

Who is really in the driving seat?

Weighing up British bus operation.

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Introduction

Bus transport plays a pivotal role in the wider public transport landscape of Great Britain, serving as a vital means of connecting communities, facilitating access to employment and essential services, and contributing to economic vitality. However, the debate surrounding the optimal structure for bus operation in Great Britain has been a long-standing and contentious issue.

At the heart of this debate lies the fundamental question of who should be in the driving seat: public or private entities? Or perhaps, a mix of both?



The bus sector in Great Britain is a significant and multifaceted industry, comprising both urban and rural operations. The widespread utilisation of buses highlights the importance of them in connecting communities and providing essential mobility services.



Between March 2021 and March 2022, buses carried over
2.8 billion passengers
across England alone.

Annual bus statistics: year ending March 2022 (revised).

The debate over bus operation models

The debate over the optimal structure for bus operation in Great Britain revolves around two primary models: public ownership and private ownership. Public ownership proponents argue that direct control by local authorities or government entities ensures greater accountability, oversight, and responsiveness to public needs. They believe that public ownership can lead to improved service quality, lower fares, and a more equitable distribution of transport services.

In contrast, advocates of private ownership emphasise efficiency, market responsiveness, and innovation. They argue that private companies, driven by profit motives, are incentivised to optimize operations, reduce costs, and adapt to changing market conditions. They believe that private ownership can foster innovation and lead to a more competitive and dynamic bus sector.

An emerging model of bus operation across Great Britain

The choice between public and private ownership is not a simple binary decision. Each model presents unique advantages and challenges, and the optimal solution may vary depending on local circumstances and priorities.

Hybrid models, such as bus franchising, have emerged as potential alternatives that aim to combine the strengths of both public and private ownership. In bus franchising, the local authority or government entity retains overall control over the bus network, setting fares, routes, and service standards. However, the operation of bus services is contracted out to private companies through a bidding process. This model aims to leverage the efficiency and innovation of private companies while maintaining public oversight and control over key aspects of the bus network.



The road (or bus lane) ahead

The debate over bus operation models is likely to continue as the Great British bus sector navigates the challenges of the post-pandemic era. Factors such as changing travel patterns, continued prioritised investment into private motor vehicles nationwide, and evolving technological advancements will undoubtedly shape the future of bus operation in the country.

Understanding the strengths and limitations of different ownership models will be crucial for policymakers and stakeholders as they strive to ensure a sustainable, efficient, and accessible bus transport system for the nation.



History of buses in Great Britain

The bus sector in Great Britain has a diverse history, evolving from horse-drawn carriages to modern double-decker vehicles and playing a pivotal role in connecting communities and facilitating mobility for over a century.

The roots of bus transport in Great Britain can be traced back to the 18th century, with the emergence of horse-drawn trams and omnibus services (source: [Wikipedia](#)). Trams, operating on fixed tracks along city streets, also provided a more efficient and comfortable mode of transport compared to walking or horse-drawn cabs. Omnibus services on the other hand offered flexibility and route adaptability, catering to the growing demand for public transport in expanding urban areas.



The early 20th century witnessed the impact of technological advancements, as motorised buses began to replace horse-drawn vehicles. The introduction of internal combustion engines provided greater speed, range and capacity, paving the way for the expansion of bus networks, and establishment of intercity routes.

In the interwar period, the bus sector experienced a shift towards municipalisation, with local authorities taking over the operation of bus services. This shift was driven by the desire for greater control over service quality, fares, and network planning, ensuring that bus services aligned with public needs and transport policy.

The post-war era presented new challenges for the bus sector, with rising costs, increased competition from private cars, and changing travel patterns. In response, there was a gradual shift towards private ownership, with private companies taking over the operation of bus services from most local authorities.

In 1986, under the Transport Act 1985, buses across Great Britain (outside of London) were deregulated, opening up the market to increased competition. This led to a period of significant change for the sector, with new operations entering the market, alongside route rationalisation and an increased focus on efficiency and cost-cutting measures.

Today, the bus sector in Great Britain faces a range of challenges, including changing travel patterns, technological advancements around a commonly ancient network, and environmental concerns, with ever-growing pressure for a drop in single-car usage. However, there are also significant opportunities for innovation, such as the adoption of new technologies, and the integration of bus services with other transport modes.



Public bus operation

Introduction

Public bus operation, which is also known as municipal bus operation, is a model of bus service provision which the ownership and control of bus services resides with local authorities or public bodies in a given area. The model has been prevalent nationwide for decades, with varying degrees of implementation across different regions and cities.

Under public operation, local authorities or agencies owned by local authorities assume responsibility for everything – from planning and financing services to operating and managing bus services within their jurisdictions. This centralised control allows for a coordinated and community-first approach to bus service provision, and ensures that services are aligned with local transport needs. Decisions are made locally, for local people.

