Bus Services (No.2) Bill

Lead department	Department for Transport
Summary of proposal	The Bus Services Bill contains 21 individual measures. The bill aims to deliver the government's five-point plan for improving the bus network and consistency in local areas across the country. The regulatory provisions within the bill facilitate franchising, permit the establishment of new local authority bus companies, enhance the accessibility and safety of bus travel, modify the registration process for bus services, and aim to reduce emissions from bus travel.
Submission type	Urgent measure – impact assessment 21st October 2024
Legislation type	Primary
Implementation date	TBC
RPC reference	RPC-DFT-24013-IA(1)
Date of issue	08 January 2025

RPC opinion

Rating	RPC opinion
Fit for purpose	The Department has clearly identified the problems under consideration in detail, referencing the presence of four overarching market failures. The measures in the Bill are part of the Government's manifesto commitments. Consequently, only options related to changing legislation to meet the Government's commitments were discussed in the summary IA. For the preferred option, the assessment estimates a central NPSV of £723m and a public sector financial cost of £722m from the loss of fuel duty due to the shift to zero emission vehicles and increased spend through the Bus Service Operators Grant. The evaluation of the business impacts and the approach to monetisation seem appropriate and proportionate in all individual IAs, with the Department providing NPV estimates for each regulatory provision (RP) totalling £292m (central estimate).

Urgent measure statement

The department has used the Better Regulation Framework's 'urgent measures' process for this provision. Where the Government decides that legislation is required urgently and there is insufficient time ahead of collective agreement of a preferred regulatory option for the necessary options assessment (OA) to be submitted to the RPC for independent scrutiny in accordance with the framework, departments are instead required to submit an impact assessment (IA) for scrutiny as early as possible after collective agreement. This IA should contain the evidence that should have been in set out in the OA on the rationale, identification of options and the justification for preferred way forward. The RPC will then offer an opinion that includes an overall fitness-for-purpose (red/green) rating, informed by the individual red/green ratings for those three categories.

RPC summary

Category	Quality	RPC comments
Rationale	**Green**	The Department has clearly identified the problems in detail, referencing the presence of four overarching market failures. The Department has discussed seven policy objectives, potential indicators to monitor progress and usefully provides a table that highlights the objectives each measure achieves and the logical change process (Figure 5, pages 33 - 44).
Identification of options (including SaMBA)	**Green**	The measures in the Bill are part of the Government's manifesto commitments. Consequently, only options related to changing legislation to meet the Government's commitments were discussed in the summary IA. However, the individual IAs for the RP measures contain more detail on options (See Annex). In the summary assessment, the Department presents five overarching options ranging from a 'business as usual', where no changes are made, to the preferred option of including all legislative measures in the Bill.
Justification for preferred way forward	**Green**	The overarching IA provides a summary of quantitative assessments for options 3, 4 and 5. For the preferred option, the assessment estimates a central NPSV of £723m and a public sector financial cost of £722m from the loss of fuel duty, due to the shift to zero emission vehicles and increased spend

		through the Bus Service Operators Grant. The Department's approach to monetisation appears appropriate and proportionate to the size of the impacts, and the individual IAs discuss in sufficient detail the non-monetised impacts.
Regulatory Scorecard	**Satisfactory**	The evaluation of the business impacts and the approach to monetisation seem appropriate and proportionate in all individual IAs, with the Department providing NPV estimates for each RP totalling £292m (central estimate). The NPV and EANDCB calculations appear to be reasonable estimates. For all measures excluding the reduction in the use of new, non-zero emission buses on local buses, the Department did not estimate any household impacts.
Monitoring and evaluation	**Satisfactory**	The Department has noted in the individual IAs of RPs that monitoring will be considered as part of the wider M&E plan for the Bus Services Bill. The proposed M&E plans for all RP outline the evaluation questions the Department will likely use to assess the success of the measure and data sources, including potential unintended impacts.

Summary of proposal

The Bus Services Bill contains 21 individual measures. The Bus Services Bill aims to deliver the government's five-point plan for improving the bus network and consistency in local areas across the country. The measures in the IA are grouped into eight categories:

1. Franchising: Allowing local transport authorities (LTAs) to franchise their bus services if they wish to do so.
2. Local authority bus companies: repealing the ban on LTAs setting up a bus company thereby giving all LTAs the freedom to set up a new bus company if they so choose.
3. Funding: the Bill devolves bus funding powers under section 154 of the Transport Act 2000 to LTAs.
4. Accessible and Inclusive Travel: the Bill includes measures which aim to improve accessibility and safety on buses, giving greater powers to tackle anti-social behaviour, mandating training for relevant staff on violence against women and girls and to develop statutory guidance on the accessibility of bus stops and stations.
5. Ticketing: the Bill amends section 25 of the Public Passengers Vehicles Act 1981 to give the LTA more powers to enforce fare and other requirements.

6. Socially necessary local services and Bus Registration – this measure seeks to address the lack of joint decision making when cancelling bus services.
7. Enhanced Partnerships (EPs): amendments to Enhanced Partnerships means that if authorities choose not to franchise, they will have a greater ability to strengthen and improve current processes through a partnership approach with local bus operators.
8. Environment: The Bill includes a measure which seeks to deliver significant environmental and air quality benefits, contributing to the UK meeting its net-zero GHG emissions target by 2050.

