



## Department for Transport

### **Franchising**

#### ***Bus Services Bill information sheet***

We want to see more people using buses, particularly in congested towns and cities. Local authorities with franchising powers will have responsibility for specifying which bus services should be provided in the local area. This also includes other aspects of the service such as vehicles, timetables, fares and branding.

People need frequent and punctual services if taking the bus is to become a realistic alternative. Through franchising, local authorities will be better able to tackle the priorities for improvement that will increase passenger numbers and deliver maximum benefits to passengers.

Franchising will allow Local Transport Authorities (LTAs) to replace the current model of bus service provision in their area with a system whereby the authority specifies the services to be provided and bus operators bid to provide those services – akin to the system currently operated in London by Transport for London.

Government has now signed devolution deals with a number of areas, and provision of the powers for authorities to franchise their local bus services has featured strongly in those deals.

The franchising policy will replace the current Quality Contract Scheme (QCS) legislation as set out in the Transport Act 2000, in so far as it applies in England. The QCS process has not been implemented successfully; franchising is designed to be clearer and simpler to use.

#### ***Access to franchising powers***

Mayoral Combined Authorities will have automatic access to the franchising powers, reflecting the clear, directly-elected single point of accountability that an elected Mayor will offer for taking the key decisions on whether to proceed with a franchised bus market.

There may be some other LTAs that also meet this criteria and so the Bill provides powers for Ministers to return to Parliament in order for access to be granted. This will then be followed by LTAs applying for the consent of the Secretary of State before they can access franchising powers. This is designed to balance the flexibility needed to accommodate the devolution agenda, but also to provide some certainty and stability for the bus market.

#### ***Decision to use franchising powers***

The process that must be followed before using franchising powers will be based around the development of a five-case business case, and

independent scrutiny of the key aspects. The Bill will also require authorities to publish a consultation document in order for operators, passengers and other interested parties to input and comment on proposals. The final decision to franchise will be a local decision. In the case of a Mayoral Combined Authority, it will be the Mayor. In the case of other authorities the responsibility would sit with the Leader, Cabinet or relevant committee.

### ***Changing the market***

When franchised services commence operation in an area, the current deregulated bus market will be suspended in the franchise area. This will be an indefinite change and bus services will only be able to operate within that area if they are operated under contract to the authority or have been permitted to operate by the franchising authority.

### ***Community Transport***

The Bill will provide arrangements to ensure that community transport operators are not prevented from running services and are not burdened by obligations that would have this effect. Community transport services will not have to compete with the wider commercial market and will be allowed to continue as they do currently.

### ***Other policy considerations***

We are keen to ensure that small and medium sized operators are able to compete in a franchised environment, and intend to include requirements in the Bill to ensure that franchising authorities consider how, through their procurement strategy, they can facilitate the involvement of these operators. A 'permit' system is proposed to ensure cross-border services (running from outside a franchised area to within that area or across national boundaries) can continue to run.

Permits could also be used to allow commercial operators to provide services to fill any gaps that exist in the franchised network of services.

Franchising authorities will grant permits on the basis of a transparent set of criteria or principles, applied consistently.

### ***Pensions and TUPE***

The Bus Services Bill will include some specific provisions regarding pension protection and TUPE to deal with the impacts on bus industry employees of a move to franchising or enhanced partnership. The Bill will not, however, amend any substantive TUPE or pension legislation as we would not wish to interfere with the established framework or create any new precedents.

*Bus Services Bill Ministers are Andrew Jones MP and Lord Ahmad,  
Parliamentary Under Secretaries of State, Department for Transport*

*The Bus Services Bill Team can be contacted at: [Busworkshops2015@dft.gsi.gov.uk](mailto:Busworkshops2015@dft.gsi.gov.uk)  
The Bus Services Bill Manager is Stephanie Oxendale*