Advantages

Public bus operators are 'driven' by a mandate to deliver this essential public service, prioritising the provision of essential transport services to the community over maximisation of profit. This focus can translate into several benefits, including:

- Lower fares for vulnerable groups: Public bus operators often implement special pricing schemes to ensure equitable access to public transport for vulnerable groups, such as students, seniors and individuals with disabilities. These reduced fares can help alleviate financial burdens and 'transport inequalities'.
 - For example, Reading Buses, a publicly operated bus company, has a dedicated 'Boost' fare for students at the University of Reading, offering up to 1/3 off fares (source: [Reading Buses](#)).
- Universal service coverage: Public bus operators may be obliged to provide services across their entire jurisdiction, even in less densely populated or less profitable areas, given their public service mandate. This commitment to universal service coverage can remove 'transport deserts' and ensures that all residents have access to transport at a fair price, regardless of their location or socioeconomic status.

Public ownership can facilitate integrated transport planning, enabling seamless coordination between bus services and other modes of transport, such as trains, trams and active travel infrastructure. This approach can also offer several benefits, including:

- Optimised network efficiency: Integrated planning can optimise the overall efficiency of the local network, reducing congestion, improving travel times, enhancing network connectivity, and overall making for happier passengers and residents.
- Enhanced passenger convenience: Seamless coordination between different transport modes can significantly improve passenger convenience, reducing the need for multiple transfers and providing a more integrated experience of travelling.
- Improved passenger information and branding: Integrated planning can facilitate the development of centralised information systems and unified branding for the entire network, making it easier for passengers to navigate and access information about their services.

Public bus operation can foster innovation in bus services, as public entities have less of a commercial risk to exploring, for example, battery- or hydrogen-powered-buses, adopting real-time passenger information systems, or implementing demand-responsive services to meet evolving needs – once again leading to an enjoyable customer experience.



Drawbacks

Despite its advantages, public bus operation can face certain challenges. Public entities may be susceptible to bureaucratic processes and potentially slower decision-making, which can hinder operational efficiency and responsiveness to changes in the market. This inertia can manifest in various ways. For example:

- Limited flexibility in adapting to market changes: Public bus operators may face challenges in quickly adapting to changing travel patterns or market conditions due to bureaucratic constraints and need for approval from multiple stakeholders.
- Potential for mismanagement: Public entities are not immune to mismanagement from locally elected leaders, which could potentially lead to inefficient resource allocation and subpar service quality.

This last point on mismanagement could also be subject to political pressure and influence, which could affect service decisions. For example, public bus operators could be pressured to prioritise certain routes or schedules based on political considerations, rather than their mandate to local people to deliver a high-quality and inclusive service.





Case Study: Reading

Reading Buses is the primary bus operator in and around Reading in Berkshire, England. The company is owned by Reading Borough Council and operates a comprehensive network of bus routes within the country's largest town, and the surrounding areas.

The operator provides a comprehensive network of services 7 days a week and even 24 hours a day on its Emerald 5 and 6, Purple 17, Claret 21 and Yellow 26 routes (source: [Reading Buses](#)). The company has been transporting customers in and around Reading for over 100 years and has a fleet of over 150 buses, including 31 electric hybrid vehicles (source: [Reading Buses](#)). Since 2016, Reading Buses has won over 50 industry awards, including Top Shire Operator at the UK Bus Awards in 2018 (source: [Reading Buses](#)).

The company has also been recognised for its efforts to reduce carbon emissions and improve air quality in Reading. For example, Reading Buses does have a history with experimenting with biofuels, such as biodiesel and alcohol fuel. By 2008, the entirety of Reading's bus fleet was fuelled by a mix of 5% biodiesel and 95% conventional diesel (source: [Wikipedia](#)). In 2010/11, Reading Buses also had 31 hybrid buses delivered. However, these are no longer operated as hybrids, aside from one which was converted into a battery-electric trial bus.

However, Reading Buses has also faced challenges. The public ownership model can impose certain restrictions, such as investment in new technologies being constrained by budgetary limitations and the need to prioritise investment in essential services. This can hinder the company's ability to fully embrace sustainable practices and maintain a competitive edge.



Case Study: Nottingham

Nottingham City Transport (NCT) is the largest transport operator in Nottingham, with 300 buses providing a comprehensive network of services across the city at frequent intervals, 7 days a week. NCT's success can be attributed to its focus on network integration, taking advantage of technology, sustainability, and high service quality.

Nottingham has a high-quality, integrated public transport system, commonly used as an example of how transport planning should be done outside of London. The network has bucked national trends, with the second highest trip rates per person outside of London, and the National Highway Survey ranked Nottingham as first out of 111 authorities for public transport (source: [Transport Nottingham](#)).