Only Direct Award, Local Authority Bus Companies, Violence Against Women and Girls, Enhanced DBS checks, Bus Registrations, and Reduction in the use of new, non-zero emission buses on local bus services are considered regulatory provisions. The RPC rating is based on these six measures, although the IA would benefit from greater explanation for why the six measures would be regulatory provisions as defined in the better regulation framework. For the non-regulatory provisions, the Department helpfully provides a summary of each measure and a qualitative assessment of its impact.

The Department estimates an NPSV of £723 million (2024 price and base year) for the measures in the Bill that are regulatory provisions, and a business impact NPV of £292 million (2024 price and base year) for the central scenario.

Rationale

Problem under consideration and argument for intervention

The Department has clearly identified the problems under consideration in detail, referencing the presence of four overarching market failures.

1. **Imperfect information:** In the context of the bus market, the assessment notes that potential users may lack information about the services available to them and the price of these journeys. A claim is made that this issue could act as a barrier to bus use and exacerbated in the private market due to the presence of multiple operators and therefore multiple sets of timetables, services and fares.
2. **Coordination failure:** The Department states that a lack of coordination between agents (such as bus operators, local authorities and operators of other forms of public transport) could lead to less efficient outcomes. This is supported by a discussion of ‘overprovision’ on commercially viable routes, leading to additional congestion on roads.
3. **Positive externalities:** This pertains to additional benefits associated with the provision or use of a service that are not accounted for by the private market. Examples such as environmental benefits due to mode shift from more polluting forms of transport such as car and increased bus use leading to lower congestion on roads were mentioned. The assessment states that Bus operators will primarily consider their own direct costs and benefits but not the wider additional benefits, as such they will only run services that are commercially viable without government intervention as they are not direct

recipients of the wider benefits. The Department argues this has resulted in situations of 'under-provision and usage' in the private deregulated market that is below the socially optimal level.

4. **Monopolies/oligopolies:** The assessment highlights that the 'big 5' bus operators dominate the bus market for England outside of London, accounting for the majority of market share. West Midlands National Express (NX) was noted as a local monopoly, accounting for 89% of scheduled mileage and 93% of bus journeys in 2019/2020. The Department makes the case that under monopolistic or oligopolistic conditions, there can be a reduction in competition. The lack of competition reduces operator incentive to provide a better service as passengers have few alternatives in the form of other bus services or operators, forcing them to stick with the dominant operator(s) even if they were providing a low-quality service.

Given the market failures, the IA encompasses measures to open franchising as an option to all local authorities as the Department makes the claim in all discussions on the four market failures that franchising could alleviate the problem under consideration. The Bill also includes measures to simplify and improve the franchising process that were informed by information provided by local transport authorities who are already part way through introducing franchising. The six regulatory provisions are as follows:

1. **Accessible and inclusive travel**: improve the accessibility, safety and inclusivity of buses by:
   a. Mandating training on Violence against Women and Girls (VAWG), anti-social behaviour (ASB) and disability-related training (Violence against Women and Girls measure).
   b. Creating a requirement for drivers who carry out 'closed' school transport services more than three times in a 30-day period to have an enhanced DBS and children's barred list check (Enhanced DBS measure).

   Discussions on equity, positive externalities and information failure were used as the rational for this measure.

2. **Bus registration**: The Bill includes a measure requiring LTA's exercising a registration function and franchising LTAs to record registration data and franchise services in a central digital database, to enable the provision of greater information on services to passengers.
   Discussions on information failure were used as the rationale for this measure.

3. **Environment:** Addressing the market failure resulting from the use of internal combustion engine buses by legislating for the reduction in the use of new, non-zero emission bus on local bus services. Discussions on inertia, information failure and bounded rationality were used as the rationale for this measure.

4. **Direct Award and Local Authority Bus Companies:** Although not directly discussed in the same way as the above four measures in the summary IA document, the rationale for direct award of first franchise contracts to incumbent operators using net cost contracts and Repeal s22 of the Bus Services Act 2017, allowing LTAs to create new local authority bus companies are clearly defined in their respective individual IAs as is also the case for the measures mentioned above (See Annex).

The assessment briefly states the consequence of no government action, insisting that without the Bus Services Bill, the failures discussed in the IA would persist and the sector would face higher bus operating costs, declining service provision, lower patronage, increased carbon emissions and greater social inequality. The claims of harms that could occur appears reasonable given the nature of the market failures discussed in the assessment

Objectives and theory of change

The Department has discussed seven policy objectives, potential indicators to monitor progress and usefully provides a table that highlights the objectives each measure achieves and the logical change process (Figure 5, pages 33 - 44). However, the structure of the objectives does not strictly follow the SMART objective framework as it lacks a time limit for achievement. This is also the case for most of the individual IAs, where parts of the SMART acronym are not present in the objectives (See Annex). The IA also presents theory of changes for each of the measure.

Identification of options (inc. SaMBA)

Identification of the ‘long-list’ of options and consideration of alternatives to regulation

The measures in the Bill are part of the Government’s manifesto commitments. Consequently, only options related to changing legislation to meet the Government’s commitments were discussed in the summary IA. However, the individual IAs for the RP measures contain more detail on options (See Annex). In the summary assessment, the Department presents five overarching options ranging from a business as usual where no changes are made to the preferred option of including all legislative measures in the Bill.

1. Business as usual (do nothing)
2. Do minimum: Changes would be limited to those in the package announced in September 2024.
3. Core franchising measures only: This measure would only take forward the changes to franchising listed in the first eight rows of figure 5 (pages 33-37).
4. Core franchising, local network safeguard and LA owned bus companies: The option extends option four to include measures to repeal the ban on the creation of new locally owned bus companies and the local network safeguard.

