

Bus Franchising in Greater Manchester Assessment September 2019

**Partnership Option:
Operators' Position and
Modelling Implications**

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1 Introduction

1.1.1 This paper considers two potential partnership scenarios as follows:

- The first reflects the current partnership proposal developed through a programme of engagement with OneBus and some key Greater Manchester operators over the course of the last 18 months. This is referred to as the 'Operator Proposed Partnership' option.
- The second reflects a more ambitious potential partnership scheme which intends to deliver more benefits. This is referred to as the 'Ambitious Partnership'.

1.1.2 The focus of this paper is primarily on the deliverables of the operators' current proposal (the Operator Proposed Partnership option as mentioned above). However, in order to illustrate the optimal partnership outcome, i.e. one with more ambitious commitments, TfGM has also developed and modelled an Ambitious Partnership scenario. Therefore, the assumptions underpinning the Ambitious Partnership scenario are also set out. This paper sets out the conclusions reached to inform the modelling for each partnership option.

1.1.3 The Commercial Case sets out the different legal mechanisms for partnership in further detail. The operators have clearly indicated that they would not agree to an Enhanced Partnership Scheme (EPS) (which, as noted in the Commercial Case, TfGM considers would likely need to be implemented to deliver the Ambitious Partnership scenario). Their proposed mechanism to deliver the Operator Proposed Partnership is a Voluntary Partnership Agreement (VPA). Given operators' current reluctance to consider an EPS, it is uncertain as to whether the Ambitious Partnership scenario could ever be delivered.

1.1.4 There has been extensive engagement with the operators in relation to partnerships. This began in September 2017 when TfGM agreed a formal programme of engagement with OneBus (previously GMBOA) (to ensure the views of all OneBus members were represented) together with Arriva, FirstGroup, Stagecoach and more recently Rotala and Go Ahead (noting that OneBus explained that they represented all of its members who did not attend the meetings). The engagement focused on what a partnership could deliver by way of improvements across a number of areas such as fares and ticketing, customer experience, network and congestion.

1.1.5 To facilitate discussions, operators shared an initial partnership offer and TfGM shared information about the GMCA’s Vision for Bus and other objectives. TfGM also shared the approach to the appraisal of options in the Assessment. The engagement enabled TfGM to explain the objectives in more detail; for operators and TfGM to review and understand the various aspects of the initial partnership offer; and for TfGM to provide feedback and suggestions of where it considered a partnership could offer more. As a result of this engagement, the operators shared in January 2018, a consolidated partnership offer reflecting the outputs of discussions. A summary of this initial engagement is set out below in Table 1.

Table 1: Information Shared and Meetings held between TfGM and Operators, between October 2017 and January 2018

Meeting Date	TfGM Documents	Operator Documents
4th Oct 2017	<ul style="list-style-type: none"> Vision for Bus document 	<ul style="list-style-type: none"> Manchester Operators EP Proposal v4
12th Oct 2017	<ul style="list-style-type: none"> Objectives on fares & ticketing 	
25th Oct 2017	<ul style="list-style-type: none"> Objectives on customer experience Current TfGM network accessibility criteria 	
9th Nov 2017	<ul style="list-style-type: none"> TfGM bus reform economic appraisal note 	<ul style="list-style-type: none"> Revised work in progress proposals from the operators for fares & ticketing, customer experience, patronage growth and network. These further expand on the commitments in the Manchester Operators EP Proposal v4 document.
14th Nov 2017	<ul style="list-style-type: none"> TfGM network criteria proposal Objectives on congestion & service punctuality (network) Objectives on air quality (network) 	
27th Nov 2017	<ul style="list-style-type: none"> Review of operator proposals. The purpose of this note was to feedback to operators on their proposals, highlight where TfGM would like clarification on the current proposals and explain where TfGM believe that operators may be able to enhance their proposals to better meet Greater Manchester Combined Authority’s (GMCA’s) objectives. 	
7th Dec 2018	<ul style="list-style-type: none"> Note summarising information provided to operators i.e. a summary of the documents listed above, which have been provided to operators to help them produce a set of proposals for a partnership. 	
15th Jan 2018		<ul style="list-style-type: none"> Governance proposals
24th Jan 2018	<ul style="list-style-type: none"> Response to operators’ request for details of the franchising proposition that TfGM is developing 	<ul style="list-style-type: none"> Partnership consolidated offer

