

# A DEEP DIVE INTO ENHANCED PARTNERSHIPS AND FRANCHISING



Marc Winsland, Senior Bus Consultant at SYSTRA, took a deep dive into the challenges faced by rural bus operators and local transport authorities (LTAs) for the Transport Select Committee's 'Buses connecting communities' inquiry.



# ENHANCED PARTNERSHIPS AND FRANCHISING

**Sometimes it seems like you wait ages for a piece of legislation on buses and then three arrive at once. Or if not at once exactly, in pretty short order as these things go.**

Since the Bus Services Act in 2017 which gave franchising powers to Mayoral Combined Authorities, we have seen the 2021 National Bus Strategy which gave us Bus Service Improvement Plans (BSIPs), Enhanced Partnerships and price caps, and now we see the 2024 Better Buses Bill coming into view with yet more major changes promised. And while it is all very welcome, this focus on buses, which have so often seemed to be the poor cousin to rail and private car transport, has created a potentially complex policy landscape which is not easy to navigate for those tasked with improving local bus services. Which is why we at SYSTRA were pleased to receive the call for evidence by the Transport Select Committee as they set out to assess the impact of government policies on the delivery of rural bus services.

The scale of the challenge that these policy instruments are designed to address is difficult to overstate. Rural buses are in crisis, probably the deepest crisis they have ever faced, and the underlying causes of the crisis are many and complicated. Rural services have declined by over 25% since 2010 under pressure from rising costs, shrinking funding following the 2008 economic crash, and declining demand - the last factor being hugely amplified by the effects of the pandemic from which bus services have struggled to recover. The effect on services has been devastating and the impact on those parts of the community who rely on buses as a lifeline for social inclusion, economic activity and access to healthcare - including a disproportionate number of over 65s - even more so.

## **Complete control**

When it comes to stopping or even reversing the decline in rural bus services most of the interest seems to be generated by the idea of franchising which allows local authorities to take complete control over the planning, regulation and funding of their services while contracting out the running

of routes to private operators. The potential benefits of franchising are easy to understand; co-ordinated network planning; simplified bus services and multi-modal integration; lower, simpler fares; and clear, democratic accountability. A service designed more flexibly to fit the needs of a specific population rather than being driven by purely commercial incentives is likely to attract more users and better serve their needs. Currently franchising powers are only available to large mayoral authorities, but they are due to be extended to all LTAs in the new Better Buses Bill.

The potential is real, but some caution is called for. Greater Manchester is, so far, the only LTA to fully enact these powers, and while they are widely considered to be a success, they have come at some cost. It took Greater Manchester seven years and £135 million to implement a fully franchised bus network. Meanwhile, in rural areas, where the economics of operating bus services differ significantly, franchising has yet to be tested. Large, sparsely populated counties do not have the scale or concentration of demand that cities like Manchester can rely on and are further challenged by the need to coordinate cross-boundary services with the larger towns and cities that they connect to. Some largely rural authorities have already expressed scepticism about the level of risk and cost that franchising could incur, as have smaller bus operators who fear they will be unfairly vulnerable in the face of competition from the big corporates who are well used to competitive tendering. Potential new guidelines that allow for the direct award of franchise contracts to incumbent operators for an interim period while LTAs develop the experience and expertise needed to tender the whole network will go some way to mitigating these concerns, but we should beware of thinking of franchising as a panacea.



## Revolutionary promise of franchising

The revolutionary promise of franchising has somewhat overshadowed the practical reality of the rather more modest and light-touch policy instrument of Enhanced Partnerships. These have been widely implemented by LTAs and consist of a legal framework between authorities and operators whereby the LTA assumes direct control over significant parts of the service - which can include routes, frequencies, fares, standards and livery - while operators bid to run the service and are accountable for the delivery of defined standards. Enhanced partnerships have visibly improved services in urban and rural locations, but they remain fundamentally limited because they are not legally binding.

Operators may withdraw from the partnership and cancel their services without financial penalty, placing the LTA in a very vulnerable position. The effectiveness of enhanced partnerships is encouraging and demonstrates the possibilities of a light touch approach which offers authorities the time and scope to find their way towards network solutions without the dramatic overhaul and risk that franchising implies. But it is difficult to see a complete solution within the very limited scope of an instrument such as an enhanced partnership, and the hard fact remains that, by and large, rural bus decline has not been halted by their introduction. Cornwall stands out as an example of success, having grown patronage by 12% between 2019-2023, thanks to the additional boost of £23.5 million to slash and simplify ticket prices.

## Re-regulation

It looks likely - depending on funding and resources - that re-regulation will play a big part in the future of rural bus networks, although perhaps under the auspices of much more integrated and wider-reaching regional transport authorities, something we will discuss in later editions.

One thing that is even more certain is that a solution is needed fast if we are going to lift rural regions from the threat of transport poverty - when the costs of transport pushes a household below the poverty line - which is high and getting higher outside our towns and cities.





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