

Transport Committee

Oral evidence: [Buses connecting communities](#), HC 494

Wednesday 26 March 2025

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[Watch the meeting](#)

Members present: Ruth Cadbury (Chair); Steff Aquarone; Dr Scott Arthur; Catherine Atkinson; Ollly Glover; Katie Lam; Alex Mayer; Baggy Shanker; Rebecca Smith.

Questions 133–170

Witnesses

I: Graham Vidler, Chief Executive, Confederation of Passenger Transport; Judith Barker, Executive Director for Places and Connectivity, Cambridgeshire and Peterborough Combined Authority; Martin Dean, Managing Director for UK Regional Bus, The Go-Ahead Group; Stephen Rhodes, Director of Bus, Transport for Greater Manchester.

Written evidence from witnesses:

- [Confederation of Passenger Transport](#)
- [Cambridgeshire and Peterborough Combined Authority](#)
- [Go-Ahead Group](#)



Examination of witnesses

Witnesses: Graham Vidler, Judith Barker, Martin Dean and Stephen Rhodes.

Q133 **Chair:** Welcome to this morning's session. This is the third and penultimate session of our buses connecting communities inquiry. Today, we will be questioning regional transport leaders and experts. In our first panel, we are looking at franchising and its potential before turning to consider the effectiveness of the enhanced partnerships model in our second panel. Of course, we are particularly focusing on buses in rural areas and edge-of-urban-area provision. Could I ask the first panel to introduce themselves?

Graham Vidler: Thank you, Chair. My name is Graham Vidler, I am the chief executive of the Confederation of Passenger Transport. We are the trade association for the UK's bus and coach sector.

Stephen Rhodes: Good morning. I am Stephen Rhodes, I am the director of bus at Transport for Greater Manchester, which is now running a fully integrated franchise network.

Martin Dean: I am Martin Dean. I am managing director of Go-Ahead's UK regional bus division. I am also chairman of CPT, so I work very closely with Graham.

Judith Barker: Good morning. I am Judith Barker. I am the executive director for place and connectivity at Cambridgeshire and Peterborough Combined Authority. The mayor took the decision to move to franchising on 7 February, so this journey is very new to us.

Q134 **Chair:** Thank you very much. Several areas are exploring franchising, and Greater Manchester, as you say, has implemented it. What are the main factors that are driving local authorities to consider bus franchising as an operating model?

Graham Vidler: It is really important to distinguish between different types of franchising. It is very simple to think the options are, on the one hand, a commercial bus market where the local authority has little or no control and, on the other, the London model or indeed now the Manchester model where the local authority controls pretty much everything.

What I expect we will see in future is more local authorities looking at different shades of franchising rather than simply comparing those two extremes.

As the Bus Services Bill passes into law, we will see local authorities increasingly asking themselves questions such as, "Do I need to franchise some or all of my area? Do I only need to franchise a few routes, maybe just a town or city within my area? Do I need to take on full responsibility for revenue risk or can I share that with operators? Do I need to specify every aspect of the network, or can I set the minimum standards and let



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operators build on top of that? Do I need to own the buses and the depots or can I leave those in private sector hands?"

We are about to move into a much more sophisticated phase of considering franchising, where local authorities will compare the enhanced partnerships that they already have against a range of options. That will accelerate once the Bill becomes law later this year.

Stephen Rhodes: Our journey to franchising has been a long one. In that process, we looked very closely at various partnership approaches. The key requirement from a Greater Manchester perspective is around customer expectations, particularly the need to have an integrated and easy-to-use public transport system. This is not just about buses.

We see franchising as an enabler in that sense. The best way of demonstrating that, which is really up to date, is that this Sunday just gone we implemented tap-and-go contactless with capped payments across the bus and Metrolink system. That would not have been possible unless we had franchised the network. Within two to three months of the final of the three stages of franchising being implemented in Greater Manchester, we have put that measure in. It is very much about delivering for customers with clear accountability, clearly for the mayor. As the director of bus, I do not escape that accountability as well.

We are really positive about this. We are seeing some really good results coming through, which I am sure we will talk about as part of the ongoing discussion. We are in a good place now in terms of delivering and starting to deliver improvements. We have always said it will take many years to fully realise those benefits. This is not all about quick wins, albeit the expectations now are understandably that we make improvements and do that quickly. We are doing that, but it will take a long time to realise fully all those benefits. We are on that road, though.

Martin Dean: From an operator point of view, Go-Ahead has run a lot of networks in communities for a long time. We would like to think we understand what our customers want. As an operator, we run around 6,000 buses in England. Around 2,500 of those are in London, so we already run in a very regulated environment. We also run lots of services outside. We run in Singapore, Australia and Sweden. We are used to doing regulated and deregulated.

Chair, you asked why some local authorities are looking at moving towards franchising. Where there are fixed-track systems, complicated urban areas and a need for economic growth, there is a desire for more of a controlling mind in the transport authority. I agree with Graham: there is a whole range of options available. As we move forward, it could be that the major metropolitan areas see franchising as the way forward, as Mr Rhodes has mentioned for TfGM, but there could be a range of other options that we might explore in other areas, as Graham has mentioned.



Judith Barker: We completed our public consultation in the autumn of last year, so we have spent a lot of time articulating what the benefits and considerations are in franchising. We had a bus strategy that was agreed in 2021. That had four key areas: to enhance and have an integrated network; to have bus services that contribute to economic, social and environmental goals; to be able to co-ordinate services and ticketing, to stabilise services and to offer better information; and, finally, to maximise value for money. The conclusion of our assessment was that the only way we could deliver that was through a franchise model. Those are the benefits that we are trying to achieve through going through the franchising plan.

Two really critical things came out in the board meetings and the committee meetings. First, there is a real desire to have a network that responds to the public good and delivers for the communities in those areas in a co-ordinated way. Secondly, we needed to allow the cross-subsidy. Graham mentioned that the model could cover a whole area or just a part. One of the critical parts of our model is to cover the whole area to enable the profit-making parts of the urban areas to subsidise the rural areas. That cross-subsidy is key, and therefore covering the whole area was key for us.

Q135 **Chair:** Thank you. From now on, do not feel like you all have to answer every question, but come in if you have anything specific to add.