- 1.1.6 At this stage it was agreed to commence development of a draft VPA to reflect the consolidated offer. In the process of developing the draft VPA, it was clear that the partnership consolidated offer consisted of:
- A number of specific commitments that could be included in the draft VPA.
 - A number of commitments to undertake further work (once the partnership has commenced) which, in turn, might lead to specific commitments from operators. One example of this was the commitment to undertake a full review of the network once in a partnership i.e. after entering into a VPA. This review might lead to commitments in relation to network improvements.
- 1.1.7 Having established that a number of specific commitments were more like ‘commitments to commit,’ it was agreed that further work was required to elicit additional detail from the operators with regards to their partnership proposals. The process of developing a draft VPA allowed TfGM and operators to identify the areas where the partnership consolidated offer needed further development, in order to obtain the level of detail required to enable a meaningful partnership agreement to be established. To develop this detail, it was agreed that focused working groups should be established. These covered the key partnership workstreams of fares and ticketing, customer experience, network, congestion and air quality.
- 1.1.8 The purpose of each working group was to enable further detail about the operators’ proposals to be elicited and to inform the development of the VPA. The working groups would also act as a proof of concept regarding how a partnership could operate in the future. An overall steering group was also arranged. The working groups and steering group began to regularly meet from May 2018 onwards and on average meet on a monthly basis.
- 1.1.9 Terms of reference were agreed for each working group explaining the membership and purpose of each group, along with items to be discussed within each working group. Membership consisted of officers of TfGM and employees of Arriva, FirstGroup, Stagecoach and more recently Rotala and Go Ahead, as well as the chief executive of OneBus (to ensure the views of all OneBus members were reflected in the discussions). TfGM have subsequently managed the process of circulating an agenda, notes and maintaining an action tracker for each meeting, along with following up on any outstanding actions.
- 1.1.10 As at May 2019, there have been 9 fares and ticketing meetings, 7 customer experience meetings, 9 network meetings, 11 congestion meetings, 4 air

quality meetings and 11 steering group meetings. These meetings are still ongoing and will continue to inform the drafting of the VPA.

1.1.11 A number of legal sessions have also been held to progress the drafting of the VPA. These legal sessions are ongoing, and run in parallel to the working group sessions, ensuring that all outputs from the working group sessions are fed into the VPA drafting.

1.1.12 The drafting of the VPA has involved extensive engagement with TfGM's legal advisors, DLA Piper LLP (DLA), to ensure that all topics discussed within the individual working groups have been captured within the drafting of the VPA. To elicit further details in terms of the governance arrangements and commitments made by operators within the VPA, a list of clarification questions was shared with the operators. These were discussed further within the working groups. Subsequent legal sessions have since been held with the operators to discuss each new version of the VPA drafting, with attendance from TfGM, each of the operators, DLA and operator legal representatives.

1.1.13 The progress of the discussions on partnership has highlighted a number of matters:

- Many of the operator commitments remain uncertain and are likely to remain so well into the period of any partnership, making the task of accurately ascertaining the long-term effects more difficult, and rendering any benefits from a partnership more uncertain. Under an Ambitious Partnership, for example using an EPS, it may be possible to introduce service standards that operators would have to comply with if they wanted to operate services in an EPS area. However, the operator proposals, and what is reflected in the Operator Proposed Partnership option and the current drafting of the VPA, are in many places expressed as commitments to consider potential actions in the future, meaning that TfGM cannot be assured of the precise outcome or timing of the actions that would be taken. In instances where there are commitments to commit, an approach has been developed to determine how, for example, a network review, would be undertaken in a partnership;
- Governance discussions have revealed that there is still considerable uncertainty about what a partnership could achieve, and how strong any governance arrangements would be. Part 3 of the Commercial Case contains further information on the different mechanisms for partnership, such as the VPA,

EPS and Advanced Quality Partnership Scheme (AQPS). In terms of statutory support for a partnership and the associated legal framework, as mentioned above, the operators' preference is for a VPA to be employed. This might be accompanied with localised voluntary partnership agreements for specific projects (e.g. bus priority measures) that have a more local focus. These would be based on the principles agreed in the main VPA, but have more specific geographical scope, standards and parties reflecting the specific deliverables of a project (see Section 31.4.4 within the Commercial Case for more details on local VPAs).

