

TRANSPORT ACT 2000

The Greater Manchester Franchising Scheme for Buses 20__

Made _____

ARRANGEMENT OF THE SCHEME

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WHEREAS:

- 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. The GMCA is a franchising authority as defined in the 2000 Act.
- B The GMCA 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 30 June 2017. Having complied with the process as set out in the Act, the GMCA may determine to make the scheme in accordance with sections 123G and 123H of the 2000 Act.

NOW, therefore, the Mayor on behalf of the GMCA, 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** (the "**Scheme**"):

1. CITATION AND COMMENCEMENT

- 1.1. This Scheme may be cited as the Greater Manchester Franchising Scheme for Buses 20__ 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

- 2.1. In this Scheme:
- 2.1.1 "**1985 Act**" means the Transport Act 1985;
- 2.1.2 "**2000 Act**" has the meaning given to it in Recital A;
- 2.1.3 "**Commencement Date**" has the meaning ascribed to it in article 1.2;
- 2.1.4 "**Franchising Scheme Area**" means the GMCA Area;
- 2.1.5 "**Franchising Scheme Sub-Area A**" means the area marked 'A' in the Greater Manchester Bus Franchising Scheme Sub-Areas Map;
- 2.1.6 "**Franchising Scheme Sub-Area B**" means the area marked 'B' in the Greater Manchester Bus Franchising Scheme Sub-Areas Map;
- 2.1.7 "**Franchising Scheme Sub-Area C**" means the area marked 'C' in the Greater Manchester Bus Franchising Scheme Sub-Areas Map;
- 2.1.8 "**Franchising Scheme Sub-Area**" means each of Franchising Scheme Sub-Area A, Franchising Scheme Sub-Area B and Franchising Scheme Sub-Area C;
- 2.1.9 "**GMCA**" means the Greater Manchester Combined Authority;
- 2.1.10 "**GMCA Area**" means the area consisting of the areas of the metropolitan district councils for the local government areas of Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan;

- 2.1.11 **“Greater Manchester Bus Franchising Scheme 2021 Sub-Areas Map”** means the map so described which is deposited at TfGM’s offices at 2 Piccadilly Place, Manchester, M1 3BG¹. (A smaller scale version of this plan is at Annex 5 for the purposes solely of illustration.)
- 2.1.12 **“Large Franchise Contract”** shall mean a Local Service Contract which (together with any contract referred to in article 5.3) has a Peak Vehicle Requirement of no less than 34 vehicles;
- 2.1.13 **“Local Service Contract”** has the same meaning as in section 123A(5) of the 2000 Act;
- 2.1.14 **“Local Services”** has the same meaning as in section 2 of the 1985 Act;
- 2.1.15 **“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;
- 2.1.15 **“Peak Vehicle Requirement”** means the number of vehicles required to operate the Local Services in accordance with the terms of a Large Franchise Contract and at its highest frequency;
- 2.1.16 **“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;
- 2.1.17 **“TfGM”** means Transport for Greater Manchester.

3. THE FRANCHISING SCHEME AREA AND SUB-AREAS

- 3.1. The GMCA Area is hereby designated as the area to which the Scheme relates².
- 3.2. Franchising Scheme Sub-Area A, Franchising Scheme Sub-Area B and Franchising Scheme Sub-Area C are specified areas within the GMCA Area³.

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:⁴
- 4.1.1 in respect of the Franchising Scheme Sub-Area A, shall be _____;
- 4.1.2 in respect of the Franchising Scheme Sub-Area B, shall be _____; and
- 4.1.3 in respect of the Franchising Scheme Sub-Area C, shall be _____.

1 The map is available for inspection there and online at [WEB ADDRESS]

2 s123H(2)(a).

3 S123H(3)(a).

4 Section 123H(2)(c).

4.2. The minimum period that is to expire between the dates set out in article 4.1 and the provision of a Local Service under a Local Service Contract in each such Franchise Scheme Sub-Area shall be a period of 9 months.

4.3. The date on which a Local Service may first be provided under a Local Service Contract:

4.3.1 in respect of Franchising Scheme Sub-Area A, shall be _____;

4.3.2 in respect of Franchising Scheme Sub-Area B, shall be _____; and

4.3.3 in respect of Franchising Scheme Sub-Area C, shall be _____.

5. SERVICES UNDER LOCAL SERVICE CONTRACTS

5.1. Subject to paragraph 2 of this article and 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 Scheme⁵.

5.2. Such services do not include:

5.2.1 any Local Service marked * in Annex 1 to the extent that it operates within Franchise Scheme Sub-Area B until immediately before the date on which subsections (2) and (3) of section 123J of the 2000 Act apply to Franchise Scheme Sub-Area B;

5.2.2 any Local Service marked + in Annex 1 to the extent it operates within Franchise Scheme Sub-Area C until immediately before the date on which subsections (2) and (3) of section 123J of the 2000 Act apply to Franchise Scheme Sub-Area C; and

5.2.3 any Local Service listed in Annex 2 to the extent that it serves a school or college located within Franchise Scheme Sub-Area B or Franchise Scheme Sub-Area C until immediately before the date on which subsections (2) and (3) of section 123J of the 2000 Act apply to Franchise Scheme Sub-Area B or Franchise Scheme Sub-Area C respectively.

5.3. The GMCA may agree with a person with whom a Local Service Contract has been made that that person should also provide in conjunction with that service a Local Service referred to in article 5.2 otherwise than under a Local Service Contract.

6. EXCEPTIONS FROM THE SCHEME

6.1. 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 the GMCA consider appropriate to provide in the GMCA Area are such depots as may facilitate the letting of the Large Franchise Contracts.

⁵ s123H(2)(b).

8. PLAN FOR CONSULTING ON OPERATION OF THE SCHEME

- 8.1. The GMCA will consult such organisations being those that appear to the GMCA to be representative of users of Local Services (including, for the avoidance of doubt, Franchise Contract Services), and may consult other organisations and persons, as the GMCA thinks fit.
- 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 working⁶. The GMCA will consult in accordance with this article 8 within a period of twelve months from the date set out in article 4.3.3 and at such other times periodically as the GMCA considers appropriate.
- 8.3. Any consultations carried out in accordance with this article 8 shall last for a period of time as the GMCA thinks fit so as to ensure that those organisations and persons described in article 8.1 have sufficient time to respond.
- 8.4. The GMCA will make available to the public its response to any consultation carried out in accordance with this article 8.

.....

THE MAYOR OF GREATER MANCHESTER

⁶ Section 123(A)(9).

ANNEXES TO THE SCHEME

ANNEX 1: SERVICES INCLUDED - ARTICLE 5

General Services

Leigh - Golborne - Wigan
Cadishead - intu Trafford Centre - Manchester City Centre +
Wythenshawe - Northenden - Manchester City Centre
Chorlton - Manchester City Centre
Manchester Airport - Wythenshawe - Manchester City Centre
Timperley - Northenden - Manchester City Centre
Brookhouse - Eccles - Manchester City Centre
Withington - Manchester City Centre
Middleton - Moston - Manchester City Centre
Alkrington - Moston - Manchester City Centre
Middleton - NMGH Circular
Crumpsall - Moston - Manchester City Centre
Altrincham - Wythenshawe – Stockport
Middleton - Birch Circular
Leigh - Boothstown - intu Trafford Centre
Middleton - Moorclose Circular
Wigan - Boothstown - intu Trafford Centre
Bury - Whitefield - Manchester City Centre
East Didsbury - University - Manchester City Centre
West Didsbury - University - Manchester City Centre
West Didsbury - Manchester City Centre
NMGH – Moston – Oldham
Hyde - Chorlton - intu Trafford Centre
Ashton – Collyhurst – NMGH +
Middleton - NMGH - Manchester City Centre
Oldham - Failsworth – Middleton
Flixton - Urmston - Manchester City Centre
Norden - Middleton - Manchester City Centre
Bury - Middleton - Manchester City Centre
Rochdale - Middleton - Manchester City Centre
East Didsbury - Gorton - Newton Heath +
Withington - Gorton - Newton Heath +
Eccles - intu Trafford Centre – Wythenshawe
Greenfield - Oldham
Shaw – Chadderton – Manchester City Centre
Shaw – Royal Oldham Hospital - Manchester City Centre
Royal Oldham Hospital - Oldham – Limeside
Standedge - Uppermill - Oldham – Manchester City Centre
Langley - Middleton - Manchester City Centre - Manchester Royal Infirmary +
Hazel Grove - Stockport - University - Manchester City Centre
Hazel Grove - Stockport - Manchester City Centre
Stockport - Green End - Longsight - Manchester City Centre
Wythenshawe – Sale
Manchester Airport - Wythenshawe – Altrincham

Manchester City Centre - Spinningfields Circular
intu Trafford Centre – Bolton
Hattersley - Hyde - Manchester City Centre
Stockport - Reddish - Manchester City Centre
Dane Bank - Manchester City Centre
Ashton - Droylsden - Manchester City Centre
Ashton - Droylsden - Clayton - Manchester City Centre
Manchester City Centre - Openshaw - Ashton – Stalybridge
Manchester City Centre - Stalybridge
Manchester City Centre - Dukinfield – Stalybridge
Dukinfield - Audenshaw - Manchester City Centre
Ashton - Littlemoss - Manchester City Centre
Ashton - Hartshead - Clayton - Manchester City Centre
Hollingworth - Stalybridge – Ashton
intu Trafford Centre - Didsbury – Stockport
intu Trafford Centre - Stretford – Altrincham
intu Trafford Centre - Flixton – Altrincham
intu Trafford Centre - Chorlton – Stockport
intu Trafford Centre - Old Trafford - Manchester City Centre
Partington - Flixton - Urmston - Manchester City Centre
Partington - Urmston - Stretford - Manchester City Centre
Flixton - Stretford - Hulme - Manchester City Centre
Sale - Brooklands
Sale - Sale West Circular
Sale - Ashton on Mersey Circular
Altrincham - Sale - Manchester City Centre
Wythenshawe - Sale – Eccles
Altrincham - Sale
Altrincham - Oldfield Brow Circular
Altrincham - Hale Moss Circular
Altrincham - Warburton Circular
Altrincham - Timperley Circular
Altrincham - Bowdon Vale Circular
East Didsbury - Northenden - Altrincham - Manchester Airport
Boothstown – Swinton – Salford Quays
Manchester City Centre - Victoria Circular
Wigan - Highfield Grange Circular
Bolton - intu Trafford Centre
Manchester Airport - Cheadle Hulme - Stockport
Stockport - Offerton Circular
Haughton Green - Brinnington - Stockport
Stockport - Haughton Green Circular
Stockport - Brinnington Circular
Denton - Brinnington - Stockport
Stockport - Bridge Hall - Cheadle
Worsley - Eccles - Manchester City Centre
Ashton - Hyde - Stockport
Ashton - Denton – Dane Bank
Bryn - Leigh - Manchester City Centre
Broadbottom - Hattersley - Hyde

Hyde - Gee Cross Circular
Oldham - Lees - Stalybridge – Hyde
Ashton - Denton Circular
Gee Cross - Hyde - Ashton
Ashton - Haughton Green Circular
Ashton - Stalybridge – Carrbrook +
Ashton - Uppermill – Oldham +
Oldham – Denshaw – Uppermill – Ashton
Strines - Marple – Stockport
Bolton - Little Hulton - Manchester City Centre
Stockport - Hazel Grove - Disley
Standish - Wigan
Stockport - Woodbank Park Circular
Wythenshawe Hospital - Cheadle Hulme - Stockport
Manchester Airport - Wythenshawe - Stockport
Hazel Grove - Davenport - Stockport
Mellor - Stepping Hill - Stockport
Cheadle Hulme – Bramhall - Stockport
Bolton - Farnworth - Manchester City Centre
Woodley - Romiley - Bredbury - Stockport
Stockport - Marple Circular
Hyde - Stalybridge – Ashton +
Ashton – Stalybridge – Dukinfield – Yew Tree +
Logistics North - Walkden - Manchester City Centre
Middleton – Chadderton – Ashton
Wigan - Kitt Green Circular
Derker – Oldham - Oozewood
Oldham - Shaw - High Crompton - Rushcroft Circular
Rochdale – Shaw - Oldham
Ashton - Oldham – Rochdale +
Sale - Manchester City Centre – Middleton +
Middleton - Chadderton – Oldham
Oldham - Holts Circular
Reddish - East Didsbury - Manchester City Centre
Woodford - East Didsbury - Manchester City Centre
Stockport - East Didsbury - Manchester City Centre
Manchester Airport - Withington - Manchester City Centre
Shaw - Turf Hill – Rochdale
Manchester City Centre – Northenden – Wythenshawe Hospital
Rochdale – Syke
Rochdale - Foxholes Circular
Norden - Bamford – Rochdale
Rochdale – Healey
Peppermint Bridge - Newhey – Rochdale
Littleborough – Rochdale
Rochdale - Ladyhouse Circular
Rochdale - Bamford – Bury
Rochdale - Greave - Bamford – Bury
Bury – Tottington
Bolton - Bury – Rochdale