5. All measures listed in figure 5 (pages 33 – 44)

From the discussions in the summary and individual IAs, the presented options appear to address the problems identified (See Annex for individual IAs). However, the summary IA can be improved by the Department explicitly stating the market failures each measure in figure 5 directly pertains to.

Although no alternatives to regulation (excluding the business-as-usual option) were discussed in the summary IA, the individual IAs for Violence against Women and Girls, Bus Registrations and Reduction in the use of new non-zero emission buses contain non-regulatory options. The Department has provided what appears to be sufficient reasoning for the lack of non-regulatory options for the direct award, local Authority bus companies and Enhanced DBS measures (See Annex).

Justification for the short-listed options

The Department has provided reasonable justification for discarding options from the long list and their selection of the two shortlisted options in the summary IA, discussing the ability of the options to meet the government's ambitions for bus services. The individual IAs also contain satisfactory justification for the short-listed options of each RP measure (excluding the IA for Local Authority Bus Companies – See Annex) and apply the Green Book's Options Framework Filter and or Critical Success Factors when assessing the options.

SaMBA and medium-sized business (MSB) assessment

The summary IA contains a brief SaMBA where the Department notes that the Bill may disproportionately affect small and micro businesses. However, the assessment claims that it would not be possible to meet the core objectives of the Bill if SMBs were exempted. A more detailed SaMBA and MSB were included in the individual IAs and a discussion of mitigative measures that were considered but ultimately discarded for the reason noted above (See Annex).

Justification for preferred way forward

Appraisal of the shortlisted options

The overarching IA provides a summary of quantitative assessments for options 3, 4 and 5, with the Department using a price and present value base year of 2024. Overall central scenario NPSV and public sector financial costs were estimated, including a breakdown of the NPSV by measure for transparency. For the preferred option, the assessment estimates a central NPSV of £723m and a public sector financial cost of £722m from the loss of fuel duty due to the shift to zero emission vehicles and increased spend through the Bus Service Operators Grant. The large majority of the Bill's NPSV is generated by the zero-emissions bus measure (£749m); the other five RP measures generate a total NPSV of -£26m. As stated in the annex, the Department's approach to monetisation appears reasonable and proportionate to the size of the impacts, and the individual IAs discuss in sufficient detail the non-monetised impacts. All NPSV calculations in the individual analysis include high, low and central estimates from the application of sensitivity analysis.

Risk and assumptions tables were also provided for greater transparency of the uncertainties associated with the Department's quantitative analysis (see annex for detail on analysis of RP options).

Selection of the preferred option

Justification for the selection of the preferred option was provided on page 48 and in individual IAs for RP measures. However, the IAs would benefit from providing two separate justifications, one for the selection of the shortlisted options and another for the selection of the preferred way forward.

Regulatory Scorecard

Part A

Impacts on business

The Department does not consolidate its assessment of businesses that are within scope of the suite of measures in the Bill. However, the individual IAs for RP measures provide an assessment and clearly identify the counterfactuals against which policy options are assessed. The appraisal of the business impacts and the approach to monetisation seem appropriate and proportionate in all individual IAs, with the Department providing NPV estimates for each RP measure totalling £292m (central estimate). Although the Department does provide EANDCB estimates for each individual RP measure in the Bill, an overall EANDCB estimate should be provided in the scorecard of the summary IA. The NPV and EANDCB figures appear to be reasonable estimates, generally based upon proportionate evidence and analysis. However, it should be noted that the Department provided an uncertain rating in their description of overall business impact due to uncertainty over the scale of impacts and direction of impacts for some measures. A sufficient discussion on the uncertainties that prevent the Department from assigning an overall positive, negative or neutral rating for business impacts was included in the scorecard of the summary IA (Page 58). Non-monetised impacts were also discussed, however much of the detailed discussion is provided in the individual IAs.

Impacts on households, individuals or consumers

For all measures excluding the reduction in the use of new, non-zero emission buses on local buses, the Department did not estimate any household impacts (See annex of estimated household impact for the non-zero emission buses measure). Although individual measures in the bill might not be enough to impact bus fares or services, there is risk that the sum of all business costs across the suite of measures in the bill could be viewed as high enough by businesses to warrant passing on costs to passengers (especially on routes serviced by small and micro businesses). As bus fares are capped, there is a level of reassurance that additional costs may not be fully passed on to bus patrons. Moreover, the Department states that they expect an overall positive impact on households due to significant non-monetised benefits associated with the measures, and relatively small, expected costs. The assessment estimates a total household benefit from the non-zero emission measure of £1,156m which is equal to the environmental monetised impacts. Although, in line with the better regulation framework, the environmental impacts would be better presented in the NPSV rather than household impacts. Given the uncertainties that were discussed in the summary and individual IAs, the Department appears to have provided a reasonable qualitative assessment of impacts households could potentially face.

Distributional impacts

The Department notes that the measures in the Bill could have a disproportionate negative impact on small and micro sized businesses and rural operators. The assessment also states that a positive distributional impact on lower income households who tend to use bus services more, disabled individuals and women. The impact is expected to be particularly high for individuals falling into multiple of these groups, but the IA expresses uncertainty regarding the exact scale of these distributional impacts.