- A sufficient number of operators have confirmed that they would not accept the use of an EPS such that this mechanism has been discounted for the current Operator Proposed Partnership. Similarly, the use of an AQPS has been considered. Operators have indicated that whilst they do not favour using AQPS they may accept its use in a limited capacity alongside a VPA (for example if delivering a set of bus priority measures on a specific bus corridor).
- Whilst, as noted above there is still considerable uncertainty about what a partnership could achieve, sufficient clarity has been obtained from operators regarding their preferences for the partnership mechanism and therefore the modelling of a partnership need no longer be a 'desk exercise'. It is therefore appropriate to reduce the number of schemes modelled in the economic case. It would, however, be prudent to retain a strong theoretical offer that sets out what an Ambitious Partnership could achieve in the long term, in order to put franchising into the appropriate context.

1.1.14 It is therefore proposed to present two partnership options – one based on what operators are currently offering, the Operator Proposed Partnership, and a more ambitious version of a partnership, the Ambitious Partnership.

1.1.15 The next section sets out what has been agreed with the operators through discussions and the working groups, divided into three sections in line with the GMCA's objectives (including the Vision for Bus) as set out in the Strategic Case – which include simplified and integrated fares (including interoperability and value for money), customer experience and network (including fleet investment and congestion and service punctuality). Under each of these headings, this paper considers the operators' position reached through each

of the working groups for these topics, and the associated modelling implications as a result of the conclusions made. Each section concludes with the assumptions used to inform the modelling for the Operator Proposed Partnership option and the Ambitious Partnership option. The Economic Case also considers the benefits of both partnership options and contains further information on the approach to modelling.

2 Simplified and integrated fares

Operators' position concluded through the Fares and Ticketing Working Group

Simplicity

- 2.1.1 Operators agreed that they would each provide a fares and ticketing simplification roadmap to TfGM which details the principles of decision making and confirms their proposed changes to fares and ticketing across Greater Manchester. This would not be shared with TfGM until the VPA has been signed and therefore further detail regarding what the roadmap would specifically entail and look like is unknown. This applies to a number of the commitments made by operators in relation to fares and ticketing i.e. the detail behind each commitment would not be known until the VPA has been signed. Operators would also produce guidance to inform the production of the simplification roadmaps. As part of the simplification roadmap, operators would review their current discounted products and own product sets, including period products, to identify inconsistencies between each other, and propose any changes to be introduced as part of the partnership.
- 2.1.2 Each individual operator would limit the number of fare bands offered to a maximum of five and the operators also agreed that they would standardise fare stages across Greater Manchester. Stagecoach and First have already started to limit the number of fare bands to a maximum of five. Looking back at data from January 2018, a number of services have five fare bands. This equates to a combined market share (based on mileage) of 68% (as at FY 2018/19). A consistent naming convention across all operators would be implemented, following the GMTL naming structure (single operator products: (operator), (class), (period - single); multi-operator products: bus, (class), (period e.g. day/week/4 week), for example, Stagecoach Adult Day or First Child Week for single operator products, and Bus Adult Week for multi-operator products). Operators agreed to produce product narratives individually, explaining each operators' product set, at the point the VPA is signed which would then be converted into a narrative to help customers understand the different products available within Greater Manchester.

2.1.3 In the current drafting of the VPA being developed with operators, there is a condition precedent which requires each operator to provide their product narratives and simplification roadmaps on signing the VPA.

2.1.4 Return fares have also been discussed with operators. The main operators in Greater Manchester have already removed their return fares however smaller operators continue to offer return fares. The smaller operators have not yet agreed upon a consistent approach for return fares under a partnership.

Transparency and trustworthiness

2.1.5 Operators have agreed that they would be open to having all Greater Manchester fares and ticketing related information available in a single location e.g. a website. Operators have also clarified that they would maintain their own individual websites in addition to this and therefore fares information would still be available in more than one location. Under a partnership, operators would retain the ability to set their own fares. Operators intend to re-brand the existing System One tickets to the 'Get Me There' or another unified brand. However, the detail of how marketing of these tickets may be improved is not clear from the current proposals from operators.