Bury - Ramsbottom Circular
Heywood - Fairfield Hospital – Bury
Bury - Summerseat – Ramsbottom
Bury - Tottington – Bolton
Fern Grove – Bury
East Didsbury - Manchester City Centre - Salford Quays
Farnworth - Bolton - Johnson Fold
Bolton - Harwood Circular
Bolton - Breightmet – Bury
Bury – Ainsworth – Farnworth *
Bury - Whitefield – Farnworth *
Horwich - Westhoughton - Atherton - Leigh
Failsworth - Salford - intu Trafford Centre
Little Lever - Royal Bolton Hospital - Blackrod
Bolton - Radcliffe – Bury
Bolton - Hall I'th Wood Circular
Barrow Bridge - Bolton
Salford - Old Trafford - Cheetham Hill +
Egerton - Tonge Moore - Bolton
Oldhams Estate - Bolton
Bolton - Astley Bridge – Horrocks Fold
Bolton - Astley Bridge Circular
Bromley Cross - Bolton
Bolton - Little Lever Circular
Ringley Fold – Farnworth – Royal Bolton Hospital
Ashton - Hindley - Bolton
Bolton - Withins Estate Circular
Manchester City Centre - NMGH Circular
Sutton Estate - Bolton
Bolton - Great Lever Circular
Bolton - Markland Hill
Wigan - Horwich - Bolton
Blackrod - Brazley - Bolton
Leigh - Atherton - Bolton
Tyldesley – Shakerley - Leigh
Crankwood - Leigh
Leigh - Lowton Circular
Oldham - Manchester City Centre
Leigh - Pennington - Lowton Circular
Leigh – Hindley Green
Leigh - Landside Circular
Leigh Infirmary - Leigh Sports Village
Wigan - Beech Hill Circular
Ashton Heath - Ashton-In-Makerfield Circular
New Springs - Wigan
Platt Bridge - Wigan
Wigan - Castle Hill Circular
Shevington Vale – Wigan Infirmary
Wigan - Shevington Moor Circular
Eccles - Westwood Park Circular

Eccles - Worsley - Prestwich *
 Cadishead - Salford Royal Hospital - Manchester City Centre +
 Bolton – Little Hulton - intu Trafford Centre
 Rochdale - Kirkholt Circular
 Stockport - Reddish – Ashton
 Eccles – Ellesmere Park - Pendleton
 Westhoughton – Bolton
 Pendleton - Agecroft Circular
 Hollinwood - Newton Heath - Manchester City Centre
 Oldham - Failsworth - Manchester City Centre
 Salford Quays – Stretford
 Bolton - Westhoughton - Wigan
 Leigh - Hindley - Wigan
 Oldham - Manchester City Centre
 Chorlton - Alexandra Park - Manchester City Centre
 Chorlton - Brook's Bar - Manchester City Centre
 Manchester City Centre - Chorlton – Sale
 Bolton - Pendlebury - Manchester City Centre
 Higher Folds - Leigh - Wigan
 Bury - Pilsworth - Manchester City Centre
 Bury - Prestwich - Manchester City Centre
 NMGH - Pilsworth - Bury
 Salford - Prestwich – Bury
 Simister - Higher Broughton - Manchester City Centre
 Bury - Unsworth - Manchester City Centre
 Bury - Radcliffe - Manchester City Centre
 Leigh - Tyldesley - Manchester City Centre – MRI +
 Atherton - Tyldesley - Manchester City Centre – MRI +
 Burgess Farm - Walkden Circular
 Farnworth - Little Hulton - Manchester City Centre
 intu Trafford Centre - Manchester City Centre
 Flixton - Davyhulme - Manchester City Centre
 Sale – Northenden - Stockport
 Heywood - Middleton - Manchester City Centre
 Carrcote - Uppermill - Manchester City Centre
 Davyhulme – Chorlton
 Greengate – Manchester City Centre
 Higher Blackley – Moston – Manchester City Centre
 Ashton - Hazelhurst Circular +
 Bolton – Johnson Fold Circular
 Rochdale – Littleborough Circular
 Piccadilly – Victoria Circular
 Sholver – Oldham
 Oldham – Fitton Hill Circular
 Bury – Norden – Rochdale
 Nangreaves – Limefield - Bury
 Manchester City Centre – Hyde – Gee Cross
 Manchester City Centre – Cheadle – Handforth
 Edgeley – Stockport – Heaton Mersey
 intu Trafford Centre – Pendlebury – Clifton

Farnworth – Walkden – Higher Green
Wigan – Pemberton – Worsley Hall Circular
Oldham – Rushcroft Circular
Rochdale – Wardle – Littleborough

ANNEX 2: SERVICES INCLUDED - ARTICLE 5.2.3

Services to Schools

Abraham Moss Community School
Alder Community High School
All Saints Catholic College
Altrincham College of Arts
Altrincham Grammar School for Boys
Altrincham Grammar School for Girls
Ashton-on-Mersey School
Audenshaw School
Bedford High School
Blessed John Henry Newman College
Blessed Thomas Holford Catholic College
Blue Coat School
Bolton St Catherine's Academy
Bramhall High School
Broadoak School
Buile Hill Visual Arts College
Burnage Academy for Boys
Bury Church of England High School
Byrchall High School
Cansfield High School
Canon Slade School
Castlebrook High School
Cardinal Langley School
Cedar Mount Academy
Cheadle and Marple Sixth Form College
Cheadle Catholic Infants/Juniors
Cheadle Hulme High School
Chorlton High School
Co-operative Academy Failsworth
Copley Academy
Crompton House School
Dean Trust Ardwick
Denton Community College
Derby High School
Droylsden Academy
Elton High School
Egerton High School
Falinge Park High School
Fairfield High School for Girls
Flixton Girls High School
Great Academy Ashton
Harper Green High School
Harrytown RC High School
Hawkley High School
Hazel Grove High School
Hingldey High School

Hollingworth Academy
Hope Academy
Kingsway School
Kingway Park High School
Ladybridge High School
Laurus Cheadle Hulme
Levenshulme High School
Little Lever High School
Longdendale Community Language College
Loreto Grammar School
Loreto High School Chorlton
Lostock College
Lowton Church of England High School
Manchester Academy
Manchester Communications Academy
Manchester Creative & Media Academy
Manchester Enterprise Academy Central
Manchester Enterprise Academy Wythenshawe
Manchester Health Academy
Manor High School
Marple Hall School
Matthew Moss High School
Mossley Hollins High School
Mount St Joseph RC High School
Newall Green High School
North Chadderton School
Oasis Academy Oldham
Oulder Hill Community High School
Our Lady's R.C. High School
Parrenthorn High School
Parrs Wood High School
Philips High School
Poynton High School
Priestnall School
Reddish Vale High School
Rivington and Blackrod High School
Rose Bridge Academy
Royton and Crompton School
Saddleworth School
Sale Grammar School
Sale High School
Samuel Laycock High School
Sharples High School
Shevington High School
Siddal Moor Sports College
Smithills School
St Ambrose Barlow RC High School and Sixth Form College
St Ambrose College
St Anne's Academy
St Anthony's Catholic College

St Cuthbert's RC High School
St Damian's RC Science College
St Edmund Arrowsmith Catholic High School
St Gabriel's RC High School
St Hugh's Catholic School
St James' Catholic High School
St James' Church of England School
St John Fisher Catholic High School
St John Rigby College
St Joseph's RC High School
St Mary's Catholic High School
St Matthew's RC High School
St Monica's RC High School
St Paul's Catholic High School
St Patrick's RC High School and Arts College
St Peter's Catholic High School
St Peter's RC High School
St Simon's Catholic Primary School
St Thomas More RC College
Standish Community High School
Stretford Grammar School
Stretford High School
Stockport Academy
The Barlow RC High School
The Co-operative Academy of Manchester
The East Manchester Academy
The King David High School
The Radclyffe School
Thornleigh Salesian College
Tottington High School
Trinity Church of England High School
Turton High School & Media Arts College
Urmston Grammar School
Walkden High School
Wardle Academy
Waterhead Academy
Wellacre Academy
Wellington School
Westhoughton High School
Westleigh High School
Whalley Range 11-18 High School
Werneth School
William Hulme's Grammar School
Winstanley College
Woodhey High School
Wright Robinson College

ANNEX 3: EXCEPTED SERVICES - ARTICLE 6

- 1.1 a Scholars' Service;
- 1.2 Any Local Service marked # in Annex 4 to the extent that it operates in Franchise Scheme Sub-Area A until immediately before the date on which subsections (2) and (3) of section 123J of the 2000 Act applies to Franchise Scheme Sub-Area B; and
- 1.3 Any Local Service marked ^ in Annex 4 to the extent that it operates in Franchise Scheme Sub-Area A or Franchise Scheme Sub-Area B until immediately before the date on which subsections (2) and (3) of section 123J of the 2000 Act applies to Franchise Scheme Sub-Area C.

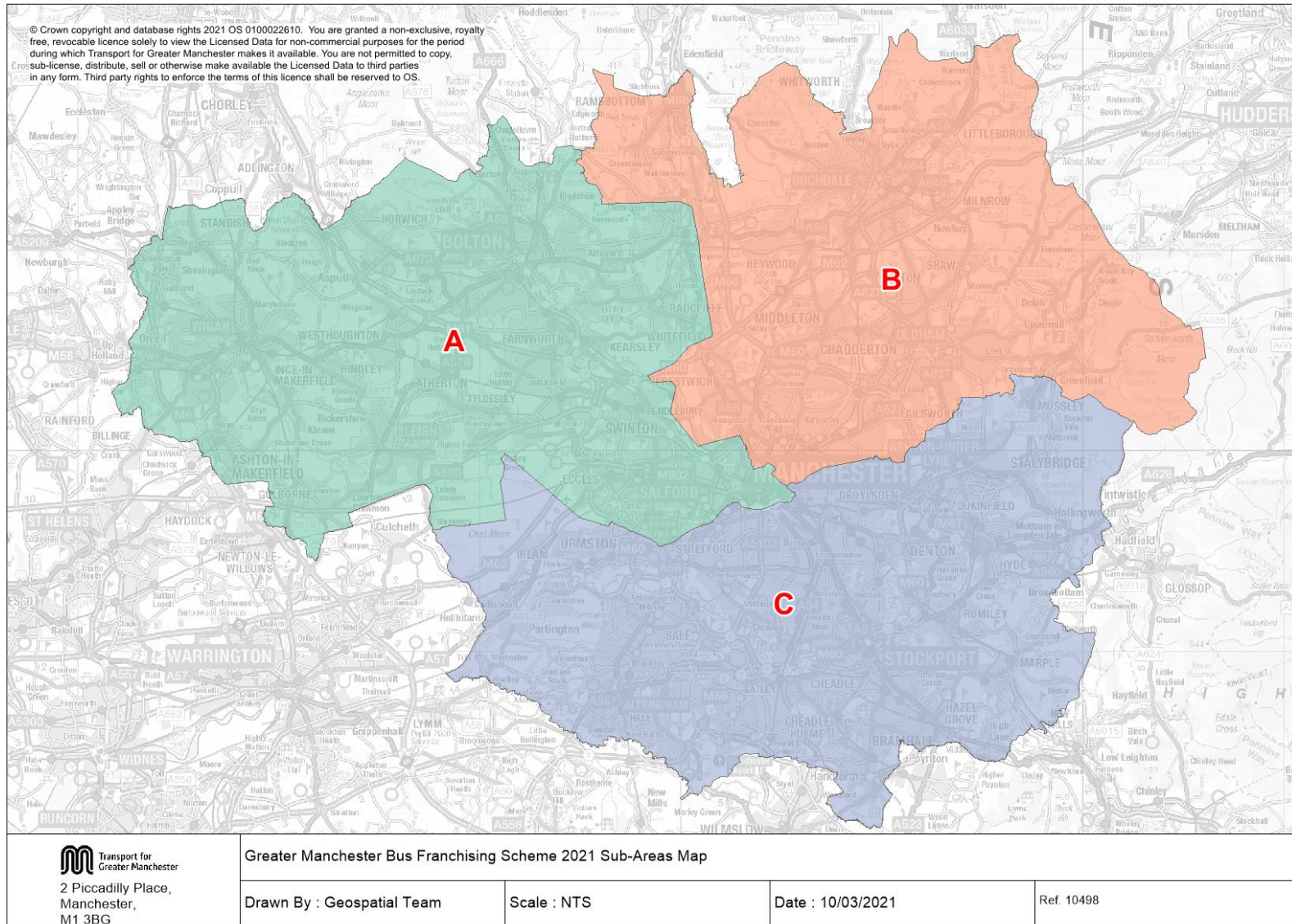
ANNEX 4: TEMPORARY EXCEPTIONS – ANNEX 3 PARAGRAPHS 1.2 AND 1.3

