Wales Centre for Public Policy
Canolfan Polisi Cyhoeddus Cymru

Success factors for contracting and awarding bus franchising in Wales

High-level case study snapshots

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***Ruter** is the public transport authority for **Oslo and Akershus**, Norway

***Västtrafik** is the public transport authority for **Western Sweden** (Västra Götaland), Sweden

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Background

The Wales Centre for Public Policy was commissioned by the Welsh Government and Transport for Wales to provide evidence to inform the Bus Services (Wales) Bill and support Transport for Wales with key implementation decisions around contracting and awarding franchised bus services in Wales.

This publication is part of a series of outputs exploring practice-based and academic evidence on the key success factors for contracting and awarding bus franchising in Wales.

Overview of the framework underpinning case-study snapshots

Comparing different bus franchising models is challenging due to their unique contexts. To overcome this, we adapted van de Velde (1999) "Strategy, Tactics, and Operations" (STO) framework to develop high-level case study "snapshots" to cross-compare public transport authority approaches to governing, contracting, and awarding bus services. The STO framework, summarised in the table below, is particularly valuable for illuminating both the formal and informal dynamics between authorities and operators. It helps move beyond simplistic categorisations and distinctions, offering deeper insights to inform implementation decisions.

Note on the 'levels': Depending on the bus franchising model, the composition of actors, and which hold the responsibility or influence over what, will change at each of these levels. The value of the STO framework is that it better captures the nuance of transport governance and the relationship between the S/T and T/O levels.

Note on the methodology: Due to methodological limitations, these snapshots should be understood as an interpretation of Dr van de Velde's work. To produce these snapshots, case study authors responded to a structured template that was developed with Dr van de Velde's support. While the template was based on the STO framework, it also expanded to capture more detailed information on contracting and awarding and better respond to the main research questions.

MACRO

MICRO

Level	View	Definition	What's happening?	Focus	
Strategic What do we want to achieve?	**Longer term** ~5 years or more	Strategic planning involves setting broad objectives and determining how to achieve them. This level takes the initiative for the creation and the supply of services.	Transport governance; relationships; underpinning aims and objectives the role of bus in integrated transport; subsidy levels	Transport policy, market share, subsidy profitability, wider social, economic and environmental policy aims	*General service concerns*: Areas; Target groups, Inter-modality; Service-level standards
				Software What helps sell	***Hardware*** Vehicle-kilometers
Tactical Which services can help achieve these aims?	**Medium term** ~1-3 years	The tactical level translates aims into detailed service planning. It decides on: what to acquire to reach the strategic aims, how to design services, and how to be efficient.	Service specification; Time-table planning; Contract management; Performance management; Service levels and economies of scale; Key enabling factors	Fares, brand/image, additional services	Vehicles, routes, timetable
Operational How to produce these services?	**Short term** ~1-6 months	The translation of the tactical aspects into the day-to-day. This level implements the specifications and makes sure they are carried out in an efficient way.	Delivery/service production; People management (passenger behaviour and staffing); Route demand; Market intelligence	Sales, communication, data, staffing, day-to-day management	Infrastructure management, Vehicle rostering and maintenance, Personnel rostering

International case studies

CASE STUDY: **Jersey**

Transport Authority: Infrastructure & Environment Department (Transport section) on behalf of the Government of Jersey

Operator: CT Plus Jersey Ltd (LibertyBus) a subsidiary of Kelsian UK

Net-cost / Gross

Overall approach: Jersey has a net-cost, subsidy model with profit share for all public and school bus services. It also is a single-operator model awarded on quality-cost tender basis.

Maturity

Since 2001 Jersey has developed its current approach to competitive tendering including having a gross-cost model from 2006-2012.

Initial net-cost franchise started in **2013** and was **re-tendered in 2024**.

Contract overview

Route / Area / **Network** / Mixed:

What's contracted:
Public and school service networks covering the whole of Jersey, consisting of:
- 25 public routes operating year-round, 7 days a week
- 65 daily journeys to and from schools

Contract duration:
10 years, with up to three possible 1-year extensions. Extensions are based on achieving and maintaining objectives specified in the contract.

