
Report to the Secretary of State for Transport

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An Inspector appointed by the Secretary of State

Date: 22 July 2026

TRANSPORT ACT 1968 ACQUISITION OF LAND ACT 1981

MERSEYSIDE PASSENGER TRANSPORT EXECUTIVE (BUS FRANCHISING, BUS DEPOTS) COMPULSORY PURCHASE ORDER 2025

Inquiry held on 7 July 2026

File Ref: NATTRAN/NW/HAO/320

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LIST OF ABBREVIATIONS

TERM	DEFINITION/DESCRIPTION
AA	Acquiring Authority
CA	Liverpool City Region Combined Authority
CPO	Compulsory Purchase Order
DfT	Department for Transport
EP	Enhanced Partnership
LCR	Liverpool City Region
LTAs	Local Transport Authorities
MT	Merseytravel
PSED	Public Sector Equality Duty

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The Merseyside Passenger Transport Executive (Bus Franchising, Bus Depots) Compulsory Purchase Order 2025

- The Compulsory Purchase Order has been made under section 10(3) of the Transport Act 1968 and the Acquisition of Land Act 1981.
- The Order was made on 11 September 2025.
- The Order would authorise Merseyside Passenger Transport Executive, acting on behalf of Liverpool City Region Combined Authority, to purchase compulsorily the land required to facilitate the letting of bus franchise contracts for the Liverpool City Region.
- There were no objections to the Order outstanding at the close of the Inquiry.
- The documents submitted to the Inquiry are available on this following link:
[Bus Depots Compulsory Purchase Order | Liverpool City Region Combined Authority](#).

SUMMARY OF RECOMMENDATION: THE ORDER IS CONFIRMED

INTRODUCTION AND STATUTORY FORMALITIES

- 1.1 The order is made by the Merseyside Passenger Transport Executive, trading as Merseytravel (MT). They are the Executive¹, and the Acquiring Authority (AA) which seeks to exercise the compulsory purchase, under the Liverpool City Region Combined Authority (CA) as the Local Authority for the purposes of section 10(3) of the Transport Act 1968.
- 1.2 The Order² and associated map³ would enable MT to acquire the freehold, and all interests of 22 plots across 7 sites, representing 7 existing bus depots and their curtilages plus 3 parcels of land identified for future expansion of the depots at Birkenhead and Speke, all in the Liverpool City Region (LCR). The Order Land is primarily in 2 occupational ownerships, with 6 sites being owned or occupied by Arriva and one being owned by Stagecoach.
- 1.3 The Order Land comprises:
Bus depots:
 - a) Arriva Birkenhead Bus Depot, Laird Street CH41 8ES (Plot 3)
 - b) Arriva Bootle Bus Depot, Hawthorne Road L20 6JJ (Plots 5-8)
 - c) Arriva Green Lane Bus Depot, Old Swan L13 7HS (Plots 12-18)
 - d) Arriva St Helens Bus Depot, Jackson Street WA9 1AP (Plots 10-11)
 - e) Arriva Southport Bus Depot, Canning Road PR9 7SW (Plots 1-2)
 - f) Arriva Speke Bus Depot, Shaw Road L24 9JT (Plots 21-22)
 - g) Stagecoach Gillmoss Bus Depot, East Lancashire Road L11 0BB (Plot 9)Future expansion:
 - h) Land to the west of Speke Bus Depot being 1 Shaw Road (Plots 19-20)
 - i) Land to the south east of Birkenhead Bus Depot (Plot 4)
- 1.4 Plot 4 is adjacent to the existing depot at Birkenhead (Plot 3) and is the site of a former gas governor. Plots 19 and 20 are adjacent to the Speke depot

¹ Section 9(1)(c)(ic) of the Transport Act 1968

² Core Document (CD) 1

³ CD2

(Plots 21-22). Plot 20 is a commercial premises currently used by a transport company. Plot 19 is at the rear of Plot 20 and accessed through Plot 20, presumed to be in the same occupation. Acquisition of these plots would enable expansion to provide the additional infrastructure necessary for the decarbonisation of the Wirral and Liverpool based fleet.