Upfront costs across the bill might disproportionately fall on rural communities (especially for the zero-emission bus measure). With the department discarding mitigations specific to each RP measure, the only mitigation in the bill seems to be allowing the LTAs to form franchises or partnerships to offset this, but ultimately if this doesn't work then there could be a disproportionate impact on rural connectivity and small business. A backup contingency plan should be in place in case there are large numbers of players exiting these markets.

Total impacts

The overall impacts on total welfare were discussed, with the Department estimating an NPSV of £723 million for the central case, with the majority of the benefits being delivered by the non-zero emission busses measure. However, due to uncertainties around future zero emission bus maintenance, operating cost savings and the possibility of adjusted government taxation on electric vehicles to offset losses in fuel duty, it is not clear if the estimated benefits will be realised. Rather, in the short to medium term, the measure creates costs to businesses to realise an environmental benefit.

Non-monetised impacts

Non-monetised impacts have been briefly discussed in the summary IA, with much of the detail being presented in the individual IAs for each RP measures. Overall, the Department appears to have provided reasonable satisfactory assessment of impacts on society (see annex for more detail).

Part B

Business environment

The Department states that it expects the Local Authority Bus Companies measure to have a slight supporting impact on the business environment, with the other five RP measures having negligible impacts.

Trade and investment

International trade was also discussed, concluding that all measures apart from the non-zero emission busses measure are not expected to impact international trade.

Natural capital and decarbonisation

The Department highlights that it expects the Direct award and non-zero emission buses measures to have a supporting impact on decarbonisation, with the other measure only potentially supporting decarbonisation of the bus sector if the measure causes a mode switch from more polluting modes of transport to buses as stated in their individual IAs.

Monitoring and evaluation

Although not included in the summary IA, the Department has noted that the monitoring of the individual RP measures will be considered as part of the wider M&E plan for the Bus Services Bill. In all IAs, the Department usefully provides a detailed logic model showing the theory of change from inputs, activities through to outputs, outcomes and impacts. The proposed M&E plan outlines the evaluation questions the Department will likely use to assess the success of the measures and data sources, including potential unintended impacts.

Regulatory Policy Committee

For further information, please contact regulatoryenquiries@rpc.gov.uk. Follow us on Twitter @RPC_Gov_UK, LinkedIn or consult our website www.gov.uk/rpc. To keep informed and hear our views on live regulatory issues, subscribe to our blog.

Annex				
Measure	**Rationale for intervention**	**Identification of options (including SaMBA)**	**Justification for preferred way forward**	**Regulatory Scorecard**
Direct Award of first franchise contracts incumbent operators using net cost contracts	The assessment identifies the problem under consideration, referencing inefficiencies in the current bus franchising process. The Department appropriately includes the franchising of Greater Manchester's buses as a case study to illustrate the magnitude of the issue. They also underscore the potential risks associated with transitioning to a franchised bus network, including the management of asset and employee transitions. The assessment rationalises that a time limited DA ahead of the first competitively tendered franchise contract provides time for a more stable and controlled transition period, reducing uncertainty as the incumbent operator receives contractual certainty on timelines for the transition.	Only options related to permitting direct awards prior to franchising were considered, and no alternatives to regulation were evaluated. However, the Department uses the HMT Green Book's Options Framework-Filter and consulted with key stakeholders, legal advisors, other pertinent government departments in developing the options and include a discussion on the rationale behind shortlisted options (pages 80-81). However, the Netherlands case study on page 81 lacks detailed exploration. Consequently, it is unclear whether this case study is directly pertinent to the proposal. The assessment also includes a Small and Micro Business Assessment (SMBA), which highlights that a portion of the SMB population consists of incumbent operators who could	The assessment of options includes Net Present Value (NPV) calculations for all shortlisted alternatives (Pages 84-89). These calculations consider the following factors: 1. Cost to incumbent operators of familiarising themselves with DA guidance 2. Cost to incumbent operators for negotiating the DA contract with LTAs 3. Cost to LTAs from paying incumbent operators additional fee under DA 4. Benefit to incumbent operators from being paid additional fees under DA. Based on the Department's assessment of their shortlisted options, the selection of the preferred option appears to be rational. The preferred option achieves the policy objectives	<u>Part (A)</u> The Department has estimated the number of bus operators in the sector to be approximately 900. Although, this estimate is included in the SMB assessment (page 104) rather than directly in the Scorecard. The Do minimum baseline is clearly established (page 90) and used for comparison with other options. The evaluation of the business impacts and the approach to monetisation seem appropriate and proportionate, resulting in a Net Present Value (NPV) to businesses amounting to £0.2 million and an Equivalent Annual Net Direct Cost to Business (EANDCB) of -£0.02 million.