Cadishead – intu Trafford Centre – Manchester City Centre #
Wythenshawe – Baguley – Northenden – Manchester ^
Wythenshawe Hospital – Wythenshawe – Manchester ^
Manchester Airport – Wythenshawe – Manchester ^
Timperley – Brooklands – Northenden – Manchester ^
Southern Cemetery – Withington – Manchester ^
Middleton – Moston – Collyhurst – Manchester #
Alkrington – Moston – Collyhurst – Manchester #
Higher Blackley/NMGH – Moston – Manchester #
Bury – Whitefield – Cheetham Hill – Manchester #
East Didsbury – University – Manchester ^
West Didsbury – Rusholme – University – Manchester ^
West Didsbury – Piccadilly Rail Station ^
Hyde – Chorlton – intu Trafford Centre ^
Middleton – Higher Blackley – NMGH – Manchester #
Flixton – Davyhulme – Urmston – Manchester ^
Norden – Middleton – Manchester #
Bury – Darn Hill – Middleton – Manchester #
Rochdale – Middleton – Blackley – Manchester #
Eccles - intu Trafford Centre – Wythenshawe ^
Rochdale – Chadderton – Moston – Manchester #
Rochdale – Shaw – Chadderton – Manchester #
Standedge – Uppermill – Oldham – Manchester #
Langley – Middleton – Manchester – MRI #
Hazel Grove – Stockport – Manchester ^
Stockport – Green End – Longsight – Manchester ^
Piccadilly – Chinatown – Spinningfields Circular #
Hattersley – Hyde – Denton – Manchester ^
Stockport – Reddish – Belle Vue – Manchester ^
Denton – Dane Bank – West Gorton – Manchester ^
Ashton – Droylsden – Clayton – Manchester ^
Manchester – Openshaw – Ashton – Stalybridge ^
Manchester – Stalybridge – Glossop Night Service ^
Manchester – Dukinfield – Stalybridge ^
Dukinfield – Audenshaw – Openshaw – Manchester ^
Ashton – Little Moss – Manchester ^
Ashton – Droylsden – Clayton – Manchester ^
intu Trafford Centre – Didsbury – Stockport ^
intu Trafford Centre – Stretford – Altrincham ^
intu Trafford Centre – Flixton – Altrincham ^
intu Trafford Centre – Chorlton – Stockport ^
intu Trafford Centre – Old Trafford – Manchester ^
Partington – Flixton – Urmston – Manchester ^
Partington – Urmston – Stretford – Manchester ^
Flixton – Stretford – Hulme – Manchester ^
Altrincham – Sale – Hulme – Manchester ^
Piccadilly – Deansgate – Victoria Circular #

Worsley – Eccles – Manchester #
 Oldham – Lees – Carrbrook – Stalybridge – Hyde ^
 Wythenshawe - Sale - Stretford – Eccles ^
 Oldham – Denshaw – Uppermill – Ashton ^
 Logistics North – Walkden – Swinton – Manchester ^
 Middleton – Chadderton – Fitton Hill – Waterloo – Ashton ^
 Middleton – NMGH – Manchester – Northenden – Sale #
 Reddish – East Didsbury – Rusholme – Manchester ^
 Woodford – Bramhall – East Didsbury – Manchester ^
 Stockport – East Didsbury – Rusholme – Manchester ^
 Manchester Airport – Wythenshawe – Manchester ^
 Stockport – Manchester ^
 Rochdale – Daniel Fold – Bamford – Bury #
 Rochdale – Greave – Bamford – Jericho – Bury #
 Bury – Tottington #
 Bolton - Brightmet - Bury - Sudden – Rochdale #
 Bury – Walmersley – Holcome Brook Circular #
 Heywood – Fairfield Hospital – Bury #
 Bury – Summerseat – Ramsbottom #
 Bury - Tottington - Tonge Moor – Bolton #
 Fern Grove – Fishpool – Bury #
 East Didsbury - Manchester - Salford Quays ^
 Bolton – Brightmet – Ainsworth – Walshaw – Bury #
 Failsworth - NMGH - Salford - intu Trafford Centre #
 Bolton – Little Lever – Radcliffe – Bury #
 Salford - Old Trafford - Cheetham Hill #
 Manchester – NMGH – Manchester Circular #
 Rushcroft – Oldham – Middleton – Manchester #
 Cadishead – Eccles – Salford Royal – Manchester #
 Pendleton – Seedley – Agecroft – Pendleton #
 Hollinwood – Woodhouses – Newton Heath – Manchester #
 Oldham – Limeside – Failsworth – Manchester ^
 Swinton – Pendleton – Salford Quays – Stretford ^
 Oldham – Moston – Manchester #
 Chorlton – Alexandra Park – Manchester ^
 Chorlton – Brooks’ Bar – Manchester ^
 Manchester – Chorlton – Sale Night Service ^
 Bury – Pilsworth – Carr Clough – Manchester #
 Bury – Prestwich – Agecroft – Manchester #
 NMGH – Cheetham Hill – Prestwich – Pilsworth #
 Salford – Prestwich – Whitefield – Bury #
 Simister – Higher Broughton – Manchester #
 Bury – Unsworth – Prestwich – Manchester #
 Bury – Radcliffe – Whitefield – Manchester #
 intu Trafford Centre – Manchester Express ^
 Flixton – Davyhulme – Manchester Express ^
 Heywood – Middleton – Manchester Limited Stop #
 Carrcote – Uppermill – Manchester Limited Stop #
 Greengate – Manchester #
 Higher Blackley – Moston – Manchester #

Piccadilly – Victoria Circular #
Bury – Norden – Rochdale #
Nangreaves – Limefield – Bury #
Manchester – Gorton – Denton – Hyde – Gee Cross ^
Manchester – Didsbury – Cheadle – Handforth ^

ANNEX 5: GREATER MANCHESTER BUS FRANCHISING SCHEME 2021 SUB-AREAS MAP



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Equality Impact Assessment

Section 1: Initial Screening

Department	Bus Reform Programme
Team or Service Area leading the analysis	As above
Officer completing the analysis	Draft published for consultation Oct 2019: Nick Hallett, Muhammad Karim Updates following first and second consultations: Donna Cooper, Josh Makin, Nick Mills, Emma Flinn
Phone	N/A
Email	Various

Type of activity	Programme
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Analysis Reference	Bus Franchising in Greater Manchester Assessment
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In accordance with s149(1) of the Equality Act 2010, Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM) are required in the exercise of their functions to have due regard for 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 don't.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of the persons who do not share it;
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice and promote understanding.

"Relevant protected characteristics" are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

As part of its compliance with this ongoing duty, TfGM undertakes an Equality Impact Assessment (EqIA) for any significant strategy, project, policy, process or procedure using a standard screening form designed to identify any adverse impacts on members of the above "protected characteristic groups" and to record actions planned to ameliorate any adverse impacts, should any be identified.

In reading the following EqIA screening form for proposals to introduce franchising in Greater Manchester, which has been undertaken by TfGM on behalf of GMCA, it should be borne in mind that the document was written for internal use rather than for publication. It is reproduced here as a record of TfGM's consideration, on behalf of GMCA, of the anticipated impact of bus franchising on members of the protected characteristic groups listed above.

Question 1:

Is this a new or existing activity?

New

Question 2:

What is the main aim and purpose of the activity?

On 30 June 2017, GMCA decided to use the powers available in the Transport Act 2000 (as amended by the Bus Services Act 2017) ("the Act") to prepare an assessment of a proposed franchising scheme, which included a comparison against other options for bus reform in Greater Manchester.

The objectives of improving the bus network in Greater Manchester are set out in GMCA's Greater Manchester Transport Strategy 2040 and the Vision for Bus. In summary, those objectives included network integration, a simpler and integrated fares system, a consistent customer experience and value for money.

In carrying out the assessment, TfGM were required to identify a number of options that have the potential to achieve the objectives for bus reform, before then considering a shortlist of three realistic options. These options were:

1. a 'do nothing' option;
2. a partnership (such as what was being proposed by operators and/or a stronger partnership which included the introduction of an enhanced partnership scheme); and
3. a franchising scheme.

Under the proposed franchising scheme, TfGM (on behalf of GMCA) would set the routes, timetables, fares and standards for bus services in GM. The bus companies would competitively bid for contracts in order to run services on GMCA's behalf.

At its meeting on 7 October 2019, having completed its assessment and having received a report from an independent audit organisation on that assessment as required by the Transport Act 2000, GMCA decided that it wished to proceed with its proposed franchising scheme and therefore resolved to conduct a consultation 'the first consultation' in accordance with section 123E of the Act. This consultation ran between 14 October 2019 and 8 January 2020.

In June 2020 TfGM completed its *Bus Franchising in Greater Manchester June 2020 Consultation Report*, which contained TfGM's review of those consultation responses. However, neither the first consultation nor the Assessment took into account any of the possible impact and effects of Covid-19 on the bus market in GM.

As such, at its meeting on 26 June 2020 GMCA decided that before any decision on whether or not to introduce the Proposed Franchising Scheme could be made, consideration needed to be given to the impacts that Covid-19 may have on the bus market in GM. As a result of this TfGM produced a *Covid-19 Impact on Bus Franchising Report* ("the Covid-19 Impact Report"). The Covid-19 Impact Report was not intended on being another assessment in the context of section 123B of the Act. Instead it considered the potential impacts of Covid-19 against four potential scenarios which were developed to help illustrate what the bus market may look like in the future

At its meeting on 27 November 2020, GMCA decided to undertake a further consultation ('the second consultation') on its Proposed Franchising Scheme. The purpose of this consultation was to allow

consultees to provide their views on the Assessment (in light of the findings of the Covid-19 Impact Report) and to provide their views on whether or not the Proposed Franchising Scheme should be introduced. Consideration was also given on the partnership options which operators had previously put forward in response to the first consultation.

The second consultation ran between 2 December 2020 and 29 January 2021. TfGM has now completed its report on the second consultation: TfGM's March 2021 Consultation Report. The matter will now be considered by the GMCA.

Question 3:

List the main elements of the activity?

In preparing its assessment, TfGM was required to comply with various legal requirements as set out in the Act. This included but was not limited to setting out the effects the proposed scheme is likely to produce and also included comparing making the proposed scheme to one or more other courses of action.

The Act (through the relevant statutory guidance) also required the assessment to take the form of a five-case business case model which includes Strategic, Financial, Commercial, Management and Economic Cases. As well as requiring an assessment to be prepared, the Act sets out the other procedures that are required before a decision can be made to make a proposed scheme. This includes but is not limited to having to obtain an independent audit on its assessment, undertaking a public consultation on the assessment and publishing a report setting out the authority's response to the consultation.

As explained above, further work, including the Covid-19 Impact Report and a review of it by an independent auditor, and a second consultation has now been undertaken to consider the possible impacts of Covid-19 on the bus market.

Question 4:

If this is a new / proposed activity or a change to an existing activity please explain why the proposal is being made / for what reason?

Since 1986 bus services in Greater Manchester have been deregulated. That means the buses are run by commercial bus companies who decide the routes, timetables, fares and standards. The bus companies receive the revenue from fares and retain the profits. At times of the day and in areas where there is a social need, GMCA pays operators to run services on those routes. These are known as subsidised services. Around 20% of services would not run if not for GMCA's intervention. Bus services would continue to be provided in the Greater Manchester area under any bus franchising proposals albeit under different arrangements. The introduction of a bus franchising scheme would, for the purposes of this assessment, amount to a new activity.

Question 5:

What outcomes does the activity aim to achieve?

A franchising scheme would involve the authority specifying the routes, frequencies, fares and standards for the bus services which operators would then bid to run on the authority's behalf under contract. This is a change to the current deregulated market where operators are able to run services at their own discretion, subject to obtaining sufficient operating licences from the traffic commissioner.

As set out in the Assessment, it is presently anticipated that the franchising scheme would, if introduced, allow for the development of a more effective bus network. This would, for example, allow for a simplified ticket offer for passengers, a single and consistent brand for buses and a single point of contact for passengers. It would also allow, over time, the bus network to be integrated more closely with other modes of transport, such as rail and tram and provide better value for money for the public purse.

Question 6:

Who are, or will be, the main beneficiaries of the activity?

Please tick one or more of the following

Travelling public	Yes
TfGM staff	No
Partners including Operators	See below
Suppliers	Yes
Others – please specify	<p>It is presently anticipated that the travelling public, partners and suppliers would benefit for the following reasons:</p> <ul style="list-style-type: none"> • More convenient and affordable buses would open up a wider range of employment opportunities to job seekers and, by the same token, give businesses a better choice of employees; they would also make it easier for people to get to schools, colleges, hospitals, doctors' surgeries, shops and leisure activities. • By making a contribution to the overall attractiveness of Greater Manchester as a place to live and do business, franchising would make it more likely that businesses would choose to locate in Greater Manchester, which would bring economic benefits to Greater Manchester and its residents. • It is anticipated that franchising could provide long-term stability of the bus market. <p>The impacts on bus operators of the Proposed Franchising Scheme are considered in;</p> <ul style="list-style-type: none"> • The Assessment • The Covid-19 Impact Bus Franchising Report • TfGM's March 2021 Consultation Report

Question 7:

Do you need to consult with people who might be affected by it directly or indirectly? Please justify your response

Section 123E of the Act states that if after obtaining an audit report as required by section 123D the GMCA wish to proceed with the proposed franchising scheme, it is required to undertake a consultation. This means that the GMCA would be required to:

- publish a consultation document (which amongst other things must describe the proposed scheme);
- publish the assessment of the proposed scheme;
- publish the auditor's report as required by section 123D; and
- give notice of the proposed scheme as appropriate for bringing it to the attention of persons in the relevant area.

