

South Yorkshire Mayoral Combined Authority (“MCA”)

South Yorkshire Franchising Scheme for Buses
 (“Proposed Franchising Scheme”)

Consultation Response Report

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Introduction

The report is the MCA's response to the consultation on bus franchising. It includes an overview of the consultation process, a summary of the consultation responses from the wider public and statutory stakeholders and the MCA's response to the views expressed.

The report should be read alongside the consultation analysis summary report provided by DJS Research Limited (DJS) which is available at southyorkshire-ca.gov.uk.

Overview of Consultation Process

The consultation was open to all members of the public, businesses and organisations and there was no requirement to live in South Yorkshire to take part. The consultation took place between the 23 October 2024 and 15 January 2025.

7,802 people, businesses and organisations responded over the 12-week period.

Responses to the consultation were gathered via a questionnaire on the MCA's website, via email to a dedicated inbox and by post. The method of response consisted of either a short-form or long-form questionnaire.

The MCA also hosted a series of public information events across the four districts of South Yorkshire.

All of the responses were analysed by DJS, an external independent organisation with expertise in consultations. The MCA has considered the consultation responses when making recommendations on the proposed way forward for bus reform.

Summary of Responses from Members of the Public

The following sections provide a high-level summary of the response to the consultation from members of the public.

Strategic Case

The overwhelming majority of people (6,760) expressed support for the introduction of the Proposed Franchising Scheme with a minority (387) who were not in support of the scheme.

Key reasons for supporting the scheme were:

- Buses should be brought back into public ownership or control;
- Participants expect the Proposed Franchising Scheme to improve services;
- General support for the concept of the Proposed Franchising Scheme;
- The view that public services should be run for the benefit of the public and prioritise passengers;
- A more integrated public transport network is needed;
- The approach has worked in other areas, such as London and Manchester, as well as with South Yorkshire's tram network;
- The Scheme will hopefully encourage more people to use buses and discourage car use; and
- There should be more control over the entire service, with centralised decision-making.

The reasons for not supporting the scheme included:

- Regulation has not worked before;
- Uncertainty over whether the scheme will lead to improvements;
- Similar approaches have not worked in the past, such as with trams;
- Disagreement with the proposals, with some just not believing that it will work;
- Concerns that the Scheme will be profit-driven and unprofitable routes will be cut;
- Lack of trust in local government's ability to run the system.

A significant portion of the comments mentioned the problems with the current bus network. Key areas of underperformance that were highlighted included:

- Services were unreliable
- Lack of service frequency and improvements to the timetable required
- Off-peak services were poor including on weekends, evenings, early mornings and public holidays
- Routes were limited and there were not enough direct routes and less profitable and vital routes had been cut
- The decline in bus services and poor provision was leading to more people using cars
- Buses were old, break down and were unfit for purpose
- There were not enough buses in rural areas
- Services fail to meet the needs of the customer, the community and the economy
- It was stressful for those who rely on buses to get to appointments at work and school

Specific areas of the region which were commonly mentioned included Sheffield and Doncaster. Other issues highlighted included many participants indicating that buses were too expensive and concerns over profits not being reinvested back into the bus services.

There was a widespread view that services should be prioritised over profits but that operators prioritise profits over services and that privatisation does not work.

There was a strong sentiment that buses should be brought back into public ownership or control and that they should be run in the interests of the passengers. Responses included a view that the Proposed Franchising Scheme would enable the MCA to have control over the entire service and centralise decision making. Many comments indicated that things

need to change and hoped that the Proposed Franchising Scheme would improve bus service, lead to a more integrated transport network and provide a wider range of benefits across the region.

Proposed Franchising Scheme

Many participants were supportive and positive about the services listed in the Proposed Franchising Scheme although some noted that the network needs new or amended routes. It was noted that moving across the region could be slow and difficult and there were concerns expressed for passengers with disabilities and those with mobility issues. Many participants felt there was not enough information in the annexes and that specific route numbers should have been specified. Whilst some participants agreed with the list of services to be exempt, others disagreed with the exceptions and indicated that there should be no exemptions.

Economic, Commercial, Financial and Management Cases

There were fewer comments relating to the remaining cases from members of the public. Across the other cases including the Economic, Commercial, Financial and Management Case most people who responded to the relevant survey questions responded positively and expressed the following comments:

- A large portion of participants indicated that the Proposed Franchising Scheme would provide value for money for the MCA.
- Some participants indicated that bringing buses under public control would lead to money being saved and reinvested back into the system. There was a strong view that buses should be run 'not for profit' and the additional risk which the MCA would take on was seen as an acceptable trade-off.
- A large number of participants indicated that competition is beneficial and would help improve services.
- There were a large number of positive comments in relation to affordability and risk with many commenting that some risk was inevitable, that the stated risks were justified and that risks should be controlled, managed and monitored.
- There was a view that fares should be cheaper and more affordable and that ticketing should be simplified
- The scheme should be implemented sooner and that it is long overdue

MCA response: *The MCA would like to thank the people of South Yorkshire for responding to the consultation and for their considered comments. The responses received give overwhelming support for the Proposed Franchising Scheme and the MCA agrees with many of the concerns people have raised in relation to current issues with the bus network in South Yorkshire. The Proposed Franchising Scheme would allow the MCA to take control of bus services in the region including the network, services, timetable, fares, ticketing and fleet and allow it to more effectively integrate the bus network with the needs of the South Yorkshire economy and wider transport system. It would provide the MCA with the levers to improve the reliability of services and it will also allow the reinvestment of and surplus revenue from bus services back into improving the bus network. Further it would provide confidence for South Yorkshire local authorities to support and invest in bus priority and other measures, assured of a more stable network and the ability to fully capture the benefits. The MCA would seek to ensure that as the Proposed Franchising Scheme is developed further, proposals to improve the customer experience are also developed.*

Summary of Statutory Stakeholders and Organisation Responses

The MCA consulted with the statutory consultees set out in legislation, along with other key stakeholders. The responses received included those organisations listed in the table below. The sections below provide a summary of the views expressed by statutory consultees stakeholders and provide a response from the MCA to these views.

Stakeholder category	Organisations who responded to the consultation
Bus operators	Local Bus Operators – Stagecoach, First Group, TM Travel and Confederation of Passenger Transport (CPT) representing smaller operators. Prospective Operators (who are not currently present in the South Yorkshire bus market) – Transport UK, Tower Transit and The Go-Ahead Group.
Representatives of employees of such operators	Unite
Organisations representing local passengers	Transport 4 All
Local authorities affected by the proposed scheme	<i>SY District Councils</i> – Barnsley Metropolitan Borough Council, City of Doncaster Council, Rotherham Metropolitan Borough Council, Sheffield City Council <i>Neighbouring Authorities</i> – Derbyshire County Council, East Midlands Combined Authority, East Riding of Yorkshire Council, Nottinghamshire County Council, West Yorkshire Combined Authority, Wakefield Metropolitan Borough Council <i>National Park authorities</i> – Peak District National Park Authority
Other organisations including the traffic commissioner, chief officers of police for areas to which the proposed scheme relates, Transport Focus (the Passengers' Council), and the Competition and Markets Authority	Transport Focus, the Competition and Markets Authority (a meeting was held but the CMA opted not to formally respond to the consultation). No responses were received from the Traffic Commissioner, Chief of Police.

Stagecoach

Stagecoach indicated that they neither support nor oppose the introduction of the Proposed Franchising Scheme and provided a comprehensive response to the consultation questions. They highlighted that they can see the wider benefits of franchising and understand why the MCA is proposing to proceed with the franchise model. They mention that they are committed to working collaboratively with the MCA for the benefit of all communities within South Yorkshire. A summary of their response and the key themes identified is provided below along with the MCA's response.

Stagecoach indicate that the Consultation document and Assessment contains a lot of detail on why franchising has been chosen as the preferred option but provided less detail on the transition process that will take place. This includes how, once the network was in control of the MCA, changes will be made that improve service delivery.

Stagecoach note that the implementation of bus franchising is both lengthy and costly. Stagecoach mention that the Bus Services (No.2) Bill, as currently drafted, could provide powers that allow an authority to directly award franchise contracts to incumbents. They indicate the benefits of this approach include giving the MCA instant control of the network, fares and ticketing whilst providing continuity and security for existing operators. This would allow the transition to full franchising at what they believe to be a much-reduced cost. They also highlight that EP Plus could also deliver many of the benefits of franchising but much more quickly.

Area of Franchising Scheme and list of services

Stagecoach recommends the inclusion of school services in franchise contracts to allow greater flexibility and cost-saving synergies. Stagecoach recommends positioning school services at an anchor depot site or alongside individually let routes to allow for interworking with regular bus services and for costs to be spread through a more efficient depot.

Stagecoach stresses the need for careful consideration of routes that cross boundaries into neighbouring authorities, particularly regarding revenue distribution and operational logistics, such as through-ticketing, timetabling and marketing. The revenue distribution approach used in Greater Manchester is recommended by Stagecoach.

Strategic Case

Stagecoach notes that punctuality is below the MCA's target and that journey time variability at different times of the day or week can often be significant, citing factors that they consider to be out of their control. Stagecoach has welcomed the reference to the need for wider policy measures to be implemented in parallel with the Proposed Franchising Scheme which address highway congestion issues affecting punctuality. Stagecoach notes that reliability is more in the control of the bus operators.

Stagecoach believes that an EP Plus model could achieve similar benefits to franchising but in a shorter timeframe and at a lower cost than quoted in the Assessment, through operator goodwill. They cite successful examples from elsewhere in the UK. Of the franchising options considered, Stagecoach endorses Option A which would see operators provide their own assets, which it indicated could free-up capital to invest in bus priority measures.

Stagecoach expressed concern that if existing operators do not retain market share there will be loss of local market knowledge and expertise. Additionally, Stagecoach comment that additional operators in the market could lead to duplication of overheads and mobilisation expenses.

Economic Case

Stagecoach note that in their view bus passengers are mostly interested in the output of service delivery and that a focus on efficiency of the franchising operating model could lead to poorer passenger outcomes – for example a focus on departing on time could mean leaving passengers behind who might be running for the bus. Stagecoach note that bus passengers might not be interested in some of the other elements of the Economic Case, such as the operator profit margin.

Stagecoach expressed confusion at the description that integrated ticketing “could” be provided, stating this is thought to be one of the highest priorities.

Stagecoach notes that the Economic Case plays down the impact that the Proposed Franchising Scheme will have on the existing bus operators, outlining that many have been operating in the communities for decades. They suggest that the Assessment favours increasing competition and does not acknowledge that other operators could join the market now.

Stagecoach notes that the Assessment was written over 12 months ago and the economic landscape has changed, therefore requiring the Assessment to be updated. Stagecoach disputed a number of figures used in the Economic Case and suggested the case should be re-visited in light of recent economic changes.

Stagecoach emphasised the need for additional funding and network enhancements under any operating model, in order to improve outcomes.

Stagecoach emphasised the need for highways and bus delivery to be under a single structure to support transparent and accountable decision making.

Stagecoach expressed concern that jobs would be lost from existing operators, expenditure variations/pressures could lead to bid prices not covering costs due to a pressure to bid low and the MCA may not receive a sufficient number of bids due to resource requirements for bidding activity.

Stagecoach requested clarity on the affordability rating for EP Plus vs franchising.

Stagecoach expressed disapproval of limiting contracts per operator and suggested running bidding competitions at different times to larger and what they consider to be “more attractive” combined authorities.

Commercial Case

Stagecoach agrees that revenue risk sits most appropriately with the MCA and agrees that a performance regime could be used to incentivise operators' behaviour. Stagecoach's response discusses the advantages and disadvantages of a range of metrics that could be used in this regime.

Stagecoach considers the concept of cost risk sitting with operators as acceptable. The response notes the interplay between the bus fleet and the franchised operator's cost base; notes that little detail relating to on-board IT equipment is currently available; and notes that indexation of certain elements of the cost base would be welcome. Suggestions relating to the approach in procurement to inflation and external pressures are offered.

Stagecoach considers that it is not necessary for the MCA to provide depots to operators and suggests that established operators - which Stagecoach considers are the only ones capable of providing the high levels of standards and performance required by franchising - would be capable of providing their own depots. Stagecoach notes that were the MCA not to acquire depots, funding available could be put towards other measures such as bus priority. Stagecoach also queries figures relating to peak vehicle requirements presented in Tables 60, 82 and 97 of the Assessment.

Stagecoach suggests that operators could provide the diesel fleet necessary for Day 1 operations, with the MCA taking responsibility for the introduction of zero emissions buses (ZEB), progressively transferring ownership of the fleet to the MCA as the volume of ZEBs increases. Stagecoach considers that the market for used diesel vehicles could support this approach. Stagecoach suggests some flexibilities that could be introduced around environmental standards of vehicles.

Stagecoach considers that the MCA could benefit by utilising the knowledge and understanding of existing operators in procuring large fleets of vehicles.

Stagecoach notes that further details would be helpful regarding the distribution of routes within the lotting strategy; and sets out its view that limiting the number of smaller contracts that can be awarded to a large bus operator could limit competition and is likely to result in increased operating costs.

Stagecoach's response sets out its opinion that regular procurement competitions do not meet the objectives of affordability, value for money, and punctuality and reliability. Stagecoach further indicates that a longer core contract of at least 7 years with optional performance-related extensions should be considered.

Regarding reducing burdens on smaller operators, Stagecoach sets out its expectation that any changes to questions must be made available to all operators on a like-for-like basis. Stagecoach highlights the opportunities for large operators to work with SMO subcontractors. Stagecoach considers that several of the deliverability risks identified in the commercial case could be eliminated through use of a Direct Award approach.

Financial Case

Stagecoach indicates that the affordability of the scheme is dependent on the next City Region Sustainable Transport Settlement (CRSTS 2) being available for the set-up costs and to cover the capital investment over the initial 15-year period. They note that whilst at the time of drafting the Assessment an uplifted CRSTS 2 had been announced by the previous government, the ability to secure this in full is now less clear.

Stagecoach also highlight that the key to ensuring the sustainability of the scheme is to ensure that bus travel is the primary mode of travel for people in South Yorkshire. To do this, they suggest that CRSTS 2 funding should be invested in bus priority measures to drive journey time improvements and boost bus patronage.