The company has invested in modern, fully accessible buses and increased frequencies on core city routes, which has helped to attract more people to use public transport – while the City Council continues to take forward 'carrot and stick' measures to reduce car use closer to the city centre. NCT has introduced new technologies such as Wi-Fi and USB charging on-board, and improved passenger information systems.

NCT has been a pioneer in the use of electric hybrid and gas buses with 54 electric hybrid buses and 34 gas buses in its fleet (source: [Nottingham City Council](#)). The company has been recognised for its efforts to reduce carbon emissions and improve air quality in Nottingham. For example, working with its parent, Nottingham City Council, a Workplace Parking Levy (WPL) in Nottingham was introduced, playing a part in constraining congestion growth by 47% – and contributing to Nottingham's ambition to become the first carbon neutral UK city by 2028.

However, challenges have been faced. For example, the issue of congestion in Nottingham's city centre has led to delays and increased journey times of passengers. To address this challenge, NCT has worked closely with its parent, Nottingham City Council, to develop new bus priority measures, and deliver infrastructure such as bus lanes. This is something that may not be able to be done as easily without formal arrangements through private ownership.



Conclusion

Public bus operation offers a distinct model for providing essential public transport services, driven by a public service mandate that prioritises accessibility, affordability, and community needs over profit maximisation. While public bus operators face challenges such as potential bureaucratic inefficiencies, limited innovation due to budgetary constraints, and susceptibility to political interference, the model has demonstrated success in various case studies, including Reading and Nottingham.

Our key findings were that:

- **Public bus operators are driven by a public service mandate, prioritising accessibility and affordability for the community.**
- **Public ownership can facilitate integrated transport planning, enhancing network efficiency and passenger convenience.**
- **Public bus operation can foster innovation in bus services, exploring alternative fuel sources, real-time passenger information, and demand-responsive services.**

The future of public bus operation will depend on its ability to adapt to evolving challenges and opportunities. Addressing changing travel patterns, embracing technological advancements, and prioritising sustainability will be crucial for maintaining the effectiveness and feasibility of public bus services.



Private bus operation

Introduction

Private bus operation, which is also commonly known as commercial bus operation or for-profit bus operation, is a model of bus service provision in which the ownership and control of services reside with private companies or entities that prioritise profit maximisation within market forces. The model has gained traction in recent decades, particularly in rural areas outside of London, and since the late-1900s, dominates Great Britain.

Under private bus operation, private companies assume responsibility for planning, financing, operating and managing bus services, and can operate effectively anywhere once they have a permit to. This private ownership allows for greater flexibility in decision-making, responsiveness to market demands, and the pursuit of profit-driven objectives. Private bus operators tend to optimise routes, schedules and fares to maximise ridership and profitability.

In contrast to public operation, which is primarily driven by a public service mandate, private bus operators are primarily driven by profit maximisation for their shareholders. This focus on profit can lead to several distinct characteristics of private bus operation, such as:

- **Route rationalisation:** Private operators may prioritise routes that generate higher revenue, potentially leading to the discontinuation of less profitable routes or reduced service frequency in lesser populated areas, assuming they are not subsidised by local authorities.
- **Fare optimisation:** Private bus operators may implement fare structures that maximise revenue, sometimes resulting in higher fares compared to public bus services.

While private bus operation offers a market-driven approach to bus service provision, there are significant challenges, including potential for reduced accessibility, limited focus on social equity, and susceptibility to profit-driven decision-making that may prioritise financial gains over broader community needs.

Advantages

Private bus operation offers several advantages over public bus operation, particularly in its flexibility, efficiency and responsiveness to market demands.

Private bus operators offer greater flexibility in decision-making, allowing them to quickly adapt to changing travel patterns, market conditions, and technological advancements.

This responsiveness can manifest in various ways, such as:

- **Route optimisation:** Private bus operators can readily adjust routes, schedules and frequencies based on real-time ridership data and evolving demand patterns, ensuring that services align with passenger needs, while also not affecting the bottom line.
- **Technological innovation:** Private bus operators are often more inclined to adopt new technologies, such as real-time passenger information systems, to enhance operational efficiency.

Private bus operators are often driven by a strong focus on efficiency and cost-effectiveness, aiming to optimise resource allocation and minimise operating costs. This focus can lead to several benefits, including:

- **Reduced operational costs:** Private bus operators may be able to achieve lower operating costs through competitive procurement of buses, fuel and maintenance services.
- **Labour cost management:** Private bus operators may have greater flexibility in labour management practices, potentially leading to more efficient staffing and scheduling.