What are the greatest risks for local authorities in transitioning to franchising? You have touched on a couple of mitigations, but what are the greatest risks? Other areas are looking at other models.

Judith Barker: As you can imagine, through the consultation period there has been a real focus on the risks for the local authority because it is a very large step to take. A 30-year business plan is very challenging, clearly, when we have annual funding. We have to plan and prepare an assessment over a 30-year period to 2054.

For us, the key risks are around that annual financial settlement and needing to plan in the longer term. Clearly, there is a risk that we lose Government funding over that period. There is also the risk around operational income, the fare box. Nationally, there is a reduction in the number of passengers. That is not what is happening in our area, but it is a risk. There is also a risk that the tender prices come in higher than we have budgeted. That means there is a risk that we may need to deliver a reduced service, which clearly is not the ambition of the mayor. The final risk that I would draw out would be about the cost of the depot, which clearly is significant, particularly in a high land value area like ours.

If I may just add one other factor, we have retained the fare cap at £2, although the Government changed it to £3. There is some anecdotal evidence that in some areas that has led to a reduction in passengers. We are concerned about the risk that that might have in our planning going forward.



Q136 **Dr Arthur:** The risk to local authorities is a really important thing to consider because the voters are the key stakeholders. Graham, what are your members saying about the risk to them as operators that could come with franchising?

Graham Vidler: I would flag probably three additional risks to the ones that Judith has already pointed out. One of them is the risk of distraction. While an authority and its operators are preparing for the transition to franchising, people can get distracted from all the bus service improvements that are made within the enhanced partnership. It is really important that the partnership that exists remains strong and focused on passenger improvements during that period.

Secondly, there is a risk that public expectations are raised a little too high. It is quite easy for the nuance of the very careful assessments that have been made in Manchester, Cambridge and Peterborough and elsewhere to be lost behind this public sentiment of, "We are going to change the buses. Therefore, the buses will get better". As Stephen said, it is not an overnight magic trick. It takes time and it takes money.

Thirdly—this is probably most directly salient to my members—is the risk that SMEs get squeezed out of the market completely. Many franchising processes are very complicated, complex and time-consuming. That can be a deterrent to smaller businesses that have been operating in the area for many years. We are really worried about how local authorities will work with us to manage that risk going forward.

Stephen Rhodes: Interestingly, in our position, those are the exactly the sorts of things that were thought about, in many cases some years ago, from a Greater Manchester perspective. Particularly, we thought about the risks of not franchising, which were really very significant. There was the risk of rising costs to prop up an uncommercial service and therefore being unable to take the holistic view that Judith talked about. That risk has not materialised.

I also wanted to talk briefly about the operator side of this. Clearly, a lot of effort goes into working with incumbent operators. In our case, there was a lengthy transitional period of well over a year between the first and last franchise. That is important. Great focus went into managing that transition. Interestingly, we had a very healthy amount of competition both in terms of the number of bidders throughout our three tranches and in terms of the quality and quantity of their submissions.

We are very alive to that. Funding will always be an issue for the sector, for all of us, whatever regulatory model we have. We have come through initially to that other side without any of those very significant risks materialising. Yes, we have put subsidy into the network, almost inevitably, but we were able, therefore, to control and influence things with fares, for example, to a much greater extent than was previously the case.



Martin Dean: I agree with all the things that colleagues have said. The other thing to bear in mind is risk to the workforce. We are all talking about the possibility of franchising and things changing. For our frontline colleagues, that can be really disruptive. "Will I still be paid the same hourly rate? What is going to happen to my pension? Will I be working from the same garage? Will I be driving the same route?"

Everyone needs to put a lot of effort into making sure you overcommunicate during those times to settle people and to make sure everybody is feeling okay about their jobs because the sector is one where there have been some shortages in the past. It is good to say that we now seem to be over that. That was a post-covid thing for a couple of years. We were short of drivers. When we are talking about franchising, it is really important that it is not interpreted as something that will cause a lot of uncertainty and disruption for our driver colleagues.

Q137 **Steff Aquarone:** Specifically to Judith, you have just completed a public consultation. I am interested in what it has told you so far, in particular about passenger expectations and local travel patterns. Has it revealed anything to you on those fronts?

Judith Barker: We had a consultation period that was open for 14 weeks. During that period, we had a series of face-to-face and online questionnaires, as you would expect. The questionnaires were very directly about the impact of the choice between franchising or an enhanced partnership. They were comparing the two and asking people to provide us feedback on those points. As you can imagine, the conversations that happened in the public meetings and in the focus groups that we held were much more wide-ranging than that. We had 1,653 submissions back. There was a really wide set of comments. Some of those picked up on some of the issues that we are talking about today.

We mentioned the key issue about access to the market for small and medium-sized businesses. We did a lot of work with our bus operators' forum and operators more widely. We had 11 operators, one large operator and 10 smaller operators, in our area. They were giving us feedback both on the business case overall, the proposition, and on specific things. They were asking us, for instance, whether we could extend the proposals for mobilisation periods to make sure there was longer to prepare for a bigger contract than they were used to doing. They were also asking for clarity around the lotting strategy. How many lots are going out over what time period? What support will there be for them to be able to learn procurement? Small businesses are not necessarily geared up in the same way to do that.

There were other things that came up. In particular, we had a lot of attendance at the meetings from rural areas. People were concerned about the connectivity and saying, "It is all very well to franchise, but, if we do not have a bus anyway, how is this going to change for us?" We were able to talk to them about demand-responsive transport, how that



might work and how we evaluate that so they were able to talk about that.

People also highlighted issues about reliability and frequency. Particularly, they asked us, “If it is under contract, what enforcement clauses will we have in the contract to ensure that the reliability is better than it is now?”

Overall, it was really wide-ranging; it was really rich. One of the commitments that we have made is to build on the engagement that we have done not only during the transition period but on an ongoing basis because we have got really rich information from it.

Q138 Olly Glover: I had a brief question based on what you were saying about SMEs potentially being squeezed out. Please do correct my ignorance, but the impression one gets of the bus sector is that it is largely dominated by Stagecoach, FirstGroup, Go-Ahead, et cetera, that generally run monopolies in the areas concerned. Again, please do correct me if I am wrong about that.