Incentives and performance:
- Milestone contract-extension KPIs
- Monthly and annual KPI targets to assess operator general performance
- Operator retains fare revenues
- Profit-share between Authority and Operator
- No future pre-tender qualification

Key enforcement:
- 20% subsidy payment retention in arrears
- Service failures incur up to 200% driver and mileage cost fines

Contract and service adaptability

Low = fixed, Specified by authority — **Adaptable** — **High = open**, Operator freedom

1 – During tendering

2 – During contract award period

Asset ownership and risk

- **Contracting Authority**: owns and provides the operational facilities rent-free to the operator e.g. depot, bus station.
- **Operator**: owns and provides all operational equipment e.g. vehicles, ticket machines, maintenance equipment, and back office operating systems.
- To mitigate service risk, the Authority has step-in rights to all operational assets on default/termination of contract.

GOVERNANCE AND COMPETITIVE TENDERING

Transport authority | Transport bureau | Regional government | Local authority | **Operator** | Civil society/customer

STRATEGIC

Who's involved here?

Working practices

Strategies are derived from Government policies or operator initiative(s), or both.

Responsibilities:

Policy concerns *Standards*

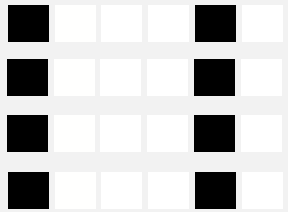
- Government sustainable transport policy and operator's incentive to increase passenger growth.
- Performance operational standards set out in Specification of Services included within Contract.

How this influences contracting:

Government policy is embedded in specification of services, in particular contract extension KPIs, specification of vehicles, and frequency improvements.

TACTICAL

Who's involved here?



Fares	
Routes	
Timetables	
Vehicle type	
N/A	N/A

Given Jersey's geography and population size, it tenders for a single network. There are no regional or area-based differences.

- For the first year of operation, fares, routes, and timetables are specified based on previous contract.
- The Operator can choose vehicle type to meet the specification contract requirements based on minimum seating capacity specified by Authority.
- Following the bedding-in period, Operator can request tactical changes for agreement by the Authority.

OPERATIONAL

Who's involved here?

Working practices

Operational matters and the promotion of the service are all for the Operator.

Sales | Information | Personnel | Maintenance

The Authority has some involvement in marketing and publicity of the service.

There is a clear distinction in the contract between regulatory and operational matters.

The Authority only has an oversight of operational matters, and performance, with a veto on variations or changes to the agreed service.

There are no differences between urban, semi-urban, and rural because the network is treated as a coherent whole.

CASE STUDY: **Ireland**

National Authority: Department of Transport led by Minister of Transport
Transport Authority: National Transport Authority (NTA)

National authority | Transport authority | Regional government | Local authority | Operator | Civil society/customer

Net / **Gross-cost**

Public transport bus services in Ireland are provided either under a public service contract with the NTA or under a license issued by the NTA. Public service contracts are for Public Service Obligation services (PSO) and can be: direct award contracts (with state-owned transport operators), emergency direct award contracts, or **competitively tendered contracts on a gross-cost basis.**

The NTA has a statutory function in the regulation of licenses. It approves applications by bus operators for a license to operate public bus services. It is also responsible for the licensing of public bus passenger services, which operate without a public subsidy.

Maturity

- Competitive tendering at scale started in **2017**.
- Up to two tendering cycles have occurred to date (depending on the contract).

Contract overview

Route / Area / Network / **Mixed approach**

What's contracted:
A range depending on conditions: route bundles, City networks, Town networks, and single routes.