Stagecoach indicate that the approach to fleet investment outlined in the Financial Case may not be optimal as it involves large-scale investment upfront with a slower rate of investment in subsequent years. They suggest that more regular and consistent purchases of new buses should be made over time as buses will regularly need to be replaced and would provide manufacturers with a more consistent flow of orders to minimize costs.

Management Case

Stagecoach express concerns about the ambitious timescales for franchising and the challenges of mobilising new operators within the proposed timelines.

Stagecoach recommends operators providing diesel fleet and vehicles under a residual value mechanism.

Stagecoach highlights the need for the MCA to recruit the right people with the necessary skills to manage the franchising scheme effectively.

Stagecoach critiques numbers of full time equivalent (FTE) staffing numbers given for some roles (3 too few for revenue protection, 6 too many for ticketing/fares, 2 too few for customer service, none for infrastructure, 2 network planners "woefully inadequate"). There is also critique of a lack of cost/resource for re-tendering. Stagecoach state "we cannot understand why more MCA staff are required under an EP Plus than would be for a Franchise".

Stagecoach commented that contracts should not be let on a lowest price basis and experience and prior financial and operational strength should be considered to mitigate the risk of operator insolvency.

Stagecoach query whether the statements in Figures 76 and 78 are in contravention of the Transport Act Section 123H:

- (4) A scheme may not specify under subsection (2)(d) or (3)(c) a period of less than six months. (the making of a local service contract and the provision of such service under contract).

MCA response: *The MCA would like to thank Stagecoach for the comprehensive response provided and the many pragmatic suggestions contained within it to improve the implementation of bus franchising. The Assessment provides an overview of the timescales for bus franchising to be implemented including a target date of 1 April 2027 for the first set of franchising contracts to be entered into. This has now been revised to 4 January 2027 in response to the consultation feedback which would allow a longer mobilisation period. The date of operation is also revised to 5 September 2027 to address feedback on the challenges of introducing significant changes to bus operations in October (the original timescale). The exact date of contract award and operation would be subject to further stress-testing and refinement after any franchising decision. The MCA's vision for the bus network is outlined in its Bus Service Improvement Plan and the MCA intend to work with stakeholders including bus operators and local authorities to bring together planning for the bus network, vehicle design, ticketing, infrastructure, roadworks and diversions to help improve journey times on the bus network.*

In line with the MCA's procurement strategy and commercial model, the preference would be to run a competitive process for bus franchising and the MCA acknowledges that there may be some transition risks with this approach. The MCA has noted Stagecoach's views and will assess the opportunities that the powers (including the direct award powers) in the Bus Services (No.2) Bill could provide as it passes through Parliament and becomes law, including whether they could help mitigate some of the deliverability risks during the transition programme.

The MCA acknowledges the importance of bus services to schools across South Yorkshire and the vital service they provide in the education sector in the region. School services that are registered as Local Bus Services based on the current network have been included in Annex 1 of the Proposed Franchising Scheme, giving the MCA the option of franchising these services if deemed necessary. School services that are not registered have not been included.

The MCA recognises the importance of careful consideration for routes that cross the South Yorkshire boundary into neighbouring authorities. The revenue distribution approach used by Greater Manchester will be reviewed and an approach for South Yorkshire would be sought in consultation with neighbouring authorities and operators in those areas, supporting the effective management of operational logistics such as through-ticketing, timetabling, and marketing. Any services not included in the Proposed Franchising Scheme could be considered as part of the Service Permit Regime or otherwise.

The MCA would like to thank Stagecoach for the comprehensive response to the Strategic Case and the time taken to make suggestions and recommendations to ensure the greatest outcomes for South Yorkshire. These insights and feedback will be considered as this work develops.

The MCA agrees with Stagecoach that some of the issues with punctuality are outside of the control of bus operators when it comes to events and issues with highway operation, and that the wider issues with punctuality that arose following the Covid-19 pandemic are continuing to be resolved. However, the MCA's view is that punctuality is not entirely outside the control of bus operators and is just one of the issues that the MCA is seeking to address through the Proposed Franchising Scheme.

The investment and effort Stagecoach has made over the last few years is noted and welcomed in terms of its fleet investment and its commitment to the current EP. However, under an EP Plus model, there would still be considerable risk that the aspirations of the MCA for its bus network would not be met in relation to network coverage, fares and ticketing and decarbonisation of the bus fleet, and that the overall downward patronage trend would continue. Without full control of certain elements of the bus operating model being fully passed to the MCA, there would always remain a risk that operators would respond to market conditions which could affect services.

Stagecoach's endorsement of Franchising Option A is noted (the option where operators would retain ownership of the fleet and depots). The MCA's market engagement with bus operators indicated that this option would limit the ability for new entrants to the market and while the MCA would happily continue to work with the existing operators to develop services and innovate in a franchised system, new entrants could also bring competition and innovation to the bus market in South Yorkshire.

The MCA understands Stagecoach's concern regarding the potential loss of local market knowledge and expertise if existing operators do not retain market share. The MCA will work to try and ensure that the transition to bus franchising retains valuable local insights and minimises duplication of overheads and mobilisation expenses.

The MCA would like to thank Stagecoach for the comprehensive response to the Economic Case. The MCA is committed to ensuring value for money for the public and acknowledge the feedback from Stagecoach on this dimension of the assessment.

The MCA acknowledges Stagecoach's concern on balancing operational efficiency with passenger outcomes. The MCA would ensure that passenger/customer experience remains a key priority in the implementation of any operating model.

The MCA also acknowledges that some passengers may not be interested in some of the impacts such as the bus operator profit margin. However, all economic benefits and impacts need to be considered, including those that directly affect passengers and those that do not, to deliver a robust Economic Case which demonstrates the value for money for the Proposed Franchising Scheme.

The MCA acknowledges Stagecoach's comment regarding the description of integrated ticketing as something that "could" be provided rather than definite. The MCA recognises integrated ticketing as a high priority and intends work towards its implementation to enhance passenger convenience - this would be an objective under any operating model. The uncertainty comes from the Assessment acknowledging the additional agreements required to achieve integrated ticketing under a non-franchised model.

In respect of non-incumbent bus operators, it is also acknowledged that they could in theory join the market now. However, there are significant barriers to entry. In addition, greater on-road competition in the market may not achieve the MCA's objectives as it could lead to an over provision of services on routes which are commercially viable and under-provision on routes that are socially important but less viable commercially. The Assessment notes (in the Strategic Case and the objectives) that there is a need to consider Small and Medium Sized operators (SMOs) and the contract structure (set out in the Commercial Case) favours this. While contracts may be open to increased competition, current operators would also be eligible to bid for them.

The MCA takes note of Stagecoach's scrutiny of the figures used in the Economic Case and the suggestion to re-evaluate the case in light of recent economic changes. The Assessment was conducted at a point in time in line with the process and statutory and non-statutory guidance set out in DfT's Bus Franchising Guidance and in the Transport Act 2000. A rigorous independent review process has been undertaken to ensure the appropriateness of methodology and values established in the Assessment.

The MCA agrees with Stagecoach on the need for additional funding and network enhancements to improve outcomes under any operating model. The MCA will continue to seek further funding opportunities to support network improvements.

The MCA acknowledges the importance of having better alignment between highways functions and bus service delivery to ensure transparent, accountable and effective decision-making. This would be considered further in the organisational and operating model planning at the next stage.

The MCA understands Stagecoach's concerns about potential job losses from existing operators and the pressures that could lead to bid prices not covering costs. The MCA would strive to deliver a procurement strategy that mitigates these risks and a process which supports fair competition and adequate resource allocation.

In relation to the affordability of EP Plus and Franchising Option A, it is important to note that the assessment of affordability in the Assessment is conducted over a 30-year period and that all options have been constructed to achieve the same outcomes in terms of the network and fleet renewal to allow the fairest possible comparison. Whilst EP Plus and Franchising Option A may have less capital costs upfront, analysis showed that options that involve public sector ownership of assets were more affordable over the 30-year period due to the public sector having lower borrowing costs compared to the private sector to fund renewal of assets and more flexibility to use public sector grants. This distinction in borrowing costs is outlined in Table 101 and the impact of borrowing costs on the affordability of EP Plus and Franchising is discussed in section 1.7 of the Strategic Case section 4.10 of the Financial Case.

The MCA notes Stagecoach's concerns of limiting the number of contracts per operator and the suggestion to run bidding competitions at different times to other combined authorities pursuing bus franchising. The MCA will consider these recommendations to ensure a fair and competitive bidding process.

The MCA is grateful for Stagecoach's valuable insights into potential metrics for a performance regime, and into details of the cost risk transfer, and will consider these ideas carefully as work on these areas progresses.

The MCA recognises that some potential operators, in particular those that already operate in South Yorkshire, are likely to be capable of providing their own depot facilities if required by a franchising contract let by the MCA. This is acknowledged in the Assessment and discussed at section 3.11.1.2. However, for the multiple reasons set out in that section, the MCA considers that the disadvantages to the MCA of requiring operators to provide depots outweigh the advantages. In particular, the MCA does not consider that that franchising options under which depots are required to be provided by the operator are capable of supporting robust competition for franchising contracts let by the MCA. The MCA's preferred approach remains for the MCA to provide depots to franchised operators for anchor contracts.

The MCA wishes to clarify each of the different tables relating to PVR:

- Table 60 of the Assessment presents the existing known capacity at depots at the time of writing the Assessment and includes depots operated by SMOs which would not be accommodated at the major depots.*

- Table 82 then presents the potential permutations of where fleet could be located as the various tranches are rolled out. A range is presented to provide flexibility until the exact depot strategy is known.
- Table 97 presents the working assumption for the PVR, for modelling purposes, for the franchised network (different to the reference case network). The total number of vehicles assessed (in terms of total PVR) including spare vehicles is 745. This number falls within the indicative range set out in Table 82 which is the approximate sum of the mid-point of the range.

The MCA is grateful for Stagecoach's ideas and insights regarding fleet and will consider these carefully as further work on the fleet strategy progresses.

The MCA notes Stagecoach's comments regarding lotting. The MCA acknowledges that as development of the scheme progresses, it would need to consider whether the potential advantages of limiting the number of contracts that can be awarded to a large bus operator outweigh the potential disadvantages. The advantages may include supporting diversification of bus operators to better manage risk.

Regarding procurement frequency, the MCA acknowledges that procurement competitions incur costs for market participants and can divert management attention away from ongoing operations. The MCA also considers, however, that appropriate and effectively-run competitions can support the objectives of affordability, value for money and punctuality and reliability, through the use of competitive tension to maximise benefits for South Yorkshire. The MCA would carefully balance these competing factors in designing its procurement strategy for franchise contracts, and the durations of contracts, to seek to optimise benefits for the MCA and support a strong market for bus operators in the region.

Regarding reducing burdens on smaller operators, the MCA confirms that the intention as described in the Assessment would be to reduce bidding requirements in respect of specific competitions (particularly those competitions likely to be attractive to SMOs), with all bidders for those competitions subject to reduced requirements and therefore being treated equally. The MCA does not intend to seek to impose different requirements on different bidders for the same contracts.

The MCA recognises that allowing large operators to work with SMO subcontractors could play a valuable role in supporting SMOs in the region and would consider this further as work progresses.

In line with the MCA's procurement strategy and commercial model, the preference is to run a competitive process for bus franchising and the MCA acknowledges there may be some transition risks with this approach. The MCA has noted Stagecoach's views and will assess the opportunities that the powers (including powers of direct award) in the Bus Service (No.2) Bill could provide as it passes through Parliament and becomes law, including whether they could help mitigate some of the deliverability risks during the transition programme.

CRSTS 2 is an assumed funding source for much of the capital funding given the previous Government's announcement. The Financial Case specifies a risk to the future level of this funding and if actual funding provision is lower than assumed, the MCA would review the capital investment priorities for bus franchising and ensure investment is affordable within the available envelope through CRSTS 2 or other funding available to the MCA.

The profile of fleet investment set out in the Financial Case was aligned to match with the MCA's ambition to upgrade the fleet to Zero Emission Buses, given the challenges presented by the average age of the existing bus fleet within South Yorkshire. This investment was aligned to match the available capital envelope provided by CRSTS 2. The MCA notes, however, Stagecoach's views about a more consistent renewal cycle and the MCA supports this view for the longer-term renewal.

The MCA acknowledges Stagecoach's concerns about the ambitious timescales for franchising and the challenges of mobilising new operators within the proposed timelines and would continually review timelines to ensure they are realistic and achievable. As indicated above, a longer mobilisation period is proposed following the consultation.

The MCA appreciates Stagecoach's recommendation for operators to provide diesel fleet and vehicles under a residual value mechanism. This suggestion would be considered in the planning and implementation phases.

The MCA recognises the importance of recruiting the right people with the necessary skills to manage the franchising scheme effectively. Efforts would be made to ensure that the team is adequately staffed and skilled.

The MCA takes note of Stagecoach's critique regarding the number of full-time equivalent employees (FTE) for various roles. The feedback on revenue protection, ticketing/fares, customer service, infrastructure, and network planning will be reviewed to ensure appropriate staffing levels. Additionally, the MCA will seek to address the concerns about the lack of cost/resource allocation for re-tendering.

The MCA agrees with Stagecoach that contracts should not be let on a lowest price basis alone. Experience, prior financial standing, and operational delivery track record, along with the procurement strategy would be considered in order to mitigate the risk and impact of operator insolvency.

The MCA acknowledges Stagecoach's query regarding the statements in Figures 76 and 78 and their compliance with the Transport Act Section 123H. The MCA would ensure that the mobilisation period is in full compliance with the legal requirements and has addressed this in amendments to the Scheme.

First Bus

First Bus indicated that they strongly support the introduction of the Proposed Franchising Scheme and provided a comprehensive response to the consultation questions. They highlighted buses are the key to unlocking economic, social and environmental benefits. A summary of this response and the key themes are provided below along with the MCA's response.

Area of Franchising Scheme and list of services

First Bus considers it only appropriate to introduce the Franchising Scheme across the MCA area in its entirety and including all bus services, apart from those excepted.

Strategic Case

First Bus agrees that there is a case to reform the bus market, notes that it supports the Proposed Franchising Scheme and will support whichever approach the MCA takes. First Bus considers that adopting franchising would maximise the opportunity for the MCA to design and manage a bus network that generates significant improvements for the South Yorkshire region, and that this could not be achieved through any other delivery mechanism. First Bus notes that it is keen to support the MCA by sharing experiences and exploring solutions through partnership working and collaboration.