In addition to the above, the Act also sets out who must be consulted and how an authority is also required prepare a report setting out its response to the consultation. In terms of who must be consulted, this includes bus operators who operate local services in the area to which the proposed scheme relates.

The first consultation ran between 14 October 2019 and 8 January 2020.

For the reasons described above, following the Covid-19 Impact Report, the second consultation was undertaken between 2 December 2020 and 29 January 2021.

Question 8:

Having due regard for the equality duty involves: Removing or minimising disadvantages suffered by people due to their protected characteristics; Taking steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people; Encourage people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low. Please complete the table below and give reasons, evidence and comment, where appropriate, to support your judgement(s).

Use the table below to record where you think that the activity could have a positive impact on any of the target groups or contribute to promoting equality, equal opportunities or improving relations within equality target groups. Use the table below to record where you think that the activity could have an adverse impact on any of the equality target groups i.e. it could disadvantage them and impact is high. - Use the last column in the table below to give reason/comments/evidence where appropriate to support your judgement.

Age			
Target Group	Positive Impact	Adverse Impact	Comment or Evidence
Children and Young People (aged 19 and under)	High		<p>(1) Under the Proposed Franchising Scheme all bus services, with a few exceptions, would be under the control of GMCA – whereby TfGM on behalf of GMCA would set routes, timetables, fares and standards. This would allow GMCA to fully integrate buses with the rest of the public transport network and more effectively plan for a network that supports economic growth and meets the future needs of the city-region. This also means that impacts on those with protected characteristics would be duly considered in any future decision making. As such, TfGM as the single body responsible for the specification, quality assurance and promotion of bus services in GM on behalf of GMCA would be in a better position than at present to address the needs of this group and to ensure they are aware of travel opportunities provided by bus services.</p> <p>Children and Young People have a more limited ability to travel independently without public transport than most other demographic groups.</p> <p>TfGM’s travel diary survey (GM TRADs) years 6,7,8 (2017-2019) shows a higher proportion of bus users amongst people aged 19 and under compared to the GM average.</p> <p>Qualitative Transport Focus research with young people has found that complexity of ticketing and timetabling is a key barrier that dissuades some young people from using the bus to travel independently (Using the bus: what young people think, Transport Focus 2018).</p> <p>Children and young people will therefore benefit to a greater degree than average from the benefits of franchising.</p>

Older People (aged 60 and over)	High		<p>The above comments (1) also apply to this group.</p> <p>GM TRADs years 678 shows slightly higher than average proportion of bus users amongst people aged 60 and over. A retired person with no access to a car is over twice as likely than average to regularly use buses (GM Segmentation – Insights into bus use, Steer Davies Gleave, 2018).</p> <p>Under a Franchising Scheme Older people will therefore benefit to a greater degree than average from the benefits of franchising (apart those related to fares, where the impact is largely neutral since most of this group already travel free after 0930 on weekdays and all day at the weekends).</p>
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Disability

Target Group	Positive Impact	Adverse Impact	Comment or Evidence
People with physical impairments (includes mobility, co-ordination, lifting and carrying, manual dexterity, wheelchair user)	High		<p>The above comment (1) also applies to this group.</p> <p>GM TRADs (TRADs years 678) shows a slightly higher proportion of bus users amongst people with a physical impairment compared to those with no disability or impairment.</p> <p>(2) Analysis of the GM Bus Passenger Survey (2016) found that disabled respondents (with a range of disabilities) were more likely to be reliant on buses and travel on buses due to a lack of other options, than other respondents (Bus Passenger Survey, Transport Focus, 2016).</p> <p>Under a franchising scheme, vehicle specification would be considered in the design of contracts and plans for quality monitoring, and continued consideration of the public sector equality duty shall be given to how such vehicle specifications may impact on those with relevant protected characteristics.</p>
People with communication or sensory impairments (includes blind/partially sighted, deaf/ hard of hearing, difficulty speaking)	High		<p>The above comments (1) and (2) also apply to this group.</p> <p>GM TRADs (TRADs years 678) shows a higher proportion of bus users amongst people with a communication or sensory impairments compared to those with no disability or impairment.</p> <p>(3) The Bus Services Act gives the Secretary of State for Transport the power to create, "for the purpose of facilitating travel by disabled persons", regulations governing the standards of information provided by bus operators, including audio-visual announcements. Following a public consultation on this by the Department of</p>

			Transport in the summer of 2018, it had been expected that these regulations would be made in 2019. Although the regulations have yet to be made, it is expected that they will be in due course and that thereafter those operating bus services (including TfGM on behalf of GMCA under a franchise model) will be required to provide information on-board buses in compliance with those regulations. It is anticipated that these measures would improve the accessibility of buses for those with physical disabilities and those with communication or sensory impairments.
People with a learning disability or cognitive impairment (includes conditions which affect ability to learn, understand, read, remember and concentrate e.g. Down Syndrome, autism, ADA)	High		<p>Comments (1) (2) and (3) above also apply to this group</p> <p>GM TRADs (TRADs years 678) shows a higher proportion of bus users amongst people with a learning disability or cognitive impairment compared to those with no disability or impairment.</p> <p>A more stable bus network specified by TfGM, a single livery for buses and simpler pricing and ticketing may benefit people with a learning disability or cognitive impairment by making the network simpler to use.</p>
People with mental health problems (includes depression, schizophrenia)	Medium		<p>GM TRADs (TRADs years 678) shows a higher proportion of bus users amongst people with a mental health problems compared to those with no disability or impairment.</p> <p>The above comments (1) and (2) also apply to this group.</p>
People with long standing illness/health condition (Includes cancer, HIV, MS, diabetes, heart disease, epilepsy, continence)	Low		<p>GM TRADs (TRADs years 678) shows slightly higher proportion of bus users amongst people with a long-standing illness/health condition compared to those with no disability or impairment.</p> <p>The above comment (1) also applies to this group, although many members of this group may not have needs specifically relevant to bus</p>
Other disability / impairment not covered by any of the above	Low		No groups identified

Sex and gender reassignment			
Target Group	Positive Impact	Adverse Impact	Comment or Evidence
Men	Low		The above comment (1) also applies to this group.
Women	Medium		<p>The above comment (1) also applies to this group.</p> <p>GM TRADs years 678, has shown that more women make bus trips than men. Equally, TfGM research has found that women make more trips overall (GM TRADs years 678) and have more activities they rate as important to access than men (TfGM, Access and Inclusion, 2020). Women are also more likely to make regular journeys for more than one purpose, or 'trip chain' than men (TfGM, Segmentation 2017). Women who reject the bus were more likely than men to mention reliability and delays as a reason for doing so. (Sales Funnel, 2019).</p> <p>An integrated network is therefore important for this group and may allow easier 'trip chaining' and access to a range of destinations.</p> <p>Women are more concerned than men about personal security when travelling by bus. Satisfaction with personal security at night was lower amongst women bus users than men in TfGM's Network Principles survey (2018) TfGM's segmentation survey also found that safety was a higher priority for women than men when making transport choices. (GM Segmentation Survey, TfGM, 2017)</p> <p>A franchising scheme would be better equipped to ensure improvements to safety standards across the whole network in a consistent manner, due to the nature of the proposed scheme itself whereby the bus network would be under the sole control of TfGM as opposed to private operators acting independently of one another. Safety and security would be fully considered in the development of plans for the Proposed Franchising Scheme.</p>
Transgender People	Low		The above comment (1) also applies to this group.

Pregnancy and Maternity			
Target Group	Positive Impact	Adverse Impact	Comment or Evidence
People who are pregnant	Low		The above comment (1) also applies to this group.
People who have given birth in the last 26 weeks	Low		The above comment (1) also applies to this group.
Race			
Target Group	Positive Impact	Adverse Impact	Comment or Evidence
Asian or Asian British Backgrounds (This includes Pakistani, Indians and Bangladeshi, Chinese or any other Asian background)	Medium		The above comment (1) also applies to this group. GM TRADs (TRADs years 678) shows people from Asian backgrounds have an average level of bus use for GM. Car availability is above average overall in GM, although some Asian backgrounds show lower than average car availability (Census 2011).
Black or Black British Backgrounds (This includes Caribbean, African or any other black background)	Medium		The above comment (1) also applies to this group. GM TRADs (TRADs years 678) shows people from Black or Black British backgrounds in GM are more likely than average to be bus users and are more likely than average to use the bus frequently (five or more days a week). Census figures also show this group are more likely than average to use the bus to access work in GM (Census 2011). People from Black or Black British backgrounds in GM are also less likely than average to have access to a car (Census 2011). (4) Since members of this group are more likely than average to use buses and less likely to have access to a car, they are more likely to depend on bus services than average. To that degree, they may therefore benefit to a greater degree than average from the benefits of franchising.
Mixed /Multiple Ethnic Groups (This includes White and Black Caribbean, White and Black African, White and Asian or any other mixed background)	Medium		The above comments (1) and (4) also apply to this group. GM TRADs (TRADs years 678) shows people from mixed ethnic backgrounds in GM are more likely than average to be bus users and are more likely than average to use the bus frequently (five or more days a week). In GM, this group is also less likely than average to have access to a car (Census 2011).
White British Background (This includes English, Scottish & Welsh, N. Irish)	Low		The above comment (1) also applies to this group.

			GM TRADs (TRADs years 678) shows people from white British backgrounds in GM have an average level of bus use. Car availability is also average.
Non-British White Backgrounds (This includes Irish, Polish, Spanish, Romanians and other White backgrounds, and Irish Gypsy or Irish Travellers)	Medium		The above comments (1) and (4) also apply to this group. In GM, this group are less likely than average to have access to a car (census 2011)
Arabs	Medium		The above comments (1) and (4) also apply to this group. In GM, this group are less likely than average to have access to a car. (census 2011)
Any other ethnic background not covered by any of the above	Low		None identified

Religion/Belief			
Target Group	Positive Impact	Adverse Impact	Comment or Evidence
Buddhists	Low		The above comment (1) also applies to this group.
Christians	Low		The above comment (1) also applies to this group.
Hindus	Low		The above comment (1) also applies to this group.
Jews	Low		The above comment (1) also applies to this group.
Muslims	Low		The above comment (1) also applies to this group.
Sikhs	Low		The above comment (1) also applies to this group.
Others	Low		None identified

Sexual Orientation			
Target Group	Positive Impact	Adverse Impact	Comment or Evidence
Gay men	Medium		<p>The above comment (1) also applies to this group.</p> <p>(5) The Government Equalities Office National LGBT survey (2018) found that the most common place that people avoided being open about their sexual orientation was on public transport, for fear of a negative reaction from others.</p> <p>A franchising scheme would be better equipped than private operators acting independently of one another to ensure improvements to safety standards across the whole network in a consistent manner.</p> <p>Safety and security would be fully considered in the development of plans for the Proposed Franchising Scheme.</p>
Lesbians	Medium		The above comments (1) and (5) also apply to this group.
Bisexual	Medium		The above comments (1) and (5) also apply to this group.

Question 9:

If this activity involves new build or alteration to existing building, has any consideration been given to provision of a multi-faith room

Not applicable

Question 10:

Have you identified two or more high adverse impacts in the table above

No

Question 11:

If you have identified one high adverse impact or any medium / low adverse impacts, what improvements to the activity would / could you make to mitigate high/medium/low adverse impact? Please give details of the improvements you plan to make

Not applicable

Question 12:

Have you set up equality monitoring systems to carry out regular checks on the effects your activity has on:

The public sector equality duty is an ongoing duty necessitating the need for ongoing self-evaluation and review. This means that if implemented, the effects of the Proposed Franchising Scheme will be carefully monitored to ensure ongoing compliance with GMCA's duties under equality legislation.

Equality Group		Details
Age	N	Not applicable at this stage – appropriate monitoring activity would be considered and developed as necessary should the Proposed Franchising Scheme be implemented
Disability	N	As above
Gender reassignment	N	As above
Pregnancy and maternity	N	As above
Race	N	As above
Religion/Belief	N	As above
Sex	N	As above
Sexual Orientation	N	As above
Other	N	As above

Question 13:

How will you measure the success of this activity? (including any corporate performance measures)

As referenced above, appropriate monitoring activity would be considered and developed as necessary should the Proposed Franchising Scheme be implemented.

Once the Proposed Franchising Scheme is operational it is proposed that GMCA (which is assumed would be TfGM acting on its behalf) would consult organisations representing bus users immediately after the expiry of the first franchise contracts awarded during the transition period, and at other appropriate times, to evaluate how well the Proposed Franchising Scheme is working. GMCA would then report on its response to these consultations. Where appropriate GMCA may consider extending the consultation to include passengers, bus operators and trade unions, local authorities, businesses, elected representatives, the traffic commissioner, the police, the Competition and Markets Authority and those with protected characteristics (e.g. representatives of disabled people such as the TfGM Disability Design Reference Group)

Question 14:

In question 10 above you may have outlined improvements to the activity which will mitigate a high, medium and/or low adverse impact(s). How will you ensure that everyone involved in the activity knows and understands what improvements you intend to make and is able to put the activity into practice with those improvements?