Contract duration:

Larger contracts (including direct award):
- Up to 7years: 5yrs + 1y + 1y

Smaller contracts:
- Up to 5-years: on either 3+2+2 or 3+2 basis

Other contract types:
- Emergency direct awards on a 2-year basis where the NTA determines a PSO exists
- Shorter durations depending on contract

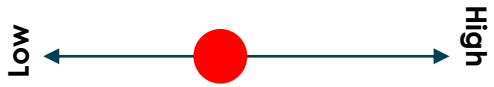
Incentives, performance, and enforcement:
- Incentive payments where performance exceeds performance standards
- Performance Management framework: punctuality, service quality, fare evasion surveys, "lost kilometer' standard
- Publishing Operator performance and deductions

Contract and service adaptability

Low = fixed, Specified by authority — **Adaptable** — **High = open**, Operator freedom

1 – During tendering

2 – During contract award period



Asset ownership and risk

Authority (NTA):
- Revenue and inflationary risks
- With limited exception, fleet provided by NTA to Operators.
- The NTA carries the risks of providing additional vehicles for service growth, congestion, etc.
- Ticketing and AVL equipment and systems provided by NTA.

Operators:
- Depots are provided by Operators, but strategic infrastructure will be provided by NTA in the future.
- Production and performance risks: e.g. meeting performance standards, staffing, fleet maintenance, and revenue protection

GOVERNANCE AND COMPETITIVE TENDERING

STRATEGIC

Who's involved here?

Working practices

- Minister of Transport
- Department of Transport
- National Transport Authority (NTA)

Responsibilities:

Policy concerns — *Standards*

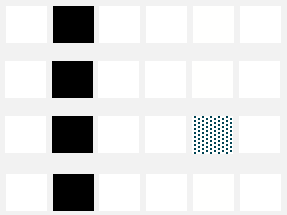
- Public Transport Policy
- Funding
- Tendering strategy
- National fares strategy

How this influences contracting:

- Priorities, allocation of Public Service Obligation (PSO) budgetary funding to NTA for provision of services

TACTICAL

Who's involved here?



The NTA designs the network with regional differences in:

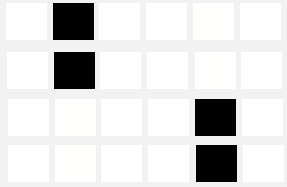
- Timetables
- Depot ownership
- Fleet ownership
- Simpler contracting regimes

The NTA is responsible for: identifying the PSO to inform service planning and specification (e.g. routes, timetable requirements, service frequency, vehicles, customer service requirements). It draws up contracts and sets performance standards.

Operators can negotiate contract terms and conditions during awarding. Under the contract, Operators can propose service variations to improve efficiency subject to NTA approval.

OPERATIONAL

Who's involved here?



Sales/Marketing are the NTA's responsibility: a single brand *Transport for Ireland* is provided for travel information.

- Operator has the production risk, including providing personnel and maintaining the buses.
- Operational performance data has to be provided to NTA's data management system to monitor performance against set standards.

Working practices

The key actors at this level are the NTA and contracted Operators.

For rural transport services: Ireland has a separate scheme throughout the country under the banner of Local Link (part of the NTA but separate to CT). Simpler procurement and contracting arrangements apply.

CASE STUDY: **Singapore**

Transport Authority: Land Transport Authority (LTA)

Net-cost / **Gross-cost**

Overall approach: The Bus Contracting Model is a **gross-cost contracting model** for public bus services in Singapore. Bus assets and infrastructure are owned by the Government to lower barriers of entry. Bus Operators bid for the right to operate through competitive tendering.

Maturity

Since **September 2016** with a total of 8 tenders for 7 packages to date.

Contract overview

Route / **Area (packages)** / Network / Mixed:

What's contracted:
The right to operate **bus routes** and undertake operations at anchor bus depots, interchanges, in return for a service fee payable by the Authority.

Routes are grouped into **14 bus packages** based on geographical areas. Each package is for 300-500 buses, supporting 25-30 routes, centered on an anchor bus depot. With competitive bidding, bus packages are awarded based on best value for money.

Contract duration:
5 years with possibility of 2-5 years extension subject to performance. The LTA tenders for 1-2 packages on average, each year.

