

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 23 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.

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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 FirstGroup 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 in the first round of franchises, 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 23 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