Private bus operators are directly responsive to market demands and passenger preferences, as their success (profit) hinges on attracting and retaining customers. This market-driven approach can lead to several positive outcomes, such as:

- **Customer-oriented service:** Private bus operators have a strong incentive to prioritise customer satisfaction, leading to improvements in service quality, reliability and responsiveness to customer feedback.
- **Targeted service expansion:** Private bus operators may expand services to underserved areas or introduce specialised services such as express routes or late-night services based on identified market demand.

In summary, private bus operation offers distinct advantages in terms of flexibility, adaptability, efficiency and market-driven service development.

Disadvantages

Despite its advantages, private bus operation also faces certain drawbacks and challenges that need to be considered.

The focus on profit maximisation under private bus operation can lead to reduced accessibility and potential inequalities in service provision. This can have large impacts on social equity, such as:

- Discontinuation of routes: If local authorities don't jump in to save routes, private bus operators may discontinue those that are less profitable, even if they are essential for certain communities or groups, such as students, seniors, or individuals with disabilities.
- Higher fares: Private bus operators may charge higher fares than public bus operators, potentially disproportionately affecting lower-income individuals or those reliant on public transport services.
- Limited service coverage: private bus operators may prioritise areas with higher ridership and revenue potential, leaving less populated or underserved areas without adequate bus services.

The profit-driven nature of private bus operation can lead to decisions that prioritise financial gains over broader community needs and public service objectives. This can have several effects, such as:

- Reduced quality and safety standards: Private bus operators may prioritise cost-cutting measures that compromise on vehicle maintenance, driver training or safety protocols.
- Limited investment in social equity: Private bus operators may not prioritise initiatives that promote social equity, such as discounted fares for students.
- Prioritisation of profitable routes: Private bus operators may focus on routes with higher ridership and revenue potential, potentially neglecting areas with lower ridership but essential social needs.



Private bus operators may not be subject to the same level of transparency and accountability as public bus operators, potentially leading to concerns about service quality, resource allocation, and decision-making processes. This lack of transparency can also manifest itself in many ways:

- Limited public scrutiny: Private bus operators may not be obligated to disclose detailed information about their operations, finances or decision-making processes to the public.
- Limited public engagement: Private bus operators may not actively engage with the community or stakeholders to gather feedback and address concerns about service provision
- Challenges in performance measurement: Assessing the performance and effectiveness of private bus operators can be challenging due to limited access to data, as well as lack of standardised measures and processes across private operators, making it hard to compare like-for-like.

Overall, private bus operation presents potential drawbacks in terms of reduced accessibility and social equity, susceptibility to profit-driven decision-making, and lack of transparency and accountability. These challenges need to be carefully considered when evaluating to effectiveness and appropriateness of private bus operation in different contexts.





Case Study: West Midlands

The bus network in the West Midlands county is privatised, and there several privately-held bus operators in the area. However, National Express West Midlands (NXWM), branded as West Midlands Bus, is the primary operator. The company operates bus services across Birmingham, and within Dudley, Sandwell, Walsall, Wolverhampton and Solihull, as well as express services to areas further afield such as Coventry.

NXWM has a close relationship with Transport for West Midlands (TfWM), an agency of West Midlands Combined Authority responsible for public and active transport network across the urban area. TfWM provides funding for infrastructure such as bus stations, provides information, pays for socially necessary services to operate, as well as funding several concessionary fares (source: [Transport for West Midlands](#)).

The introduction of mobile ticketing technology and Swift Go in the West Midlands has acted as a factor in improving bus patronage, while National Express West Midlands has also worked to make bus travel more affordable, increasing ridership. However, NXWM faces several challenges. The profit-'driven' nature of the company can pose challenges in maintaining low fares, particularly during economic downturns such as the cost of living crisis. The company also faces competition from other operators such as Diamond across the county.

NXWMs success provides several lessons for other bus operators. The company's close partnership with the regional transport authority, Transport for West Midlands, has been instrumental in improving bus services in the area, and the operator's commitment to making bus travel affordable for all (source: [National Express West Midlands](#)) has helped to increase ridership. For example, in September 2023, Transport for West Midlands invested £40 million into the bus network, including NXWM, to protect services at near current levels until 2025 (source: [West Midlands Combined Authority](#))



Case Study: West Yorkshire

The bus network in West Yorkshire is primarily run by private operators, with FirstGroup, Arriva and Transdev running approximately 85% of commercial mileage with a combined fleet of approximately 1,300 buses (source: [West Yorkshire Combined Authority](#)). There are 29 bus operators in the area, including smaller operators brought together through the Association of Bus Operators in West Yorkshire (source: [West Yorkshire Combined Authority](#))

West Yorkshire Combined Authority (WYCA) has entered a statutory partnership with local authorities and bus operators in the region to improve bus services in the urban area. The West Yorkshire Bus Alliance brings together the Combined Authority, bus operators Arriva, FirstGroup and Transdev, as well as smaller bus companies through the aforementioned Association.