- 1.5 The acquisition of land would facilitate letting of bus franchise contracts for the LCR by MT. At the Inquiry, MT confirmed that it had complied with all relevant statutory requirements in making the Order and promoting its confirmation. I have no reason to believe that this is not the case.

OBJECTIONS

- 2.1 Six objections to the Order were received by the Department for Transport (DfT), 5 of which were withdrawn prior to the inquiry opening. The remaining objection was from Ms M R Howarth (Plots 19, 20 and 21).
- 2.2 Representatives of Ms M R Howarth attended the inquiry and submitted an updated objection letter, but then later withdrew the objection to the Order prior to closing the inquiry.
- 2.3 There are now no outstanding objections to the Order.

THE REPORT

- 3.1 The remainder of this report sets out my conclusions and recommendation to the Secretary of State.

THE CASE FOR THE ACQUIRING AUTHORITY

Background

- 4.1 The 2015 Liverpool City Region Devolution Deal, alongside the Bus Services Act 2017, which amended the Transport Act 2000, gave the CA and the Metropolitan Mayor of the LCR strengthened powers over local transport, including the ability to franchise bus services. The CA published a statutory Assessment⁴ in 2023 to examine options for transforming the bus network. The independently audited Assessment, followed by a major public consultation, concluded that franchising provided the most effective means of improving network performance and delivering long-term strategic transport outcomes.
- 4.2 Having considered the Assessment, the audit findings, and the consultation results, the CA endorsed franchising and recommended its formal adoption. The Mayor accepted the recommendation in October 2023 and confirmed the decision to introduce bus franchising across the LCR.
- 4.3 The Scheme establishes a system in which the CA, as the regional transport authority, takes control over how bus services are planned and operated in the LCR, as opposed to the current system of market led services being determined by commercial operators with a limited number of subsidised services mandated by the CA. Under the franchising model,

⁴ CD7

MT will determine routes, frequencies, fares, and standards for vehicles and services. It will also own a significant portion of the bus fleet and depots required to service the fleet.

- 4.4 The Scheme comprises the delivery of a Bus Franchising programme in the boroughs of Knowsley, Liverpool, St Helens, Sefton and Wirral. Under bus franchising, private operators will be contracted by the CA to run bus services, mirroring the model used in London and recently introduced in Greater Manchester.
- 4.5 The Bus Franchising programme is being delivered in 2 tranches across the LCR. Tranche One covers the St Helens and Wirral bus networks, which are scheduled to become operational in September 2026. Tranche Two includes 3 franchise contracts: Sefton, North Knowsley / Liverpool, and South Knowsley / Liverpool. These services are expected to be operational by the end of 2027. No development works will be undertaken pursuant to the Scheme.

Justification

- 4.6 Public ownership of bus depots is fundamental to the successful delivery and long-term sustainability of bus franchising across the LCR. It enables the CA to ensure a fair and competitive market environment where all operators, established and new, have equal access to essential facilities. This levels the playing field, removing a significant barrier to entry for new market participants who might otherwise be deterred by the high capital costs of securing or developing a depot site.
- 4.7 Public ownership also enhances the transparency and integrity of the franchising process. It prevents incumbent operators from leveraging control over infrastructure to maintain monopolistic advantages, thereby fostering a more dynamic and innovative market. This means the CA can attract a broader range of operators, encouraging competition that drives up service quality and delivers better value for public investment.
- 4.8 Ownership, as opposed to leasing, provides greater long-term value and strategic control. It is more cost-effective over multiple franchise periods and reduces exposure to commercial rent negotiations or the risk of strategic withholding of access by private owners.
- 4.9 CA controlled depots will also result in a more flexible and resilient bus network. Public ownership allows depots to be repurposed or expanded in response to changes in the bus network. This could attract more people on to a public transport network that can be integrated with the rail network and future Rapid Transit network. As the franchising authority, the CA can also set and enforce consistent standards for depot use (e.g. safety, environmental compliance, accessibility), which supports network-wide quality.
- 4.10 Public ownership of depots also supports long-term strategic goals, such as fleet decarbonisation and operational integration. It allows the CA to plan and invest in depot upgrades, such as power upgrades, electric charging infrastructure, and hydrogen fuelling facilities, aligned with Net-