Not applicable

Question 15:

Are there any elements within this activity that require a separate Equality Impact Analysis?

No

Question 16:

Please confirm that during the implementation of this activity, where appropriate, TfGM's corporate strategies and procedures will be followed. If your answer to any of these questions is 'no' explain why you will not be following the strategy or procedure.

Strategy / Policy		Details
Communication with members of the public – TfGM’s Corporate Communications Strategy will be followed	Yes	Should the Proposed Franchising Scheme be made, communication about any changes to the bus system will be clear and accessible to all.
Procurement - TfGM's Procurement Strategy will be followed	Yes	
Consultation and Engagement – TfGM’s Consultation and Engagement Strategy will be followed	Yes	Should the Proposed Franchising Scheme be made, any future consultation and engagement activity will take into consideration those with protected characteristics.
Projects – Project Management Procedures will be followed	Yes	

Question 17:

Is a Full Impact Analysis needed? If in question 8 you identified two or more adverse impacts you should either abort the activity, or carry out a full analysis

No (not required)

Question 18:

List all of the information that you have taken into account in carrying out this Equality Analysis.

- Steer Davies Gleave (2018) TFGM Segmentation – insights into bus use
- TfGM (2020) GM TRADS, years 6,7 and 8 (2017-19)
- Transport Focus (2018) Using the bus: what young people think
- TfGM (2018) Network principles survey
- TfGM (2017) GM Segmentation survey
- TfGM (2019) Sales Funnel
- TfGM (2020) Access and Inclusion
- Results from the first consultation: 14 Oct 2019 – 8 Jan 2020
- Results from the second consultation: 2 Dec 2020 – 29 Jan 2021

Question 19:

Additional comments

Following a review of the responses to the consultations, it is not anticipated that the Proposed Franchising Scheme would have any adverse impacts on those with protected characteristics and there would be positive impacts of varying degrees on certain groups. Should the Proposed Franchising Scheme be implemented, appropriate monitoring activity would be considered and developed as necessary.

Should the Proposed Franchising Scheme be implemented, any future proposed changes that may impact on those with protected characteristics would be subject to due consideration by GMCA/TfGM of the public sector equality duty supported by further EqIAs as required.

Validated by	Michael Renshaw, Bus Reform Programme Senior Responsible Officer
Date validated	08/03/21
Next review date	TBC – subject to GMCA consideration and Mayoral decision

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Notice of an extended period for an application to vary or cancel a registration of a local service in the Greater Manchester Bus Franchising Area

The Mayor is today publishing the Greater Manchester Franchising Scheme for Buses under section 123H(1) of the Transport Act 2000. This notice is given by him on behalf of GMCA¹ under regulation 4 of Public Service Vehicles (Registration of Local Services) (Franchising Schemes Transitional Provisions and Amendments) (England) Regulations 2018.

This Notice provides, in relation to an application to which regulation 4 applies, that, subject to paragraphs (3) and (4) of that regulation, the period referred to in section 6(8)(a) of the Transport Act 1985 is 112 days beginning on the date on which the Traffic Commissioner accepts the application.

The period referred to in section 6(8)(a) of the 1985 Act is one that must expire before an application to vary or cancel the registration of a local service has effect. An application to which regulation 4, and thus this Notice, applies is an application:—

- (a) to vary or cancel the registration of a service that—
 - (i) has one or more stopping places in the area to which the Greater Manchester Franchising Scheme for Buses applies;
 - (ii) is not an excepted service;
 - (iii) is not an exempt service; and
 - (iv) is not one in relation to which registration restrictions have effect,and
- (b) that is accepted by a traffic commissioner before section 123J(2) of the 2000 Act has effect in relation to that area.

For further information about this Notice, please contact TfGM's Head of Legal Services at kath.wilson@tfgm.com or telephone 0161 244 1000.

¹ If the function of publishing this notice is that of the GMCA itself, however, it is published by it (as the authority has resolved).

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Appendix 8 – Consultation Approach and Methodology

1 OVERARCHING METHODOLOGY AND STATUTORY FRAMEWORK

1.1 Background

1.1.1 The consultation on the Assessment took place across two periods. When referring to the first consultation this is in reference to the first consultation period and when referring to the second consultation this is referring to the second consultation period.

1.1.2 The following content sets out the approach and methodology for the delivery of the consultations aligned to the scope for each:

- First consultation – the purpose of this consultation was to seek views from consultees on whether the Proposed Franchising Scheme should be made, with or without modification.
- Second consultation – the purpose of this consultation was to allow consultees to provide their views on the Assessment in light of the findings of the Covid Impact Report and to provide their views on whether or not the Proposed Franchising Scheme should be introduced.

1.1.3 The methodology and approach for the consultations is set out in the following reports:

- On 7 October 2019, a report went to GMCA setting out and explaining the recommendation to the GMCA to approve proceeding to the next stage in the consideration of a Proposed Franchising Scheme, and included details of the approach and costs for consultation:
<https://democracy.greatermanchester-ca.gov.uk/documents/s2369/CA%20Bus%20Reform.pdf>
- On 11 June 2020, a report went to the Housing, Planning and Environment Overview and Scrutiny Committee providing an update on the approach, methodology and outputs of the consultation following its close:
<https://democracy.greatermanchester-ca.gov.uk/documents/s7873/HPEOS%20Bus%20Reform%20Consultation%20Report%20June%202020%20FINAL.pdf>
- On 27 November 2020, a report went to GMCA introducing the Covid-19 Impact Report and recommended the approach for the second consultation: <https://democracy.greatermanchester-ca.gov.uk/documents/s10627/9%20GMCA%20bus%20report%20Nov20%20final.pdf>

1.2 Delivery arrangements

1.2.1 GMCA instructed TfGM to conduct the consultations on its behalf. Ipsos MORI – an independent opinion research agency – was appointed to receive, manage, process and analyse the responses to the consultations; to undertake qualitative research on the proposals (a research method of facilitated sessions to seek feedback from representative groups); and to produce reports for GMCA on these findings.

1.2.2 TfGM worked closely with the 10 GM Councils during the consultation periods, to utilise appropriate channels and networks for reaching Greater Manchester residents and businesses.

1.3 Legal requirements and best practice

1.3.1 GMCA had regard to common law principles governing all consultations, which requires that:

- Consultations should occur when proposals are at a formative stage;
- Consultations should give sufficient reasons for any proposal to permit intelligent consideration;
- Consultations should allow adequate time for consideration and response; and
- The product of consultation must be conscientiously taken into account.

1.3.2 The consultations were also delivered in accordance with GMCA's established principles, in particular:

- Taking into consideration existing consultation best practice and working in parallel to national guidance and other common law and statutory requirements, including the Equality Act;
- Ensuring documents are accessible to all consultees, including the provision of printed consultation materials in public buildings and that all documentation is published online;
- Providing appropriate response mechanisms that facilitate both digital and non-digital consultation responses; and
- Ensuring that the consultation is inclusive to Greater Manchester's diverse population, accessible to audiences with protected characteristics and offers opportunities to directly engage with the process in each of the ten local authority areas, supported by an Equality Impact Assessment.

1.3.3 For the second consultation period, these principles were considered in light of ongoing GM tier three and national lockdowns and associated restrictions as a consequence of Covid-19. It was recognised that any consultation conducted in a time of Covid-19-related restrictions would be different to previous consultations; all activity was therefore planned and delivered to ensure that as far as possible the consultation was fair and met best practice guidance for consultation and engagement. More details on this is set out below.

1.4 Consultees

1.4.1 Section 123E(4) of the Act lists categories of organisations and individuals with whom GMCA was required to consult.

1.4.2 These groups are outlined below:

- **All bus operators running local services in Greater Manchester.** TfGM records identified 66 bus operators in this group.
- **All other persons holding a PSV operator's licence or community bus permit who would be affected by the proposed scheme.**
- **Such persons who appear to represent employees of bus operators running local services in Greater Manchester.** GMCA and TfGM identified nine bodies and contacted the General Secretary for each.
- **Such organisations appearing to represent bus passengers.** Transport Focus are specified below; GMCA and TfGM identified two further organisations as appearing to fall within this category – Travel Watch North West and Bus Users UK.
- **A Traffic Commissioner.** GMCA and TfGM identified the Traffic Commissioner for the North West and Wales as the relevant consultee.
- **The Chief Constable of Greater Manchester Police.**
- **The Passengers' Council** (which is now known as Transport Focus).
- **The Competition and Markets Authority (CMA).**
- **Any other relevant local authority whose area would be affected by the proposed scheme.** In addition to the 10 Greater Manchester Councils, GMCA and TfGM sought to identify all local authorities who may be affected by the proposed franchising scheme. This includes neighbouring local authorities where local services operate in and out of Greater Manchester. 23 neighbouring local authorities were identified across Lancashire, Merseyside, Cheshire, Derbyshire and West Yorkshire.

- 1.4.3 In addition to these groups, GMCA invited responses from other specific groups: OneBus, a group which represents Bus Operators in Greater Manchester, and local campaign group Better Buses for Greater Manchester.
- 1.4.4 Responses were also sought from the general public – including both bus users and non-bus users; stakeholders including businesses, voluntary and community sector organisations and other institutions; elected representatives and other interested parties.

2 CONSULTATION METHODOLOGY FOR THE FIRST CONSULTATION PERIOD

- 2.1.1 The first consultation period commenced on 14 October 2019 and closed on 8 January 2020. A statutory notice was prepared on consultation launch and was published on GMCA’s website and in local newspapers. This was accompanied by wider publication on GMCA channels and in the media.

2.2 Consultation documentation and questions

- 2.2.1 All consultation documentation was published on 14 October 2019 online and can still be viewed at www.gmconsult.org.uk (see closed activities). Hard copies of the documentation were sent to each statutory consultee and placed in public buildings across Greater Manchester.
- 2.2.2 Consultation documentation included the consultation document, the assessment of a proposed franchising scheme, a number of supporting papers and the draft Equality Impact Assessment on the Proposed Franchising Scheme. All documentation was accessible online with screen readers and a guide was produced and published to assist.
- 2.2.3 The main consultation document was prepared in accordance with the Act and set out why GMCA believes the Proposed Franchising Scheme is the best way to meet its strategic objectives, and provided a summary of the assessment, consultation questions, how and when responses to the consultation could be received, and where to obtain further information. The document also included a description of the Proposed Franchising Scheme, including the area to which the scheme relates; a description of local services proposed to be included and excluded in the proposed scheme; and the dates it was proposed the scheme would be made. The appendices to the document contained the auditor’s report, auditor’s observations and TfGM’s response to these, as well as the scheme itself.
- 2.2.4 Questions to be asked as part of the consultation are not prescribed in the Act and Guidance. Consultation questions were therefore developed with external legal advisors to meet consultation requirements and the outcomes of the Act, and to support respondents to provide their views on both the Proposed Franchising Scheme and the assessment.

- 2.2.5 These consultation questions were embedded throughout the consultation document and in two questionnaires – a short version containing nine questions and a long version containing 48 questions, including those in the short questionnaire.
- 2.2.6 Both questionnaires were designed around the core elements of the proposals to assist respondents in understanding the consultation requirements:
- The Proposed Franchising Scheme;
 - The five Cases of the assessment (Strategic, Economic, Commercial, Financial and Management) and their impact. The short questionnaire did not include questions about the Commercial and Management Cases;
 - The draft Equality Impact Assessment; and
 - General support or opposition for the introduction of the Proposed Franchising Scheme, any recommended changes to it, and any further comments.
- 2.2.7 In order to obtain as much detailed feedback on the Proposed Franchising Scheme as possible at the time, the majority of the consultation questions were asked as open questions. Two closed questions were included in both the long and short questionnaire asking respondents to provide the extent to which they agreed with GMCA’s reasons for reforming the bus market and the level of support for the introduction of the Proposed Franchising Scheme.
- 2.2.8 A full list of the consultation questions can be found in Appendix 1 of the First Consultation Document.
- 2.2.9 There was no requirement for respondents to answer either questionnaire in order to participate in the consultation. Consultation materials and publicity confirmed that responses by email or letter would also be accepted. Respondents could therefore respond by online response form, hard copy questionnaire (which could be returned to a freepost address), by email to a dedicated consultation email address, or by writing to a freepost address.
- 2.2.10 Although a ‘digital first’ approach was undertaken, it was ensured that the consultation was fully accessible. Hard copies of all documents including questionnaires were available in 148 locations across Greater Manchester. Large print versions of the consultation document and leaflet were also produced. A dedicated phonenumber was established for the consultation period to answer queries which also offered a ‘LanguageLine’ service to support non-English speakers. Consultation responses could also be provided via the phonenumber.
- 2.3 **Awareness raising and engagement activity: statutory consultees**
- 2.3.1 All statutory consultees were sent a hard copy of all consultation documentation via courier with a covering letter providing contact details for TfGM staff to obtain further information about the consultation and proposals, including an offer to

arrange to meet TfGM officers. Details of information sessions held with statutory consultees are set out below.