Graham Vidler: Yes, there are five major operating groups in England who have around about 80% of the market outside of London. It is very rare for there to be a monopoly or a near monopoly. When you get a monopoly, it tends to be a municipally run bus company, such as in Warrington, Reading or Ipswich. In most markets, you tend to have one or two of those larger operators and some smaller local businesses that provide services in addition to those. Most markets are quite mixed, in fact.

Q139 Olly Glover: Wherever I have lived that has definitely not been the case, and I have lived in a wide range of places. Maybe I have lived in unusual places.

Graham Vidler: I can certainly provide some further evidence to the Committee, if that would be helpful.

Stephen Rhodes: Our experience so far in terms of SME engagement has probably been quite mixed. The Greater Manchester market had consolidated so there were not very many incumbent SMEs remaining for franchising. However, we quite purposefully constructed a number of our small franchises around the three tranches in Greater Manchester to suit the SME sector. In other words, we constructed smaller contracts that were not a lot different in their geography and extent to some of the previous subsidised bus contracts.

We found it very difficult. We did an awful lot of engagement. We went the extra mile, which is fine, to meet, engage with, encourage and explain some of the background to that. We have one SME operator—it is a schools operator—in our first tranche to the north of Greater Manchester.



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I just wanted to draw out that inevitably there is a procurement factor here. There is a need to have a level playing field. That does need to be said.

Another factor is that we are trying to get consistent standards. That is also very important. Whether it is a smaller or a larger operator, that is really important.

When we do our re-procurement—interestingly, we are just starting that for our first franchises; we have taken the tentative first steps already—we are going to be looking at this issue again. As I said, we would like to do better. There is probably a need for the sector in some way, maybe with CPT help, to be able to have conversations with authorities such as ours. Many of those operators have bid successfully for tendered bus contracts before. Those were not franchises, but they have done something similar.

It is a bit strange that so far we have found it difficult to engage, but, perhaps just to finish my comment, in Greater Manchester latterly there were probably three or four SME operators of a meaningful size. Unless we are talking about bringing in new SME operators, which is a possibility, that sector has reduced over time.

Q140 Rebecca Smith: On the two things that we have just been discussing, I am just very conscious that both Greater Manchester and the Cambridge and Peterborough Combined Authority are already progressing down the franchise route or have already done it under the previous set of devolved powers. We are now facing a completely new set of devolved powers.

I am just interested to know how long it took you to deliver this and how you managed it. I am very conscious that a lot of what is going to happen in future franchising is in the mix of devolution, mayors, growing unitary authorities, planning changes and education changes. You sound like you are achieving some really great things. Martin added that little query about certainty in people's jobs. I am just interested to know how long your model took, what we might be expecting and therefore whether there might be an extension based on the current local government changes.

Judith Barker: The first decision to explore franchising was in 2019, but then covid intervened. It was really driven forward with the new mayor in 2021. The assessment was developed to set out the five cases, looking at the strategic fit, what was going to best deliver for our bus strategy, all the details around the financial and economic impact and the management and commercial cases.

That work was completed in May 2024. It was a large piece of work. The final assessment runs to 380 pages of quite technical modelling work, which had to be explored in detail to make sure the 30-year business case was properly considered. After that, it then went through an audit



process. We were working alongside the auditors for the latter part of the development to make sure the business case was robust in their eyes. They then completed an independent audit in July. The decision to consult was taken by our board in the middle of July last year. We did the consultation. As I said, in February we went through the governance process with all the reports on the consultation, so all our members could see all the considerations, and then the decision was made.

The decision was made in February 2025. We are looking to have the first franchises operating in autumn 2027. We did have to outsource. The assessment was undertaken for us by consultants. The audit has to be done in that way as well. There are some capacity issues within local authorities to lead this work, which you have highlighted.

Q141 Chair: Before we move on now, I have one additional question. During the last session in this inquiry we had some really great evidence around demand-responsive transport and how that has the capacity to improve connectivity in rural areas. Judith, you touched on DRT. Do you foresee, or do you have, DRT working in your regions, Stephen and Judith?

Stephen Rhodes: Our DRT is twofold. First, we have a ring-and-ride accessible transport service, which is at scale, as you would imagine in an area such as Greater Manchester.

Secondly, we have a much smaller Local Link service that particularly serves some rural areas. We have some semi-rural areas, such as Saddleworth, up near the M62 in the Pennines, but it is reduced in scale compared to some rural areas. That service is not currently part of the Bee Network and it is not franchised. It is run by operators under a more traditional grant arrangement. Inevitably, we are now looking at how that could form part of our Bee Network. It may well be, at some point, in part or full a franchised operation. We may well depot-share, for example, for some of that as well.

What is important to say for today is we have started and are under way with two so-called network reviews in Wigan and Bolton, which were the first areas to be franchised. We are looking at a connectivity assessment with the whole of Greater Manchester. Particularly before we do things such as improve frequencies on existing routes, we are looking at those areas that are not served and whether demand-responsive transport could have a greater role than it has had before, integrated within the Bee Network. That is something we are at the early stages of doing.

I feel fairly sure that we will in some way embrace it as part of the Bee Network. It was a step too far to try to do that up front. We are now referring to it increasingly, in our terms, as neighbourhood transport. "DRT" is good industry jargon, of which we have lots, but in Greater Manchester we are all trying to use the phrase "neighbourhood transport" in order to think about that connectivity and that local level. Many mainstream bus services are now franchised into rural areas. DRT has an



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increased role, we think, but it will possibly always be slightly different and less to more rural areas.

Judith Barker: Although Cambridge and Peterborough are very urban areas, we are surrounded by very rural areas. In Fenland we have some of the sparsest populations in England. We have quite a challenging and diverse area. Although we have primarily commercial services in the cities and intra-city, particularly on the busways, the majority of rural services are now either part-funded or wholly contracted by the combined authority. In practice, that is the rural service that we have now.

We still do not have the passenger numbers in some areas to sustain fixed bus routes. That is why we have been looking very seriously at demand-responsive transport. In 2023, we launched a trial service called the Ting, which had a combined app service where you could book one of four vehicles to take you from a village, perhaps in West Huntingdonshire, either to connect with another transport system, such as a railway station, or into a town or another village. That ran extensively across West Huntingdonshire.