The Alliance aims to provide quicker and more reliable journeys, further progress towards carbon-free services, easy-to-understand and affordable fares for people of all ages, and better travel advice and journey planning information. The Alliance also aims to improve customer service and facilities, such as more free Wi-Fi and USB charging points.

The West Yorkshire Bus Alliance has achieved several successes, including the introduction of the £2.75 countywide MyDay bus ticket for under 19s, and guarantees by the three big bus companies to provide a free travel voucher to any passengers not happy with their bus journey. The Alliance has also invested in new-ultra low emission buses that are more comfortable and include Wi-Fi and USB charging points.

West Yorkshire has the largest travel smartcard scheme (MCard) of its kind outside of London's Oyster card. The success of park and ride at Elland Road and Temple Green in Leeds, which are removing 9,000 car journeys from city centre streets, is another.

However, the bus network in West Yorkshire faces several challenges. According to WYCA, the existing commercially-led network is failing to deliver what the region needs, with bus use in long-term decline and struggling to recover fully from the impacts of the COVID-19 pandemic (source: [West Yorkshire Combined Authority](#)). As a result, increased public sector funding, which could be used elsewhere (such as introducing a public bus network) is required to maintain current service levels.

In the case of the West Yorkshire Bus Alliance, its ability to effectively regulate the behaviour of private operators may be limited by the influence of commercial and private business interests. Private operators are primarily driven by profit motives. Their decisions, routes, and service adjustments are often influenced by considerations of profitability.

This can hinder the Alliance's ability to ensure that bus services are aligned with the needs of the community and that equitable access to public transport is maintained.



Introducing BSIPs and EPs

Bus Service Improvement Plans (BSIPs) and Enhanced Partnerships (EPs) are two initiatives introduced by the UK Government to enhance and improve bus services across the country. BSIPs, developed by local authorities, outline comprehensive plans to improve bus services in their areas, while EPs establish formal partnerships between local authorities and (primarily private) operators to facilitate the implementation of these plans.

Bus Service Improvement Plans (BSIPs)

BSIPs are strategic documents that set out a vision and objectives for improving bus services within a local authority. These plans are developed through consultation with stakeholders, including bus operators, passengers and local communities, and typically include the following:

- A needs assessment: Analysing current bus service provision, identifying gaps, and inefficiencies in the network.
- Vision and objectives: A vision for what the future of bus services in the area should look like, outlining specific objectives to enhance social mobility.
- Implementation Plan: A detailed plan outlining specific measures, investments and timelines for implementing the BSIP.

Enhanced Partnerships (EPs)

EPs are formal partnerships between local authorities and bus operators, which are primarily established to facilitate the implementation of BSIPs. These partnerships aim to foster collaboration and joint decision-making between local authorities and operators, ensuring BSIPs are implemented efficiently.

Benefits of BSIPs and EPs

BSIPs and EPs offer several benefits for bus services, passengers and local communities:

- Improved service quality and reliability
- Enhanced accessibility
- Affordability
- Integrated transport planning
- Economic and social benefits

Research by The Guardian

In 2021, The Guardian published an article headlined “Bus privatisation has destroyed a British public service – but there is a way back”.

The article mentions that private operators have profited significantly, while passengers dependant on bus services have suffered greatly. Taxpayers are subsidising corporate profits, while companies run a service that is so confusing that riders have abandoned it in droves, which undermines efforts to reduce greenhouse gas emissions.

The article explains that in England alone- more than 3,000 local authority supported routes have been cut or reduced in the last 20 years, fares are up 403% since 1987 and ridership plummeted by 38% outside of London between 2016 and 2017.

Bus services are fragmented, with multiple operators running uncoordinated routes, each with their own tickets, schedules, and maps. Passengers also complain of an unreliable service and poor coverage. The privatised system has also proven expensive.

Conclusion

Private bus operation has become a dominant model of bus service provision in Great Britain, offering distinct advantages in terms of flexibility, efficiency and responsiveness to market demands. However, it does face inherent challenges related to reduced accessibility, potential for profit-driven decision-making, and limitation in transparency and accountability.

Our key findings are:

- Private bus operation prioritises profit maximisation, leading to route rationalisation, fare optimisation and marketing strategies aligning with financial objectives.
- Private bus operators do demonstrate flexibility in adapting to changing travel patterns, and adopting new technologies.
- Profit-driven decision-making can lead to reduced accessibility, particularly for underserved communities.

The future of private bus operation hinges on striking a balance between profit maximisation and broader public service objectives. By addressing the inherent challenges of private bus operation and promoting a more balanced approach, the model can continue to contribute to an efficient, accessible, and sustainable bus transport system for communities across Great Britain.