- 2.3.2 In addition, the GMCA/TfGM Chief Executive sent a letter to all statutory consultees at the mid-way point during the consultation to confirm the response deadline and to encourage consultees to respond by this deadline. This letter was supplemented by emails and phone calls for those statutory consultees for whom TfGM held email addresses and telephone numbers.

Meetings with statutory consultees

Bus operators

- 2.3.3 Bus operators (as well as OneBus, who was not a statutory consultee but is the organisation appointed to represent the views of the majority of the bus operators in Greater Manchester) were invited to a briefing on 17 October 2019. The purpose of this briefing was to provide an overview of the consultation process, including the materials provided and how to respond. Attendees were advised that the purpose of the session was to provide information and not to obtain responses to the consultation. The following operators were represented:

- Arriva North West
- D&G Bus
- Diamond Bus
- First Manchester
- Go North West Ltd
- Jim Stones Coaches
- Manchester Community Transport
- Nexus Move
- Rotala Plc
- Stagecoach Manager
- Stagecoach Merseyside & South Lancashire (Glenvale Transport Ltd)
- Transdev Blazefield
- Warrington's Own Buses (Warrington Borough Transport)

Groups representing employees

Unite the Union, Manchester

2.3.4 On 12 December 2019, senior TfGM officers met with Unite representatives regarding the possible introduction of a 'Greater Manchester Bus Franchising Minimum Standards Charter' in the event of bus franchising being introduced in Greater Manchester. A further meeting between the Mayor of Greater Manchester and Richard O'Brien, Unite Workplace Rep for Stagecoach, took place on 19 December 2019.

Competition and Markets Authority (CMA)

2.3.5 On 13 November 2019, senior TfGM officers met with the Assistant Director at the CMA. Further queries were sent from the CMA to the Executive Director (Bus Reform) at TfGM on 28 November 2019 to request further detail on:

- The pattern of usage of 'period' tickets;
- Routes/analysis about the relative 'dominance' of different operators on either side of the city centre; and
- Whether any discussions have taken place with operators on overlapping routes charging different fares and whether this has been assessed across the network.

2.3.6 A response was sent to these queries on 16 December 2019.

Local Authorities

2.3.7 TfGM Officers met with officers from Wigan and Manchester Councils during the consultation period to answer questions about the assessment and Proposed Franchising Scheme. Briefing sessions were also held for Councillors in Greater Manchester during the first half of the consultation period.

2.4 Public awareness and engagement activity: local passengers, the public and stakeholders

2.4.1 GMCA and TfGM developed a comprehensive communications and engagement plan to raise awareness of and encourage participation during the consultation period using a range of channels. This activity was designed to ensure that as many people as possible knew about the consultation, the reasons why GMCA were consulting on the Proposed Franchising Scheme and the Scheme itself, how to participate in the consultation and where to obtain the information to do so.

2.4.2 The public awareness and engagement activity was designed to reach Greater Manchester residents, business and organisations, and those in the wider travel to work area in partnership with Greater Manchester local authorities. A range of channels and approaches were developed to reach as many Greater Manchester residents as possible, taking into account demographic and accessibility issues including age, ethnicity and digital access.

2.4.3 Free channels such as GMCA, TfGM, local authority and public sector social media channels, websites, newsletters, magazines and emails to existing databases were

used to raise awareness amongst engaged audiences. Paid channels including outdoor media, digital, radio, print and social media advertising were also used to increase reach and penetration, whilst earned channels, including media engagement and community engagement, were supported by paid media to increase reach amongst specific communities and audiences. Those without digital access were engaged through outdoor and print advertising, print editorial, public information events and hard copies of leaflets were distributed in public buildings and to community groups.

2.4.4 A suite of communications and engagement materials was created to raise awareness of the consultation and to encourage people to visit the dedicated consultation webpage. Materials included a leaflet, posters, an animation with audio and subtitles, and social media templates with messages linking to www.gmconsult.org. Creative was produced for outdoor spaces (billboards, bus shelters, interchanges tram stops, free bus and variable messaging signs along busy roads), radio and print use with a simple call to action to visit the GM Consult website. This resulted in the following activity across channels:

- Over 50.5k visits to www.gmconsult.org during the consultation period. Direct searches to the webpage – driven by people typing it directly into a search engine – delivered the highest number of visits throughout the consultation – with 8.5k visits in total.
- Organic social media content led to 5.1m impressions (i.e. the number of times the content was seen on screen) on GMCA and TfGM Twitter accounts and 23k impressions on GMCA and TfGM Facebook accounts.
- Digital advertising, which could be monitored and weighted throughout the consultation period in line with response rates, delivered 6.6m impressions and 9.3k clicks (i.e. from the advert through to the consultation webpage), with adverts reaching 2.3m individual people. Digital press adverts delivered 3.2m impressions and 19.3k clicks.
- Paid social delivered nearly 5.9m impressions. Facebook delivered an overall audience reach of 1.29m with 15.8k link clicks. The total reach, including Instagram was over 2m. Monitoring of Facebook in particular saw the most engaged audience throughout the consultation period were aged 65+, though in the first two bursts of activity the 55-64 age group were most engaged. Men also drove the highest volume of link clicks, with 8.3k compared to 7.2k from women.
- Paid search provided an easy way for people to access the survey. Using keywords around buses in general also enhanced awareness via impressions. The benefit of this is that only clicks were paid for. The rate of people going through to the consultation webpage – referred to as Click Thru Rates (CTR) – on consultation keywords were over 60%.
- GMCA and TfGM databases, newsletters and magazines drove over 6k clicks to the GM Consult webpage.

- 140 pieces of coverage for the consultation appeared in the Greater Manchester and transport trade press. Coverage appeared in all ten Greater Manchester districts.
- Outdoor ads consisted of roadside advertising, bus rears and use of two digital screens in high footfall areas. In total, this activity delivered 24m impressions, with bus rear adverts delivering 6.8m impacts.
- Radio adverts delivered an estimated 17.5m impressions/impacts (i.e. the number of times the advert could have been heard) with a 1.8m reach. Predominantly Capital and Smooth were used as this combination allowed for good reach but also ran some activity with Asian Sound. Spotify was used to reach the younger audience, targeting people aged 15-24 in Greater Manchester.
- To ensure sure the districts and cross boundary areas were reached, some regional press in local titles were ran, including the Bolton Evening News, Wigan Observer and Bury Times, Burnley Express and Lancashire Evening Post. Additional targeted coverage included Able Magazine, Asian Image and Asian Leader. There was also a half page advert in North West Business Insider.
- A partnership was entered into with Reach. This package included print, digital and their programmatic offering which allowed access their regional titles as well as the Manchester Evening News. The digital elements were used to support response rates in certain areas, with 33.6% of inventory being directed to those boroughs for display and a third more impressions sent through programmatically to those regions, as well producing an estimated readership of 6.5m people.

2.4.5 Levels of participation and reach were monitored throughout the consultation period, to evaluate the effectiveness of activity, as well as assessing any need to modify the approach. This included the overall response rate and demographic breakdown of respondents, as well as levels of engagement, visibility and awareness, as demonstrated within the bullet points above.

2.4.6 All consultation documentation, leaflets and questionnaires were deposited in 148 town halls, libraries and community centres in the 10 Greater Manchester Local Authority areas for members of the public. The list of these public buildings was included in the consultation document and published on the consultation webpages.

2.4.7 Leaflets and posters were delivered to a further 450 community buildings across Greater Manchester including doctors' surgeries, health centres, children's centres and community hubs.

Public Information Events and Drop-In Sessions

2.4.8 In addition to communications activity, direct engagement through events and community engagement was undertaken to increase awareness of the consultation with members of the general public. Where 'interactions' are referenced below this

refers to contact with an individual, ranging from the provision of a leaflet to providing an overview of the consultation.

- 2.4.9 Direct engagement included a series of public information events during the consultation period, the purpose of which was to raise awareness of the consultation, inform the public about where they could find more information, how they could respond and encourage responses. These events did not seek to elicit feedback on the proposals.
- 2.4.10 21 public information events were held in total across the 10 Greater Manchester local authority areas during the consultation period.
- 2.4.11 Information events were held in areas of high footfall and visibility close to public buildings and transport hubs. A total number of 3,036 interactions were recorded across these events.
- 2.4.12 Seven events were held in neighbouring authorities in bus interchanges and areas with high footfall to ensure people who use cross-border bus services and travel into Greater Manchester were aware of the consultation. 318 interactions were recorded at these events.
- 2.4.13 Ten public drop-in events (one in each local authority area) were held at community centres and libraries. These events, which were advertised online and in local newspapers, were to provide the opportunity for more detailed face-to-face discussions regarding the consultation and proposals. They did not seek to elicit feedback on the proposals.
- 2.4.14 Although these events had a lower engagement (285 total interactions), they provided a forum for those with a particular interest or need, allowing more time to discuss specific issues in detail and in person, rather than in writing. Discussion points raised during these sessions related to feedback on current bus services in the main, as well as some on the Proposed Franchising Scheme and consultation process.
- 2.4.15 In addition to the above, a further 18 public information events were held in public buildings, engaging with people as they used the services on offer, as well as handing out leaflets at the nearby transport facility. 453 interactions were recorded at these events and 553 leaflets were distributed at interchanges and stations.

Targeted Communications and Engagement Activity

- 2.4.16 A range of activity was undertaken to encourage responses from hard to reach groups and those with protected characteristics.
- 2.4.17 GMCA and TfGM worked with communication and engagement teams in each of the ten local authority areas to promote participation through their networks. This led to a series of meetings with voluntary sector and community groups across Greater Manchester to help build awareness of the consultation and encourage responses from people with protected characteristics of age, disability, race, religion, gender,

and sexuality. These meetings did not seek to elicit feedback on the proposals and groups were encouraged to respond through the formal channels.

- 2.4.18 Hard copies of the consultation documents were also provided to groups on request. 873 interactions were logged through this community engagement activity.
- 2.4.19 The activity was monitored throughout the consultation period and reviewed alongside the response demographics to ensure it was being targeted in the most appropriate way. A summary of the activity is set out below and details of meetings are included in Appendix C of the 11 June 2020 Housing, Planning, Environment Overview Scrutiny Committee report.

Groups representing younger and older people

- 2.4.20 Extensive activity was undertaken to engage with groups representing the interests of younger and older people. This was supported with paid media targeting on social channels for these audiences.
- 2.4.21 Groups such as Age UK branches, the Age Friendly Manchester Assembly and the Older People's Network supported reach and engagement with communities of older people in each Greater Manchester borough. A targeted series of print advertising also ran in publications outside of central Manchester to reach this age group.
- 2.4.22 A wide variety of youth organisations were approached, such as the Youth Combined Authority and Youth Focus North West. Emails were circulated to the following Student Unions: Bolton, MMU, Salford and University of Manchester. University of Manchester Students' Union were particularly engaged and requested a meeting which took place with four of their elected student officers. They went on to share messaging encouraging participation in the consultation with their networks.

Disability groups

- 2.4.23 Extensive work was undertaken to engage with organisations representing a range of disabilities.
- 2.4.24 Organisations engaged to raise awareness of the consultation amongst their members included Breakthrough UK – Disability Design Reference Group, Manchester Deaf Centre, Manchester Disabled People's Access Group, Greater Manchester Autism Consortium, Greater Manchester Travel Training Forum, Henshaws, Bury Blind Society and Disability Stockport.
- 2.4.25 Accessible information and response channels included large print versions of the consultation documents and giving feedback via telephone.

Ethnic minority groups

- 2.4.26 TfGM worked with Greater Manchester Centre for Voluntary Organisation (GMCVO) to identify existing BAME networks, and the Caribbean and African Health Network

(CAHN) to support engagement with a range of community groups across Greater Manchester.

2.4.27 As well as outreach at a Greater Manchester level, this approach provided opportunities for more localised engagement, for example with the Pakistani Community Centre in Oldham, and the Stockport and Bolton branches of the African and Caribbean Association.

2.4.28 A targeted advertising campaign was also run on Asian Sounds, which reaches around 500k Asian listeners across the North West, broadcasting in a number of languages including Urdu and Hindi.

Religious groups

2.4.29 Engagement with a range of religious communities was facilitated through the Greater Manchester Faith Leaders Group which includes representation from the following religious communities: Church of England, Catholic Church, Methodist Church, Salvation Army, Christian Way of Life Churches, Baptist Church, Hindu, Jain, Jewish, Muslim, Sikh, Zoroastrian.

2.4.30 Through these leaders, introductions were then made to smaller faith-specific groups within the districts of Greater Manchester.

Groups representing women

2.4.31 Officers engaged with the Women's Institute as well as groups representing women of specific faiths and ethnicities.

2.4.32 Both paid social media advertising and digital display advertising were reviewed during the consultation period and targeting was changed to topics and sites likely to be of interest to women.

Groups representing LGBTQ people

2.4.33 In partnership with GMCA, a meeting with the LGBT panel was facilitated to raise awareness of the consultation. Engagement with relevant networks was also sought through the LGBT Foundation and a meeting took place with the Director of The Proud Trust. Meetings and events also took place with smaller LGBT groups in the city-region.

Elected Representatives

2.4.34 Councillors and MPs in Greater Manchester and those representing neighbouring authorities were invited to respond to the consultation.