Economic Case

First Bus notes that all operators will face a degree of upheaval in the event of the Proposed Franchising Scheme being implemented and notes that such uncertainty will be particularly challenging for SMO operators.

First Bus recommends that the MCA enters into discussions with other authorities who have experience of bus franchising to understand resource requirements, noting that it is able to offer consultancy support.

Commercial Case

First Bus considers that the approach to risk in the Proposed Franchising Scheme, under which cost risk would be managed by franchised operators and revenue risk managed by the MCA, is appropriate. First Bus notes that there is experience and capability within operators to undertake activities that the MCA is proposing to take on and that there is scope in the future for revenue risk to be shared by returning some responsibilities for growth to operators.

First Bus supports the proposal for fleet and strategic depots to be owned by the MCA and leased to successful bidders.

First Bus is supportive of a bidding programme which seeks optimal pricing, so long as bids are supported by a parent company guarantee to reduce risk from abnormally low tender prices. It is also supportive of incentivising operators to deliver an enhanced service but notes that associated performance regimes must be calibrated to ensure operators are financially incentivised to drive improvements.

First Bus considers that the proposed contract length with potential extensions of 5+2 years meets its requirements and enables the initial bus franchising programme to be successfully implemented, initial initiatives delivered, and for a long-term strategy to be developed, ensuring value for money for the MCA.

First Bus states that seeking to limit the number of franchise contracts that a single entity (or closely-linked entities) can operate may present the MCA with questions around competition law, as well as present several risks to the MCA.

First Bus considers that the proposed approaches to supporting the involvement of SMOs in the provision of bus services, and to the management of risk, are appropriate.

Financial Case

First Bus considers that the proposed use of local transport levies and mayoral precepts under both Franchising and Enhanced Partnership is an innovative way of securing local funding that delivers local improvements and reduces the risk of reliance on other, external funding sources such as central government.

First Bus agrees that over the 30-year assessment period, franchising offers the greatest probability of successful continued, affordable growth in the bus network.

Management Case

First Bus considers that the approach proposed by the MCA is appropriate as it transfers responsibility and accountability for certain responsibilities as well as the risks that are inherent with these particular tasks, and notes that this will enable operators to focus on delivering the bus service and the wider obligations required by the contract.

First Bus notes that it is keen to support the MCA by sharing experiences and exploring solutions through partnership working and collaboration.

MCA Response: *The MCA would like to thank First Bus for the comprehensive response provided and the many pragmatic suggestions contained within it to improve the implementation of bus franchising.*

The MCA can confirm as set out in the Assessment that the Proposed Franchising Scheme would cover the whole area of South Yorkshire.

The MCA warmly welcomes First Bus's commitment to sharing experiences and exploring solutions through partnership working and collaboration. The MCA is committed to engagement with potential franchising operators as the programme develops and is grateful for First Bus's willingness to be involved in this process.

The MCA wishes to ensure that the introduction of the Proposed Franchising Scheme is as effective as possible and would engage with stakeholders including other Mayoral Combined Authorities and operators to seek opportunities to understand resource requirements as the programme develops. The MCA is grateful for the insightful comments provided and would take them into account and engage further with First Bus as the programme is developed.

TM Travel

TM Travel opposes the Proposed Franchising Scheme in part. They stress that franchising only changes who is responsible for operating buses and does not address the fundamental economics of running a bus service. They express concerns about the affordability, resource requirements, and deliverability of the proposed timeframe. TM Travel believes there are alternative options that could deliver benefits for passengers in a more affordable way.

TM Travel highlights the importance of ensuring that bus priority measures are implemented regardless of the regulatory model chosen. They stress the need for arrangements to ensure that small and medium-sized operators are not excluded from the market. TM Travel also emphasises the importance of considering the impact on third-party contracts and services provided outside of South Yorkshire by operators based within the area.

Strategic Case

TM Travel supports applying the franchising scheme to the whole of South Yorkshire but emphasises the need to ensure that services match the actual needs of each local area. They stress the importance of granting service permits to operators who wish to offer additional services beyond what is regulated by the franchising model. TM Travel highlights the need for significant investment in bus priority measures to improve journey times and reliability. TM Travel highlight the need to ensure operators are not incentivised to curtail services to meet punctuality targets and the need for a strategic focus on modal shift. TM Travel call for a flexible approach to fleet ownership in the transition period.

Economic Case

TM Travel believes that the Proposed Franchising Scheme relies heavily on securing uncertain capital funding from the Government. They argue that an Enhanced Partnership Plus model could deliver similar benefits at a lower cost. TM Travel emphasises the importance of bus priority measures to improve reliability and punctuality, which they believe have not been sufficiently implemented in South Yorkshire.

Commercial Case

TM Travel expresses concerns about the proposed mobilisation period being too short and the reliance on government funding. They highlight the need for a robust and not overly onerous service permit scheme. TM Travel also emphasises the importance of ensuring that small and medium-sized operators are not excluded from the market, citing their observations from franchising in Greater Manchester. They stress the need for clear procurement plans for depots and bus fleets, considering lead times and infrastructure requirements.

Financial Case

TM Travel is concerned about the financial risks associated with the proposed franchising model, particularly the reliance on government funding and the potential for increased costs. They emphasise the need for protection against cost increases due to external factors such as fuel price fluctuations and congestion. TM Travel also highlights the importance of ensuring that fare revenue is reinvested in local services and that the financial viability of the franchising model is maintained.

Management Case

TM Travel believes that the proposed franchising model underestimates the resources and people needed to deliver a sustainable bus network. They stress the importance of engaging with bus operators who have local expertise and knowledge. TM Travel also emphasises the need for dedicated positions to manage the fleet, depots, and marketing of bus services to increase patronage and achieve financial sustainability.

MCA response: *The MCA thanks TM Travel for sharing their views. The MCA believes, based on the evidence in the Assessment, that the Proposed Franchising Scheme is the best option for bus reform on the basis that it is considered deliverable, affordable, maximises competition, provides the MCA greater control to deliver against the MCA's objectives and demonstrates value for money. In response to a call for a flexible approach to fleet ownership in the transition period, the MCA's market engagement with bus operators indicated that this option would limit the ability for new entrants to the market. While the MCA would happily continue to work with the existing operators in a franchised system, new entrants could also bring competition and innovation to the bus market in South Yorkshire.*

The MCA agrees with TM Travel for the need to continue to implement bus priority measures to improve service reliability and have a strategic focus on modal shift. The MCA is required by Transport Act 2000 123G(3) to set out how, in conducting the procurement process, it will facilitate the involvement of small and medium-sized operators. This is set out in the Commercial Case and will involve creating a mix of 'anchor' contracts and 'small' contracts, allowing smaller and medium sized operators to compete for contracts that are manageable in scale and scope. During the procurement process the MCA would ensure it engages closely with TM Travel and other SMOs. The potential legislative changes in the Bus Services (no.2) Bill may, in terms of the ability to direct award, be a tool available to the MCA to address concerns of SMOs, these would require further exploration and consideration. The MCA is proposing to increase the mobilisation period beyond the minimum 6-month legal requirement, having listened to feedback on this point. The MCA would consult with prospective bidders as the franchising procurement process progresses to further evaluate the mobilisation period.

In terms of concerns over the certainty of funding, if the assumed funding sources in the Assessment change, then the MCA will review the capital investment priorities for the Proposed Franchising Scheme and ensure investment is affordable within the available envelope through CRSTS 2 or other funding available to the MCA.

The MCA notes TM Travel's comments regarding service permits. Any services not included in the Proposed Franchising Scheme could be considered as part of the Service Permit Regime or otherwise. In terms of staffing, the MCA would regularly review resource requirements as the programme progresses and ensure it has sufficient resources to deliver Bus Reform.

Confederation of Passenger Transport (CPT)

CPT have provided a response to the MCA and are representing the views of a number of SMOs within South Yorkshire.

Strategic Case

CPT acknowledges that the Proposed Franchising Scheme could deliver benefits for bus services but believes that a strong EP model could achieve the same benefits and better value for money. They emphasise the importance of considering the differences in topography and operating conditions across rural and urban areas to ensure appropriate service levels. CPT also highlights the need for careful consideration of cross-boundary services and ensuring that service permits do not undermine the commercial viability of these services.

Economic Case

CPT expresses concerns relating to the financial assessment of the proposed franchising model, particularly its reliance on securing capital funding from the government. They argue that investment in bus priority measures would deliver immediate benefits and better value for money. CPT cites examples of successful Enhanced Partnerships in other regions, such as Norfolk and Leicester, which have achieved significant improvements in bus services without the upfront costs of franchising.

Commercial Case

CPT is concerned about the proposed mobilisation period being too short and the reliance on central government funding. They emphasise the need for a clear vehicle procurement plan and vehicle specifications. CPT also highlights the importance of ensuring that small and medium-sized operators have fair access to the market and that the level of administration involved is proportionate to the size of the contract being bid for. They stress the need for appropriate incentives that do not negatively impact passenger services.

Financial Case

CPT is concerned about the financial viability of the proposed franchising model, particularly the reliance on government funding and the potential for increased costs. They emphasise the need for protection against cost increases due to external factors such as fuel price fluctuations and congestion. CPT also highlights the importance of ensuring that fare revenue is reinvested in local bus services and that the financial viability of the franchising model is maintained. They suggest reassessing the financial case based on updated industry costs.

Management Case

CPT believes that the proposed franchising model underestimates the resources and people needed to deliver a sustainable bus network. They stress the importance of engaging with bus operators who have local expertise and knowledge. CPT also emphasises the need for dedicated positions to manage the fleet, depots, and marketing of bus services to increase patronage and achieve financial sustainability. They suggest exploring a stronger Enhanced Partnership model to deliver benefits more quickly and cost-effectively.

CPT highlights the importance of ensuring that bus priority measures are implemented regardless of the regulatory model chosen.

MCA Response: *The MCA is very grateful to CPT for the proactive role they have played in support of the consultation and for coordinating the important views of SMOs. The MCA acknowledges that an Enhanced Partnership model has the potential to deliver significant benefits and has considered an EP Plus model within the Assessment that deliver comparable outcomes to Franchising. However, the MCA believes that, based on the evidence in the Assessment, the Proposed Franchising Scheme is the best option for bus reform on the basis that it is considered deliverable, affordable, maximises competition, provides the MCA greater control to deliver against the MCA's objectives and demonstrates value for money. The MCA is required by Transport Act 2000 123G(3) to set out how, in conducting the procurement process, it will facilitate the involvement of small and medium-sized operators. The MCA acknowledges CPT's concerns about the involvement of SMOs in the South Yorkshire bus market and will seek to apply lessons from other franchising schemes. The proposed approach would involve creating a mix of 'anchor' contracts and 'small' contracts, allowing smaller and medium sized operators to compete for contracts that are manageable in scale and scope. During the procurement process the MCA would seek to engage closely with SMOs CPT. In terms of concerns over the certainty of funding, if the assumed funding sources in the Assessment change, then the MCA would review the capital investment priorities for the Proposed Franchising Scheme and ensure investment is affordable within the available envelope. In terms of staffing, the MCA would regularly review resource requirements as the programme progresses and ensure it has sufficient resources to deliver franchising.*

In terms of the mobilisation period, following consideration of Consultation responses the MCA is setting out a longer mobilisation period in the updated Scheme. The MCA would consult with prospective bidders as franchising procurement process progresses to further evaluate this period.

Transport UK

Transport UK indicated that they strongly support the introduction of the Proposed Franchising Scheme and provided a comprehensive response to the consultation questions. They highlighted that Transport UK is keen to see the model, which they consider has increased customer experience standards, introduced new electric vehicles and delivered improvements in staff facilities, rolled out across the UK.

Area of Franchising Scheme and list of services

Transport UK believes it is logical to align the area of the Proposed Franchising Scheme with the area covered by the MCA so that responsibility and accountability are aligned. Transport UK also agrees with the services proposed to be within scope of the Proposed Franchising Scheme and those which would require a Service Permit.

Strategic Case

Transport UK considers that the long-term decline in the number of bus trips made in the area is the most compelling evidence that South Yorkshire's bus network is not performing as well as it could.

Transport UK only 'tends to agree' that introduction of the Proposed Franchising Scheme will improve bus services in the South Yorkshire region for two main reasons. Firstly, based on Transport UK's understanding of the Assessment there would continue to be decline in bus patronage in the South Yorkshire region over the 30-year assessment period, despite introduction of the Proposed Franchising Scheme. Secondly, there is relatively little in the Assessment or the Consultation Document to explain how the MCA proposes to make travel by bus more attractive compared to travel by private car.

Transport UK notes that it was pleased to see consideration of a 'long list' of franchising options in the Strategic Case (options A, B, C and D) alongside the existing EP and an EP Plus Scheme and agrees strongly that Franchising Option B has the most potential to deliver against the MCA's objectives, assessed against affordability, value-for-money, wider strategic objectives, and deliverability.

Transport UK queries section 4.6 of the Consultation Document relating to the commentary within Table 12 under 'fares and ticketing', where a contrast is made between the MCA's ability to have full control over fares, the structure of ticketing and where tickets are sold.

Economic Case

Transport UK agrees with the analysis relating to the impact of the Proposed Franchising Scheme on the MCA, bus operators and bus passengers.

Transport UK queries the treatment of some elements of the Economic Case, but notes as an overarching position that it believes that franchising should be capable of superior Net Present Value (NPV) and Benefit Cost Ratio (BCR) results compared with the EP Plus option.

Transport UK questions whether a 'like-for-like' Economic Case comparison has been made between the EP Plus and Franchising B options. They identify two key differences: the private sector disbenefit of £106,925m due to vehicle investment, and a reduced profit margin for operators under Franchising, amounting to -£80,014m. These differences account for £26,909m of the £27,198m total difference over 30 years, favouring franchising. Transport UK also notes the lack of consideration for public sector disbenefit from the £350m CRSTS2 funding.

Commercial Case

Transport UK agrees with the proposal in the Proposed Franchising Scheme that revenue risk should be taken by the MCA and that cost risk should be taken by operators, noting that it considers that there will need to be some protection for operators bearing cost risks as certain factors will be outside of their control.