Bus franchising: A middle-ground

Introduction

Bus franchising stands as an alternative model to both public and private bus operation, offering a middle-ground approach that aims to combine the strengths of both models while mitigating their respective drawbacks. Under bus franchising, the local transport authority retains overall responsibility for bus services within its area, but the day-to-day operations are contracted out to private operators through a competitive tendering process.

This franchising model introduces several distinct characteristics to bus service provision:

- **Public ownership and private management:** The local transport authority retains control over the overall bus network, setting routes, schedules, fares and service standards, while private operators manage the day-to-day operations, including vehicle maintenance, driver recruitment and service delivery.
- **Competitive tendering:** Local transport authorities select private operators through a competitive tendering process, evaluating proposals based on factors such as service quality, cost-effectiveness and innovation.
- **Performance monitoring and accountability:** Private operators are held accountable to the LTA for meeting agreed-upon performance standards, ensuring that service quality aligns with public expectations.

Bus franchising models aim to harness the benefits of both public and private bus operation, fostering a more efficient, accountable and responsive bus network.



Advantages

Bus franchising offers a distinct set of advantages over both public and private bus operation, positioning it as a compelling model for bus service provision.

Bus franchising combines the public service mandate of public bus operation with the market efficiency of private bus operation. The local transport authorities control ensures that bus services align with public needs and social equity considerations, while private operators bring their expertise in route optimisation, cost-effectiveness, and responsiveness to market demands.

The competitive tendering process and ongoing performance monitoring mechanisms under bus franchising incentivise private operators to provide high-quality services. Operators are held accountable for meeting agreed-upon performance standards, ensuring that service quality aligns with passenger expectations and contractual obligations.

Bus franchising fosters innovation and technology adoption through the competitive tendering process. Private operators are encouraged to propose innovative technological advancements and efficiency measures to enhance their proposals and improve service delivery.

Bus franchising allows for flexibility in adapting to changing travel patterns and market conditions. The local transport authorities control over the overall network enables strategic adjustments to routes, schedules and fares, while private operators can adapt their operational practices to meet overall demands.

In summary, bus franchising offers a compelling approach to bus service provision by combining the public service mandate of public bus operation with the market efficiency and innovation of private bus operation. This middle-ground approach aims to deliver high-quality, accountable, cost-effective, and adaptable services that meet the needs of communities across Great Britain.



Disadvantages

Despite its numerous advantages, bus franchising presents certain challenges and drawbacks that need to be carefully considered when adopting its model.

The inherent tension between the public service mandate of the local transport authority and the profit-driven motives of private operators can lead to potential conflicts of interest. Operators may prioritise profit maximisation over service quality or social equity considerations, leading to disagreements with the local transport authority.

Bus franchising agreements can be complex and multifaceted, encompassing detailed service specifications, performance standards and financial arrangements. Managing these contracts effectively requires a high level of expertise and ongoing communication between the local transport authority and the private operators.

The competitive tendering process and contractual nature of bus franchising could make it challenging to adapt quickly to sudden changes in demand or market conditions. This inflexibility may hinder the ability to respond properly to emerging needs or unforeseen disruptions.

Disagreements between the local transport authority and the private operator over service quality, performance metrics or financial obligations can escalate into disputes or legal challenges. This can lead to delays in service improvement, public scrutiny, and potential financial liabilities.

Overall, the local transport authority and private operator have different priorities and perspectives, which can lead to arguments and debate over delivering essential services. For example, the local transport authority may prioritise social equity and accessibility, while the private operator may prioritise profitability and operational efficiency.

Overall, bus franchising presents a promising model for bus service provision, offering a balance between public service objectives and market efficiency. However, its success hinges on careful management of potential challenges, including conflicts of interest, complex contract management, adapting to market conditions, and resolving disputes.



Case Study: London

London's bus network is one of the most extensive and well-used in the world, with 1.5 billion passenger journeys made in the financial year ending 2022, increasing from 72.4% in the financial year ending 2021 (source: [Department for Transport](#)). The network is operated by several private operators, who are contracted by Transport for London (TfL) to provide services under a franchising system.

The first bus franchise in London was introduced in 1985, and the network is now contracted to eight bus operators. These operators run over 8,600 buses, over 650 routes (source: [Wikipedia](#)). The operators are appointed to franchises through a competitive tendering process, and contracts typically last five years (source: [Transport Tenders](#)).

Under the franchising system, TfL set the overall network strategy, including routes, schedules, fares and service standards. The eight private operators are responsible for day-to-day operations, such as vehicle maintenance, service delivery and driver recruitment. TfL has a close relationship with bus operators throughout London. The operators are required to meet TfL's standards for service quality, including punctuality, reliability and cleanliness.

