


BUS FRANCHISING: ONE SIZE DOES NOT FIT ALL

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Bus franchising is a powerful approach that has had positive results in some of our largest cities. However, as bus transportation experts Richard Jeremy, and Maqbool Alibhai from SYSTRA's Bus Operations team explain, one size does not fit all.



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“Buses are the lifeblood
of the community”

Shadow Minister
PREET KAUR GILL

In the recent Westminster Hall debate on transport in the West Midlands, Shadow Minister Preet Kaur Gill made a passionate intervention on the subject of buses that will have raised a cheer from many: ‘Buses are the lifeblood of the community,’ she said, ‘they are indispensable for connecting people to jobs, opportunities, education, public services, and friends and family.’

All of that is undeniable, as is the fact that buses have been the poor relation of public transport policy for decades: generally neglected, often misunderstood and always underfunded. However, recent legislation that permits greater local authority control over bus services backed by new money to support rural areas, means that situation is changing fast: buses are getting their moment in the policy limelight at last. Greater Manchester has led the way, taking the region’s bus services back into public control in a London-style franchise system, a centralised, publicly owned body that contracts specific services to private operators through competition for the contracts rather than on-the-road competition for a local market. There’s a buzz in the bus world right now. So much so, in fact, that in some spheres franchising has come to be seen as a panacea for all the UK’s bus-related woes. But can it really be the whole answer?

Falling into decline

Critics have often contrasted the decline and incoherence in bus provision that can be seen in much of the country with the strength of the London network which was kept in public control using a franchise system. Under this critique, the centralised Transport for London (TfL) model allows for network-based route planning, integrated fare structures, co-ordinated bus priority and coordination with other transport modes including measures to disincentivise driving, while elsewhere there has been a free-for-all of private competition which led to the less profitable routes falling into decline while thousands of people were driven off the buses altogether by the combined frustrations of poor timetabling, operator withdrawals, opaque pricing and uncoordinated ticketing.

They attribute the current state of the UK’s bus networks to the related policies of privatisation and deregulation.

All of this is fair enough as far as it goes, although maybe a little rose-tinted: many UK bus services were in consistent decline before these changes were introduced. In fact it was the widespread shift towards car use which ultimately undermined the bus market in the UK: muddled Government policies encouraged road building in the 1960s whilst at the same time the Transport Act (1968) introduced the concept of Passenger Transport Executives (PTEs) and legislation in support of public sector subsidy for bus and rail.



LONDON EXAMPLE



It is undeniable that London is a powerful example of successful franchising, and maybe it's still too early to call Greater Manchester successful, but the signs are good. The simple fact is that not everywhere is a large city like London or indeed Greater Manchester with huge demand that can run complex services with minimal central government support. Smaller towns and cities, or rural regions without dense urban populations may find they need to consider alternative forms of franchising and bus regulation compared to the 'London model', even if this is the approach they wish to pursue.

Outside London

Taking control of service provision via franchising or a municipal model (as available in Scotland) includes taking on at least some administrative costs and a burden of risk currently borne entirely by the private sector under the commercial delivery models. Outside London, buses across the UK, excluding Northern Ireland, have been operating a commercial model since the 1980s, so it means that skills and expectations in the wider operator, local authority and consultancy sectors will face some steep learning if a switch to a franchise model of network planning and operation is rolled out entirely. The ideal of a rich eco-system of small and medium sized private operators of high-quality, competing for franchised routes is frankly unrealistic in many areas of the country (just as on-the-road competition has proved illusory since bus deregulation in 1986), and not borne out by experience to date in Greater Manchester. There will likely be costly tendering processes that run the risk of the same few big operators dominating the market through their economies of scale and global tendering experience.

Some local politicians may wish to respond by going the whole hog and running the entire local public bus service in-house or via an arms-length company with full ownership of the routes, buses, and staff. This was once the norm in many towns and cities across the UK, but now only a dwindling number of municipal bus operators exist (Reading, Nottingham, Blackpool, Warrington, Ipswich, Cardiff, Newport and Edinburgh, which all operate on an arms-length basis in the commercial marketplace) alongside the publicly-owned Translink in Northern Ireland, and some limited in-house direct operations focused on subsidised bus services. No current local authority has the legal right to start a new municipal bus operation in England or Wales, although it is legal in Scotland. Should legislation change in the future, local authorities will require guidance, not only for setting up operations but the financial risks in doing so, including daily operating costs and staff pensions. There are great examples throughout the UK including Pembrokeshire County Council, Wales, which recently took over a local operator to run a rural in-house municipal service.



Smaller Cities



A more practical solution for the smaller cities and less populous rural regions may be an intermediate step in the form of extensive enhanced partnership with private operators. Transport for Cornwall are showing what can be done to take back public control short of full franchising, while operating in a challenging rural environment. The Cornish authorities obtained the power to take the region's buses back into public control – something that undoubtedly concentrated the minds of the local bus operators – but did not put it into full effect. Instead, the local authority and the private operators found a way to work closely and cooperatively in partnership to create a service that has many of the benefits of the franchise approach – a locally branded, integrated service with co-ordinated fare structure and so on – while leveraging the commercial knowledge and skills of the private operators that work within that brand, setting high quality standards and avoiding the inevitable costs of having to create an entirely new body. The results have been eye-catching with usage already reaching something close to pre-covid levels.

So, it doesn't have to be Manchester-style franchising but, one way or the other, it is clear that greater public intervention in delivery of bus services can go a long way to repairing the rickety condition of many of the UK's networks. Whatever the approach, the focus must be on improving services and making them more responsive to broader policy agendas such as economic growth, tackling inequality, and delivering carbon net-zero: it is much easier for local authorities to apply and enforce standards for emissions, accessibility, comfort and inclusion when they are franchising the services or operating a much more extensive enhanced partnership.



GAINS FROM FRANCHISING

We have to be realistic about the gains from franchising outside of a wider integrated transport strategy: bus use began to rise in London during the mid-1990s as the bus priority network gained pace, integrated ticketing bedded down, traffic congestion drove people out of cars and the London Underground network operated at full capacity.

Less tangible benefits such as local identity and pride should not be neglected either, the popularity of the red buses in London has to do with more than just its well-integrated routing and fare structure; it is an emblem of the city, recognisable all over the world.

And factors such as community engagement should not be taken for granted. The City of Brighton & Hove is served entirely by private sector bus operators on a largely commercial basis and has the largest number of bus trips per head of its population outside of London. It has a large, influential bus users' group which works closely with the council to keep the operator in check and shape successful commercial bus routes.

Franchising is a powerful approach that can show excellent results, but one size does not fit all. The future of the UK's buses will be built on a variety of approaches tailored to local needs that finds a balance between the virtues of the public and the private sectors according to the local conditions. Flexibility has always been one of the great advantages of transport by bus – they don't have to follow the rails – even if that quality has often been underappreciated and underexploited. Buses really can be the lifeblood of our local communities, and it will be by taking a flexible, locally responsive approach to bus services, that we get that community heartbeat going once again.



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