	The Department also contends that, under a DA, the incumbent operator is incentivized to continue investing in their assets to showcase their performance prior to the tender. However, the rationale for intervention would benefit from a discussion on specific inefficiencies in the current franchising process, as it is not inherently clear what causes the extended timelines for franchising. Additionally, the assessment should provide specific references to evidence, unlike the approach on page 88 where the Department states "based on evidence" without specifying what the evidence is. While the proposed DA appears to address the issue of uncertainty during the transition phase, it remains unclear if it will reduce the delays in the franchising process without the	receive a DA under the preferred approach. The Department notes that DA contracts, when appropriately sized, can offer SMBs guaranteed revenue and experience operating in a franchised system. The assessment recognises that the familiarisation costs will impose a disproportionately higher burden on small and medium-sized business (SMB) operators. However, the Department asserts that these costs are offset by significant benefits for SMBs, including guaranteed revenue from securing a Direct Award (DA) contract as an incumbent operator and additional preparation time for future franchise bids during the DA period. In accordance with changes made to the Better Regulation Framework that was introduced in October 2022, the IA should include a separate test (in addition to the current SaMBA)	more effectively than the Do-minimum option, provides greater flexibility to Local Transport Authorities by permitting a Direct Award for up to five years (compared to the less ambitious option), and avoids imposing additional requirements on bus operators (as opposed to the more ambitious option). The assessment appears to have considered a range of non-monetised impacts, including but not limited to: non-incumbent operators being unable to compete for the initial franchising contract under Direct Award (DA), non-incumbent operators having more time to prepare a franchise bid, benefits to operators from a smoother transition of assets and staff, benefits to households from quicker delivery of franchising, and reduced risk of disruptions in bus services due to smoother transitions between operators. **Green**	All impacts, both monetised and non-monetised were correctly classified as either direct or indirect. No expected impacts on households were monetised. However, a detailed qualitative analysis is provided in the main body of the IA (pages 106–108). The assessment indicates potential distributional benefits for lower-income households, who typically represent a larger proportion of bus users; however, this is not certain. <u>Part (B)</u> The assessment expects the impact of the regulation on the business environment to be negligible, as well as no impacts on international trade but could potentially support the UK's decarbonisation efforts by

	Department specifying the causes of these delays. **Green**	to consider whether medium sized businesses should be exempt from the regulation. **Green**		making bus travel more appealing. However, the Department does not comment on competition. The assessment should provide a discussion on this. **Satisfactory**
Local Authority Bus Companies: Repeal s22 of the Bus Services Act 2017 to remove the ban on local authority bus companies	The problem under consideration and the affected party are clearly identified, with references to stakeholder engagement included when discussing two out of the three issues (page 132). The proposed changes seem appropriate given the problem identified and directly address the issues outlined in the assessment. 1) Under-provision of services and inefficient allocation of resources by private bus operators, which results from their inherent profit-maximising approach to service provision. 2) Feedback from existing local authority-owned bus companies, indicated that	This measure is a manifesto commitment, as such, only options pertaining to variants of supporting Local Authority Bus Companies were considered and no alternative to regulation was considered. Despite this, the Department uses the HMT Green Book's Options Framework-Filter and consulted with key stakeholders, lawyers and other relevant government Departments when developing the options. However, the Department did not provide justification for discounting options when using the Options Framework-Filter to create the shortlist of options. Inclusion of their reasoning would improve the options assessment. There is a clear link between the problems identified in the	The Department's appraisal of the options shortlist (page 136-139) discusses in detail the benefits and disadvantages of each option, concluding with their reasoning for discounting the non-preferred options and their rational for proceeding with the preferred option. The preferred option seems rational and appears to deliver on the policy objectives. NPSV calculations were included in the analysis (page 140-144). It appears that the assessment has also considered a range of non-monetised impacts. **Green**	<u>Part (A)</u> The assessment identifies five existing local authority bus companies that would be directly affected by the legislative change. A clear baseline was identified by the Department all policy options are assessed against the baseline (page 145), with the Department estimating a central business NPV of -£1,400 and a EANDCB of £170 (central estimates) The Department does well to conduct a detailed scenario analysis on the cost of setting up and running a new local authority bus company,

	certain provisions of the Transport Act 1985 prohibit them from operating services entirely outside their local authority area. 3) Certain provisions within the TA 1985 restrict the borrowing and fundraising activities of bus companies owned by local authorities. The Department proposes the repeal of Section 22 of the Bus Services Act 2017, granting LTAs greater flexibility in creating publicly owned bus companies, but the rationale could be strengthened by providing examples of under-serviced areas to illustrate the extent of the issue. The Department also aims to provide necessary clarifications to eliminate any uncertainties regarding the permitted geographical scope of operations, and to lift restrictions on securing funding for LTA-owned bus companies.	assessment and the proposed measures (excluding the BAU option). The Department has provided a sufficient assessment of impacts on medium, small and micro businesses. The Department claims that familiarisation costs only apply to the five existing local authority owned bus companies, with no direct cost to other businesses in the bus sector. However, the Department expects these companies to already have staffing resources with relevant commercial and operation knowledge and skills in place, resulting in minimal administrative burden. Despite this, the Department has considered mitigation through the publication of a non-statutory guidance on setting up and/or purchasing a bus company and sourcing funding. **Green**		strengthening the transparency of their assessment. The Department provides a qualitative assessment of potential indirect costs and benefits on households, with no expected pass through for familiarisation in the form of higher fares. However, the Department does highlight the risk that if newly created local authority bus companies underperform and do not generate expected revenue, it could require further local authority funding to prevent a scaling down of services or insolvency, potentially leading to increased council tax or a reduction in spending on discretionary services. Part (B) The assessment discusses improvements in the business environment from the measure.