2.4.35 11 Member briefing sessions were held across nine local authority areas over the course of the consultation period about the proposed franchising scheme and to encourage them to raise awareness of the consultation amongst those they represent. 174 Councillors attended these sessions.

2.4.36 Communication toolkits were issued to all Greater Manchester councils, Greater Manchester MPs and Members of Greater Manchester Transport Committee (GMTC) to promote participation amongst their constituents.

Business

2.4.37 Business representative bodies such as the Greater Manchester Chamber of Commerce, Federation of Small Businesses and Greater Manchester Local Enterprise Partnership (GMLEP) were engaged to raise awareness of the consultation amongst their members and to respond on their behalf.

2.4.38 Digital toolkits were provided for these bodies to share with their networks. These included news articles and suggested social media posts driving people to the consultation webpages to find out more.

2.4.39 Engagement was also undertaken with Chamber of Commerce bodies in neighbouring authority areas to request that they raise awareness of and encourage responses to the consultation. They were provided with a toolkit to share information in their newsletters and social channels.

2.4.40 A total of 194 interactions were logged through business engagement activity.

Other sectors and interest groups

2.4.41 Activity was undertaken with other campaign and interest groups relating to transport, community/place, the environment, education, health and the third sector. These organisations were contacted by email or letter at a Greater Manchester, regional and national level as appropriate.

2.4.42 Work was undertaken with organisations in the health and social care sector to engage with both staff and patients. Executives of Greater Manchester NHS Trusts were notified of the consultation and, via the Health and Social Care Partnership (HSCP), Clinical Commissioning Groups (CCGs) received toolkits to share information. A wide range of health groups, including Healthwatch branches, also received the toolkit, which encouraged them to share information on their social channels. In addition to this, events were hosted in two Greater Manchester hospitals.

2.4.43 In the education sector, Vice-Chancellors of each of the Greater Manchester universities and the Greater Manchester Schools and Colleges networks were provided with the toolkit to share information with both staff and students.

2.4.44 A wide variety of transport bodies were included in the non-statutory engagement, including OneBus, Transport for the North, the Urban Transport Group and the Safer Roads GM Partnership. Information about the consultation was also sent to major rail operators. Community groups with an interest in transport, including various 'Friends of' rail station groups were also encouraged to participate in and raise awareness of the consultation.

2.5 Qualitative research

Purpose

- 2.5.1 Alongside the public consultation, a programme of qualitative research was carried out by Ipsos MORI to complement the consultation process and to explore bus reform options and the Proposed Franchising Scheme with members of the public and other key interest groups including businesses, young people and those residing outside of Greater Manchester in neighbouring authorities.

Method

- 2.5.2 Two large-scale deliberative workshops were held in central Manchester in November 2019. These workshops took place over an extended time period (six hours) which provided an opportunity for participants to 'deliberate' the proposals over the course of the day. In addition to the deliberative workshops, six shorter focus groups were carried out during December 2019. Three of these groups were carried out face-to-face, and three were conducted as online focus groups due to the geographical dispersal of the participants.

- 2.5.3 The research focused on key questions from the short questionnaire, in particular:

- Current challenges with the bus market in Greater Manchester
- Reform of the bus market
- Public sector funding
- Economic case and its conclusion
- Financial case and its conclusion
- The Scheme

- 2.5.4 A summary report on the qualitative research activity has been produced by Ipsos MORI and the findings have been considered by TfGM alongside the responses to the consultation.

2.6 Quality assurance

- 2.6.1 The Consultation Institute (tCI) were appointed to provide independent quality assurance throughout the consultation process.

- 2.6.2 Through a series of reviews, the quality assurance process is designed to ensure that consultation activity meets the required standard.

- 2.6.3 Following the close of the consultation period, tCI determined GMCA had met the statutory requirements for best practice. This is tCI's highest level of accreditation and means that every area of the consultation was delivered to a high standard.

3 CONSULTATION METHODOLOGY FOR THE SECOND CONSULTATION PERIOD

- 3.1.1 The second consultation period commenced on 2 December 2020 and closed on 29 January 2021. As set out above at 1.3.4, it was recognised that any consultation conducted in a time of Covid-19-related restrictions would be different to previous consultations; all activity was therefore planned and delivered to ensure that as far as possible the consultation was fair and met best practice guidance for consultation and engagement.
- 3.1.2 As a consequence of Covid-19 and the associated government guidance, traditional consultation-style events and drop-in sessions could not be hosted during the consultation period due to the restrictions on large gatherings. To ensure that consultees were still given an opportunity to participate in the process, online events, webinars, and social media was used in order to answer questions and engage.
- 3.1.3 Additionally, in recognition of the Covid-19-related restrictions, a bespoke virtual engagement space was developed. This is a web-based solution that allows the same level of detail about the consultation to be shared as in a traditional physical presentation, with the advantage of being able to host live chat sessions.
- 3.1.4 To ensure that those that did not have access to digital channels could still participate, hard copy materials could be requested via a dedicated phonenumber (hosted by TfGM) and were available in public buildings across Greater Manchester. People could also respond to the consultation via phone direct to Ipsos MORI.
- 3.1.5 Further detail on this activity is set out below.

3.2 Consultation documentation and questions

- 3.2.1 All consultation documentation was published on 2 December 2020 online and can be viewed at www.gmconsult.org.uk (see closed activities). All documentation was accessible online with screen readers and a guide was produced and published to assist.
- 3.2.2 In order to mitigate against delivering a digital-only approach and Covid-19 restrictions, hard copies of the documentation were available on request. In addition, 3,000 copies of the consultation document and questionnaires were available in Travelshops across Greater Manchester; and copies were distributed to libraries open to the public at that time in Bolton, Manchester, Rochdale, Stockport, Tameside and Trafford.
- 3.2.3 Consultation documentation included:
- The Covid-19 Impact Report;

- A consultation document;
 - A questionnaire (available online and in hard copy);
 - A number of supporting papers, including the draft Equality Impact Assessment on the Proposed Franchising Scheme; and
 - Relevant background documents, including the materials from the first consultation period and associated reports following the close of that consultation.
- 3.2.4 The main consultation document set out why GMCA considers that bus franchising remains the right way to reform the bus market, having considered the possible effects of Covid-19. The document set out a summary of the original conclusions across the five cases in the Assessment and the Proposed Franchising Scheme, any changes resulting from the first consultation and the outcome of the further work undertaken through the Covid-19 Impact Report.
- 3.2.5 The consultation questions were developed to allow consultees to provide views on the Assessment in the light of the Covid-19 Impact Report across the five cases in the Assessment, on the Proposed Franchising Scheme, and on whether or not the Mayor should make such a scheme.
- 3.2.6 There were 12 questions which were embedded in the consultation document and also provided in a standalone questionnaire. They covered the following:
- The scenario-based approach used to understand how the conclusions of the Assessment could be impacted by Covid-19;
 - Consideration of the potential impact of Covid-19 on the five Cases of the assessment (Strategic, Economic, Commercial, Financial and Management) and on the Proposed Franchising Scheme itself; and
 - General support or opposition for the introduction of the Proposed Franchising Scheme, whether views had changed, and any further comments.
- 3.2.7 A full list of the consultation questions can be found in Appendix 1 of the Second Consultation Document.
- 3.2.8 In line with the first consultation period and in order to obtain as much detailed feedback as possible, the majority of the consultation questions were asked as open questions. The closed question from the first consultation period which asked respondents to provide the level of support for the introduction of the Proposed Franchising Scheme was repeated.
- 3.2.9 Consultation materials and publicity confirmed that responses by email, telephone or letter would also be accepted alongside completion of the questionnaire.

Respondents could therefore respond by online response form, hard copy questionnaire (which could be returned to a freepost address), by email to a dedicated consultation email address, by telephoning a dedicated number and verbally recording a response, or by writing to a freepost address.

3.2.10 As with the first consultation period, although a ‘digital first’ approach was undertaken, it was ensured that the consultation was as accessible as possible:

- Hard copies of all documents including questionnaires were available in locations across Greater Manchester, namely libraries and Travelshops.
- A dedicated phonenumber was established for the consultation period to answer queries which also offered a ‘LanguageLine’ service to support non-English speakers. Consultation responses could also be provided via a phonenumber managed by Ipsos MORI.
- A virtual engagement platform was also available, which sought to replicate face to face engagement by providing all consultation materials in one place. A chat facility was available for members of the public to speak to TfGM staff about the consultation.
- A sentence encouraging people to respond to the consultation and providing detail of where to find more information or access support was translated into the top six languages in Greater Manchester and was included prominently on the Consultation Document.

3.3 Awareness raising and engagement activity: previous statutory consultees

3.3.1 The same groups of statutory consultees from the first consultation period were recontacted for the second consultation period.

3.3.2 They were contacted on 20 November 2020 with an update on progress and to confirm that GMCA would be considering a report on the impact of Covid-19 on the bus market and a recommendation to proceed with a further period of consultation at its meeting the following week. A further update was provided for the start of the consultation period.

3.3.3 All previous statutory consultees were offered a one-to-one briefing at several points throughout the consultation period. Details of briefings held are set out below.

GM bus operators

3.3.4 Bus operators (as well as OneBus, who was not a statutory consultee as set out in the Act but is the organisation appointed to represent the views of the majority of the bus operators in Greater Manchester) were invited to a briefing on 19 November 2020. The purpose of this briefing was to provide operators with an update on the bus market reform programme and the development of the Covid-19 Impact report. The following operators were represented:

- Arriva NorthWest
- CPT
- Warrington’s Own Buses
- Preston Bus Ltd
- Stagecoach
- OneBus
- First
- Go North West
- Stagecoach Merseyside & South Lancashire
- High Peak/Centre Bus
- Diamond North West
- Arriva Wales
- Rosso
- Belle Vue Manchester

Local Authorities

- 3.3.5 Nine briefings were held with the local authorities during the consultation period – seven through all member briefings (Bury, Oldham, Rochdale, Tameside, Trafford, Stockport and Wigan) and two districts (Bolton and Salford) invited TfGM officers to brief their cabinet.
- 3.3.6 Across the seven district all member briefings, 181 councillors attended which is over a third of all Greater Manchester Councillors.
- 3.3.7 A briefing at an officer level also took place with Transport Strategy Group (TSG) which has representatives from all 10 local authority areas, and an additional meeting with Rochdale Council officers also took place.

Others

- 3.3.8 A briefing with Bus Users UK took place on 7 January 2021.
- 3.3.9 A briefing with Transport Focus took place on 19 January 2021.
- 3.4 Public awareness and engagement activity: local passengers, the public and other stakeholders**

- 3.4.1 GMCA and TfGM, working closely with the ten GM Councils, developed a comprehensive communications and engagement plan to raise awareness of and encourage participation in the consultation using a range of channels and ensuring any implications from the GM tier 3 and, subsequently, national restrictions in place were considered and addressed. While traditional consultation-style events and drop-in sessions could not be hosted due to the restrictions on large gatherings, along with other offline activities, online events, webinars, and social media was used in order to answer questions and engage.
- 3.4.2 45,000 copies of the summary leaflet and 750 posters were delivered to locations across Greater Manchester including health centres, GP surgeries, post offices, railway and bus stations, libraries, colleges, universities and supermarkets. A further 10,000 copies of the summary leaflet were distributed by post to people renewing their travel passes, including older people renewing their concessionary passes with TfGM in December 2020 and January 2021.
- 3.4.3 Free channels such as GMCA, TfGM, local authority and public sector social media channels, websites, newsletters, magazines and emails to existing databases were used to raise awareness amongst engaged audiences. Paid channels including outdoor media, digital, radio, print and social media advertising were also used to increase reach and penetration, whilst earned channels, including media engagement and community engagement, were supported by paid media to increase reach amongst specific communities and audiences. Those without digital access were engaged through outdoor media (as appropriate for those continuing to travel during Covid-19 restrictions) and print advertising/editorial. This resulted in the following activity across channels:
- Over 70 pieces of balanced media coverage were generated during the consultation period, around 40 of which were in local print titles.
 - Over 30k visits to www.gmconsult.org during the consultation period. Newsletter email campaigns were the single largest contributor to GM Consult landing page traffic, driving nearly 12.5k visits to the site.
 - GMCA, TfGM and the 10 local authorities collectively tweeted or retweeted about the #GMBusConsultation over 260 times generating more than 10.6m impressions (i.e. interactions with the content).
 - On Twitter over 180,000 followers were reached through community, education, health and business stakeholders sharing content about the consultation.
 - In addition, across the consultation period briefings were held with 24 organisations with over 300 attendees in total.
 - Paid social delivered nearly 3.1m impressions. Facebook delivered 2.7m impressions with 13.3k link clicks.

- Paid search provided an easy way for people to access the consultation questionnaire online. Using keywords around buses in general also enhanced awareness via impressions. Paid search delivered 29.4k impressions and 2k clicks, with a Click Thru Rate (i.e. the ratio of users who click on a specific link to the number of total users who view a page) of 7.19%.
- Radio adverts via Smooth Radio targeted audiences across the North West and delivered an estimated 4.9m impressions/impacts (i.e. the number of times the advert could have been heard) with a 888k reach (i.e. the number of people who have heard the advert).