Incentives and performance:
- Bus Service Reliability Framework
- **Disincentives**: Maintenance Audit Requirements on bus assets, infrastructure, and systems

Key enforcement:
- Quarterly meetings between the LTA and each Operator for reporting and performance review
- LTA conducts several audits and ad-hoc checks on Operators

Contract and service adaptability

Low = fixed, Specified by authority — **Adaptable** — **High = open**, Operator freedom

1 – During tendering

2 – During contract award period

Asset ownership and risk

The **LTA carries the full revenue risk** of the public bus system and assumes inflationary and financing risks. It funds operational and infrastructure assets to enable Operators to focus on operational issues.

LTA: owns bus operating and infrastructure assets including: depots, interchanges, terminals, buses, charging equipment etc.

Operators: are responsible for operations and maintenance, but with strict oversight from LTA. This includes recruitment, training, and delivering high service standards.

This approach has resulted in Operators bidding for lower margins, when compared to other competitive tendering models, since the Operators only carry operations risk.

GOVERNANCE AND COMPETITIVE TENDERING

Transport authority | Public Transp. Council | Regional government | Local authority | Operator | Civil society/customer

STRATEGIC

Who's involved here?

Responsibilities:

Working practices and responsibilities

LTA has the central role of planning bus routes and service standards and monitoring operator compliance to operational and contractual requirements.

The **Public Transport Council** (**PTC**) regulates public transport fares and ticket payment systems to achieve a sustainable, affordable public transport system. Commuters can direct questions, feedback and suggestions to LTA, PTC, and/or Operators.

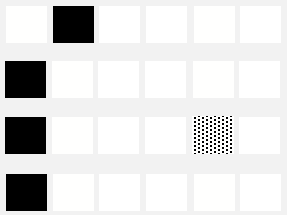
How this influences contracting:

Tender specifications are structured in line with performance-based incentives, defining service standards and operational KPIs to drive accountability of Operators.

During the contract term, LTA works with Operators to drive collaborative initiatives for win-win outcomes.

TACTICAL

Who's involved here?



Fares	
Routes	
Timetables	
Vehicle type	
N/A	N/A

The LTA does bus route planning, the procurement of bus assets, and monitors performance to specified service standards and adherence to operational and contractual requirements.

With a focus on electrification, and plans for a large-scale deployment of electric buses, LTA tender specifications were updated with a request for Operators' plans for supporting fleet electrification.

During the award period, Operators can continue to innovate to enhance the efficiency of the services, but bear the the investment costs for additional systems to improve operations and/or monitor efficiencies.

OPERATIONAL

Who's involved here?

Working practices

Operators operate the bus services and maintain the bus assets, infrastructure and systems.

LTA tracks Operators' performance.

Sales
Information
Personnel
Maintenance
Workforce

Operators bid for: the right to operate services; manage daily operations to meet performance standards (outlining their resource requirements and systems to monitor service performance); collect and enforce fares approved by the Public Transport Council; and invest in: recruitment, staff training, and increasing bus workforce professionalism.

Learning from past tender returns, the LTA adjusted prospective tender requirements to reduce operational costs while not compromising our operational and maintenance standards.

Singapore has no rural bus operations as it is highly urbanised.

CASE STUDY: **Västtrafik**, Western Sweden

Regional Government: Region Västra Götaland
Regional Transport Authority: Västtrafik

Net / **Gross-cost**

Overall approach: a partnership-based approach to the competitive tendering of bus, train, and ferry services using longer gross-cost contracts with incentives.

Overtime, Västtrafik has developed a collaborative model that emphasizes partnership with 40 Operators and being an attractive contractor.

Maturity

Competitive tendering started in Western Sweden in **1995**. Contracts have always been 8-10 years with regular tendering cycles (at least annually) of different modes, including bus, to maintain tendering competence within the authority.

Contract overview

Route / **Area** / Network / Mixed:

What's contracted:
All modes except trams. Generally, contracts are for an area, but express buses are tendered by routes in a package. In Gothenburg, bus is tendered in three-parts i.e. each tender has one-third of the service.

The current model evaluates a combination of price and promised quality. Initially, price was the only criteria. To maintain healthy competition, combination bids are not allowed. Although these can lower price, SMEs can lose out.