Value for Money

2.1.6 The differential between individual and multi-operator products was discussed in the working groups, to determine whether the price differential could be reduced and/or a formula for determining the price differential could be established. There was a reluctance to progress this. However, operators have proposed that all System One bus only fares would be subject to a two year price freeze but only following a review of all ticket products and prices, and subject to GMTL agreement.

Modelling Implications

2.1.7 TfGM has not modelled any benefits from consolidation of single tickets and fare bands (which could happen under franchising and a partnership). It is worth noting that these would be more certain and potentially more comprehensive under franchising (and it would be easier to align prices for different services without being constrained by competition law in the same way as multiple operators are constrained). Limited simplification of fares can be achieved under both partnership options. Therefore, this does not lead to a clear benefit that can be modelled.

2.1.8 Similarly, no benefit has been assumed from the adoption of smart integrated ticketing in the form of a 'fair price promise' that would allow passengers

access to multi-operator and multi-modal fares without preplanning their travel requirements, following the work with Transport for the North. It is assumed that smart ticketing would be introduced through both franchising and partnership, and therefore the benefit that would accrue to both options would be similar, noting that these benefits would be considered within a separate business case. While introducing a 'fair price promise' is arguably easier through franchising, as this would not require agreement as to the redistribution of revenue, it has not been assumed that this would change the probability of a viable system being implemented or the speed at which this would happen.

2.1.9 In relation to TfGM supported services (which are services subsidised by TfGM on behalf of the GMCA), in their consolidated offer operators have suggested that TfGM revise subsidised service contract conditions to allow operator tickets to be accepted on supported journeys on those services e.g. an evening service accepts the tickets of a day-time operator. TfGM has not modelled any effects of allowing operator tickets to be accepted on those supported journeys, run by other firms. Discussions with operators indicate that they do not intend to operate this as some form of multi-operator ticket with appropriate reimbursement. If TfGM's understanding is correct, it may be difficult for such secured services to pass the competition test. In addition, TfGM would struggle to demonstrate value for money, as other than the incumbent operator, any other operator would effectively be accepting the incumbent's tickets (and therefore enhancing their utility) without payment. It is difficult to see how parties other than the incumbent could effectively tender for such contracts, other than where the contracts were let on a gross cost basis, in which case, effectively TfGM would be enhancing the utility (and value) of the incumbent's ticket for no reimbursement. Without a proposed reimbursement model from the operators, this would be a further subsidy to operators and could not be entered into by TfGM on this basis.

2.1.10 No benefit has been modelled from any potential reduction in the price of travel for 16 to 18 year olds as the Mayor will introduce an 'Our Pass' in September 2019 on a two year trial basis. This will give 16 to 18 year olds free bus travel at any time of day, and therefore the benefit that would accrue under any model would be similar. There would be no difference in benefit between the schemes.

- Operator Proposed Partnership: No change to operator own fares charged, however System One bus only fares could be frozen for two years.

- Ambitious Partnership: The same scenario as Operator Proposed partnership has been modelled.

Interoperability

Operators' position concluded through the Fares and Ticketing Working Group

- 2.1.11 Partnership offers the potential to agree that there is some interoperability of tickets between operators, though this would require a qualifying agreement to be legal, i.e. to allow passengers to take any bus on shared corridors where all operators were subject to a qualifying agreement. Other partnerships, such as that in Sheffield, have used such an approach. Whilst this does not give passengers with operator-own tickets the benefit of access to the whole network, it would allow them to take any bus on certain corridors and therefore gain interoperability benefit.
- 2.1.12 The fares and ticketing working group have discussed the introduction of joint ticketing arrangements under a partnership, in respect of the acceptance of each other's tickets on routes where the commercial services of two or more operators operate on the same corridor or section. Operators advised that while interoperability could be undertaken in principle, this would only be appropriate where particular conditions were met, such as operator frequency being equal on a particular corridor, and there being a fairly even split between patronage on different services. Operators have advised at present that they consider there are no corridors in Greater Manchester that meet these criteria.

Modelling Implications

- 2.1.13 Analysis was undertaken by TfGM and showed that there were two corridors (Manchester to Middleton on the Rochdale Road corridor and Manchester to Little Hulton/Logistics North on the A6 Salford Crescent corridor) that meet the following criteria and are therefore deemed suitable candidates for the introduction of qualifying agreements that would deliver "within corridor" interoperability benefits for passengers:
- corridors with services being provided by more than one operator on a commercial basis;
 - the services concerned operating along a lengthy common section (defined as in excess of 4km); and
 - a combined high frequency service – i.e., minimum six buses per hour, daytime service.