3.4.4 As with the first consultation, levels of participation and reach were monitored throughout the consultation period, to evaluate the effectiveness of activity, as well as assessing any need to modify the approach to target particular groups.

Virtual engagement platform

3.4.5 Engagement sessions with stakeholder organisations took place online via Microsoft Team and Zoom. Details of specific briefings held are outlined below.

3.4.6 A virtual engagement platform was developed, which sought to replicate face to face engagement by providing all consultation materials in one place. Visitors to the space could navigate around the virtual room, viewing the consultation document and supporting materials to find out more about the consultation and how they could respond. Throughout the consultation period, 776 people visited the space and the average time spent was 3 minutes and 5 seconds, suggesting that this was a relatively engaged audience who spent time viewing the content.

3.4.7 The virtual engagement platform featured a chat facility which facilitated live Q&A sessions throughout the consultation period. A total of 45 chat sessions were hosted by TfGM.

Targeted Communications and Engagement Activity

GMCVO partnership to reach seldom heard groups

3.4.8 During the consultation period, bespoke activity was delivered to reach seldom heard groups in partnership with Greater Manchester Centre for Voluntary Organisation (GMCVO) – the voluntary, community and social enterprise (VCSE) sector support and development organisation covering the Greater Manchester area. The purpose of the activity was to engage with relevant groups about the future of buses in Greater Manchester and encourage them to respond to the consultation. Responses were not sought through the engagement events and this was made clear to participants.

3.4.9 The groups identified to engage with through this activity were those who were more likely to use bus services. This included older people, younger people and

people from ethnic minority backgrounds, including those who do not have English as a first language, from across GM.

3.4.10 Specific activity delivered in partnership with GMCVO included:

- The GM Older People's network hosted a meeting with 13 people, including members of their transport group and representatives from other older people's groups, such as HMR Circle Volunteer Drivers Service and Manager of Nephra Good Neighbour;
- The GM BAME network hosted a briefing with ten of their members from across Greater Manchester;
- GMCVO facilitated a face-to-face workshop with the GM Hidden Talent Youth panel, which was attended by three people, one panel member also fed their comments in via email; and
- Groups affiliated with the GM BAME network hosted a series of small group sessions with 50 individuals who do not have English as a first language. The organisations involved in this were: Dynamic Support of Greater Manchester - mostly work with French speaking Africans; Wai Yin Centre – working with Chinese communities; Manchester Refugee Support Network – working across a number of refugee communities; BollyFit Active - mainly working with Pakistani females; Global Vision – mainly work with the Black African community and young people and also other communities in the Gorton and Crumpsall areas.

Supporting people who don't have English as a first language

3.4.11 Members at the 11 June 2020 meeting of the Housing Planning, Environment Overview Scrutiny Committee expressed concern around limited engagement with non-English speakers during the first consultation period. The activity with GMCVO outlined above sought to mitigate this and was delivered alongside wider stakeholder engagement and communications activity, provision of the Language Line facility on the helpline, and a translated call to action on the consultation document to help people with a language other than English find out more and respond to the consultation.

Additional targeted activity and support

3.4.12 A summary of additional targeted activity across earned and paid channels is set out below and was delivered in partnership with local authorities.

Older people

3.4.13 Extensive activity was undertaken to engage with older people and groups that represent their interests. This was supported with paid media targeting on social channels for these audiences.

- 3.4.14 Groups such as Age UK branches, the GM Ageing Hub and the GM Older People's Network supported reach and engagement with communities of older people in each Greater Manchester borough.
- 3.4.15 As well as generating coverage in local print media through issuing press releases throughout the consultation period, a targeted series of print advertising ran in publications outside of central Manchester to help reach this group. The total circulation for the local newspapers (including paid media adverts) was 1.7m. An advertising partnership was also run with Reach, the parent company of Manchester Evening News, which includes adverts in the MEN and its sister papers. This provided over 3m opportunities for the advert to be seen, based on circulation and readership figures for the printed press adverts.
- 3.4.16 Press releases were sent to both local and community radio stations and GM-wide radio stations. A radio advertising campaign was run with Smooth FM for the initial two weeks of the consultation, and the advert was heard over 4.8m times by over 888k individual people.
- 3.4.17 Concessionary pass holder email databases (for the English National Concessionary Travel Scheme and Women's Concessionary Travel Scheme) were used to help raise awareness of the consultation amongst older groups. Around 10,000 leaflets summarising the proposals were also sent out with all new travel passes, including passes applicable for over 55s.
- 3.4.18 Additionally, paid social and digital display adverts were also used to target all age groups, including 55+ audience. Facebook saw the 55+ audiences served with the most impressions, and this group also drove the highest number of clicks and the highest click thru rate %.

Younger people

- 3.4.19 A wide variety of youth organisations were approached and provided with toolkits, such as the GM Youth Network and the GM Hidden Talent Youth Panel. Emails were circulated to Bolton Sixth Form, Bolton College, Tameside- Ashton Sixth Form College, Tameside Scouts, Tameside Youth Forum, Wigan Scouts, Wigan Youth Zone. University of Manchester Students' Union were particularly engaged and tweeted about the consultation, reaching 19.9k followers.
- 3.4.20 Paid social on Facebook, Instagram and Twitter and adverts on Google Search were used to target all age groups, including 13-24-year olds. 18-24-year olds accounted for the second highest click throughs on the Google search advert to the consultation webpage.
- 3.4.21 In addition, Spotify and Youtube adverts were used specifically to reach younger audiences.
- 3.4.22 Emails promoting the consultation were also sent out to 16-18-year olds with an iGo pass in Greater Manchester and to 18-20 year olds with the Our Pass.

Disabled people

- 3.4.23 Extensive work was undertaken to engage with organisations representing a range of disabilities.
- 3.4.24 The Disability Design Reference Group, which is coordinated by the disabled people's organisation, Breakthrough UK, and includes members with a range of impairments, were given a briefing followed by a question and answer session.
- 3.4.25 Other local engagement activity included Tameside Stroke Association, Tameside Alzheimer's Society, Tameside and Glossop Dementia Action Alliance. Alongside this, the following organisations were contacted by telephone during the consultation period: GM Coalition of Disabled People, GM Autism Consortium, Disability Stockport, Venture Arts, Manchester Disabled People's Access Group.
- 3.4.26 Three press releases were issued to Able Magazine and The Voice, whose audiences are disabled people across all age groups in the UK.
- 3.4.27 In order to offer non-digital channels, hard copy materials could be requested via a dedicated phonenumber (hosted by TfGM). An alternative phonenumber hosted by Ipsos MORI was also available which allowed people to make a 'response via phone' as an additional method due to Covid-19 and the lack of opportunity for face-to-face engagement.
- 3.4.28 A British Sign Language translation of the animation was also prepared and made available on the GM Consult website.

Ethnic minority groups

- 3.4.29 TfGM engaged with the Caribbean and African Health Network, GM Pakistani Association and GM BAME Network to support engagement with a range of community groups across Greater Manchester to raise awareness of the consultation.
- 3.4.30 As well as outreach at a Greater Manchester level, this approach provided opportunities for more localised engagement, for example with the Tameside Diversity Matters. Information about the consultation was also shared through the GMCA Equalities Panel.
- 3.4.31 The Asian Leader featured a news story about the consultation alongside an advert, and follow-up press releases were also issued to Asian Image, Asian Express, Asian Sounds, Crescent Community Radio and Bolton Hindu Forum Radio.

Religion

- 3.4.32 Engagement with the Greater Manchester Faith Leaders Group took place and content was shared with their networks which includes representation from the following religious communities: Church of England, Catholic Church, Methodist

Church, Salvation Army, Christian Way of Life Churches, Baptist Church, Hindu, Jain, Jewish, Muslim, Sikh, Zoroastrian.

- 3.4.33 Local authority engagement included Bolton Council of Mosques, Bolton Hindu Forum, Bolton Christian Community Cohesion, Tameside New Life Church, Tameside Christians Against Poverty, Wigan – Ashton Churches Together, St Thomas Church, St Matthews Church, Park Lane Unitarian Church, Living Faith Church Orrell, Christ Church Pennington and Hindley Green Family Church.
- 3.4.34 Phone calls to talk through the proposals and support available was also given to the Jewish Federation, Bolton Council of Mosques and Interfaith Forum Oldham.
- 3.4.35 The Asian Leader featured a news story, and three press releases were issued to the Jewish Chronicle, Jewish Telegraph and Jewish Life to target religious groups.

Gender

- 3.4.36 Officers engaged with the Women’s Institute as well as more specific groups such as Women in Transport.
- 3.4.37 Both paid social media advertising and digital display advertising were reviewed during the consultation and, due to an underrepresentation in female respondents at the mid-point, advertising to women was increased on Google Search and specific, targeted adverts ran on Facebook and Instagram. The upweighting of the paid Google Search adverts led to the female audience generating one of the highest numbers of click through rates of all groups.

Sexuality

- 3.4.38 Information was sent to LGBT Foundation and The Proud Trust for them to share with their networks.

Elected representatives

- 3.4.39 Councillors and MPs in Greater Manchester and those representing neighbouring authorities were invited to respond to the consultation.
- 3.4.40 Nine briefings were held with the Greater Manchester local authorities during the consultation period – seven through all member briefings (Bury, Oldham, Rochdale, Tameside, Trafford, Stockport and Wigan) and two districts (Bolton and Salford) invited TfGM officers to brief their cabinet.
- 3.4.41 Across the seven district all member briefings, 181 councillors attended which is over a third of all Greater Manchester Councillors.
- 3.4.42 Greater Manchester MPs were offered the opportunity to attend one of two briefing sessions on the consultation. Where members were unable to join a session the option of a one-to-one meeting was also offered.

- 3.4.43 Communication toolkits were issued to GM Councils, Greater Manchester MPs and Members of Greater Manchester Transport Committee (GMTC) to promote participation amongst their constituents.

Business

- 3.4.44 Business representative bodies such as the Greater Manchester Chamber of Commerce, the Federation of Small Businesses, Confederation of British Industry and CityCo were engaged to raise awareness of the consultation amongst their members and to respond on their behalf.
- 3.4.45 Information was also shared with local business networks and key retail sites, e.g. businesses located at Trafford Park including the Trafford Centre. As part of this engagement, information was shared from the Trafford Centre to all retail providers through their network.
- 3.4.46 Communication toolkits were provided for these groups to share with their networks; over 700 businesses and representative organisations received them.
- 3.4.47 A selection of third-party organisations were engaged to generate wider public and business engagement and to help promote the consultation. These included Greater Manchester Local Enterprise Partnership (LEP), Centre for Cities thinktank, IPPR North thinktank; Northern Powerhouse Partnership (NPP) and Urban Transport Group.

Other sectors and interest groups

- 3.4.48 Activity was undertaken with other campaign and interest groups relating to transport, community/place, the environment, education, health and the third sector. These organisations were contacted by email at a Greater Manchester, regional and national level as appropriate.
- 3.4.49 Executives of Greater Manchester NHS Trusts were notified of the consultation and, via the Health and Social Care Partnership (HSCP), Clinical Commissioning Groups (CCGs) received toolkits to share information. A wide range of health groups, including Healthwatch branches, also received the toolkit, which encouraged them to share information on their social channels.
- 3.4.50 In the education sector, Vice-Chancellors of each of the Greater Manchester universities and the Greater Manchester Schools and Colleges networks were provided with the toolkit to share information with both staff and students. Directors of Education were also sent the toolkit.
- 3.4.51 A wide variety of transport bodies were included in the non-statutory engagement, including Transport for the North, the Urban Transport Group and the Safer Roads GM Partnership. Information about the consultation was also sent to major rail operators. Community groups in with an interest in transport, including various

'Friends of' rail station groups were also encouraged to participate in and raise awareness of the consultation.

3.5 Qualitative research

Purpose

3.5.1 Alongside the public consultation, a programme of qualitative research was carried out by Ipsos MORI to complement the consultation process and to explore in greater depth the Covid-19 Impact Report in relation to the conclusions of the assessment and the Proposed Franchising Scheme. This activity was carried out with a representative sample of GM residents and with individuals aged 70+, the latter group being targeted due to lower levels of digital access within this cohort and consideration of access to the consultation during ongoing lockdown restrictions.

Method

3.5.2 An online deliberative workshop took place over two, three-hour sessions with the group of 45 members of the public. Quotas for participants in this workshop were set for: gender, age, ethnicity, disability, local authority, urbanity, SEG, current and future bus use and access to a car.

3.5.3 Additionally, a total of eight 60-minute telephone depth interviews were carried out with a broad range of individuals aged 70+.

3.5.4 The research focused on key questions from the consultation questionnaire, namely:

- Future bus demand and the scenarios;
- The Strategic Case and its conclusions in light of Covid-19;
- The Economic Case and its conclusions in light of Covid-19;
- The Financial Case and its conclusions in light of Covid-19; and
- Why GMCA is proceeding now.

3.5.5 The findings of the qualitative research activity have been reported by Ipsos MORI and considered by TfGM alongside the summary of the consultation responses.