After reviewing that, we have now rolled out what we are calling Tiger On Demand, which covers four areas in West Huntingdonshire, Fenland, East Cambridgeshire and South Cambridgeshire. There are four distinct areas. We have one app provider. We are centrally running the technology, which allows us to add additional vehicles or additional locations. There are designated points. It does not pick you up from home, but it does pick you up from designated points in the village. People can request an additional stop. We have done that, for instance, for people visiting National Trust sites to enable that to happen.

It is a flexible service. It only started fully operating on 11 January, but take-up is good. We are able to monitor the journeys that are being taken and learn from them. Particularly, we are able to learn from the communications. It is a different mode of transport and people are not necessarily used to it. Thinking about how we communicate and get those messages out is really important as well.

Martin Dean: I have one point on DRT. I totally agree with what colleagues have said. We have run some commercial DRT and some DRT on behalf of local authorities. There is a temptation to think it is a panacea for all rural transport issues, which it is not. Certainly, as Judith and Stephen have mentioned, there are some examples where it can work really well, but the operating costs of DRT are around 95% of a conventional bus service. Although the cost of the vehicle is cheap—it is basically a minibus—you have to pay for the software, which is pretty expensive. You are not going to save much money. You have to pay the driver the same amount of money, which is absolutely right. If you have a deeply rural area, it is difficult to consolidate trips. Then you end up being a taxi service, but a more expensive taxi service.



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The point is that DRT is good in some circumstances, but it is definitely not the panacea for solving all rural public transport issues. I know Stephen was not talking necessarily about rural areas, but that is just a point to make.

Chair: That is useful.

Q142 **Olly Glover:** Mr Rhodes, Manchester is the only area in England outside of London to have implemented franchising. How is it working in practice? I appreciate you touched on a bit of that in your introductory remarks, but it would be good to hear a bit more.

Stephen Rhodes: A key part of my role now, as the accountable lead from a TfGM perspective, is performance, by which I particularly mean punctuality and patronage. That is now a daily laser-like focus.

I wanted the opportunity to say this, so I will do it now. I have worked in the rail and bus sectors for 35 years now. There has never been a period in which the level of accountability and focus on day-to-day operation, in any regulatory environment, has been quite as it is now. It is very intense. For example, I have been looking at yesterday's performance right across the Greater Manchester system.

We are now, for the first tranche to be franchised, regularly performing now at above 80%. We have an 80% target. Of course we want it to be higher. That has come through putting in additional resource to drive up the performance of the network that we inherited, which frankly was not good enough. We all want and expect buses to turn up and turn up on time. There are a number of reasons why problems occur, including traffic and congestion, but we have done a lot there, particularly in that first tranche. It is now performing much better.

The areas that followed are tranches 2 and 3. Tranche 2 was a year ago last weekend; the last one was the one that started in the snow and ice in January. In those tranches, we have been at about 70% since early February. It was about stabilising what we have inherited. Before we get too carried away with the network reviews that I have talked about, changing the network and doing things better, it is about making those tranches perform.

Surprise, surprise: if the network starts to perform better, more people use it. In that first tranche area of Bolton, Wigan and parts of Salford, as I mentioned, we have patronage growth of—I will use a round number for the purposes of all those services—about 13%. More generally across the whole of Greater Manchester, it is around 4% or 5%. We have very stretching targets there. We have a 30% growth target in our bus strategy by 2030. We know we need to do a lot more, but the bedrock is that the network performs and that people will then use it, particularly with this ongoing simplification. To do another quick name-check, our tap-and-go ticketing system otherwise would not have happened. That



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makes it very easy for people. It reduces the barriers to travel by tram and bus, and speeds up boarding.

We have intervened in about 70 routes so far. They have all been quite minor changes. We have only put on one totally new route as yet, but, as you would imagine, there are lots of requests to do things differently. If something is not right and plainly is not working properly, we have intervened and we will continue to do so. That will not end; we will keep doing it.

Beyond that stabilisation and the relentless focus on service delivery, we are starting to think in a more structured way about how we review areas and how we could do more orbital services. Many bus services come in and out of Manchester, effectively. If you are in Rochdale, Oldham or Bury, for example, you want to be able to get around without coming into the centre. We know there is a big appetite for that, but we need to do that in a slightly more careful and considered way. We also want to improve frequencies. Many of those dropped in the run-up to and during covid. In a big urban area, and perhaps also in London, you would expect services to be running every 15 minutes. We want them to be every 12 or 10 minutes. We are starting to do some of that.

Going back to my earlier point, there is an awful lot more that we will do. We are also focusing a lot on customer information. We have a Bee Network app, which is proving very popular for ticket sales, vehicle tracking and so forth. We have made a tremendous amount of investment in our bus fleet. In particular, that means electrification, but it is not just about electrification. We are doing some innovative stuff about wheelchair and buggy spaces on our new buses, which is proving quite popular.

I want to say there is a real positivity and a real can-do approach, including with franchise operators. They are our partners in this. It is not just about managing a contract, though there is a contract. They are medium-length contracts. We want and expect them to take a Bee Network partnership approach and to continue to develop services over the length of the contract. I will stop there. I could talk about this for much longer.

Q143 **Olly Glover:** I have one very quick question. You mentioned that you have tweaked 70 routes. Roughly, how many routes do you have in total?

Stephen Rhodes: It is about 230. It is something like that.

Q144 **Olly Glover:** That is quite a high percentage.

Stephen Rhodes: They have been early or later services. We have also done a night bus. We are doing a 24/7 night bus trial. In the south of Greater Manchester, where the commercial services that we inherited had a night bus network, particularly a student network, that is traditional. That service brings people into the regional centre for the night-time economy, for drinks and so on.



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In this first area—it is the Go-Ahead operation in Bolton—we are trying to do those sorts of things so people can access shift jobs, such as those at the Royal Bolton Hospital. That is going to require subsidy. It will take a while for that to gain traction. We have to stick with it.

One of the problems of the system and the network that we inherited was that it changed far too often. We are making some of these changes thoughtfully. We are evolving the network that we have without making radical changes. We will continue, I am sure, to make those changes over time. We are really positive about where we have got to.