Transport UK agrees with the proposal in the Proposed Franchising Scheme that the MCA should own both the bus fleet and strategic depots, noting that it believes that this approach will encourage greater competition for franchises. Transport UK suggests that the MCA could seek assistance from industry experts in respect of contracting with vehicle manufacturers.

Transport UK agrees that the proposed approach to lotting and three tranches made up of 'anchor' contracts and 'small' contracts should result in the level of competition which the MCA is seeking, all other elements being equal. Transport UK agrees that competition for franchises based on quality, innovation, and whole contract price are critical to the success of the Proposed Franchising Scheme and considers that the approaches to maximising the benefits of competition are clearly described in the Assessment.

Transport UK agrees that contracts with a minimum 5-year term but with potential for 2-year extensions where the operator performance warrants it are reasonable.

Transport UK's response considers the advantages and disadvantages of limiting the number of franchise contracts that a single entity (or closely-linked entities) might be permitted to operate. Transport UK considers that such a limit does have the potential to limit some possible operational and financial efficiencies but believes this is over-ridden by the risks to the MCA.

Transport UK encourages the MCA to keep bidding simple and to provide certainty on timescales.

Transport UK considers that the range of commercial risks associated with the different options for Bus Reform, and the mitigations identified are comprehensive and logical.

Financial Case

Transport UK's response notes that the MCA has considered a wide range of possible risks at section 4.7.6 of the full assessment and, in section 4.8, completed sensitivity analysis to show the implication if assumptions prove to be optimistic. Transport UK considers that the work appears comprehensive.

Management Case

Transport UK believes that the MCA has given careful and comprehensive consideration to how it would manage the Proposed Franchising Scheme within its assessment.

MCA Response: *The MCA is grateful for Transport UK's response and would seek to engage further with Transport UK and other operators as the programme develops.*

The MCA notes Transport UK's queries of the treatment of some elements of the economic case. The MCA wishes to provide clarity on the steps taken in the Economic Case in relation to this query. The disbenefit to the private sector of using the £350m of capital as part of the Franchising scheme has been considered as part of the Present Value of Costs (PVC), rather than specifically as a disbenefit in the Present Value of Benefits (PVB). The capital cost of £350m is included in the PVC, which is derived from a detailed assessment of costs to understand the changes in net costs, which is the difference between the cost and revenue that the MCA is expected to receive under Franchising and EP Plus, as set out in Section 2.8 of the Franchising Assessment. To account for the disbenefit to the public sector, the income of £350m of capital funding has not been included in the PVC. As such, while there is no disbenefit in the PVB, the BCR and NPV does account for this.

In terms of the public sector benefit from the reduction in the operators' margins in the franchising options, the difference in the margin is dealt with as part of the costs, specifically through the franchising payment which accounts for the operator margin (among other things including operating costs). As such, any benefit to the public sector is accounted for through the PVC and therefore in the BCR and NPV as opposed to appearing as a separate benefit in the PVB.

In terms of the comparison between the EP Plus and franchising options, a like-for-like assessment has been undertaken in relation to the network, fleet assumptions (including roll out of ZEBs). This approach was taken so that the options were treated equally. However, the network would likely be more unstable in the EP Plus option and there would be more uncertainty relating to the roll-out of ZEBs in this option. Transport UK is correct that the key differences in the benefits are public sector disbenefit and the profit margin benefits for operators, but further differences are dealt with through the PVC which is lower for the franchising option. The public sector disbenefit is accounted for in the PVC, as noted above. The economic appraisal in the Assessment has been reviewed as part of an independent audit conducted by PWC which concluded that the analysis undertaken was of sufficient quality.

Tower Transit

Tower Transit support the introduction of bus franchising and agree it is the best option for yielding the high-quality services for passengers whilst incentivising operators. This is based on their experience in London, Singapore and the USA.

Commercial Case

Tower Transit note that the franchising options considered by the MCA assume that all revenue risk is retained by the MCA. They recommend including key performance indicators (KPIs) to incentivise operators to improve patronage and service provision. They stress the need for contractual incentives including shared upside to encourage operators to grow patronage, suggesting a 'carrot' approach to foster innovation and reinvestment. Without such incentives, operators might not be motivated to increase passenger numbers and they may be better off with fewer passengers. Suggested ways to do this include creating a payment mechanism which includes a formula for passengers carried as a form of incentive / payment.

Tower Transit agree that Franchising Option B has the lowest barriers to entry and is therefore likely to invite the highest levels of competition. Tower Transit strongly support the MCA providing fleet and depots to operators. To maximise the impact of this strategy, for anchor contracts, they would encourage that the existing operators' fleet is procured by the MCA and provided to all bidders during the procurement process (via a residual value mechanism). Similarly, for depots, they highlight the importance of the MCA securing existing strategic depots or constructing new depots, to ensure a level playing field for non-incumbent operators. If depots are not provided, the opportunity may be perceived as not financially viable for non-incumbent operators who may then opt to not bid into franchise opportunities.

Tower Transit note that the MCA has the benefit of utilising its public authority position to create financing structures to provide cheaper funding strategies and solutions that could support a seamless transition of assets between different operators. They recommend a Special Purpose Vehicle (SPV)-style approach with the assets owned by the SPV as the cheapest and most secure ownership model. They also highlight that most mature franchises globally have the authority owning the ITS system to ensure they are receiving the correct/accurate data especially when a KPI system of bonus/penalty for performance is implemented.

They highlight the importance of a level playing field for all operators, suggesting the MCA provide a timetable for bidding to ensure fair comparisons. This approach prevents bidders from under-resourcing their schedules to offer cheaper solutions, which could lead to lower performance post-contract commencement. They support limiting the number of franchise contracts per entity to avoid market dominance and encourage competition. This strategy ensures that no single operator becomes "too big to fail," which could otherwise lead to the MCA having to fund operator issues to avoid network disruptions.

Tower Transit highlight the importance of the MCA stipulating a base date for pricing the tenders to ensure a fair comparison between bidders during the procurement process and expect that the contract will include an annual indexation mechanism.

Whilst they do not oppose a contract term of 5 years, Tower Transit mentioned that a longer contract term could be considered to allow operators to amortise capital investment over a longer-period.

Tower Transit seek clarity on the statement in relation to smaller contracts not being aligned to strategic depots and assume that bidders will be required to bid for all contracts on a stand-alone basis (and not assume that small contracts are operated from a strategic depot of an anchor contract). They suggest that the bidding process for smaller contracts should be simplified relative to anchor contracts as SMOs may not have sufficient resources to respond to complicated tenders. They indicate, however, that a price-only evaluation approach for anchor contract leads to the risk that abnormally low bid prices are received. They believe the MCA should find a balance between not overcomplicating the process for SMOs but gaining enough confidence that SMO bidders can provide good services.

Tower Transit support limiting the number of franchise contracts that a single entity can operate. The advantage of this approach includes providing greater resilience as it avoids a single company being "too big to fail" and they note that in Perth Australia there are market share caps for operators.

Management Case

Tower Transit indicate that the proposed mobilisation period for franchising contracts is reasonable if the MCA provides the fleet that will be made available to operators. They propose some additional time is provided between the start of tranche 1 and the tranche 2 expression of interest to evaluate the effectiveness of franchising after the initial go-live. They indicate that the resourced required seems comprehensive but indicate gaps in provision including in relation to fleet.

MCA response: *The MCA would like to thank Tower Transit for their response and for providing useful insights that will inform the commercial elements of the proposal going forward and welcomes their support for the Proposed Franchising Scheme. The MCA look forwards to working with Tower Transit and other prospective bidders to help shape the Proposed Franchising Scheme as the programme develops.*

As highlighted, the assumption is that revenue risk would be retained by the public sector but the MCA notes Tower Transit's suggestions for providing incentives to bus operators to grow patronage and would consider these as part of the development of franchise contracts.

The MCA notes Tower Transit's points about ensuring there is a level playing field and is committed to reducing barriers to bidders to encourage competition. The MCA takes note of Tower Transit's suggestion about the creation of an SPV to own the assets and will consider these as the Proposed Franchising Scheme develops.

The MCA agrees with Tower Transit that the bidding process should be simplified for SMOs in order to minimise the burden given their limited resources, whilst ensuring bidders can provide a quality service. To clarify, as stated in the Assessment, the current intention is that smaller contracts in specific areas would be separate from the strategic depot in that area and would not require sharing depots between operators.

The MCA notes Tower Transit's suggestion for additional time between the commencement of tranche 1 and the tranche 2 expression of interest. On resourcing, as indicated in Table 124 of the Assessment, there are up to 28 FTEs for the transition resources which will include resources for Fleet Management and for BAU there are resources allocated for

procurement which will include Fleet Management. The MCA will regularly review resource requirements as the programme progresses and ensure it has sufficient resources to deliver Bus Reform.

Go-Ahead Group

Go-Ahead Group indicate that they support the introduction of the Proposed Franchising Scheme and have provided a number of comments on the proposals across the different cases. Go-Ahead, highlight the benefits of franchising and the alignment with objectives. Franchising is seen by Go-Ahead as a way to increase competition, innovation, and best practices in the market, particularly in large metropolitan areas like South Yorkshire. It emphasises the importance of having engaged bus operators who can bring their expertise to benefit local communities. The presence of experienced operators is expected to drive efficiency and service standards, with new entrants challenging existing practices.

Area of Proposed Franchising Scheme and list of services

Go-Ahead agree with the proposal that franchising should cover the entire MCA area to ensure consistency. If resources are limited, targeted franchising options could be considered. They indicate that a larger franchising area would attract more operators, enhancing competition and value for money.

Strategic Case

Go-Ahead agree that the bus network objectives outlined in Assessment can be achieved through the Proposed Franchising Scheme, provided there is sufficient initial and ongoing funding. They indicate that the scheme offers the MCA greater control over network design, fare structure, and consistency across the region compared to the EP Plus option, potentially improving bus services in South Yorkshire. They also note that investment is more likely to deliver the desired outcomes with the control and network-wide oversight which franchising affords and highlight that the previous EP within South Yorkshire has not delivered the improvements the MCA seeks.

Go-Ahead emphasise that operators should play a role in informing proposals, leveraging their local and global experience. They highlight that a collaborative partnership with operators is key to success, drawing on their insights into efficient network design, marketing, and ZEB implementation. Franchising also allows for better integration with other transport modes, such as tram, and supports substantial bus priority measures to improve journey times.

Go-Ahead note that a key enabler of increasing passenger demand and enhancing punctuality is investment in bus priority schemes.

They highlight that increasing the presence of operators can only realistically be achieved through franchising and that it would be beneficial to the South Yorkshire market. However, they also suggest that the presence of a small number of proactive and dynamic operators can also lead to improved services and investment.

Economic Case

Go-Ahead indicate that the Proposed Franchising Scheme could benefit passengers by reducing journey times, increasing service frequencies, introducing new routes, and providing consistent information, ticketing, and quality. They highlight that the Economic Case suggests franchising would enable more services compared to the EP options, although the extent of additional services is unclear.

Go-Ahead indicates that EP Plus outcomes are market-specific and depend on relationships with local operators. In some markets, this could positively impact customers by matching investment in bus infrastructure with enhanced frequencies and upgraded fleets. They specify that the Assessment considers South Yorkshire's specific dynamics, noting that franchising offers more efficient service delivery with a reduced operating margin. The provision of depots and fleets by the MCA would support a reduction in operating margins, but the operator's risk profile will determine ultimate operating margin levels. Franchising has the potential to provide a stable, lower-risk environment, subject to long-term funding and key infrastructure investments such as bus priority. They indicate that franchising offers greater control over network design and performance measures, but operator involvement is crucial for developing enhancements and setting fair, sustainable standards. They specify that the Economic Case assumes continued demand trends, but potential initiatives under franchising or EP Plus, such as fare reductions and bus priority investments, could increase patronage.

Go-Ahead highlight that an open competitive procurement process should deliver cost efficiencies and drive. Removing barriers for non-incumbent operators is crucial, and the MCA's proposal to provide depots and fleets supports this.

While franchising involves increased ongoing costs, it is expected to deliver wider financial and non-monetary benefits, such as better integration of the transport network and improvements to air quality through the roll-out of ZEBs. Additional costs associated with franchising, such as taking on new responsibilities from operators and providing fleet and depots,

should reduce the franchise operators' cost base and charges paid to them. The MCA also benefits from a lower cost of capital than private operators, potentially enabling synergies to be realised.

Commercial Case

Go-Ahead highlight that the MCA's provision of depots would be key to attracting new operators in the region and the removal of significant barriers to entry. They believe this should be combined with fair and equitable contract terms. This approach has been proven in Go-Ahead's Singapore operations and ensures no tenderer is disadvantaged and maintains an open, competitive market. Authority-provided depots also reduce operator costs and remove barriers for new operators, increasing competition. Go-Ahead suggest the MCA include assumptions on utility usage and maintenance responsibilities in tender requirements for consistent bidding.

They highlight that the provision of fleet is also a barrier to entry but are open to considering various methods for procuring fleet whether funded by the MCA or by operators - they have experience of operating successfully under both scenarios. Go-Ahead's past experiences show that independently procured buses can cause operational challenges. They indicate that by partnering with operators, the MCA can define vehicle specifications, place orders, and leverage operators' procurement expertise for better terms. Some operators may prefer procuring vehicles using innovative financing, but the MCA must set fair specifications to avoid advantaging incumbents. They highlight that a residual purchase or buy-back arrangement at the contract's end can further mitigate risks and reduce depreciation rates.

They indicate that the proposed allocation of risk between the MCA and operators appears sensible although they wish to reserve judgement until the precise detail of the proposed contract terms come out. They hope that appropriate risk mitigations will be in place during the transition period and would like the MCA to underwrite bid assumptions to ensure a level playing field between bidders. They welcome a gross cost contract approach with revenue risk belonging to the MCA and highlight that this is important in encouraging new operator participation.

Go-Ahead welcome the proposal for multiple tranches of franchising, each containing anchor contracts operated from strategic depot locations. This approach provides various opportunities for bidders. To encourage competition and diversify the market, they recommend limiting the number of franchise contracts an individual operator can be awarded, either on a tranche-by-tranche basis or across multiple tranches. They highlight that without such limits, there is a risk of one or two operators dominating the market.