Contract duration:
Contracts are generally for 10-years without extensions. Longer contracts proved better value-for-money since Operators were using the duration of the contract for the depreciation of buses.

Incentives and performance:
Key measures for incentives are ridership, on-board ticket validation, and punctuality. Additionally, bonuses are given based on customer satisfaction.

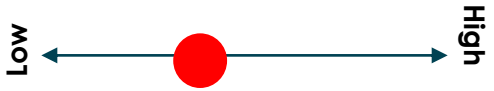
Key enforcement:
Fines are issued for canceled routes, not meeting promised quality levels, and non-compliance with bus specification.

Contract and service adaptability

Low = fixed, Specified by authority — **Adaptable** — **High = open**, Operator freedom

1 – During tendering

2 – During contract award period



Asset ownership and risk

Regional Transport Authority (Västtrafik):
- Owns or rents strategic depots in the cities.
- Is responsible for ensuring bus depots (including rural ones) have enough electric power to charge entire fleet, which is key for healthy competition.
- Västtrafik and the Regional government own all travel hubs.
- Västtrafik also own all trains, trams and some of the ferries.

Operators:
- Own buses.
- Run the fleet management control center.
- Manage the depots except in rural areas where Operators own the depots.
- Are responsible for the charging units for their electric bus fleet.

GOVERNANCE AND COMPETITIVE TENDERING

Transport authority | Transport bureau | **Regional government** | **Regional TA: Västtrafik** | **Operator** | Civil society/customer

STRATEGIC

Who's involved here?

Responsibilities:

Working practices and responsibilities

- Regional government: sets the long-term goals with a regional program for public transport and regional targets and strategies, such as for the climate and the environment and rural areas.
- Västtrafik: specifies and tenders the service based on theses goals and works with Operators, as partners, to achieve them.

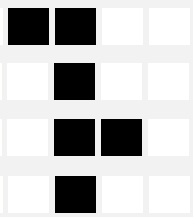
Nationally in Sweden, Transport Authorities and Operators agree on national standards such as buses, indexes, and the environment.

How this influences contracting:

Key regional and national strategies impact procurement and service design and delivery e.g., a regional strategy on climate has led to a growing fleet of electric buses (over 500 city and 100 regional); a strategy on minimum levels of public transport for rural areas; and national and regional equality strategies to make public transport for everyone.

TACTICAL

Who's involved here?



Västtrafik is responsible for the network and overall vision to make sustainable travel the norm but in collaboration with partner Operators.

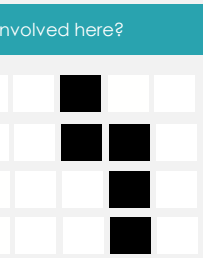
The only major change across service areas is with package sizes.

Each tender cycles take several years beginning with a pre-study followed by joint and individual consultations. Tendering documents are based on national standards and highly specify timetables, vehicle type, maximum and average age for buses, routes etc.

In pursuit of a sustainable supply chain, Västtrafik uses Global Rights Index ratings to approve of Operator vehicles. It will not accept buses from, or manufactured by, high scoring countries without an independent audit.

OPERATIONAL

Who's involved here?



Operators are responsible for daily operations, personnel, detailed timetables, bus maintenance, and information system input. Drivers also do manual data reporting e.g. with fare evasion.

Due to a bus driver shortage, Västtrafik added specifications on improving working conditions to tender documents and require the transfer of drivers when a change of Operator occurs.

Västtrafik provides all depots with power, while Operators provide all the charging infrastructure for their approved buses.

Västtrafik is responsible for: sales (mainly app. based), all information systems, and marketing. It also helps, if/when needed, with driver education and training.

Key differences for rural areas are that both fleet and rural depots are owned by Operators and contracted packages are smaller with fewer incentives. The governance and contract is largely the same across modes and areas, except for Trams.

CASE STUDY:
Ruter, Oslo and Akershus

National authorities: Ministry of Transport and Directorate for Administration and Financial Management (DFØ)

Regional Government: Oslo and Akershus counties

Regional Transport Authority: Ruter

*ITxPT = is a non-profit association with members from industry, operators and authorities. Its mission is to enable interoperability between Public Transport IT systems through open architecture and data accessibility standards to achieve the most efficient, sustainable and attractive means of travel.