If you take that last tranche in the south of Greater Manchester that came on board on 5 January, that has only been going for two or three months. That is half of the entire network. Some of this is still quite new.

Q145 **Olly Glover:** It is good to hear your plans for night buses. From my time living in Greater Manchester and the West Midlands, it was remarkable how sparse the night offer was for such a large and densely populated urban area.

You have hinted at this with your answer about orbital routes—this applies to Greater Manchester as well—but often the big challenge is not just the focus on the large urban centres but connecting them well to the smaller towns in the area. Does the franchising model give you potentially more tools to improve that kind of connectivity?

Stephen Rhodes: Are you thinking particularly about cross-boundary services into, in our case, Derbyshire, Cheshire and so on?

Olly Glover: Yes, potentially.

Stephen Rhodes: Working with so-called service permits and cross-boundary operations are very much part of the initial stabilisation. That is working well. It means there is a safeguarding of some of those services in terms of the vehicles that are used and the ability to pay for Bee Network fares on some of those tickets. That is good.

Interestingly, there is a Bee Network service to Huddersfield, which you will know is in West Yorkshire. There are some services that are cross-boundary that are part of the Bee Network; there are others, such as those from Burnley, that are not.

That gets us back to the point that this is a network we have inherited. We are working with operators, including non-franchise operators such as Transdev from Burnley, to look at how we can improve that over time. We have really not lost services in any meaningful way. The network continues to evolve. We were very mindful not to lose really important connectivity. That is not just for the surrounding areas; in some cases, it provides really important links to Greater Manchester as well, on main corridors.



Graham Vidler: If I may just add to Stephen's answer, we very much agree that there is a fantastic transformation of bus services happening in Greater Manchester at the moment, but I would not want the Committee to have the impression that in some way this is an automatic result of franchising.

There is a recipe there, which lots of other local authorities are following under different regulatory models. That recipe involves a focus on punctuality and bus performance, listening to changing customer demands, putting on additional services particularly in the evenings and weekends and investing in new buses. It is happening in lots of places. In areas as diverse as Portsmouth, which is one of the densest places in the country, and Norfolk, which is one of the least dense, you are seeing passenger numbers go up by 15%, 16% or 17% over the last year.

There are lots of places who are able to do similar things to Greater Manchester under the existing enhanced partnership framework.

Q146 **Baggy Shanker:** Good morning. Does the franchising model equip local authorities with the tools required to understanding journey patterns and, if necessary, tweak them, as you said?

Stephen Rhodes: In our case, we have built capacity and capability over a long period of time. As one of the largest metropolitan areas, we started as a PTE with a lot of that expertise, but we have needed to add to that and to look at commercial skills in the organisation, for example. We have worked and continue to work closely with the DfT in that respect as well.

We have had to think about how we want and need to evolve the organisation and indeed what skill set should exist within operators. Just thinking about your question there, that has not happened automatically. It continues to be part of that evolution.

Q147 **Baggy Shanker:** Do you get information about journey patterns specifically?

Stephen Rhodes: It has been transformational in terms of the amount of data we have now got access to. Data is not in itself management information. Travel patterns that were, to some extent, previously commercially confidential—I understand that—are now data that we have access to. We have lots and lots of data about bus running but also about revenue and travel patterns.

This is part of what we are looking at with these network reviews that I have talked about. Although a lot of that is about engagement and consultation with local people—quite rightly so; it is their Bee Network—we can bring data and insight once things have bedded down and we have understood more about the network and its characteristics than we ever have before.



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Judith Barker: You raise a really important question about the evidence base that we have. We are not yet in the position that Greater Manchester is describing of having all that data. We have very carefully prepared a business case that sets out our case, but it was based on quite limited data. As you will appreciate, much data is commercially sensitive. We have data from those services that we contract, but we cannot force commercial operators to share some of their data.

A lot of the data that is held is not necessarily verifiable. When we were going through our assessment process, and in particular the audit, we were asked by the auditors to rely on national data because there was not enough of the local data to be able to build the case on. It is really important to appreciate this point. If you want to reach the point where the business case is sufficiently robust to pass an audit, getting that data in place is really significant and very challenging.

We need to think about how that could be enabled by more detailed collection of data and make sure local authorities have the resource to be able to collect that data. We need to ensure that there is a very firm evidence base to any decisions they are taking to move to franchising from an enhanced partnership or indeed change their enhanced partnership model.

Q148 **Baggy Shanker:** I assume that national data is quite generic. It is not going to be specific for your area, is it?

Judith Barker: No.

Q149 **Dr Arthur:** I am really interested in what you were saying, Stephen, about Manchester. This question touches on Graham's point as well. Somebody else started off by saying that we should not see franchising as a panacea. I am just trying to get to the bottom of this, Stephen. What has franchising enabled you to do in Manchester that you could not have done otherwise? Can we just be clear on that?

Some of the data from Manchester and the benchmarks you have picked, et cetera, will have inevitably caught what would have hopefully been the post-covid recovery. How much of the growth and improvement in your services is due to what you have done via franchising? How much of the rebound is a response to the aftermath of covid? Are you able to get to the bottom of that?

Chair: In many areas, many people got used to using their car when they did not before, and are not going to go back.

Stephen Rhodes: Quite simply, we would not be able to progress an integrated, joined-up and simple-to-use transport system if it had continued to be fragmented. We need to see it beyond just bus franchising. I mentioned about ticketing, but more generally—

Q150 **Dr Arthur:** This is a recent change, though.



Stephen Rhodes: It is. Effectively, a number of things have now come together. We are able to plan the network. We are able to look at the best use of the resource available. In certain areas of Greater Manchester, the network that we have inherited reflects a more competitive network. Are all of those links in quite the right place? Do we want to try to have a different network?

That will come through the engagement and those network reviews. We are able to plan a network that meets people's needs and we have a level of engagement there with local communities. That just would not have happened before. Our interventions would have been limited to being able to tender certain services that were loss-making, which would have given sub-optimal outcomes. The public funding would have been diverted in a particular way. We are now looking at it as filling the gaps in a joined-up network.