TfL also works with bus operators to improve the bus network in London. For example, TfL has introduced a number of initiatives to improve air quality across the city, including the introduction of low-emission buses and the creation of bus priority lanes (source: [New Statesman](#)).

The franchising system in London has been successful, with patronage doubling since 1986/87, mileage increasing by 75%, and fare increases being lower than in other city regions (source: [Urban Transport Group](#)). The franchising system has allowed TfL to create a coordinated and planned public transport network, resulting in integrated ticketing through Oyster, network planning, cross-subsidy across bus services and other modes, and unified marketing.

However, the franchising system in London also faces several challenges. One of the main challenges is the cost of operating the network. TfL has to subsidise the network in London, which is expensive. For example, over 2019/20 (pre-COVID), TfL made a £742m loss overall, with the most of this owing to £722m going towards subsidising the bus network (source: [The Standard](#)).

Another challenge is the need to balance the interests of different stakeholders, including bus operators, passengers, and TfL's internal interests. To address this challenge, it is crucial to streamline the procurement and approval processes associated with franchising agreements, allowing for quicker and more efficient implementation of new ideas and technologies.

Bus in London also tend to be used as a 'feeder' mode to other integrated modes of transport in the city.

What we should learn from the implementation in London is that it is possible to create a successful franchising system for buses. The franchising system in London has allowed TfL to create a coordinated and planned public transport network, which has resulted in integrated ticketing, network planning, cross-subsidy across bus services and other modes, and unified marketing. TfL has also worked closely with bus operators to improve bus services in London.





Case Study: Manchester

Transport for Greater Manchester (TfGM) has recently implemented a new franchising system for buses, which is now in place since September 2023. The system is the first regulated bus network outside of London since the 1980's (source: [BBC News](#)). The franchising model has seen control over fares, timetables and services moved away from transport firms and placed into public hands. The system is a key part of the mayor's Bee Network, which will connect buses, trams and bikes in a tap-in-tap-out system for any of the 2.5 million people in the Greater Manchester region using public transport.

Two bus operators have been appointed to run Greater Manchester's first locally controlled services since deregulation. Go North West is operating two large franchises and Diamond Buses is also providing services in Wigan, Bolton, Bury and Salford. The firms have both made 'commitments around recruitment and pay' The franchise model is expected to cost £135m and was backed by 9 of the region's 10 councils (source: [BBC News](#)).

The operator's relationship with TfGM, who owns the Bee Network, is set to change with the new franchising system. TfGM will control local bus services on behalf of the Greater Manchester Combined Authority (GMCA) and will be responsible for the design of the bus network, and specification of bus frequency.

It is hard to conclude whether Manchester's Bee Network franchised bus network has been a success as yet, as it's so new and it is still early days. However, local government is likely to carry out short to medium-term assessment on whether the franchising 'gamble' (source: [The Mill](#)) paid off.

The challenges of Manchester's network include the fact that passenger numbers in Manchester, were falling long before the pandemic struck. The deregulated bus system in Greater Manchester meant that routes, fares, and timetables were informed by commercial interests and lacked coordination. This led to confusing price systems, high fares, and some areas having no provision at all (source: [The Guardian](#)).

In terms of the future under franchising, a key concern is the potential for excessive bureaucracy and delays in decision-making, which could stifle innovation and hinder the system's ability to adapt to changing market conditions. Additionally, the franchise model may inadvertently limit competition and innovation, potentially reducing incentives for bus operators to enhance service quality or introduce new technologies.

As Manchester's network is in early days, it should learn from London's network, which has doubled the number of passengers in the last 30 years.



Conclusion

The case studies of London and Manchester provide an especially valuable insight into the implementation and potential benefits of bus franchising. Bus franchising presents a promising approach to enhance bus service provision, particularly in urban areas. However, its successful implementation requires careful consideration of these challenges and a strong commitment to collaboration between public authorities and private operators.

Our key findings are that:

- Bus franchising offers a middle-ground approach, as we expected, that combines the strengths of public and private bus operation, aiming to balance efficiency, accountability and responsiveness to public needs.
- The competitive tendering process and ongoing performance monitoring mechanisms encourage private operators to provide high-quality services.
- Bus franchising fosters innovation and technology adoption, leading to improved service delivery.
- The model allows for flexibility in adapting to changing travel patterns and market conditions.

The success of bus franchising hinges on careful management of potential challenges:

- Mitigating conflicts of interest between public service mandates and profit-driven motives.
- Effectively managing complex contract arrangements.
- Adapting to rapid changes in demand and market conditions.
- Resolving disputes between local transport authorities and private operators.
- Ensuring transparency and accountability.



Enroute's take on bus ownership

What did we set out to find?

