



## Department for Transport

### **Franchising**

#### ***Bus Services Bill information sheet (2 of 3)***

We want to see more people using buses, particularly in congested towns and cities. Local authorities that implement franchising 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.

Introducing a system of bus franchising will be a huge responsibility for the authority involved, and authorities with the appropriate abilities, powers and funding will be best placed to implement franchising and improve services for passengers.

Government has 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.

Under a franchising model, local authorities can specify the bus services to be provided and bus operators bid to provide those services – akin to the system currently operated in London by Transport for London. Franchising keeps competition in the bus market, but moves it from the road, where bus operators compete for passengers at bus stops, to the tender process.

This is not renationalisation of local buses - private operators will still provide services. The franchising provisions in the Bill 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 is considered to be too bureaucratic and has not been implemented successfully. The refreshed franchising provisions are designed to be clearer and simpler to use.

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

It is the Government's intention that 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 authorities that also meet this criteria and so the Bill enables Ministers to grant access to these powers if that is the case. Such authorities will require the consent of the Secretary of State before they can access franchising powers. This is designed to provide certainty and stability for the bus market and ensure that only authorities with the ability, powers and funding necessary to make a success of franchising and improve services for passengers will be granted access to franchising powers.

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

The Bill sets out a rigorous process that authorities must follow before they can introduce franchising. The authority will be required to produce a business case, considering the effects of the scheme, whether it is affordable and achievable, and its value for money. Key elements of the authority's assessment will then be assured by an independent auditor. 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.

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

The Government is very keen to ensure that small and medium sized operators are able to compete in a franchised environment, and the Bill includes a requirement to ensure that franchising authorities consider how, through their procurement strategy, they can facilitate the involvement of these operators.

The Bill contains provisions for a 'permit' system to ensure cross-boundary services 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 Buses 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 Buses 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.

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