In terms of growth, I am very aware that there are some very successful long-established enhanced partnerships elsewhere in the country. It is interesting that where we have been doing this longest, in that tranche 1 area, is where the performance increases are highest at this stage because we have been working at it longer and more people are using it.

Q151 **Dr Arthur:** You can link that to the decisions you have made rather than other factors.

Stephen Rhodes: It is really difficult to be precise about that. From the perspective of my team and me, we have to have that laser-like focus on performance because there is definitely a link.

I could not sit here and say there would be zero growth if we had not franchised. I have said relatively little, compared to Judith, about our franchising assessment, but that took a very long-term view on how long it would take to turn around an inherently declining and fragmented bus network, particularly to the north of Greater Manchester. As I have said a few times, this is still pretty short-term. We have made a start, but to reach those really challenging targets, particularly 200 million journeys per annum by 2030, which is 30% growth, we are going to need to keep going.

Q152 **Dr Arthur:** You are benchmarking that 30% growth target against where you were coming out of covid.

Stephen Rhodes: Yes.

Q153 **Dr Arthur:** The target of 30% sounds great, but is it realistic or fair?

Stephen Rhodes: It is pretty stretching. It leads to a state of mind of, "What do we need to do?" We are not resting on our laurels or just looking at the performance of the existing network. I have mentioned orbital services and getting the frequencies up on our key radial routes out of centres.



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We have that narrative, attitude and approach in Transport for Greater Manchester, but, working with franchise operators, we also want to ensure there is a virtuous circle here. How do we really keep focused on improvements and doing innovative things? I am sure some of that would be there without franchising, but to a much lesser extent. In reality, it would probably tail off. Through this, we should be able to continue to drive improvements.

Dr Arthur: You are a great salesman for it. Thank you.

Q154 **Alex Mayer:** In a similar vein, Stephen, is the introduction of bus franchising in Greater Manchester helping attract new passengers? Are unique new passengers using the network as opposed to more passenger journeys being made? If so, who are they?

Stephen Rhodes: That is a really interesting question. We absolutely have to do that. Sometimes we can get a little bit obsessed with looking at who uses the network currently, albeit that any organisation needs to keep its current customers so it is quite right that we look at the satisfaction of those people.

The connectivity assessments in our network reviews are quite granular. They are looking at areas that are not served well and what we need to do to improve them. That is a core part of our network reviews, as we go forward.

We know there are some hard-to-reach communities. We can see that in many cases, though not all, the network has declined over time, so we know we need to intervene there.

We are reducing barriers through things such as the tap-and-go system that I mentioned earlier. That makes it easier for people to use the system. We are also maintaining the acceptance of cash to use bus services as well. We are very mindful about that.

A start has been made there. We are continuing to do survey work looking not only at our existing users but the wider population of GM. We are looking at what will attract people and enable people to use the network. It is interesting. That is about simplicity. Sometimes I find it a little bit hurtful. People say, "All you are doing is painting the buses yellow". That is part of it, but hopefully from today you can hear we are doing a lot more than that. It needs to be simple. We need to remove those barriers. That is a key part of the work that we are doing.

Q155 **Alex Mayer:** Is the growth in passenger numbers made up of new people?

Stephen Rhodes: It is both. I have mentioned it a lot today, but we are enabling people to tap and go around the tram system and the bus system and use both of those together. I was out at our interchanges on Sunday. There are people who only use the tram or only use the bus. Being able to use both is really important.



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Q156 **Alex Mayer:** Do you have any idea who these new passengers are? Are they commuters?

Stephen Rhodes: It is probably too soon to say in great detail, but we are doing research around that. We know that there are hard-to-reach groups that we need to get to.

Martin Dean: As an operator, we would say that to attract new passengers we need more punctuality and reliability, so we need more bus priorities. If we can get buses running more reliably and more punctually, we can certainly get more mode switching. It is very important.

Judith Barker: We are very proud of our work on the Tiger Pass. The mayor has been particularly passionate about the importance of getting people on to buses at the first opportunity, enabling them to reach learning and first job opportunities as well as using the bus for leisure.

In May last year, we introduced the Tiger Pass, which is free to all under-25s. Each ticket is just £1 if you have the Tiger Pass. We have 44,000 Tiger Pass holders, and last week we passed 1 million passenger journeys. A lot of people go to college using those passes. That is why it is so high. We are monitoring that really closely because we really believe that, if we can establish patterns of behaviour and get people to use buses at that age, that could be really game-changing for the future.

Chair: We are running short of time. We still have quite a few important questions to ask, so please keep your answers brief.

Q157 **Baggy Shanker:** I want to go back to local authorities. The Centre for Cities and others have said there are capacity issues and resource challenges for local authorities implementing bus franchising. How can those best be overcome?

Judith Barker: From our point of view, probably the most important thing would be longer-term funding settlements. Each combined authority has a different settlement. The funding settlement for Cambridgeshire and Peterborough Combined Authority will be very different to Transport for Greater Manchester's both now and in the future. Longer-term funding settlements allow us to plan in the longer term.

We have been able to supplement the funding that we have through the mayor's decision to have a precept. We had a £12 precept in 2023-24, and we will now have a £36 precept in 2024-25 and 2025-26. All of that money—it generates about £7.5 million a year—is used for buses. That has created some capacity, but clearly only some combined authorities have those powers. It is really important to recognise that there is not a staffing capacity in many unitary authorities and councils to be able to do this kind of work. It is a really important barrier for them to be able to progress this option.



Graham Vidler: Judith is absolutely right to flag the importance of long-term funding settlements, which are fundamental in a number of areas. There are some other things that the Government could be doing now. For example, the Government fund a body called the Bus Centre of Excellence, which has a really important role to play in training new staff, coming into local authority departments and in sharing best practice across local authority and operator communities. It is really important that Government continue to promote that as well.

Q158 **Katie Lam:** Just coming back to financial risks, several local authorities and councils have told us they simply could not afford to take on the franchising model. The up-front costs are very high and there is an ongoing financial risk if passenger numbers are lower than forecast. Could those of you who have implemented the model give us a sense of what your set-up costs were and how you manage that ongoing financial risk? How are you thinking about that?