We set out to find the optimal structure for bus operation in Great Britain, by comparing and contrasting the advantages and drawbacks of three primary models: public ownership, private ownership, and bus franchising. We also examined the history of the bus sector in Great Britain, and how it has evolved over time.

We analysed two case studies for each model, highlighting their successes and challenges in different contexts. We aimed to provide an informative and comprehensive overview of the bus operation debate, and to offer our own perspective of how the sector can operate and work.

Recap of our key findings

In this research, we have explored the debate over the optimal structure for bus operation in Great Britain, comparing and contrasting three of the primary models: public ownership, private ownership and bus franchising. Based on our analysis, we have identified the following:

Public ownership is driven by a public service mandate, prioritising accessibility, affordability, and community needs over profit maximisation. Public ownership can facilitate integrated transport planning, enhancing network efficiency and passenger convenience.

Public ownership can also foster innovation in bus services, exploring alternative fuel sources, real-time passenger information, and demand-responsive services. However, public ownership faces challenges such as potential bureaucratic inefficiencies, limited innovation due to budgetary constraints, and susceptibility to political interference.

Private ownership is driven by profit maximisation, leading to route rationalisation, fare optimisation, and market-driven service development. Private ownership offers greater flexibility in adapting to changing travel patterns and market conditions, and adopting new technologies. Private ownership also has a strong incentive to prioritise customer satisfaction, leading to improvements in service quality, reliability, and responsiveness.

However, private ownership presents drawbacks in terms of reduced accessibility and social equity, susceptibility to profit-driven decision-making, and lack of transparency and accountability.

Bus franchising offers a middle-ground approach that combines the strengths of public and private ownership, aiming to balance efficiency, accountability, and responsiveness to public needs. Bus franchising allows the local transport authority to retain control over the overall bus network, setting routes, schedules, fares, and service standards, while contracting out the operation of bus services to private operators through a competitive tendering process.

Bus franchising incentivises private operators to provide high-quality services, fosters innovation and technology adoption, and allows for flexibility in adapting to changing travel patterns and market conditions. However, bus franchising also faces challenges such as conflicts of interest between public service mandates and profit-driven motives, complex contract management, adapting to rapid changes in demand and market conditions, and resolving disputes between local transport authorities and private operators.

Is bus franchising the future of our bus services?

Bus franchising is a promising model that aims to balance the strengths and weaknesses of public and private bus operation. By giving local transport authorities control over the overall bus network, while contracting out the day-to-day operations to private operators, bus franchising can achieve several benefits as we have covered previously.

Based on Enroute's analysis, bus franchising is not a one-size-fits-all solution for the future of bus services, but rather a context-specific option that requires careful evaluation of its advantages and disadvantages, as well as its suitability and feasibility for different areas and circumstances.

Bus franchising can be an effective way to enhance bus service provision, particularly in urban areas, where there is a high demand for public transport and a need for integrated transport planning. However, its successful implementation requires a strong commitment to collaboration between public authorities and private operators, as well as a clear vision and objectives for improving bus services.



Reflection on the future of the sector

The future of how the bus sector operates in Great Britain, whether that is under public, private, or a mix of both hands, is likely to be shaped by several factors, such as:

- **Changing travel patterns:** The COVID-19 pandemic has disrupted travel behaviour and preferences, leading to a decline in bus ridership and revenue. The bus sector will need to adapt to the post-pandemic era, by restoring passenger confidence, enhancing safety measures, and responding to new mobility needs and opportunities.
- **Technological advancements:** Technology offers significant potential for innovation and improvement in bus services, such as the adoption of low-emission or zero-emission buses, real-time passenger information systems, integrated ticketing and payment platforms, and demand-responsive services. The bus sector will need to embrace and invest in new technologies, while also ensuring accessibility and affordability for all passengers.
- **Environmental concerns:** The bus sector plays a key role in addressing environmental challenges, such as reducing greenhouse gas emissions, improving air quality, and supporting modal shift from private cars to public transport. The bus sector will need to prioritise sustainability and environmental responsibility, by implementing measures such as low-carbon fuel sources, bus priority schemes, and green infrastructure.
- **Policy and regulatory frameworks:** The bus sector operates within a complex and evolving policy and regulatory environment, which influences the structure, operation, and performance of bus services. The bus sector will need to engage with and influence policy and regulatory decisions, by advocating for the benefits of bus transport, collaborating with stakeholders, and demonstrating best practices.

So, what lies ahead for the future of the bus network across Great Britain? Will it continue to evolve and adapt to meet the ever-changing needs of our communities? The answers to these questions remain to be seen, but one thing is certain: bus franchising, the newest model we have reviewed, has the potential to transform the way we travel and redefine the very essence of urban mobility.



**Driving Sustainability,
Empowering Communities**

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