2.1.14 However, as mentioned above, under the Operator Proposed Partnership option, the operators would only be willing to agree to implement a qualifying agreement if the operator frequency was equal on a particular corridor and therefore they have subsequently confirmed that no corridors in Greater Manchester meet their conditions currently. Notwithstanding this, as operators have agreed in other areas of the country to such proposals, it would be appropriate to ascribe limited interoperability benefits to an Ambitious Partnership, arising from mutual acceptance of tickets on the shared corridors identified.

- Operator Proposed Partnership: No interoperability (operators have confirmed that they would not offer this as frequency would need to be equivalent).
- Ambitious Partnership: Limited benefits of interoperability on two defined corridors.

3 Customer experience

Operators' position concluded through the Customer Working Group

Bus service should be easy to understand

3.1.1 The following has been agreed in relation to Customer Experience:

- There would be a single point of contact through telephone, online or social media channels, for customers to plan journeys, obtain information and provide feedback. The one point of contact would be displayed on all buses, on all printed material and on social media sites. The specific details of how the one point of contact would operate and be funded in practice, have not been agreed in detail. It has also not been established how this would differ from what exists now, other than additional promotion of the service TfGM currently offers. Operators will still retain their own social medial channels and central contact centres. The additional queries that could be handled by the one point of contact would need to be confirmed, along with how the end to end service levels would be improved.
- In relation to branding, the current proposal is that there would be prominent unified partnership branding on all buses, alongside operator own branding. The scale and detail of this partnership branding is not yet determined. Given that the operator own branding would remain, this is likely to result in little or no improvement in customer views on how the bus

network is branded and there is a risk that this may actually increase customer confusion. Operators also plan to continue to offer their own-branded operator ticketing products, which works against the objective of having one unified brand for the whole public transport network in Greater Manchester.

- The partnership would have a collective marketing budget. Operators have suggested that 1% of operator bus only GMTL turnover be pooled, promoting only all operator (bus only) products. However, some of the 1% is already used by GMTL to promote GMTL products, therefore it is not clear what would be additional under a partnership and how that may or may not drive improvements. It is to be confirmed whether the collective marketing budget is used to promote bus only multi-operator products or bus as a mode. All partners would be represented on any marketing steering group to enable partnership agreement of the proposed campaigns.

Improvement in on-bus experience

- 3.1.2 It has been agreed all operators and TfGM would develop a driver training programme to ensure a minimum level of consistent training and accreditation, particularly in relation to customer service. The intention would be to use a single training provider. A review of all customer complaints and enquiries would inform the additional training required, as well as performing a review of the current training procedures. The detail behind the external training programme has not yet been developed. This would need to include, for example, what the training course objectives and content would be, and how often it is delivered.

Safety of travel is improved

- 3.1.3 In respect of infrastructure at bus stops, stations and shelters, the current approach and standards in place are considered sufficient by the operators. However, infrastructure would continue to be actively monitored under a partnership, including bus stops, stations, shelters, kerbs and parking enforcements. The operators and TfGM also had a dedicated session on safety and agreed that the TravelSafe partnership would continue.

Modelling Implications

- 3.1.4 The current approach to modelling customer experience employs soft factors research to determine values for some of the potential customer innovations that could be introduced either through a partnership or specified in a

franchising scheme. For the reasons outlined above, there has been no benefit assigned (and hence no cost) under the Operator Proposed partnership option for the branding proposals from operators. For the Ambitious Partnership it is unlikely that the operators' position would change from their current proposal, i.e. they would still want to have their own products and own branding visible on the bus along with the partnership branding. Therefore, the position on benefits has been assumed to be the same as the Operator Proposed partnership option, i.e. no benefit.