Stephen Rhodes: We say quite publicly that our set-up costs were around £134 million. I have forgotten the decimal place, but I think that is precise enough.

Q159 **Katie Lam:** Where did that money come from?

Stephen Rhodes: That was funded largely locally. Clearly, I would echo Graham's comment. There is a need for continued ongoing funding.

Beyond that, there is clearly funding that goes into the network and there is a subsidy level. A few services are what you might call profitable in a standalone sense. Increasingly, we are trying to look at it not just in terms of a very simple cost per passenger and subsidy. That clearly is a relevant barometer, but this is also about opening up wider opportunities for economic growth and social inclusion.

A good example of this is the night bus that I talked about. It will always cost a lot of money to do a night bus operation. It is really important to be able to assess the benefits from something such as that. The social benefits go beyond the traditional way of looking at that in quite narrow public transport terms.

Judith Barker: At the moment, our set-up costs are probably a couple of orders of magnitude smaller than Manchester's. We had a contract to prepare the assessment that I described. We went through that process. We had a contract with the auditor. We had a contract to deliver the consultation. We had all the staff costs as well. As I say, we would be looking at a figure that is a couple of orders of magnitude smaller than the Manchester figure at this stage.

Clearly, we are just commencing on implementation. We have an implementation budget. We are setting up nine workstreams to work through all the work to get us to the autumn 2027 go-live. There is a really important piece here. The business that we would be taking over is a £70 million a year business. We will be running the bus services of



Cambridgeshire and Peterborough. It is a huge step from where we are now to there. Resourcing that implementation journey is massively important. Learning from the experience of others is critical to that.

Q160 **Katie Lam:** Was that similarly mostly locally funded?

Judith Barker: Yes.

Q161 **Katie Lam:** On that note about resourcing, the risks of franchising are not just financial; they are also about the capacity and capability to do the work of running the bus services. Mr Vidler, the Confederation of Passenger Transport highlighted that risk in its evidence. What risks do you see in devolving funding to areas that do not have that capacity and capability?

Graham Vidler: There is a very real risk of central Government money being devolved to local authorities—that is right and a good thing to do—but it not delivering the outcomes that we all want to see nationally. We have given the Department for Transport some suggestions for the sorts of indicators they might want to use to monitor local authority performance.

That is not hand-holding what local authorities do because local authorities know best but making sure the outcomes that matter most to passengers are monitored: are the buses punctual? Are there enough of them? Do they go to the places that people want to go? Fundamentally, are passenger numbers increasing? We need to make sure those things are tracked and monitored consistently across the country, so that central Government can understand whether they are getting value for money, delivered in different ways in different parts of the country, for the investment they are putting in. That is really important.

Q162 **Katie Lam:** Are there any other indicators? It is difficult to measure performance for something that does not already exist, but is there anything else that local authorities or central Government could use to assess the track record and decide whether or not an area was appropriate for franchising?

Graham Vidler: It has to be a locally driven decision. It is really important that local leaders are aware of the spectrum of options. There are different degrees of enhanced partnership. There are many things you can do with an enhanced partnership. There are different approaches to franchising, from a micro-franchising approach where you perhaps franchise a particular route or corridor through to the full integration approach that Stephen and his colleagues are taking in Greater Manchester. They all have different transition costs and different risks. They all have different costs and benefits. It is really important to consider them all.

Q163 **Katie Lam:** Lastly, we have touched on rural areas in a few questions. I just wanted to come back to that. I represent a rural patch of the Kentish countryside. Our written evidence was pretty consensual that franchising



is broadly not appropriate for rural areas. I came to this session today assuming that it would not be the right fit for my area. Judith, it sounds like you are a bit more positive about it. I know there are areas of Cambridgeshire and Peterborough that are very sparsely populated. I would be interested to hear a little more about why that is and whether anybody feels there is anything about the viability of rural franchising that perhaps we have not covered already.

Judith Barker: Throughout the consultation process, there were many different voices telling us different things. When you go to the meetings in rural and urban settings, you perhaps expect different voices. Interestingly, I would not say there was a rural-urban split in terms of support for franchising.

What people were seeing in rural areas was that lots of services had been cut, either completely or their frequency had been reduced. They felt they were not getting a service that was focused on the public good. Their kids could no longer get to school. They were making choices about schools based on where they could get to rather than which A-levels they wanted to do. They wanted a service that was going to fit the public good. They were not convinced that the current deregulated service was going to do that. They were therefore looking at that model as an alternative that seemed to be focused on the public good. Clearly, as Stephen has described, there is going to be a kind of lift and shift. Franchising is not the only option. It is money that ultimately pays for the increased services.

The other key aspect is seeing that there are commercial services in Cambridge and Peterborough and between Cambridge and Peterborough. There is an opportunity for the surpluses from those to be reinvested in rural areas to get better connectivity across the whole area. People were ambitious to see, instead of a perhaps more publicly focused service, whether that money could be retained to be spent in rural areas to improve their service and their access to cities.

Martin Dean: One point that I would make is that a lot of the services that have disappeared in rural areas since 2010 have been those that were sponsored by local authorities. It was not necessarily the commercial network that has reduced. A lot of it was the local authority services. I am not saying that to make a point against the local authorities. The point I would make is that rural franchising could work, but at the end of the day it is all down to money.

Q164 **Katie Lam:** If you are subsidising anyway, subsidising a franchise is "potato, potahto".

Martin Dean: Yes, exactly. The greater risk in rural areas is that inevitably you have fewer passengers. If you have fewer passengers and you want a better level of service, those passengers are going to have to pay for that higher level of service or it is going to have to come from



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local taxpayers. You still have the same problem that you have had for a number of years: how do you subsidise the rural network?

When Judith was talking about cross-subsidy, there is an equity point there. I am not saying it is not right, but it should be debated: is it right for people in urban areas to cross-subsidise people in rural areas? It is a debating point that should be talked about.

Q165 **Alex Mayer:** Judith, you said earlier that your MCA was already subsidising most rural services. Are they net or gross contracts?

Judith Barker: I would need to get back to you on the details of the contracts because we have a range of different contract styles. There is not one single answer to that. I would need to get back to you in writing with the details.

Q166 **Alex Mayer:** Stephen, were yours previously net or gross?