Zero ambitions. This approach avoids reliance on private operators' facilities, which may not align with public service priorities or long-term planning. It ensures that infrastructure development keeps pace with policy ambitions, rather than being constrained by private commercial interests.

- 4.11 The CA will utilise its ownership of depots to achieve carbon neutrality by 2035, with a broader net zero target by 2040 or sooner. To date the CA has secured a 5MVA power upgrade for the Gillmoss Depot and purchased 108 zero-emission buses that will eventually make up the North Knowsley / Liverpool fleet. Plans have also progressed to consider the implications of decarbonisation, which has led to the identification of the land at the Former Gas Holder site in Birkenhead and the land at Shaw Road in Speke. These are essential requirements to the long term sustainability of the Birkenhead and Speke depots due to the impact of EV- charging infrastructure and associated plant that would result in reduced depot capacity without this land.
- 4.12 Public ownership of the depot estate will play a critical role in enabling a more integrated, multimodal transport system across the LCR. By controlling depot locations, layouts, and operational standards, the CA can ensure that bus services are planned and scheduled in a way that aligns more effectively with the wider public transport network, including rail, Mersey Ferries, and future Rapid Transit corridors. This level of integration is essential for reducing interchange times, improving reliability, and supporting initiatives such as unified ticketing, real-time passenger information, and coordinated network planning. Depots can also be adapted to accommodate new operational requirements that arise from cross-modal integration, such as shared fleet management systems and centralised control functions, ensuring the whole transport network operates as a coherent system rather than a set of isolated modes.
- 4.13 CA ownership of depots also supports the region's inclusive economic growth ambitions by safeguarding these strategically important employment sites and enabling long-term investment. The investment in depot infrastructure—such as power upgrades, fleet expansion, and modernised facilities—generates local supply-chain opportunities and supports high-quality green jobs within the city region. Public ownership also ensures continuity of service and network resilience, which are fundamental for supporting labour market participation and enabling businesses to attract and retain workers across the region; a stable and efficiently operated bus network will ensure public transport improvements are delivered in areas where they can have the greatest social and economic impact helping to reduce transport-related barriers to opportunity.
- 4.14 In summary, depot ownership is not merely a logistical consideration, it is a strategic imperative. It underpins the CA's ability to deliver a franchised bus network that is fair, competitive, resilient, and aligned with long-term public policy goals, including decarbonisation, modal integration, and inclusive economic growth. Public ownership enables decarbonisation through planned investment in zero-emission infrastructure; supports modal integration by ensuring that bus operations can be coordinated seamlessly

with rail, ferry, and future transport networks; and contributes to inclusive economic growth by strengthening network stability, improving access to opportunity, and anchoring investment in high-quality transport infrastructure. Collectively, these benefits ensure that the bus network evolves as a key driver of sustainable mobility and economic prosperity across the LCR.

Alternatives

- 4.15 The CA has identified two alternatives to the Scheme, these being i) do not franchise; and ii) build new bus depots.

Do not franchise i.e. implement an Enhanced Partnership (EP)

- 4.16 The Assessment considered an EP as the main alternative to bus franchising but concluded it would not provide the level of control needed to meet the region's objectives for an integrated, reliable and affordable bus network. Under an EP, operators would continue to make commercial decisions about routes, timetables and most fares, limiting the CA's ability to plan the network strategically or guarantee improvements across the whole system. The Assessment highlights that although EPs can deliver targeted enhancements—such as punctuality measures, limited ticketing simplification and customer-service standards—these rely on operator agreement and lack the enforceability and consistency required to address systemic issues in the existing deregulated market.