They indicate that operators typically seek a scale of around 100 vehicles for each anchor contract. For small contracts, it should be clarified whether successful anchor contract operators can use MCA-provided depots, which could remove barriers to entry and offer cost advantages. Aligning and standardising tender submission requirements between tranches would reduce bidding and evaluation costs. They also specify that providing detailed feedback during and after each tranche tender process would facilitate continuous improvement and engagement with unsuccessful bidders.

Go-Ahead have experience operating under a pre-determined fee with the operator taking cost risk, but they emphasise the need for mutually agreeable indexation and change mechanisms for long-term sustainability. They indicate that the MCA should secure optimal contract pricing and reward innovative approaches that enhance contract benefits. They recommend significant weighting on quality in tender evaluations, alongside cost, as seen in recent processes.

Go-Ahead support a rewards-based performance regime to encourage collaboration between operators and the MCA, incentivising strong performance. Such schemes should be fair, equitable, achievable, and based on factors within the operator's control, with targets set through dialogue with operators and considering existing performance benchmarks. They outline that a comprehensive data room with equal information for all operators is crucial for a level playing field and reducing incumbency advantage.

Based on Go-Ahead's experiences in other franchise markets, longer contract terms are more attractive to new operators and can lead to lower prices. They believe a minimum duration of 5 years is necessary and welcome the proposal for additional 2-year extension options. Contract extensions should be linked to clear, objective performance KPIs within the operator's control. It is important to provide a clear indication of extension intentions 6-12 months before the initial term ends to allow both parties to plan effectively.

Go-Ahead support encouraging and supporting SMOs through smaller contract packages, which could include school services. The procurement process for these packages should be simple to ensure SMO engagement. They indicate that allowing larger operators to subcontract to smaller ones is also beneficial, avoiding the exclusion of large 'anchor' contract holders from bidding for small contracts.

They highlight that there is now a precedent for transitioning to franchising, with shared expertise among local authorities and operators to mitigate risks. Examples such as in Greater Manchester show that it is feasible to successfully manage this complex process.

Financial Case

Go-Ahead note that Franchising Option B is the most affordable option, as presented, owing to the availability of grants to fund significant elements of the initial costs. EP Plus is not deemed as affordable due to the higher costs of private sector borrowing. They indicate that this is based on assumed financial terms and on traditional methods of financing. When investing in ZEBs, certain operators may have access to alternative financing arrangements or more favourable terms, which could improve the affordability of this option in other markets.

Whilst they note that the Proposed Franchising Scheme carries more financial risk to the MCA, this is necessary to achieve wider benefits and objectives. In their view, assuming greater financial risk is essential to stimulate demand, increase competition, and remove barriers to entry for operators. They note that the Financial Case is based on prudent assumptions, with these benefits mitigating risks. Additional measures such as parking charge amendments and pro-public transport policies could further incentivise modal shift and increase passenger numbers, offering further risk mitigation.

Go-Ahead agree with the conclusion reached in the Financial Case that the MCA demonstrates agility with network planning and uses demand levers to stimulate patronage growth and that the risks are appropriately managed.

Management Case

Go-Ahead highlight that the sooner the Proposed Franchising Scheme is introduced, the sooner the benefits can be realised. They indicate that regardless of the date, clear decision and procurement/mobilisation timelines should be set early. They specify that adequate time is needed to engage with bidders, inform the procurement process, and prepare bidding teams and that the proposed six-month mobilisation period depends on final depot and fleet requirements.

They specify that current manufacturing lead times for new vehicles are nine to twelve months, and installing electrical charging infrastructure could take longer than six months. Go-Ahead support the proposal for three procurement tranches, which allows for feedback incorporation, minimises market risks, and manages staff and fleet demands. Aligning tender submission requirements between tranches and providing detailed feedback will facilitate continuous improvement and engagement.

Go-Ahead would welcome further clarity as to how bus operators would be involved in management and governance of services, inputting into any operational decision-making where their participation and insights are relevant and would add value.

They specify that in cases where responsibilities transfer to the MCA, applying TUPE could ensure access to experienced employees and safeguard job security. This approach aims to support effective service delivery and the transition to ZEB fleets.

MCA response: *The MCA would like to thank Go-Ahead for their detailed and considered response and welcome their support for the Proposed Franchising Scheme. The MCA looks forward to working with Go-Ahead and other prospective bidders to help shape Proposed Franchising Scheme as the programme develops.*

The MCA agrees with Go-Ahead that there should be close partnership working between the MCA and operators in order to leverage the significant experience operators have in a range of operational and commercial areas including procuring bus fleets and the rollout of ZEBs. The MCA would work with prospective bidders as its programme develops, to gain insights into these areas and ensure that best practice is being applied.

The MCA agrees with Go-Ahead's perspective on the Strategic Case that investment is more likely to deliver the desired outcomes when the MCA is in control and has the network-wide oversight which it gains from the Proposed Franchising Scheme.

On the Economic Case, to clarify, both the franchising options and the EP Plus option have additional services compared to the EP Reference Case in order to enable a fair comparison between different options. However, as noted, under franchising the MCA would have greater strategic control and these elements would be more deliverable. The MCA agrees with Go-Ahead that the provision of bus priority and other measures could be more effectively delivered under franchising which would enhance the benefits for passengers, as implementation of the Proposed Franchising Scheme would provide confidence to invest in bus priority and other measures, assured of the ability to fully realise the benefits. The MCA agrees that an open competitive procurement process should deliver cost efficiencies, and that the MCA has a lower cost of capital than the private sector which can also reduce the cost of investment.

The MCA is grateful to Go-Ahead Group for providing useful suggestions on the commercial aspects of franchising which will be taken under consideration as the programme develops. The MCA agrees that the provision of depots and fleet will help reduce barriers to entry for new operators. The MCA's preference is to own the core bus fleet outright but the MCA

notes Go-Ahead's suggestions for how this could work in practice and the benefits of working in partnership with operators to leverage their experience in this area. The MCA is committed to providing a level playing field for all operators bidding for franchising and would seek to a fair and competitive process for operators including the provision of information, resources and feedback and note the practical suggestions that Go-Ahead Group have provided to support this.

The MCA agrees with Go-Ahead on the need signal the overall timescales and process to the wider bidding market early and will work with them as well as other prospective and incumbent bus operators as the programme progresses to define how operators will participate in future governance structures.

Barnsley Metropolitan Borough Council (BMBC)

BMBC fully supports the Proposed Franchising Scheme for South Yorkshire's bus network. They believe it aligns with their strategic aims, including achieving their Net Zero target by 2040, supporting the Pathways to Work programme, and addressing Transport Related Social Exclusion.

BMBC emphasises the critical role of bus services in providing connections to work, healthcare, retail, and leisure. They highlight the decline in bus services since the Covid-19 pandemic and the significant impact on communities who relied on these services.

BMBC agrees that a franchising model provides the greatest level of control and influence to deliver stable and sustainable bus services. They believe it will support local communities, improve connectivity, and enable better integration with other transport modes.

BMBC acknowledges the financial risks associated with the franchising model, particularly in the event of significant patronage decline. They stress that BMBC cannot underwrite any additional financial risk and emphasise the importance of managing farebox revenue and ensuring bus fares remain affordable.

BMBC recognises the challenges of the transition period but believes the full benefits of franchising will be realised once the process is completed. They express concerns about the impact on SMOs and seek assurance on how the lotting strategy will be managed.

BMBC is keen to work closely with the MCA to unlock opportunities for better integration between bus services and other modes, improve rural services and accelerate the rollout of ZEBs. They also highlight the importance of early discussions on new powers related to the Key Route Network.

BMBC emphasise the need for a robust, efficient service during the transition and hope for future network evolution to include Demand Responsive Transport (DRT) and innovative ticketing solutions.

Strategic Case

BMBC agrees with the Strategic Case for franchising, noting the significant decline in the South Yorkshire bus network in recent years. They believe that reversing this decline is crucial for meeting economic growth, net zero, and social equity objectives. They support the conclusion that franchising offers the best value for money but acknowledge that the EP Plus option could still be viable if franchising proves untenable.

BMBC agrees that applying the Proposed Franchising Scheme to the entire South Yorkshire region would standardise service quality and efficiencies. However, they note that different areas within South Yorkshire have unique transportation needs, and a "one-size-fits-all" approach might not address specific requirements adequately. They highlight the importance of considering travel flows between Barnsley and West Yorkshire.

BMBC expects the Proposed Franchising Scheme to improve service frequencies, enhance infrastructure, and provide new links to growth areas. They also support the introduction of DRT to address transport poverty and improve connectivity in rural areas.

Economic Case

BMBC agree that that the Proposed Franchising Scheme could deliver value for money and benefits for passengers. They note that full fare box control and revenue risk on all contracts could provide a stable revenue source for operators and be beneficial for their financial planning and sustainability. They mention that assessing and addressing the environmental impact of franchised services is important and that increasing passenger numbers due to the fact that services are planned to be more reliable and integrated would contribute to meeting climate change targets and improving health through pollution reduction.

Commercial Case

BMBC supports the proposed approach to lotting and the inclusion of smaller contracts to encourage participation by SMOs. They note that evidence suggests that for a franchising model to work well it requires investment, high network demand and at least two strong commercial operators capable of bidding for the work in a competitive manner.

BMBC wish to be engaged in decisions regarding fleet and depots based within their area and are positive about the MCA taking a staged approach to full asset ownership of depots and fleet. They do note there are risks including the relocation of depots leading to inefficient operational mileage.

Financial Case

BMBC highlights the importance of long-term funding and the need to reinvest farebox revenue into local services. They express concerns about the financial risks associated with franchising, particularly in the event of significant patronage decline. They note that there are both transition and upfront costs associated with investment in the depot and the fleet. In addition to the sources of revenue outlined in the financial case, they indicate the MCA may wish to consider additional options such as a Mayoral precept. They note that consideration should be given to policies which encourage modal shift to increase patronage and fare income. Overall, they believe that the benefits of implementing the scheme would outweigh the costs.

Management Case

BMBC supports the proposed key dates for franchising implementation but stresses the importance of managing the transition period to avoid disruption. They emphasise the need for clear communication, especially for those who are digitally excluded.

They have concerns with current staffing levels within the MCA and whether there are sufficient resources to deliver franchising. Transferring bus operating staff may require TUPE transfers to take place and integration could take some time, so recommend that the MCA incrementally take on new and greater responsibilities.

MCA response: *The MCA is grateful for BMBC's support for the proposals and its considered response to the Consultation. The MCA agrees with BMBC that whilst there are costs associated with the Proposed Franchising Scheme, they are outweighed by the benefits of improved coordination and integration. The MCA agrees that the Proposed Franchising Scheme would need to be financial sustainable long-term and in line with the Financial Risk Management framework the MCA have developed. It would ensure a robust process is in place to management overall financial risk.*

The MCA would ensure that there is regular engagement with all district councils throughout the implementation stage and look forward to working with BMBC to shape the Proposed Franchising Scheme process going forward.

City of Doncaster Council (CDC)

Strategic Case

CDC strongly supports the Proposed Franchising Scheme, emphasising the need for significant improvements in bus services. They highlight issues such as service cuts, reliability problems, and a lack of investment in fleet renewal – with buses in Doncaster being particularly old. CDC believes that franchising offers an opportunity to fully review and optimise the bus network, making it more attractive and efficient. They express a strong commitment to working with the MCA to achieve the objectives of the Proposed Franchising Scheme.

Geographical Coverage

CDC agrees that applying the Proposed Franchising Scheme to the entire South Yorkshire region would ensure a uniform and consistent approach to managing bus services. However, they express concerns about cross-boundary services and the lack of clarity regarding the Service Permit Scheme. They emphasise the importance of understanding the scheme as part of the wider franchising consultation.

CDC expects the Proposed Franchising Scheme to improve service frequencies, enhance infrastructure, and provide new links to growth areas. They stress the need for a full review of bus routes in Doncaster to make them fit for purpose, particularly in relation to employment areas outside the city centre.

Economic Case

CDC acknowledges the potential economic benefits of franchising, such as increased patronage, improved access to employment, and broader economic growth. They emphasise the importance of long-term funding and the need to reinvest farebox revenue into local services.

Commercial Case

CDC supports the proposed approach to lotting and the inclusion of smaller contracts to encourage involvement by SMOs. They emphasise the importance of managing commercial risks and ensuring that the franchising scheme is deliverable. They express concerns about the potential impact on SMOs and the need for a fair opportunity for them to participate.

Financial Case

CDC highlights the importance of long-term funding and the need to reinvest farebox revenue into local services. They express concerns about the financial risks associated with franchising, particularly in the event of significant patronage decline. They stress that the financial viability of the franchising model is crucial for its success.

Management Case

CDC supports the proposed key dates for franchising implementation but stresses the importance of managing the transition period to avoid disruption to residents' journeys. They express concerns about maintaining the existing network and frequency until franchising comes into effect and seek measures to address this.

CDC acknowledges the strength of the Management Case but expresses concerns about current staffing levels within the MCA and the need for sufficient resources to manage the scheme effectively. They emphasise the importance of stakeholder engagement and collaboration with local authorities to ensure the successful implementation of the franchising scheme.

MCA response: *The MCA thanks CDC for its support for the Proposed Franchising Scheme and for its considered comments. The MCA agrees that the age of the bus fleet across South Yorkshire is out of sync with the rest of the UK and would want to use the opportunity that bus franchising provides to invest and upgrade the fleet, including new ZEBs. CDC's comments relating to cross-boundary services and the Service Permit Regime are acknowledged. The Proposed Franchising Scheme includes a long list of relevant bus services so that they can be appropriately provided for whether under a franchised contract or under the proposed Service Permit Regime. However, feedback received during the consultation has prompted the MCA to provide further clarity around the treatment of bus services in the Scheme. This is set out later in this report.*

The Service Permit Regime would be consulted on in the future in parallel with implementation of franchising and the MCA would engage with CDC on this. The MCA agrees that the Proposed Franchising Scheme should be financially sustainable in the long-term, in line with the Financial Risk Management framework the MCA have developed. It intends to ensure a robust process is in place to manage overall financial risk. In terms of staffing, the MCA will regularly review resource requirements as the programme progresses and ensure it has sufficient resources to deliver the Proposed Franchising Scheme. The MCA looks forward to working collaboratively with CDC on the programme going forward.