	The Department uses Nottingham City Transport (NCT) and Reading Buses as case studies, demonstrating the advantages of local authority bus companies. **Green**			No trade implications are expected and increased bus patronage and service provision was highlighted as having the potential to reduce local air pollution **Good**
Violence Against Women and Girls: New power for SoS to set requirements for mandatory training for staff who deal directly with the travelling public or with issues related to the travelling public on preventing and/or responding to incidents of	A clear rational for the measure was established by the Department, in that it is critical that everyone (passengers and staff included) feel safe when using the public transport network, which aligns with the government's Safer Streets Mission. The problem at hand was identified using recent survey responses from public transport users conducted by DFT. The Department proposes legislative changes to improve the perception of safety issues on the transport network which acts as barrier to bus use and alleviating their identified	The Department has provided a sufficient long list of policy options, including a do-nothing approach, and a non-regulatory option to encourage VAWG and ASB training but not mandate. The remaining options considered pertain to mandating training via legislation under different scenarios created from combinations of the following criteria: • Who should be trained • How will the training be developed • Is there a reporting requirement The Department also lists 9 criteria points that options in the long list were assessed against. Using their noted assessment criteria, the Department	The assessment of options includes Net Present Value (NPV) calculations for all shortlisted alternatives (pages 185-187). These calculations consider: 1) Costs to operators of additional training courses 2) Costs to operators of staff time spent doing additional training 3) Administrative, familiarisation and reporting cost to operators. The NPV seems to capture the full range of direct costs to businesses, and data from Bus Statistics table (2023), ONS employment data and ONS annual survey of hours and earnings data were used to calculate the NPV figures.	<u>Part (A)</u> The do-nothing scenario is clearly established as the baseline against which the cost and benefits of other options were assessed (page 188), and assessment of the impacts, both monetised and un-monetised appear reasonable and proportionate to the size of the potential impact, available data, but were not classified as either direct or indirect. A central Net Present Value (NPV) to businesses amounting to -£20 million and an Equivalent Annual Net Direct Cost to Business (EANDCB) of £2.3 million was estimated.

violence against women and girls and anti -social behaviour.	market failure of underconsumption of bus use. Although mandating training on disability assistance can make disabled patrons feel safer and more empowered to use public transportation, the Department fails to provide evidence to support the need for this regulatory provision as all the evidence presented on page 175 pertains to VAWG and ASB. Overall, the Department has presented a clear argument for intervention and the proposed suite of interventions could alleviate the problem under consideration. The presented policy objective to contribute to the government's wider objective of having VAWG within a decade does not strictly follow the SMART objective framework. However, the Department does provide specific intended outcomes, measurable indicators of	provides good justification for their shortlisted options. The Department has conducted a sufficient SaMBA and a medium sized business (MSB) assessment. It is acknowledged that the measure will likely disproportionately impact SMBs as they are less likely to create in-house training programs and more likely to pay external providers to deliver the mandated training. The size of SMBs also prevents them from benefiting from bulk purchase discounts and economies of scale when purchasing large quantities of training courses. The Department supports their decision to discard exemption and mitigative measures by highlighting that drivers and those who deal directly with the traveling public would already undergo training as part of their continuous professional development, and including VAWG, ASB and disability-assistance training should not come at a large burden.	The IA also includes a risk and assumptions table (pages 212-219) to ensure full transparency regarding the uncertainties within their analysis, and sensitivity analysis was used to create high, low and central NPS estimates (pages 185-187) The Department has not explicitly compared the preferred option with other shortlisted options to substantiate its selection as the preferred choice. However, they claim that the preferred option was deemed the most appropriate, cost-effective, efficient and proportionate policy option. **Green**	The Department has not monetised household impacts as they do not expect the legislative changes to impose any direct costs or pass through of business costs. However, the assessment does discuss in detail potential un-monetised benefits to households (pages 198-200), including increased perceptions of safety. The IA highlights potential disproportionate impacts on households, with increased patronage of buses likely having a bigger impact on lower income households through travel cost savings. Part (B) The Department expects the impact of the measure of business environment to be negligible and no trade implications are expected. However, the measure was highlighted as having the potential to create a modal shift from car or taxi/private

	success and a detailed theory of change model. **Green**	Additionally, the 5-year grace period in place for all operators gives SMBs time to familiarise and build the training into their work plans. **Green**		higher vehicles, and the measure supports the Government's Safer Streets mission. **Satisfactory**
Enhanced DBS Checks: Measure to require drivers who carry out "closed" school transport services more than 3 times in a 30 -day period to have an enhanced DBS and children's barred list check.	The Department highlights the lack of compulsory requirements to carry out DBS checks for bus operators operating a closed school service that runs on a commercial basis, without any school or local authority (LA) contract. According to the Department, the absence of mandated DBS checks on commercial closed school services results in two market failures: 1) Asymmetric information as without a DBS check, the hired driver possesses more information than the operator which could result in some operators unknowingly employing drivers who pose	The Department does well to use the HMT Green Book's options framework-filter to assess the options. However, the IA only assesses a limited number of policy options. Although non-regulatory options are not considered, the Department has provided sufficient reasoning (page 267 - 268), stating that non-legislative steps have been taken previously. In justifying the shortlisted options, the IA refers to the options framework-filter (page 269), although this could be improved by providing detail on why certain options were discounted. The Department has conducted a sufficient assessment of the impacts on medium, small and	The assessment provides sufficient justification for the preferred option, highlighting the objectives that each short-listed option would meet (pages 269-270). The preferred option seems justified and proportionate to the problem under consideration, whilst trying to avoid overburdening bus operators. The Department has discussed potential unintended consequences of the preferred option in sufficient detail, referencing longer processing times for DBS checks if a large number were submitted at the same time, leading to drivers unable to operate school buses for an extended period, potentially impacting the operation of services and imposing a cost on operators to	<u>Part (A)</u> The do-nothing scenario is clearly established as the baseline against which the cost and benefits of other options were assessed (page 276) and the approach to monetisation seems appropriate, resulting in a central Net Present Value (NPV) to businesses amounting to -£0.5m and an Equivalent Annual Net Direct Cost to Business (EANDCB) of £0.1m. However, the assessment could be strengthened through the application of optimism bias to the estimated administrative burden of carrying out enhanced DBS checks. The Department does well to illustrate the magnitude of