- 4.17 Across the Strategic, Economic and Commercial cases, the Assessment shows that an EP would offer lower benefits, weaker value for money and greater delivery risk compared with franchising. It would not enable comprehensive fare integration, uniform branding and customer experience, or coordinated investment in zero-emission fleets and depots—key elements needed to meet the CA's wider transport, environmental and social objectives. Because EPs cannot guarantee long-term, authority-led network planning or secure the scale of intervention necessary to reverse patronage decline, the option was ultimately discounted in favour of a franchised model, which the Assessment concluded would deliver greater certainty, accountability and public value.

Build new depots

- 4.18 The CA has considered this option but concluded that there is a lack of available sites in strategic locations with the appropriate planning policy support. This option involves considerable capital expenditure to fund the development of new depots. Considerable time is also required to procure the land and relevant planning permission, appoint contractors and then undertake the physical works. These steps add significant delay to franchising with attendant reductions in value for money for taxpayers being delivered. The benefits of franchising will not be realised should new depots need to be brought forward.

Funding and delivery

- 4.19 Capital funding, aligned to the estimated acquisition cost of the depots and identified land, is included within the business case to deliver bus franchising, which has a total expected cost of £301.5m and can be found in the Assessment. Funding is fully approved and is made up from the following sources:
- CA Reserves - £30m
 - Zero Emission Bus Regional Areas programmes funding - £9.35m
 - City Region Sustainable Transport Settlements/Transport for City Regions Funding - £262.15m
- 4.20 A property cost estimate has been undertaken by specialist surveyors to establish an estimate of the compensation payable in the event of compulsory acquisition of the depots and this is within the overall funding envelope for bus franchising.
- 4.21 The procurement of the St Helens and Wirral franchises (Tranche 1) is complete and scheduled to become operational in September and October 2026. Procurement of Tranche 2 operators (Sefton, North Knowsley / Liverpool, and South Knowsley / Liverpool) is currently ongoing, and expected to be operational by the end of 2027.
- 4.22 No works of physical development are required on any of the Order Land to deliver bus franchising. No other consents are needed which could impede delivery of franchising. No material change of use in relation to existing bus depots will occur and no planning permission will be required.

Efforts to acquire by agreement

- 4.23 Offers were made to all landowners and occupiers to acquire the land by private treaty, and agreements have been reached with all parties.

INSPECTOR'S CONSIDERATIONS

References to earlier paragraphs in this report are in square brackets [].

Main considerations

- 5.1 In considering the Order I have had regard to the Guidance on the compulsory purchase process (MHCLG, January 2025), section 12.3 of which advises that a CPO should only be made where there is a compelling case in the public interest and reasonable efforts have been made by the AA to negotiate the purchase of land by agreement.

The Scheme, the need for it, alternatives considered and possible impediments

- 5.2 DfT published new statutory and non-statutory franchising guidance⁵ in December 2024, expanding bus franchising to all LTAs and the upcoming Bus Services (No. 2) Bill. These government publications and legislation

⁵ CD15

changes signal continued national policy support for franchising. Bus Franchising is a government policy aimed at correcting market failures and enhancing passenger outcomes.

- 5.3 The scheme has the support from the Mayor, MT, CA and its constituent local authorities, and received strong public support. As such, the bus franchising scheme is supported at both local and national government level and the proposal would deliver significant public benefits.
- 5.4 Securing the freehold of the bus depots and surrounding land is necessary and fundamental to the success of the bus franchising scheme. This is clearly set out in the justification for the CPO [4.6-4.14], particularly paragraph [4.14]. It ensures that the market is unfettered by existing bus companies, and enables a variety of bus companies to compete for the franchise in an equal setting. It also ensures that the AA has control of the landholdings to ensure that the depots remain in service, are maintained and updated in a consistent manner and can be upgraded as necessary, for example, to enable net zero ambitions. It allows for capital/grant funding which would not be available to private companies. Furthermore, given the AA will determine the routing, there would be significant public benefits to access areas where there is an under provision and remove public subsidy liabilities.
- 5.5 The alternatives considered [4.15-4.18] would not deliver the significant public benefits that this scheme would. There is also sufficient funding [4.19-4.22] in place for the acquisition of the sites and any associated compensation. There are also no impediments [4.22] to the implementation of the scheme.
- 5.6 The comprehensive benefits of the CPO Scheme could not be achieved without acquisition of the land. Consequently, there is a compelling case in the public interest to acquire the lands to enable a successful, competitive, secure and fair bus franchising for the LCR.