Rotherham Metropolitan Borough Council (RMBC)

RMBC emphasises the crucial role buses play in Rotherham's transport system, providing essential mobility for residents to access work, education, healthcare, and social activities. They highlight the challenges faced by South Yorkshire's bus network, including declining passenger numbers, reduced service frequencies, and operational difficulties. Despite these challenges, efforts have been made to revitalise the bus network, and the proposed franchising model is seen as the next step in this process. RMBC welcomes the public engagement that has taken place in relation to franchising proposals and appreciates the community's participation in shaping the bus reform process.

RMBC support the Proposed Franchising Scheme but emphasises the need for significant work on pricing, ticketing, and integration with other transport modes to deliver a seamless, user-focused system. They stress the importance of not isolating existing bus operators during the transition to the new model to avoid eroding the customer offer. They request clear and early engagement on all relevant statutory functions to ensure effective collaboration and alignment across various policy areas. They look forward to shaping the future bus network to meet the needs of the people and businesses of Rotherham.

Strategic Case

RMBC supports the creation of a single vision for the bus network across South Yorkshire, emphasising the importance of addressing fragmentation between various transport modes. The proposals align with Rotherham's strategic objectives of promoting sustainable transport, reducing congestion, and achieving net zero. They welcome the potential for greater control over network design, pricing and quality, which could improve connectivity and accessibility for residents. However, they stress the need for greater clarity on the final network design and integration with other transport modes.

Economic Case

RMBC acknowledges the potential economic benefits of franchising, such as increased patronage, improved access to employment, education, and healthcare, and broader economic growth. They advise engaging with HM Treasury and the Department for Transport to ensure costs and benefits are accurately captured. The Council notes the risks associated with substantial upfront investment and reliance on key assumptions. They recommend further scenario testing and discussions with other MCA areas to understand the economic case better.

Commercial Case

RMBC supports engaging with operators through a competitive tendering process to ensure service quality and maintain healthy commercial relationships. They emphasise the importance of understanding the risks associated with transition planning to minimise disruption to services during the changeover. Effective management of these risks is crucial for a smooth implementation process.

Financial Case

RMBC is reassured by the robust financial modelling presented, indicating that franchising can be implemented sustainably. However, they stress the importance of reinvesting revenues locally and achieving efficiencies through integrated planning. They seek greater clarity on costs and affordability as other elements of the system are developed. They recommend working closely with other MCA areas to understand the costs, risks, and long-term financial implications of franchising.

Management Case

RMBC acknowledges the strength of the Management Case, which outlines an achievable roadmap for delivery. They emphasise the need for clear processes for stakeholder engagement to ensure alignment of objectives between operators, local authorities, and other transport providers. Robust scenario testing and contingency plans are essential to manage potential disruptions to services. They support a phased implementation approach with ongoing monitoring and evaluation to enable adjustments as required.

MCA response: *The MCA thanks RMBC for its endorsement of the Proposed Franchising Scheme and its considered comments. The MCA will ensure that there is regular engagement with all district councils throughout the process of implementing Bus Reform and will provide more clarity on the areas that RMBC have outlined including working collaboratively to help shape the future bus network, further assess the costs, risks and long-term financial implications and develop robust scenario and contingency plans.*

Sheffield City Council (SCC)

SCC endorsed the proposals to franchise the bus network. They highlighted the importance of the bus network to Sheffield and indicated that they believed it was not currently meeting the needs of people living and working in the city. The importance of enhanced bus services to allow the city to achieve its economic potential was highlighted and better bus services is a key part of Sheffield's Transport Strategy, Transport Vision and Local Plan. They noted that complementary investment should be made to network infrastructure including bus priority measures.

SCC strongly supports making public transport accessible to everyone, recognising its contribution to positive economic, social, and environmental outcomes, as well as the financial sustainability of bus services. To achieve this, the Council emphasises the need for disability access and awareness to be integral to all franchise contracts. They advocate for clear objectives and KPIs that focus on generating social value, fostering community cohesion, reducing isolation, and improving access to employment and education for marginalised groups.

SCC highlights the importance of continuous consultation with diverse segments of the population including women, LGBTQ+ individuals, disabled and neurodiverse people, people of colour, the digitally excluded, people seeking sanctuary, elderly people, and other marginalized groups. This approach aims to identify and address current barriers to using buses. Additionally, they recommend conducting robust and evidence-based Equality Impact Assessments (EQIA) to mitigate any negative impacts on certain groups and turn them into positives where possible.

SCC underscores the need for investment in bus fleet and infrastructure. They suggest fully costed measures such as CCTV and lighting at bus stops and fully accessible customer contact centres. Furthermore, they propose developing end-to-end customer journey mapping to understand all aspects of accessibility within a journey and identify significant areas of concern. The franchising approach should ensure that people with disabilities can travel reliably and without taking longer than other passengers, through better vehicle design, facilities, policies, and procedures. Continuous monitoring and evaluation are essential to ensure key objectives are met and patronage increases among excluded segments of the population.

Addressing social exclusion, the SCC notes that Sheffield is almost two-thirds rural, with one-third within the Peak District National Park, making Transport Related Social Exclusion (TRSE) a prevalent issue. They advocate for a thorough examination of the bus network to allocate resources effectively and provide an attractive and equitable bus network. This includes improving links to schools, hospitals, and employment centres, particularly those poorly served, and considering extra orbital services to enhance cross-connectivity without needing to interchange in the city centre. They also emphasise the need to develop bus services that operate in the evening, at night, and on Sundays and bank holidays, supporting the nighttime economy and employees providing night-time services.

To improve service reliability, SCC stresses the need for faster and more reliable bus services by reducing delays (interpreted as passenger waiting times) at bus stops. They encourage implementing bus priority measures, such as bus lanes and signals, and using double or triple door buses to speed up journeys. Simplifying fare payment systems and maintaining the £2 fare cap are also recommended to support public transport use. SCC suggests transitioning to a fully contactless tap and cap system or flat fare system to reduce dwell times and improve passenger journeys.

Regarding the transport network, SCC advocates integrating bus services with other sustainable and active travel modes, such as shared e-bike hire and mobility hubs, to support multi-modal journeys and improve connectivity. They also highlight the importance of considering the role of Park and Ride services specific to Sheffield. They emphasise the need for careful planning and management of the rollout of franchising to minimise risks and ensure financial sustainability. They support the MCA's proposal for bus reform and look forward to working collaboratively to enhance the bus network in South Yorkshire.

Strategic Case

SCC supports the Proposed Franchising Scheme, emphasising the need for a coordinated approach to improve the bus network in South Yorkshire. They highlight the importance of mode integration, accessibility, connectivity, and transport priority. They believe that the Proposed Franchising Scheme will align with social and environmental policies and support areas impacted by transport-related social exclusion. They also stress the need for rapid but organised implementation to avoid further decline in the bus market.

Economic Case

SCC support the view that the Proposed Franchising Scheme provides the highest value for money based on the Assessment work and that it is important that this analysis is revisited as the scheme progresses to ensure that actual benefits are realised.

Commercial Case

SCC is broadly comfortable with the level of risk that the MCA is taking on but seeks clarity on managing potential declines in patronage, the impact of exceptional events and the reliance on grants for depot and vehicle acquisition. They support the general length of the contracts being considered and the principle of ensuring that SMOs have the opportunity to provide bus services, which could bring more competition and support local businesses. They emphasise the importance of maintaining consistency in the quality of services provided by these operators.

SCC outline a range of areas for further consideration including how depots and fleet acquisition will work in practice, whether the depots are currently placed in the optimal locations and ensuring that the bus fleet is maintained to a good standard in the long-term.

Financial Case

SCC is reassured by the robust financial modelling undertaken to assess the preferred approach to franchising. They recognise that the level of funding required will be significant and rely on future government allocations. They support the MCA in making the case for additional funding to deliver an enhanced bus network in South Yorkshire. They stress the importance of managing financial risks effectively to minimise exposure to local authorities and ensure that future uncertainties related to costs and demands are managed.

Management Case

SCC has confidence in the MCA's approach to managing the Proposed Franchising Scheme but stresses the importance of considering the expertise and skills of local authorities in the management process. They expect a clear structure for managing the scheme, with defined roles for the MCA and the operators. They emphasise the need for local accountability and input from Sheffield residents. They highlight the importance of effective communication and collaboration between the MCA and local highway authorities to support the operations of the franchised services.

MCA response: *The MCA thanks SCC for its endorsement of the proposal and its considered comments. The MCA strongly supports SCC's priorities of ensuring that public transport is accessible for all including for the disabled, the elderly, ethnic minorities and other vulnerable groups mentioned. Addressing transport related social exclusion is also important and bus franchising provides an opportunity to consider how bus services can better link schools, hospitals, employment centres and socially excluded groups. The MCA also agrees with SCC for the need to continue to implement bus priority measures to improve service reliability and that simplifying fares will be key to promoting public transport use. Better integration of the bus network with the rest of the transport network including micromobility hubs and Park and Ride services are also opportunities supported by bus franchising. The MCA agrees that the Proposed Franchising Scheme needs to be financially sustainable long-term and in line with the Financial Risk Management framework the MCA have developed, and would seek to ensure that a robust process is in place to manage overall financial risk. The MCA looks forward to working collaboratively with SCC and would seek to ensure that the skills and expertise of local authorities are leveraged as franchising is implemented.*

Derbyshire County Council

Derbyshire County Council (DCC) express a neutral stance on franchising as an operating model. DCC express particular concern to the approach to cross-boundary services and neighbouring north Derbyshire services.

DCC comments that the MCA needs to fully consider the wider impact on the bus industry, particularly on smaller and medium-sized bus companies. DCC notes that the experience of franchising in Greater Manchester (TfGM) has shown that SMOs have lost out to larger national and international companies, which could lead to job losses and reduced competition in the future. DCC states that the MCA must ensure the bus market remains open to a variety of operators to provide services during and after the franchise network's introduction.

Area of Proposed Franchising Scheme and list of services

DCC notes that the services listed in Annex 1 include 15 services that start, finish, or pass through Derbyshire. DCC states that while some routes primarily operate within South Yorkshire, most of the services listed predominantly operate in Derbyshire. DCC expresses concerns that the Proposed Franchising Scheme will significantly impact Derbyshire residents and communities, who in turn will have little or no say in the operation of these services. DCC comments that the proposal could lead to the closure of bus depots in Derbyshire, affecting the financial viability of other services and having broader negative impacts on the local economy.

DCC suggests that a better option for cross-boundary routes would be to allow them to operate under the service permit scheme outside of franchised contracts.

Strategic Case

DCC notes that passenger numbers on cross-boundary services are rising and investment in new vehicles is ongoing. DCC expresses concerns that the franchising proposal is not the solution for cross-boundary services and suggests these should be allowed to operate under a service permit scheme. DCC states that the decision on franchising within South Yorkshire is for the MCA to make. DCC tends to disagree that the franchising scheme will improve bus services in South Yorkshire, citing potential negative impacts on cross-boundary services. DCC comments that the proposed scheme would significantly impact bus services in northern Derbyshire and criticises the lack of detailed understanding of Derbyshire's bus network in the Assessment. DCC also notes a perceived lack of prior discussion with Derbyshire County Council. DCC expresses concerns about the potential closure of Baslow and Chesterfield depots and the negative impact on the wider bus network and local economy.

Economic Case

DCC disagrees with the statement that only franchising can deliver integrated real-time information, noting that Derbyshire has successfully implemented such systems without franchising being in place. DCC expresses concerns about the negative impact of the Proposed Franchising Scheme on SMOs, particularly those operating in rural areas such as the Peak District. DCC has no comment on the impact of the scheme on the MCA but notes that while the scheme may offer

the MCA the best value for money, it could come at the expense of negative impacts on bus passengers, services, and the local economy in northern Derbyshire.

Commercial Case

DCC expresses concerns about the increased costs of services under the Proposed Franchising Scheme, citing a 338% cost increase for DCC for cross-boundary services experienced with franchising in relation to Greater Manchester. DCC notes significant concerns about the impact on existing depots in northern Derbyshire. DCC comments on the importance of ensuring smaller local and regional operators have opportunities to secure contracts and emphasises the need for a simple tender process to encourage competition. DCC supports the proposal to limit the number of franchise contracts a single entity can operate to support market diversity. DCC notes that while the proposed approaches to support SMOs are positive, similar proposals for franchising in Greater Manchester did not result in success for these operators. DCC has no comments on the commercial risks and funding sources but reiterates concerns about the affordability of the scheme in the medium term.

Financial Case

DCC expresses concerns that the Proposed Franchising Scheme may become unaffordable in the medium term, citing Derbyshire's experience with franchising in Greater Manchester where cross-boundary services costs to DCC increased significantly with little perceived improvement in services. DCC notes that unless the MCA can access additional funding sources, the scheme's affordability is questionable.

General Comments

DCC notes that it had limited involvement in the TfGM bus franchising process. DCC states that while it has no strong view on franchising as a method of operating the bus network, its practical experience with the TfGM implementation has been poor. DCC expresses concerns about TfGM's unwillingness to involve DCC in the tendering process or share contract criteria, despite expecting increased funding from the Council. DCC hopes that the MCA will take a more collaborative approach to franchising, allowing cross-boundary routes to operate as permitted services and engaging with them on the scheme's development.

MCA Response: *The MCA understands DCC's concerns and comments regarding any impact to cross-boundary services between South Yorkshire and Derbyshire. A detailed response on cross-boundary services is provided later in this report. Not all of the routes included as part of the bus franchising assessment will be taken forward as cross-boundary services operated under franchised contracts. To ensure future stability in the bus network (including for cross-boundary services) the MCA have included a long list of relevant bus services so that they can be appropriately provided for whether under a franchised contract, service permit regime or otherwise in the future bus network. In light of comments received the scheme has been amended to reflect the position on cross-boundary services and to clarify that the Proposed Franchising Scheme only covers services operating within South Yorkshire. The MCA will look at options to ensure cross-boundary services continue to operate as at present, recognising the importance of these services to residents of South Yorkshire and the neighbouring areas.*

The MCA understands the distinction between services that operate with the majority of their mileage in South Yorkshire and those that do not and the relevance of franchising only services with a significant mileage in South Yorkshire.