Net / **Gross-cost**

Overall approach: Ruter has an approach that "puts the problem out to tender", not the solution. Ruter's model is customer-centric with essential, ongoing dialogue and interaction with the market. Contracts are flexible and functional (instead of specified) with options discussed through procurement process and contract period. Ruter does not tender tram and subway services.

Maturity

Competitive tendering started between **1995-1998**. There have been 4-5 tendering cycles for ordinary, long buses. For minibuses, there have been 8-10 tendering cycles.

Contract overview

Route / **Area (packages)** / Network / Mixed:

What's contracted:
Ruter tenders a package of routes with the possibility of modifying the production level during the contract period by +70% or -40%.

The dialogue-based approach to tendering means that energy suppliers are also included.

Contract duration:
Contracts are between 7-14 years with bidding cycle usually every 10 years (on average).

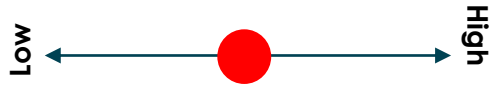
Incentives and performance:
Ruter has three key incentives with the bonus system outlined in the tender and discussed with Operators through the procurement process. Bonuses depend on: (1) how Operators score against customer satisfaction; (2) accurate and reliable information delivery to Ruter; and (3) start-up bonuses for on-time, quality delivery with at the start of new contracts.

Key enforcement:
Dialogue first with the possibility of fees/fines.

Contract and service adaptability

Low = fixed, Specified by authority — **Adaptable** — **High = open**, Operator freedom

1 – During tendering



2 – During contract award period

Asset ownership and risk

Ruter aims to spread and share risk through tendering and contracting.

Ruter focuses on service production, renting depots from the **Municipality** (which has a company and the capacity for asset and infrastructure ownership). Depot ownership is key to enabling fair competition.

Operators own fleets, subleases depots from Ruter, and have delegated management of depots.

Ruter takes a shared-risk approach to electrification. Operators take the technological risk since they know the the latest technology. Ruter and the Municipality are responsible for the "below-ground" infrastructure. Operators are responsible for charging equipment and any technology "above ground", but don't keep this infrastructure when the contract ends. Instead, ownership transfers to Ruter.

GOVERNANCE AND COMPETITIVE TENDERING

National authority · Regional government · County authorities · Local TA: Ruter · Operator · Customer

STRATEGIC

Who's involved here?

Responsibilities:

Working practices

The ITxPT* and customer surveys play key roles in centering public transport around customers. Specific work is done with key target groups e.g., disabled people and school children.

Policy concerns *Standards*

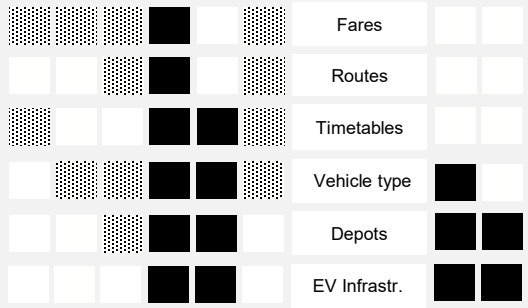
Ministry of Transport has the overall framework conditions for the national road system. The DFØ publishes guidelines for public service procurement and as such, play a role in Ruter's procurement process.

How this influences contracting:

EU regulations impact Ruter's procurement with advice from the DFØ on the implementation of EU regulations. Beyond those regulations, bus service production is mainly delegated to the counties.

TACTICAL

Who's involved here?

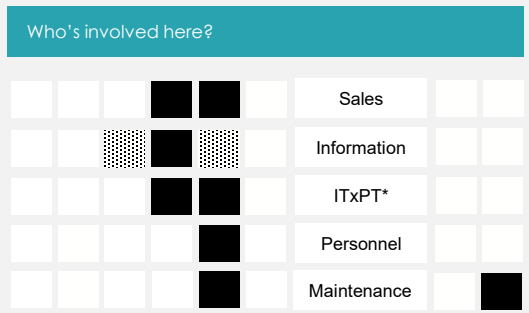


Politicians decided that Ruter should function as a service provider and own nothing. As such, Ruter concentrates on the customer and dialogue with Operators.