Stephen Rhodes: They were gross.

Q167 **Alex Mayer:** Did that give the authority some of the skills you needed when you moved forward into franchising?

Stephen Rhodes: Yes.

Chair: That is useful.

Steff Aquarone: Just talking about rural delivery, my rather simple and slightly bumpkin-ish view is that people want to get buses to places they want to go at times they want to travel at.

Chair: That is a bit radical.

Q168 **Steff Aquarone:** That is possibly quite reductive and certainly radical. Do we need to get over, in rural areas in particular, the idea of bringing buses to people's doors? Should we be looking at travel users making their own way to a place that might not be in the centre of every single village in order to catch a bus that fits the bill I have described? Does that make sense?

Judith Barker: That is how demand-responsive transport works with our mobility hub concept. If you were in a village in Fenland, for example, it is still bedding down but there might be two or three places in that village where you could travel from. You would book the demand-responsive transport; you would go to that point; you would get on and it would take you, say, to the nearest train station.

One of the things that we are very keen on—this has been discussed in depth at our board meetings, so there is a lot of political support—is the integration of bus franchising with other forms of transport. We absolutely recognise that DRT is expensive, as has been said on the panel. If it effectively becomes a taxi service, it is not going to work very effectively. We need to think about how we can get people to a point that works for the benefit of that market town or large village and brings more



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people into that place. That place should then become a place where the more fixed bus route runs or there is a train station.

Given the increased powers that combined authorities and strategic authorities are going to get and the work that Great British Railways is doing that, we are optimistic that the bus system will be much more integrated with rail going forward from where we are now. We are also working very closely with Active Travel England to think about how all of that connects in. That is clearly not a solution for everybody, but getting more people into central hubs and mobility hubs in market towns is going to be critical as part of an overall solution. It is not one solution; we need to tweak lots of things within the system and make them work together better.

Graham Vidler: I would simply add that this approach of building hubs, for instance in market towns, that people can get to is essential. The alternative is likely to be simply too expensive to do in one day. The Campaign to Protect Rural England looked at this issue a few years ago. They were advocating for a bus every hour in every village. They costed that as requiring about £2.7 billion of subsidy a year. It is probably not credible to spend that amount of money, so we have to look at ways in which we can get people to those transport hubs in market towns and on to the main bus network.

Martin Dean: There is one thing I would just caution everyone about in terms of connections and everything. If you look at our competition, which is the private vehicle, it is parked outside someone's house and they then drive to where they want to go immediately. You are asking people to make a connection at a draughty rail station where you have to wait 10 minutes. You need to think strongly about that integration and how it works. It can work in some cases, but we need to think about the competition.

Certainly, in the commercial sector the services that work the best are the ones that are direct and fast. They go down the radial corridors and they get people where they want to go.

Q169 **Steff Aquarone:** Do we need to be able to drive to these hubs, in that case?

Martin Dean: Possibly, yes. Park and ride is a popular concept. All I am saying is that, if we are looking at public transport and buses playing a much wider role than a last-resort form of transport, you need to think about the competition. The competition is the private vehicle. When you get into your car outside your house, you can go exactly where you need to go.

Steff Aquarone: Yes, I agree.

Chair: As I have intimated before, a lot of people switched back to cars or to cars over covid. Bringing them back to public transport for at least



some, if not all, of their journeys is presumably the challenge.

Q170 **Catherine Atkinson:** Stephen, you briefly talked about cross-boundary measures. What are the risks to neighbouring authorities if one area franchises but the others do not?

Stephen Rhodes: So far, our work suggests that they can be mitigated by working together. There is safeguarding that can happen if we look at those services properly up front and decide whether they will form part of a franchise or whether they will be cross-boundary and will run through a service permit.

Our dialogue with surrounding authorities, which is other combined authorities, shires and a unitary authority, suggests that those issues can be worked through. I probably would not want to add any more to that. I do not know whether you do, Judith.

Judith Barker: We are at a slightly earlier stage, but we are developing a service permit consultation with all the surrounding authorities. Indeed, they were invited and participated in the consultation process in the autumn. We also work with Transport East and England's Economic Heartland to make sure we are developing those relationships across the wider area. It is very clear that many residents on the west, for instance, gravitate more to Bedford. Their interest will be in how the services work there. Certainly, from the public point of view, that is really important. We believe that the work that we are doing in engaging with those service providers is really important.

It is also important to think about the private operators that are outside. For instance, Cambridge University are bringing people into Cambridge. There are science parks that are moving people around as well. We also need to make sure we are engaging with these other operators, as well as home-to-school transport. One of the things that we are very clear about is that some of the operators doing these routes are also delivering home-to-school transport. If that were affected in any way by franchising, that could be very difficult for home-to-school transport and indeed that business. We need to be very actively managing and understanding the negative consequences there could be. We are working very hard to make sure that we are considering that up front to make sure that does not happen.

Martin Dean: There is a risk because people's travel patterns do not respect administrative boundaries, but one thing that the Government could really do to help is around the service permit guidelines. The legislation that is being developed at the moment, which Stephen mentioned, is about the obligations of operators coming into franchised areas. That should be changed to rights. It is about rights rather than obligations.

Operators coming from outside a franchised area into a franchised area should have the right to join a ticketing scheme, the right to have access



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to a bus station and the right to have publicity as part of the overall publicity for a franchised area. That would really help to smooth that process.

Chair: That is very useful.

Judith Barker: I just wanted to add one thing. The differences are very real now. For instance, using our Tiger card you can get on a bus in Cambridge and go to Newmarket. When you are in Newmarket, you cannot use it to come back because you are in Suffolk. You have to pay a full fare. We are seeing these issues. Bus drivers and bus companies are experiencing these issues. It is happening now. We have to think really carefully. As you have just said, this is not how people live their lives. We need to think about how we have simple systems that people can use and operate to do their daily lives without these barriers.

Chair: Thank you very much. Thank you for reminding us why we are doing this. It is about people, how they travel and how they should be able to travel easily and hopefully cheaply as well. Thank you very much for your evidence. If there is anything that came up at this session or that you would additionally like to send to us, please do. That brings the first panel to the end. Thank you, as I say, for your time and your preparation.