The MCA also wishes to express an understanding and appreciation for the important role depots and operators in Derbyshire play in the South Yorkshire network. The MCA also appreciates the significance of the interconnected economic relationship between South Yorkshire and many North Derbyshire towns such as Dronfield and Chesterfield.

The MCA would seek to increase engagement with DCC in relation to bus franchising and ensure, as any proposals are developed by DCC and the MCA, that ample opportunity is given to discuss and collaborate on the important aspects of cross-boundary services, depots and SMOs.

West Yorkshire Mayoral Combined Authority (WYCA)

The West Yorkshire Combined Authority (WYCA) has noted that it is also going through the process of franchising its bus services, with the first franchised services to be launched in March 2027 and a fully franchised network to be in place by October 2028. WYCA notes alignment between the objectives in the MCA's assessment.

WYCA agrees with the overall approach to include all services within South Yorkshire as part of the Proposed Franchising Scheme and would welcome a continuing dialogue with the MCA regarding cross-boundary services including fares and ticketing as the MCA's plans develop. However, it notes a difference in approach with respect to cross-boundary services

where the MCA has included cross-boundary services (which operate to/from West Yorkshire) in the list of services in the scheme. WYCA also requested that further discussions on the Service Permit Scheme to encourage alignment across specified standards to offer consistency for passengers.

WYCA has outlined its key dates for its franchising contracts (three rounds covering 10 zones) with the first round of procurement starting in October 2025 and a mobilisation period from Q3 2026 to Q2 2027. Services would be operational from March 2027. The final (third) round would commence procurement in Q2 2027 running until Q4 2027, with services operational from October 2028. WYCA notes an overlap in the timescales for the MCA's Tranche 1 and 2 programme and that this could create challenges in attracting competition for range of bidders, in particular SMOs.

WYCA notes the MCAs approach to vehicle and depot ownership and has highlighted the potential challenges with procurement of a high volume of vehicles to operate from the commencement of franchising and would want to ensure that this does not result in any market disruption for either authority. WYCA notes that operators may choose not to further invest in their fleets if the decision is taken to franchise the bus system.

WYCA has requested as part of its response that further discussions are held around performance regimes should the MCA choose to progress to implement its Proposed Franchising Scheme, noting similarities in the levers for increasing competition through provision of fleet and depots to franchisees.

MCA Response: *The MCA welcomes WYCA's comments and overall support for the scheme, noting the alignment between the objectives of WYCA's Proposed Franchising Scheme and those for South Yorkshire. WYCA's comments on the interaction between services in South and West Yorkshire are noted and the MCA would welcome a continuing ongoing dialogue with WYCA regarding cross-boundary services including fares and ticketing. The MCA acknowledges that a number of services included in the Proposed Franchising Scheme operate in part in West Yorkshire – a more detailed response on cross-boundary services is set out below. Any further decision on which services set out in the Proposed Franchising Scheme are to be subject to local service contracts or to be secured in other ways, such as through e.g. via the Service Permit Regime, would be undertaken in discussion with WYCA. Further discussions will also be undertaken on buses which serve schools. The MCA also welcomes the invitation for further discussions on the specified standards for the Service Permit Regime.*

The MCA notes WYCA comments regarding the overlap in the procurement and mobilisation processes between the relevant tranches of the respective franchising schemes. The MCA would seek to work with WYCA to ensure that both authorities can deliver on their franchising schemes. The MCA is also committed to regularly engaging with the market to ensure feedback in issues such as timescales are taken on board and built into the detailed programming activities that will follow.

Regarding fleet acquisition, the MCA notes WYCA's response and would reiterate its commitment to ensuring that market disruption is limited. The fleet acquisition strategy would be developed further once a formal decision is made as to whether to progress to implementing the Proposed Franchising Scheme or not. If this decision is to progress to implement the Scheme, the MCA would welcome ongoing engagement with WYCA to ensure that market or service disruption is limited. The MCA would also welcome ongoing engagement with WYCA regarding performance regimes and strategies which would support competition remaining in the market.

Nottinghamshire County Council (NCC)

NCC notes concerns regarding the inclusion of cross-boundary services in the Proposed Franchising Scheme, similar to DCC's concerns. NCC expresses that many of these services operate primarily in Nottinghamshire, impacting residents who would have limited influence over their operation. NCC comments on the potential negative impact of franchising in South Yorkshire on depots in Worksop, Mansfield, and Gainsborough, which could become financially unviable and close. NCC states that the proposed scheme could negatively affect local commercial and supported services and emphasises the need for further discussions with the MCA to understand the impacts on Nottinghamshire residents and budgets. NCC also expresses concerns about the potential loss of integrated ticketing options for Nottinghamshire residents.

MCA Response: *The MCA are appreciative of NCC's response to the consultation on bus franchising in South Yorkshire. The MCA understands there are a number of cross-boundary routes of importance to both the MCA and NCC. The intention would be that not all of the routes included as part of the Proposed Franchising Scheme would be taken forward as cross-boundary services operated under franchised contracts from within South Yorkshire. To ensure future stability in the bus network (including for cross-boundary services) the MCA have included a long list of relevant bus services so that*

they can be appropriately provided for, whether under a franchised contract, service permit regime or otherwise in the future bus network. A detailed response on cross-boundary services is provided below.

The MCA is keen to work with all relevant neighbouring authorities and their local operators to ensure, as far as possible, that there are no unintended consequences for bus operations and passengers in neighbouring areas.

East Midland Combined County Authority (EMCCA)

EMCCA does not oppose the Proposed Franchising Scheme and has highlighted the importance of bus services that operate between South Yorkshire and the East Midlands region, allowing residents to access key services in both areas. The EMCCA has raised a concern over the inclusion of a number of cross-boundary services in the Proposed Franchising Scheme and believe that cross boundary services with more than 10% of the service mileage outside of South Yorkshire should not be part of the franchising scheme. The response goes on to note the potential impact on services in Derbyshire and two specific depots in Baslow and Chesterfield.

The EMCCA considers that limited engagement was undertaken with the EMCCA in the preparation of the Assessment.

EMCCA notes that it will be important for SMOs to have opportunities to win contracts as part of the Proposed Franchising Scheme, given the importance of these to the EMCCA market.

MCA Response: *The MCA welcomes EMCCA's comments on the Proposed Franchising Scheme. EMCCA's comments on the interaction between services in South Yorkshire and the East Midlands is noted and the MCA would welcome a dialogue with the EMCCA as it begins to assume responsibility for transport in the East Midlands. The MCA acknowledges that a number of services included in the Proposed Franchising Scheme operate in part in the East Midlands. A detailed response on cross-boundary services is provided below. The MCA does not wish to negatively impact operations at depots outside South Yorkshire and would seek to work with the relevant authorities to ensure this remains the case.*

The MCA wished to clarify that it offered every statutory consultee, including EMCCA, a meeting during the consultation period. The MCA is happy to meet with the EMCCA going forward if the Proposed Franchising Scheme is progressed.

The MCA supports the EMCCA's comments regarding supporting SMOs and is intending that contracts which may appeal to for SMOs would be offered alongside the anchor contracts. This aligns with the objectives and success factors set out in the Strategic Case.

East Riding of Yorkshire Council

East Riding expressed a neutral stance on the bus franchising assessment and the response asserted that they are not in a position to express an agreeable or disagreeable view on the MCA's decision. They indicated that the area covered by the franchising proposal represented a coherent and ambitious approach to connectivity in South Yorkshire.

MCA Response: *The MCA wishes to express appreciation for the response to the consultation from East Riding of Yorkshire Council.*

Wakefield Council (WMDC)

WMDC indicated that they supported the Mayor of West Yorkshire's decision to proceed with franchising and extends this support to South Yorkshire.

WMDC comments mostly relate to cross-boundary services. They highlight the close proximity of Wakefield to South Yorkshire and the need to support seamless travel through effective network design and delivery. They note that cross-boundary travel opportunities are impacted by administrative boundaries and they have a strong desire to develop further cross-boundary services in collaboration with WYCA and the MCA.

On cross-boundary ticketing they mention that at present there is no multi-operator, multi-journey bus ticketing offer for cross-boundary bus travel between West Yorkshire and South Yorkshire. WMDC would like to see active dialogue between the MCA and WYCA to develop appropriate cross-boundary ticketing products and fare structures.

WMDC notes a difference in approach with respect to cross-boundary services where the MCA has included some cross-boundary services which operate to/from West Yorkshire. They provided feedback on a number of cross-boundary services within the Proposed Franchising Scheme, including whether they are also listed in the WYCA franchising scheme, along with issues and narrative relating to those services.

MCA response: *The MCA welcomes WMDC's comments and overall support for the scheme and agrees that close collaboration is needed to develop cross-boundary travel opportunities. The MCA would welcome a continuing ongoing dialogue with WMDC and WYCA regarding cross-boundary services, including fares and ticketing. The MCA acknowledges that a number of services included in the Proposed Franchising Scheme operate in part in Wakefield. A response on cross-boundary services is provided below. Any further decision on which services set out in the Proposed Franchising Scheme are to be secured via local service contracts or to be implemented in the Service Permit Regime or otherwise would be undertaken in consultation with WMDC and WYCA.*

Peak District National Park Authority (PDNPA)

PDNPA noted that they do not have strong views on the pros or cons of franchising but are opposed to any measures that would negatively affect the continuation of cross-boundary bus services. PDNPA expressed concerns about the impact of franchising on the continuation of non-cross-boundary services within the National Park, particularly within Derbyshire, and the viability of bus depots.

PDNPA commented that the proposed changes may impact National Park residents and rural communities outside South Yorkshire, who would not have any recourse through local democracy to influence the operation of these services. PDNPA suggested that cross-boundary services should operate under a permit scheme to avoid negative impacts.

PDNPA expressed concerns about the inclusion of cross-boundary services within the Proposed Franchising Scheme and the knock-on effects on the viability of other services and depots within Derbyshire.

PDNPA commented that the initial experiences of Greater Manchester point towards an improvement in bus services but it is too early to assess longer-term effects.

MCA Response: *The MCA thanks the PDNPA for the time taken to respond to the consultation and recognises the important role bus services play between South Yorkshire and the Peak District for commuting, leisure and other purposes.*

A detailed response on cross-boundary services is provided below. The MCA confirms that the approach to franchising contracts is to reduce bidding requirements on SMOs.

Unite

Unite the Union, representing the majority of bus industry workers in South Yorkshire, has provided a detailed response to the MCA's bus franchising consultation. While Unite neither supports nor opposes the proposed franchising model, they emphasise their preference for a publicly owned bus infrastructure as a long-term goal. They express concerns about the potential negative impacts of frequent Transfer of Undertakings Protection of Employment (TUPE) transfers on their members' job security, pay, and terms and conditions.

Unite highlights the risk of a "race to the bottom" in terms of employment conditions, where the cheapest bidder wins contracts, potentially undermining workers' rights and benefits. To mitigate this, they propose the establishment of a Direct Labour Organisation (DLO) to employ bus industry workers directly, ensuring equality and pension security across the system. In the absence of a DLO, they call for standardised pay, terms and conditions, including pensions, to be set at the highest standard.

The union also advocates for extending the minimum contract length to eight years to provide greater job security for their members. They stress the importance of maintaining the ability to collectively negotiate pay, improve terms and conditions, and manage work schedules. Unite seeks guarantees that existing recognition agreements would transfer without changes and that any amendments would require prior agreement with the Union.

Additionally, Unite raises concerns about the future of members employed on third-party contracts, such as bus cleaning staff, who are often paid minimum wage. They seek clarity on how these workers can be brought under direct employment, with pay in line with the commitment to the Real Living Wage.

Unite requests further input into the development of terms and conditions, contracts of employment, and schedules that promote work-life balance. They emphasise the need for meetings to discuss these issues and establish guaranteed principles before mandatory TUPE discussions take place. Overall, Unite's response underscores the importance of addressing these concerns to ensure fair treatment and security for bus industry workers under the Proposed Franchising Scheme.

MCA response: *The MCA would like to thank Unite for its views and understands the concerns raised about TUPE transfers, job security, and employment conditions. The MCA are committed to managing any transitions smoothly, maintaining high standards for pay and conditions, and protecting collective bargaining rights.*

The MCA are an accredited Real Living Wage employer certified by the Real Living Wage foundation. Unite's views on terms and conditions, contracts of employment and work-life balance are highly valuable and the MCA looks forward to working collaboratively with Unite on these matters.

Transport Focus

Transport Focus indicated that they support the introduction of the Proposed Franchising Scheme. They indicate the support is subject to specific points raised later in the response around reliability, engagement with passengers, commitment to satisfaction and accessibility.

Area served

Transport Focus indicated that the proposal for the scheme to cover the whole of South Yorkshire would help support consistency of delivery across the region. Transport Focus reference relevant research they have undertaken which supports the importance of delivering as simple and seamless a journey experience as possible. They also note the importance of cross-boundary services and continued engagement with neighbouring local authorities.

Strategic Case

Transport Focus noted that South Yorkshire's bus network performs below the national average in user satisfaction, with significant dissatisfaction in relation to waiting times and punctuality. They commented on the decline in the network size, reducing access and attractiveness to potential users. Transport Focus expressed that franchising offers more control over bus network design and implementation, providing flexibility in specifying routes, times, and a simplified fares and ticketing structure. They indicated that franchising could set consistent standards across all routes and services, improving the overall passenger experience. Transport Focus emphasised the transformative potential of the proposal to address network gaps, simplify fares, and align services with passenger needs to attract new users and grow the market. They also stressed the importance of continuous engagement with passengers and measuring satisfaction to drive improvements.

Economic Case

Transport Focus agreed that the Proposed Franchising Scheme offers the best value for money for the MCA. They recognised that the scheme has the highest Net Present Value (NPV) compared to other options, providing 'High' value for money. Transport Focus expressed disappointment that the economic case predicts a continued decline in bus patronage, even under the franchising model. They indicated that the franchising model could offer a more stable operating environment for operators while giving the MCA full autonomy over network design. However, they also stressed that this model increases risk for the MCA, which will need to manage fluctuations in demand and cost inflation.