Given the integrated, multi-modal network, national decisions can influence the local, tactical level. A key impact is with rail network as it's owned and run at the national level, Ruter has to adapt it's integrated transport decisions to it. Also, certain political decisions influence the local, since trains are the back-bone of the Norwegian integrated transport network, there is a policy that wherever there is a train station, a bus has to feed and connect to it.

OPERATIONAL

Who's involved here?



Other key actors in Ruter's model: *Bus supplier* · *EV Supplier*

Technology is a shared responsibility. Ruter does the backend, and Operators deliver data to ITxPT.

Operators take the risk of implementing new EV technology (with support from Ruter) and works flexibly with Ruter to meet the functional contract specifications.

For rural areas, Ruter attempts to have the same model, but if the Operator desires to add an additional depot, they can, subject to certain rules.

Emerging case studies in the UK

EMERGING CASE STUDY: Liverpool City Region Combined Authority

Net-cost / **Gross-cost**

This is an ***emerging*** bus franchising model. The first round of procurement launched on **10 February 2025** with the intention of awarding the first two large franchise contracts in November 2025.

Overall approach: The Liverpool City Region (LCR) aims to harness the benefits of competition and partnership working through bus franchising to deliver an integrated Metro network for those who live and work in LCR.

Contract and service adaptability

Low = fixed, Specified by authority — **Adaptable** — **High = open**, Operator freedom

1 – During tendering

2 – During contract award period

Contract overview

Route / **Area** / Network / Mixed:

What's contracted:

LCR have two types of contracts—there are five **Category 1** (large) contracts and eight **Category 2** (small) contracts. Contracts broadly map to local council districts: St Helens, Wirral, Sefton, North Knowsley Liverpool, South Knowsley and Liverpool.

Contract duration:

5 years with an optional extension of 2 years

Incentives and performance:

- 2.5% bonus amount based on operational performance, service quality, partnering, and patronage growth

Key enforcement:

- 2.5% deduction amount based on operational performance, service quality, partnering, and patronage growth
- Penalties in contract
- Baseline levels are set for improvement from current model

Asset ownership and risk

- For **Category 1** contracts, the Combined Authority is purchasing depots and fleet.
- Operators will be leased the assets at a peppercorn rent (very low or nominal) with the responsibility to maintain them.

GOVERNANCE AND COMPETITIVE TENDERING

National authority | *Transport for LCR (TfLCR)* | *Regional gov. (CA)* | *Local authority* | *Operator(s)* | *Civil society/customer*

Key actors

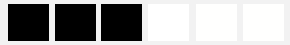
National Authority: Department for Transport (UK)

Transport Bureau: Transport for LCR (TfLCR)

Regional Gov: Liverpool City Region Combined Authority (CA)

STRATEGIC

Who's involved here?



Responsibilities:

Working practices and responsibilities

The Department for Transport (UK) sets the policy at the national-level with the Regional Government—Liverpool City Regional Combined Authority—focused on delivery and strategically deciding how to operationalise policy and transport for the LCR.

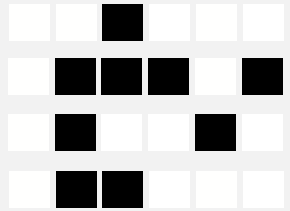
Key policy concerns are: Net zero; value for money; integration with other modes of transport; increasing connection and promoting mobility.

How this influences contracting:

- Customer at heart of requirements
- Social value included in delivery plans
- Future proofing for ambitions with net zero and ticketing

TACTICAL

Who's involved here?



Fares	N/A
Routes	
Timetables	
Vehicle type	

As the LCR endeavours to treat all districts fairly and equally, there are no area-based tactical differences. There is a differential levy for transport in Halton.