	safeguarding concerns to young people. 2) Imperfect information where the potential school bus users or consumers lack complete information about the services available to them. The assessment has discussed the consequences if government does not intervene, stating that without closing this loophole, drivers who are on the children's barred list could unintentionally be given closed access to children that could lead to child related crimes being committed on school buses. **Green**	micro businesses. According to the Department, exempting medium operators and SMBs would lead to the objectives and majority of the intended benefits from the regulation not being realised, referencing industry engagement that suggests medium operators and SMBs are more likely to employ drivers without conducting enhanced DBS and barred list checks. As such, the Department acknowledges that the measure is expected to disproportionately impact SMBs. The assessment does consider mitigations as an alternative to exemption. This was also discarded as all operators where forewarned that this is something they should already be doing in 2022. **Green**	continue running the service. Shortages of drivers due to a large increase in drivers being banned for failing DBS checks, and damaged perceptions of safety if drivers are found to be driving school busses when they have criminal conviction that prevent them from legally being able to do so were also mentioned. NPSV estimates were presented for every shortlisted option (pages 273 – 275) which captures the additional cost of requesting enhanced DBS and barred list checks for operators and administrative costs to operators submitting DBS checks. **Green**	the costs imposed by the measure on businesses by comparing the EANDCB of £0.1m to the total bus operating costs in England outside of London of £3.3bn in 2023. This appears to support the view that the measure will cause an insignificant increase in operation costs, making fare increases or worsening of services unlikely. Distributional impacts have been assessed to a satisfactory level. <u>Part (B)</u> The Department has considered the impact on the business environment, stating that the measure is likely to have a negligible impact and is unlikely to create barriers to entry or impact international trade. It is also noted that the measure could lead to an increase in business activity for companies who facilitate DBS checks for bus operators, and benefit the

				environment if there is a switch away from car or private hire vehicles. The assessment also considered impacts on ex-convicts, stating that they are likely to be negatively impacted as operators can choose to not employ candidates based on their criminal history, even if it is not related to activity with children. **Satisfactory**
Bus Registrations: Power to require any LTA who exercises registration function, and potentially franchising authorities, to record registrations and franchised services in a	The assessment highlights inconsistency in bus related data, as the problem under consideration, which causes information failure, and clearly lays out the issues that are pertinent to the information failure: 1) Duplication of effort for operators as they are providing similar information multiple times for registration of their services and for the BODS platform.	The Department discusses 5 policy options including identification of the policy objectives that can be delivered by each option, of which, one is an alternative to regulation and a franchising authority was consulted with in the development of the preferred option. The Department discusses international comparisons from high level consultation with colleagues at the British Embassy in Spain. However, it is not clear how it is relevant to	The assessment provides sufficient justification for the preferred option, highlighting the objectives that each short-listed option would meet (pages 312-315), and the preferred option appears to deliver on all policy objectives. NPSV estimates for all shortlisted options were provided in the assessment and captured: the cost of developing the new registration data base; familiarisation and admin costs for LTAs and operators.	<u>Part (A)</u> The assessment only identifies 860 small, micro and medium sized business that would be in scope of the measure using 2023 ONS data. A reasonable assessment of the monetised and un-monetised impacts for businesses are made and accurately categorised as direct or indirect. Key assumptions and uncertainties were sufficiently discussed.

central database	2) Registrations are not always on BODS by the time the service starts operating, leading to inaccurate and or missing information on services in the public domain. 3) Paper registrations LTAs currently receive can be of varying quality, which requires going back to the operator to request more information or corrections. According to the Department, the provision of such data is important for the functioning of BODS and used to measure the compliance of bus operators with legal obligations. The Department's engagement with the OTC revealed that they have an increasingly less full picture of registrations across England, Wales and Scotland because of increased franchising and EPs, where registration is not required or can be devolved to	the case for creating a centralised location for data in the bus sector as their description focuses on the tendering of route contracts to private operators. The Department does well use the Green Book's Options Framework-Filter to narrow the longlist to 3 shortlisted options (Page 316), providing justification for the shortlisted options on pages 316-317. The IA includes a sufficient assessment of the impacts on medium, small and micro businesses. The Department asserts that exempting these groups of businesses would significantly reduce all the benefits and prevent the policy objectives from being met, so exemption was not deemed suitable. As the measure is expected to disproportionately impact SMBs and medium sized operators, the Department did consider mitigative measures. However,	Sensitivity analysis was conducted on the number of staff and time required for familiarisation and admin costs; the cost of creating the database; the number of franchised LTAs and the proportion of operators using paper-based registration systems to create central, high, and low NPSV estimates. A risk and assumptions table were also included (pages 342-346) to ensure full transparency on uncertainties within the analysis. **Green**	The Department estimates a central Net Present Value (NPV) to businesses of -£0.2m and an Equivalent Annual Net Direct Cost to Business (EANDCB) of £0.02m. Household impacts were not estimated but the Department does not expect any passthrough of costs to households. Distributional impacts have been assessed to a satisfactory level, with the IA stating that there will be positive distributional impact for lower income households that are more likely to use buses. <u>Part (B)</u> The Department does not expect any positive or negative impacts on the ease of doing business in the UK, international trade or the environment.