Financial Case

Transport Focus agreed that the Proposed Franchising Scheme reduces barriers to entry by providing fleet and depots to operators, thereby supporting increased competition for franchise contracts. They noted that incumbent operators already have access to depots and buses, giving them an advantage over potential new entrants. Transport Focus expressed that providing fleet and depot access to operators should encourage greater competition for contracts, resulting in a wider range of high-quality bids to benefit passengers. They also noted some dissatisfaction from passengers towards the performance of some incumbent operators.

Commercial Case

Transport Focus agreed that the Proposed Franchising Scheme would be affordable for the MCA. They commented that the scheme would increase revenue and cost risks for the MCA, which would need careful management. Transport Focus expressed concerns about the uncertainty of negotiating the transfer of depots and vehicles from bus companies. They indicated that fluctuations in operating costs and revenue could significantly affect affordability over a 30-year period. Transport Focus emphasised the need for careful consideration of these factors during implementation.

Management Case

Transport Focus noted that the Proposed Franchising Scheme would significantly expand the MCA's responsibilities, requiring additional skills and capabilities. They commented on the need for more customer service staff to manage complaints and consultations effectively. Transport Focus expressed concerns relating to a lack of clarity on who would handle accessibility responsibilities within the staffing profile. They indicated the importance of engaging directly with

people with disabilities to ensure their needs are met. Transport Focus emphasised the value of a clear strategy for driver training and standards, highlighting the essential role of drivers in delivering a great passenger experience.

Further comments

Transport Focus stressed the significant role of bus drivers in delivering a great journey, emphasising the need for effective recruitment, retention, and training. They commented on the importance of driver training and standards, particularly for supporting passengers with disabilities. Transport Focus expressed the need for a clear strategy on driver training and standards and indicated that effective service delivery relies heavily on well-trained drivers. They also emphasised the importance of consulting passengers on how well the franchising scheme is working and sharing performance data and action plans with users and their representatives.

MCA Response: *The MCA appreciate the vital work undertaken by Transport Focus to shine a light on opportunities and challenges across the public transport sector, with a focus on users of public transport. The survey metrics quoted by Transport Focus provide useful benchmarks of current user sentiment for bus use in South Yorkshire and would be considered as franchising plans develop. The MCA also understand the point raised by Transport Focus on the importance of appreciating the opinions of non-users of buses in the region so as to understand the barriers to growth of patronage.*

The MCA recognises the importance of engagement with current and potential users of the bus network in South Yorkshire to shape a public transport system that works for everyone. The South Yorkshire Bus Review was published in 2020 and brought together insights from 5,900 members of the public, bus users, community groups, businesses and interest groups. This document played a key role in the shaping of the Assessment. The insights from this review, the work of organisations such as Transport Focus and continued engagement will continue to inform the Proposed Franchising Scheme process.

The MCA acknowledges Transport Focus' disappointment at the assumption of continued declined patronage as part of the Economic Case. This assumption was undertaken to ensure a robust economic analysis and fair comparison between operating models so as to compare the benefits and costs of an operating model under similar conditions.

The MCA recognises the importance of increased competition for franchise contracts and reducing barriers to entry for SMOs, this is something that would be considered as procurement strategies develop for franchising contracts.

The MCA appreciates the impact of fluctuations in cost to the affordability of the Proposed Franchising Scheme. The sensitivity tests undertaken as part of the assessment have been undertaken to assess this. As franchising plans develop, the MCA will look to carefully manage costs to ensure affordability of the scheme.

The MCA acknowledges the concerns around the numbers of FTEs provided for roles as part of the Management Case. The MCA is committed to delivering for members of the public and upholding its obligations under the Equality Act. The MCA recognises the importance of recruiting the right people with the necessary skills to manage the franchising scheme effectively. Efforts will be made to ensure that the team is adequately staffed and skilled. The feedback from Transport Focus will be reviewed to ensure appropriate staffing levels.

The MCA understands the important role bus drivers play in relation to passenger experience when taking the bus. The MCA wishes to express its appreciation to Transport Focus on the important points it raises on driver training, retention and recruitment to ensure passenger satisfaction is achieved. These points would be considered as part of any driver strategies implemented as part of bus franchising and as management strategies and monitoring and evaluation plans develop.

Sheffield Transport 4 All (T4A)

T4A expresses support for the proposed bus reform, provided it results in improvements to accessibility issues faced by disabled people. T4A notes that current accessibility standards for vehicles and driver conduct vary significantly and emphasises the need for the MCA to collaborate with disabled people from the outset to ensure better outcomes than private operators in terms of accessibility policies and procedures. T4A comments that the MCA should appoint an Accessibility Manager to focus on developing better outcomes and engage with disabled groups to evaluate and implement schemes such as the DfT Inclusive Transport Leaders Scheme or the Accessible Transport Charter.

T4A states that driver accessibility training must cover a wide range of disabilities and be consistently refreshed to ensure drivers apply their knowledge effectively. T4A also highlights the importance of vehicle design, including features like interior colour schemes, wheelchair spaces, and audio/visual information systems. T4A expresses concerns about the impact of network changes on passengers with disabilities and stresses the need for the MCA to work closely with

disabled communities to avoid creating barriers. T4A concludes that robust contract and performance management, including direct engagement with people with disabilities, is essential for the success of the franchising scheme and provides examples of this.

MCA Response: *The MCA wishes to thank T4A for the vital role they play in advocating for better outcomes for public transport users with disabilities in Sheffield and South Yorkshire. There are a number of useful suggestions in T4A's consultation response, and the MCA will take these into consideration as franchising proposals develop. The MCA is committed to enacting their obligations under the Equality Act.*

Competition and Markets Authority (CMA)

The CMA did not provide a written response to the consultation but met with the MCA to discuss the Proposed Franchising Scheme during the consultation period. The CMA stated that they see their role as providing ongoing advice on competition aspects of franchising and implementation, making reference to recently-published advice to local authorities on bus franchising. The CMA emphasised the importance of depot ownership for competition and suggested guaranteeing opportunities for incumbent SMOs in future tendering rounds. The CMA believed the proposed performance regime and sequencing outlined in the Assessment were sensible and emphasised the importance of allowing third-party access to ITS data.

MCA response: *The MCA thank the CMA for meeting with officers, for the publication of their general advice to authorities pursuing franchising, and for their offer to continue dialogue. This would be taken into account should franchising be pursued by the MCA.*

Facilitating involvement of SMOs

The Bus Franchising Guidance requires that authorities ‘consider how they intend to facilitate the involvement of SMOs in bus franchising. This Section sets out the proposed approach by the MCA.

Factor	Commentary	Potential approach to ensuring factor does not inhibit competition for the MCA’s contracts among SMOs
Factors relating to the structure of the competition		
1 Supplier knowledge opportunity	Unlike larger operators, SMOs may not have the resource routinely to monitor procurement journals for opportunities.	<ul style="list-style-type: none"> Market engagement should be conducted for all contracts, not merely the ‘anchor’ contracts in each tranche Bespoke engagement sessions focused on small contracts may be appropriate SMOs may be encouraged to enter Joint Ventures with other bidders
2 Pre-qualification requirements	SMOs may lack the capacity or capability to complete a pre-qualification application of the sort that may be appropriate for potential bidders for ‘anchor’ contracts.	<ul style="list-style-type: none"> Pre-qualification could not be required for bidders for small contracts. Alternatively, a separate pre-qualification system could be developed that would be used by bidders for small contracts
3 Information available bidders	SMOs may lack the capacity or capability to interpret complex datasets.	<ul style="list-style-type: none"> Information necessary for SMOs to bid for contracts should be presented in an accessible manner Factual support could be made available by the MCA to ensure that all potential bidders are able to access and interpret data on an equal basis
4 Other market opportunities	SMOs may be less likely than larger operators to be seeking opportunities in multiple regions simultaneously, and this factor is likely therefore to represent a less significant barrier than for larger operators.	<ul style="list-style-type: none"> Development of a regularly-updated supplier-facing timetable for franchise competitions, to allow suppliers to plan the resourcing of their bids in advance
5 Cost, timing and complexity bidding	SMOs may hold significantly less capability and capacity than larger operators with regard to development of bids.	<ul style="list-style-type: none"> Ongoing discussion of approach with market participants as competition design is undertaken During competition design, consideration of areas where the MCA could reduce burdens on bidders — e.g. by providing templates, assumptions, or flexibility with regard to the format of certain elements of bids Consideration of use of a price-only evaluation approach Sufficient time to be allowed for bids to be developed SMOs may be encouraged to enter Joint Ventures with other bidders
6 Likely competitors	SMOs may be reluctant to bid for contracts if they perceive that they are likely to be awarded to large incumbent operators, who could (for example) benefit from the economies of scale associated with their existing operations.	<ul style="list-style-type: none"> A prohibition on holders of ‘anchor’ contracts bidding for ‘small’ contracts could be assessed SMOs may be encouraged to enter Joint Ventures with other bidders
Factors related to the contract structure		
7 Barriers to entry	It is assumed that under all options, ‘small’ franchises will require franchised operators to provide depot facilities. Whether or not franchisees provide vehicles to operate their services will depend on the option selected.	<ul style="list-style-type: none"> The small scale of the ‘small’ franchises envisaged mean that it is not anticipated that these requirements would constitute significant barriers to entry for SMOs. SMOs may be encouraged to enter Joint Ventures with other bidders
8 Contractual terms	SMOs may lack the capacity or capability to assess and respond to complex contractual requirements.	<ul style="list-style-type: none"> It may be appropriate to create separate contract templates for ‘anchor’ and ‘small’ contracts, with contractual complexity commensurate with the scale of the contracts for which the template will be used

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- SMOs may be encouraged to enter Joint Ventures with other bidders
- 9 Familiarity with SMOs may lack the capacity or capability to contractual terms be able to conduct due diligence on and structure changing contract structures or terms in successive competitions.
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Changes to the Proposed Franchising Scheme following consultation

Cross-Boundary bus services

A number of statutory consultees including local authorities and bus operators raised issues relating to the inclusion in the Proposed Franchising Scheme of bus services which crossed the South Yorkshire boundary. The justification for their inclusion was based on the fact that these services were considered as part of the overall bus reform assessment and form part of the overall bus network in South Yorkshire, rather than a desire for all of these services to operate under the control of the MCA in future. As a result of feedback received during the consultation, a review of cross-boundary services to be included in the franchising scheme took place.

The core assumptions and principles underpinning this review were to ensure that the scheme facilitated the retention or improvement of cross-boundary bus services, that bus services currently operated from depots outside South Yorkshire can continue to operate from those depots once franchising is in place, and that dialogue and agreement in relation to cross-boundary bus services with both operators and neighbouring authorities would always be sought.

Following this review, a number of modifications to the Proposed Franchising Scheme have been made. The MCA's view is that these changes do not materially affect the conclusions drawn in the Assessment.

A number of bus routes have been removed from the Proposed Franchising Scheme as they currently operate from depots outside South Yorkshire and/or serve a market outside South Yorkshire. The MCA expect that these routes would continue operating within South Yorkshire while bus franchising is in place, under a Service Permit. A Service Permit scheme for South Yorkshire would be subject to a future consultation with bus operators.

A number of cross-boundary bus routes have been retained in the Proposed Franchising Scheme, although the MCA do not currently intend to include these routes within future franchise contracts. The MCA expect that these routes can continue operating within South Yorkshire while bus franchising is in place, under a Service Permit. In the transition phase, the MCA would seek to convene discussions with the existing operator and the neighbouring authority to agree in principle how the routes would be operated in future. If an operator in the future chooses not to operate these routes commercially under a Service Permit, then their inclusion in the scheme gives the MCA the option of franchising these services without varying the Proposed Franchising Scheme. The portion of the route operating outside South Yorkshire would be operated under a contract and subject to normal on-road competition. In these cases, the MCA would seek the agreement of the relevant neighbouring local authority before contracting such a bus service to operate in their area. In some cases, it may be appropriate for the relevant neighbouring local authority or another partner to contribute to the running cost of the service, for the contracted service to be part of the neighbouring authority's ticketing scheme, concessionary travel scheme or for the service to be part of a local BSIP initiative.

A number of other cross-boundary bus routes have been retained in the Proposed Franchising Scheme and the MCA do intend to include these routes within future franchise contracts. These routes are of strategic importance to the MCA and in the MCA's view they largely serve South Yorkshire residents and businesses. The portion of the route operating outside the region would be operated under a contract and subject to normal on-road competition. In these cases, the MCA would seek the agreement of the relevant neighbouring local authority before contracting such a bus service to operate in their area. In some cases, it may be appropriate for the relevant neighbouring local authority or another partner to contribute to the running cost of the service, for the contracted service to be part of the neighbouring authority's ticketing scheme, concessionary travel scheme or for the service to be part of a local BSIP initiative.

Given the introduction of bus franchising in West Yorkshire, routes which operate between West Yorkshire and South Yorkshire have been retained in the Proposed Franchising Scheme. However, their inclusion at this stage does not signal a current intent to include or not include them in the MCA's franchising contracts. Both the MCA and WYCA (as outlined in their consultation response) consider these routes to be important. The MCA's view is that given their importance it cannot be relied upon that operators will choose to continue to operate these routes commercially under a Service Permit once franchising is in place in both regions and their inclusion in the scheme would retain the option for them to be operated under a franchise or a contract in the future, including options to co-franchise services with WYCA. The MCA would seek discussions with WYCA on the operating model for bus routes operating between two franchising schemes to ensure the right level of cross border bus provision and the interoperability of ticketing schemes is facilitated.

In order to address these cross-boundary service considerations, paragraph 5 of the Proposed Franchising Scheme now includes wording to cater for the scenarios described above. Annex 1 of the Proposed Franchising Scheme has also been updated to reflect the considerations set out above to list all necessary services.

Date for entry into local service contracts

In response to comments on implementation timescales, this is amended to 4th January 2027.

Date for operation of local service contracts

In response to comments on implementation timescales, this is amended to 5th September 2027.

The changes to dates set out above exceed the legal requirements as set out in Section 123H(2)(d) of the Transport Act 2000.

Transition Period

Next Steps

The Mayor, on behalf of the MCA, will consider these consultation responses when making a decision on whether to proceed with the Proposed Franchising Scheme. The Transport Act 2000 ("the Act") allows the Proposed Franchising Scheme to be amended following the consultation in light of changes to the bus network or to reflect the consultation responses.

Following that, subject to the Mayor's decision, the MCA would commence implementation of the Proposed Franchising Scheme.