The LCR CA:

- Provide Category 1 fleet
- Specifies vehicle type and age for Category 2 fleet
- Sets fares strategy
- Sets network routes

Operators are responsible for timetable creation.

OPERATIONAL

Who's involved here?

Working practices

*At the time of writing, the model is still developing it's approach to contract and performance management for daily, weekly, and/or monthly contact with operators. This includes performance plans and reports.

Sales
Information
Personnel
Maintenance
Workforce

The CA is responsible for:

- marketing and advertising
- transport information
- customer comments

- **CA staff:** operate bus stations and Travel Centres in the LCR
- There is a **shared responsibility** for ticket sales. Operators sell tickets, but TfLCR also sell tickets at Hubs and online
- **Operators** are responsible for: drivers, engineers, and for the maintenance of fleet and depot

Given there are few rural areas in LCR, there are no key changes made apart from lower frequency services in less urbanised areas

EMERGING CASE STUDY: Cambridgeshire & Peterborough Combined Authority (CPCA)

Net-cost / **Gross-cost**

This is an ***emerging*** bus franchising model. At the time of writing, it was still in the early stages as a business case with the aim of starting bus franchising in **2027.**

Overall approach: To plan and deliver the bus network in a comprehensive and coordinated manner, CPCA seeks to use quality incentive gross-cost contracts based on three areas with multiple "lots" (packages) of routes awarded over three years.

Contract and service adaptability

Low = fixed, Specified by authority — **Adaptable** — **High = open**, Operator freedom

1 – During tendering

2 – During contract award period

Contract overview

Route / **Area (lots)** / Network / Mixed:

What will be contracted:

- Three areas with multiple "lots" (packages) of routes of various sizes

Contract duration:

- **7 years** with extension as part of the quality incentive

Incentives and performance:

- 2.5% extra annual contract award
- opportunity for contract extension

Key enforcement:

- No contract extension option

Asset ownership and risk

- Operators will own vehicles and most depots
- Two new depots will be constructed alongside large lots (packages) for two cities

GOVERNANCE AND COMPETITIVE TENDERING

National authority | *Transport bureau* | *Regional gov. (CA)* | *Local authority* | *Operator(s)* | *Civil society/customer*

Key actors

National Authority: Department for Transport (UK)

Regional Gov: Cambridgeshire and Peterborough Combined Authority (CPCA)

	Who's involved here?	Responsibilities:	How this influences contracting:
STRATEGIC	■ ☐ ■ ☐ ☐ ☐	*Working practices and responsibilities* The Department for Transport (UK) sets the policy at the national-level with the Regional Government. Mayoral decision for franchising is based on Transport Act 2000 (reviewed by Bus Services Act 2017). Following this decision the process is: Bus Strategy, Outline Business Case (current stage), audit, and CA approval and consultation. Key policy concerns are local transport policy and bus strategy.	Overall direction and objectives for business decisions
TACTICAL	☐ ☐ ■ ☐ ☐ ☐ — Fares ☐ ☐ ■ ■ ■ ■ — Routes ☐ ☐ ■ ☐ ■ ■ — Timetables ☐ ☐ ■ ■ ■ ■ — Vehicle type N/A — N/A	CPCA is the first English rural area to transition to bus franchising. Currently deciding whether the CA should retain the current network, amend slightly, or make significant changes.	• Politically-scrutinized decision about what to do • Also how finance and depot availability plays a role
OPERATIONAL	☐ ☐ ■ ☐ ☐ ■ — Sales, Information, Personnel, Maintenance, Workforce *Working practices* Existing and new Operators that enter the market will report to Contract Management and have detailed operational matters, vehicle acquisition, and maintenance.	At this stage, the plan is for Operators to acquire the vehicles to specification	A key consideration is how Operators may be able to acquire vehicles on time and to policy requirements

Rural and urban considerations: Urban and busway routes tend to be profitable. Rural and peri-urban routes are loss-making. Immediate focus on rural routes impacts revenue budget. Major urban networks require new depots to be ready.

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We hope these case studies, and the wider project outputs, are mutually beneficial and offer meaningful support to your ongoing work.

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