	the LTA, removing the OTC from the process. Following consultation with LTAs, the Department proposes the development of a new registration system that becomes the single input location for BODS and registration data. The Department did well to engage with stakeholders, feeding it into to the identification of the problem and discussion of the proposed solution. BODS and OTC. **Green**	the mitigative measures were discarded. **Green**		**Satisfactory**
Reduction in the use of new, non-zero emission bus on local bus services	The Department presents a clear case for intervention, citing the Government's commitments to achieve NetZero emissions by 2050. The assessment reveals that transport was responsible for 28% of the UK's domestic emissions in 2021, with buses and coaches comprising just under 3% of transport	The Department does well to use the Green Book's options framework-filter when assessing four main policy options, including one non-regulatory option. Two other alternative options were considered but not included in the options framework-filter and were deemed not suitable to deliver the change required by the Department (page 12). The	The assessment provides reasonable justification for the preferred option, referencing the balance between benefits realised quickly and lower costs (page 24). However, the justification could be strengthened by discussing the policy objectives the preferred option can deliver.	Part (A) Although the number of businesses affected was not estimated, the Department estimates that the measure will affect operators in 59 LTAs in the central scenario. The assessment of monetised and non-monetised impacts faced by businesses appears reasonable, with the IA

	emissions. Despite investments in greener buses, only 4% of Britain's local bus fleet were zero-emission as of March 2023. Considering the legally binding carbon budgets, the Department asserts that intervention is required to facilitate the transition to zero-emission buses. According to the assessment, total cost of ownership analysis shows that in the national average central scenario, diesel and zero emission buses will not reach cost parity until 2032, so absent this measure, the bus sector will not purchase zero emission buses independently at the rate needed to achieve the necessary carbon emissions reductions in line with Government targets. The Department does well to discusses the market failures slowing down the adoption of zero-emissions busses and creating a market that	Department also provided the reasoning for discarding options presented in the framework filter (page 10 – 13) which was influenced by four critical success factors (page 29). An international case study on the Netherlands was presented to further support the Department's shortlisted options, citing the Netherland's use of regulation to set dates for the phase out of non-NetZero emission buses. The shortlisted options are renditions of the third policy option from the framework-filter (page 10), proposing different dates for reducing usage of non-zero emission busses on registered bus services. The justifications for the shortlisted options and discarding options from the long list seem sufficient. The assessment provides an adequate evaluation of the impacts on medium, small, and micro businesses. It is	The IA estimates NPSV and public sector financial costs for all policy options (excluding the Do-nothing option that was used as the baseline). The NPSV estimates consist of the higher upfront purchase price for zero emissions buses and benefits to operators from reduced maintenance and operating costs, carbon emission reductions and improved air quality. The Public sector financial costs consist of reduced fuel duty due to the shift to zero emission vehicles and increased spend through the Bus Service Operators Grant. The assessment also appears to consider a range of indirect and non-monetised impacts in sufficient detail (44-45) such as the risk of higher fares, and short-term technology constraints meaning a zero-emission bus might not cover the same distance per day as a non-zero emission bus which would require more buses to cover the same level of service.	estimating a central NPV of £314m and an EANDCB of £15m. Household impacts were estimated to be £1,156m, from the environmental impacts the Department expects the measure to deliver. Although, in line with the better regulation framework, the environmental impacts would be better presented in the NPSV rather than household impacts. Non-monetised impacts were also discussed in sufficient detail such as reduced noise pollution and improved journey quality from smoother and quieter buses. <u>Part (B)</u> The Department has acknowledged that the measure may act as a barrier to entry do to the additional costs the proposal might impose in the short term. It is also

	undervalues zero-emission buses: 1) those who emit greenhouse gasses generally do not face the full costs of their actions. 2) bus operators may hesitate to shift from diesel due to established infrastructure, investment and familiarity with existing systems. 3) decision makers and the public may not fully understand the long-term benefits or total cost savings of zero-emission buses 4) individuals and organisations often make decisions with limited cognitive resources or short-term perspectives. So, when faced with higher upfront costs of zero-emission buses, operators may focus on immediate expenses rather than long-erm savings and benefits. The Department proposes legislation to restrict new non-zero emission buses in England, aiming to provide the	recognized that implementing the policy could create barriers to entry for industry participants. However, the Department contends that excluding SMBs may hinder the achievement of the policy objectives and the necessity to address the environmental issues outlined in their rationale for intervention. Moreover, it is noted that the sectoral GHG emissions generated from SMBs could be disproportionately large relative to their market share due to the reliance on cascaded older vehicles that have higher average, per vehicle CO2 emissions relative to larger operators who are more easily able to purchase newer buses. It is also not anticipated that the costs would be disproportionately burdensome for small and medium-sized businesses, considering their dependence on the second-hand vehicle market. **Green**	However, the Department does not consider potential difficulties in selling electric buses at the end of their life due to potential issues with batteries. **Green**	noted that the measure is unlikely to negatively impact competition in the UK market due to the "outcomes" based approach that was taken when developing the policy. The policy is also said to open opportunities for greater investment and trade than currently exists from the growth of the UK automotive and supporting technologies sector, potentially resulting in increased UK exports of zero emission buses alongside exports of Uk services for transport and energy consultancy services. The impact on Natural capital and decarbonisation are also discussed in sufficient detail, with the Department estimating a 6.9MtCo2e reduction from 2030 and improved air quality. **Satisfactory**

	impetus for operators to precure zero-emission buses, reducing carbon emissions. **Green**			