Negotiations

- 5.7 Given that all objections have been withdrawn, the AA has undertaken meaningful attempts to acquire the Order Lands by private treaty, complying with the CPO Guidance.

HUMAN RIGHTS

- 6.1 Article 1 of the First Protocol to the Convention, as incorporated by the Human Rights Act 1998 apply in the consideration of this CPO. The CPO Guidance sets out that an AA should be sure that the purposes for which the CPO is made justify interfering with the human rights of those with an interest in the land affected. As addressed above, there is a compelling case in the public interest for acquisition of the land subject to the CPO.
- 6.2 Therefore, given the significant public benefits that would be provided, this represents a compelling case to justify interfering with Article 1 of the First Protocol to the Convention, as incorporated by the Human Rights Act 1998.

PUBLIC SECTOR EQUALITY DUTY

- 7.1 I am also bound by the PSED set out in s149 of the Equality Act 2010, and as a public authority I must comply with the PSED. It is my duty personally to have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 An Equality Impact Assessment was undertaken by the CA/MT in relation to the Scheme to assess the impact on protected groups of the implementation of the Scheme, in line with the Equality Act 2010.
- 7.3 The Assessment acknowledged potential adverse impacts on older persons and people on lower incomes. This is due to elements of the bus franchising, such as tap-and-go and contactless ticketing, that could unintentionally impact those persons who may struggle to use and access the service digitally. The CA detail that they would be mindful of those who are digitally excluded and ensure that there are appropriate ways to communicate with all people who may not be able to access information and ticketing digitally, such as the existing MT operated contact centres, in person assistance, information at stops, ticket machines, and audio-visual announcements.
- 7.4 Thus, these potential adverse impacts are capable of being mitigated, and having due regard to the 3 requirements above, I conclude that the CPO would have a neutral effect.

RECOMMENDATION

- 8.1 I recommend that the Order should be confirmed.

Katie McDonald

INSPECTOR

APPENDIX A: APPEARANCES

For the Merseyside Passenger Transport Executive and the Liverpool City Region Combined Authority	
Ruth Stockley KC	Instructed by Liverpool City Region Combined Authority
For Ms M R Howarth	
Luke Backhouse	Instructed by Ms M R Howarth

APPENDIX B: CORE DOCUMENTS

AA's Documents	
CD1	CPO
CD2	CPO Maps
CD3	Statement of Reasons
CD4	Report to the LCRCA and minute of meeting dated 7 March 2025
CD5	Report to MPTE dated 18 July 2025
CD6	Equality Impact Assessment
CD7	Assessment of Bus Franchising Report – 25 April 2023 LCRCA Assessment 25 April 2023
Objections	
CD8	Network Rail Infrastructure
CD9	National Grid Property Holdings Limited
CD10	Ms M R Howarth
CD11	Arriva North West Ltd & Arriva Merseyside Ltd
CD12	Stagecoach
CD13	SP Energy Network Holdings
Other	
CD14	Transport Act 1968
CD15	Department for Transport franchising guidance December 2024: Setting up a bus franchising scheme
CD16	Compulsory Purchase (Inquiries Procedure) Rules 2007

APPENDIX C: INQUIRY DOCUMENTS

ID1	Further objection from Ms M R Howarth (dated 6 July 2026)
ID2	Withdrawal of objection from Ms M R Howarth (dated 7 July 2026)