- 3.1.5 Better information to plan journeys and real-time information was valued by customers but in both cases, it is likely that the provisions introduced by the 2017 Act will mean that some or all of that benefit could arise without intervention, and would occur under all three options i.e. both partnership options and a franchised scheme, therefore they have not been included within the modelling benefits. The benefits that have been modelled are matched to the specification of each of the partnership options based on the discussions held with operators to date.
- 3.1.6 As set out above there would be a unified driver training programme under a partnership to improve customer service and therefore we have modelled a benefit for this equivalent to the soft factors research performed under the franchising option. The costs in the modelling assume the equivalent of one additional training day, per year, per driver, over and above the required CPC annual driver training. Part of the cost for the delivery of the unified driver training would be borne by the operators, however the split and precise nature of arrangements is uncertain. Discussions to date indicate that the equivalent of one additional training day, per year, per driver, over and above the required CPC annual driver training may or may not come to fruition.
- 3.1.7 Similarly, in relation to Wi-Fi, operators are committed to providing a minimum standard of on-bus Wi-Fi and therefore as with franchising, operators have been given the benefit of further investment to upgrade the Wi-Fi to all buses, excluding school buses, under both partnership options.
- 3.1.8 As outlined above, it is therefore deemed appropriate to use the 'soft factors' that have been applied to partnership proposals as they represent the best estimate that this methodology allows to determine the likely benefits of a partnership scheme.
- Operator Proposed Partnership: Benefits from unified driver training and free on-bus Wi-Fi have been modelled.
 - Ambitious Partnership: The same benefits have been modelled as the Operator Proposed option.

4 Network

Operators' position concluded through the Network Working Group

Integration and efficiency

- 4.1.1 The network working group have agreed an eight-step work flow approach for reviewing the network to ensure efficient deployment of bus resources, in order to achieve an improved and integrated network. The approach sets out a logical step by step process to developing network interventions in a partnership-based environment. It does this using the Service Planning Principles alongside a number of data sources, in order to identify opportunities to improve the network and identify interventions for implementation. The Service Planning Principles (comprehensive, simple, frequent, direct, reliable, integrated and cost-effective) are derived from methodology used by Transport for London and provide a consistent means by which network evaluation can be carried out.
- 4.1.2 As a means of testing the work flow approach and methodology, a proof of concept was carried out in a 'sample' area of Greater Manchester (Bolton West) to work through how a review would operate using the proposed eight-step work flow approach, and how results would be implemented. Opportunities to improve the network were identified along with proposed interventions, however in the working group it was determined that these wouldn't be taken forward. Agreeing an approach for quantifying the benefits of the interventions and establishing how these would flow back into the partnership proved difficult e.g. cost savings, increased revenue, patronage benefits, kick start funding. Following this, the approach and methodology was revised with TfGM now taking the lead on the first two steps (i.e. agree the area for network review, assess the network against the service planning principles and determine possible interventions). The working group agreed to look at Tameside and revisit Bolton West, using the revised approach. However, the operators have confirmed that a full network review would only be undertaken once a partnership were formed through the signing of a VPA. The work undertaken to date has shown limitations in terms of reassigning routes and resources under partnership.

Modelling Implications

- 4.1.3 For any benefit to be realised under a partnership, this would require all the operators to agree on the network changes and for any benefits realised as a result of changes to the network, to be reinvested into the partnership, rather than the individual operator benefiting in their particular operating area. Given the weaker governance structure of a VPA and little certainty over any proposed changes, along with the results that have arisen from the proof of concept exercise, it is unlikely that we can assume this will have a benefit.
- 4.1.4 For the network review under both partnership options, the assessment of what changes could be achieved centre on the amount of redistribution of resources between operators required to secure changes and the level of existing competition possible. For the Ambitious Partnership option, a set of changes has been assumed that are reflective of the subset of franchise changes that are legally deliverable under a partnership arrangement. Please refer to the Network Supporting Paper for further detail on the approach.
- 4.1.5 The operators have clarified that any savings from the network review exercise that they envisage, would only be redistributed out of a review area 'in exceptional circumstances' and there will *not* be any redistribution of resources between operators. This means that the level of change to the network as a whole will necessarily be limited, and the likely level of change resulting would be below the level of change envisaged for an Ambitious Partnership network. It is therefore deemed appropriate to assume no network changes for the Operator Proposed Partnership option as there are significant obstacles to delivering the types of changes that would create any material passenger benefit.
- 4.1.6 There have been discussions about strengthening evening and weekend coverage under a partnership and operators have proposed a relationship between daytime frequency, and evening and weekend services. This raises the prospect of benefit from the restoration of previously cut evening and weekend services and, of new and improved services, and hence further benefit from a partnership. However, this is subject to caveats principally that the service would need to be sufficiently profitable on its own terms (and not for instance for the wider benefit of the *route* as more daytime passengers have the confidence to use the service, or the wider benefit of the whole *network* for the same reason). As operators would presumably operate an evening or weekend service if it were sufficiently profitable, it is unlikely that a partnership would change this materially. Further caveats exist on changes to journey speeds before such a move could be contemplated. TfGM have

explored that if, for example, there was a service with a high frequency in the daytime, and therefore illustrating that there is demand for such a service, there could be a relationship between daytime and evening, and daytime and weekend services, based upon a review of factors such as work patterns. Operators have expressed that they would aspire to implement this but that they could not do it due to the reasons outlined above i.e. profitability and increased journey speeds (congestion). It is therefore not appropriate to model any benefit from this measure.

4.1.7 In addition, infrastructure improvements have been mentioned as part of the review process. Such changes could be implemented under any operating model and therefore such improvements have not been included within the modelling framework. As set out in the Strategic Case, a partnership could make some difference to the ability of the GMCA to deliver some of the Phase 2 measures that could further improve the bus network, for example infrastructure investment such as bus priority measures. Such interventions would be considered within their own business case and this process could improve the value for money of the interventions and could benefit passengers and operators.

- Operator Proposed Partnership: A systematic review process would take place, however the scale of the changes to the network is likely to be low and therefore we have assumed no benefit for this within the modelling.
- Ambitious Partnership: Set of changes modelled that is reflective of the subset of franchise changes that are legally deliverable under a partnership arrangement (see further detail of the approach in the Network Supporting paper).

Fleet Investment

Operators' position concluded through the Fleet Investment Working Group

4.1.8 Operators will commit to over £100m of operator investment in their fleets over three years. This investment is the anticipated cost of the introduction of 150 new vehicles each year for the first three years of the partnership, with any remaining investment being used for repainting and branding. Operators have confirmed that the profile of fleet investment between operators will initially be based on market share. Vehicles would be a minimum of Euro 6 or better. However, operators have not provided any further detail behind this investment. Without more detail behind how this investment would be

delivered, there are constraints on the level of contractual certainty (and enforceability) that can be achieved.

- 4.1.9 In addition to the investment committed above, operators have also confirmed that each operator in the partnership will bring the average fleet age to under seven years over the term of the partnership agreement i.e. initially a period of five years (agreed as an appropriate length of term, following this and unless terminated earlier, the parties to the agreement shall agree the extended term e.g. another five years). However, the approach and profile of this fleet investment, along with an individual operator road map detailing how and when the fleet investment will be made, would only be shared with TfGM once the VPA has been signed.
- 4.1.10 Performing some analysis and high-level calculations, if operators (i.e. all operators within Greater Manchester) were to invest collectively 150 new buses each year for three years, beginning from September 2019, this does not reduce the average fleet age to below seven years. Even if the analysis is extended to a five year period, it still wouldn't reduce to below seven years. It is estimated that at least another 50 new buses per year would be required, in order to bring the average fleet age to below seven years over a five year period (i.e. the initial length of the VPA as per the current drafting). Therefore, it is not expected that the £100m investment provided in the operators' proposals would alone, result in a significant step change in investment in new fleet compared to what would be expected outside a partnership. Bus operations is a capital intensive business where ongoing capital investment is required to meet customer needs, ensure business continuity, manage operating costs and replace life expired vehicles.
- 4.1.11 For this reason, the commitments put forward by the operators cannot be taken as an indication of what would be achieved, especially given TfGM would not have any further insight into the details behind these commitments until a VPA was signed. Nothing provided to date represents a departure from the 'do minimum' case (for instance TfGM would, under any model, work with operators to take advantage of DfT funding for the good of Greater Manchester residents, and operators would be expected to continue to invest in assets/asset renewals as part of their normal course of business).
- 4.1.12 The operators have indicated that, subject to a full review of available funding, four corridors across Greater Manchester will be converted to zero emissions operation by 2020 under a partnership. However, when asked a clarification question regarding the detail behind this, the operators confirmed that the partnership Strategic Board would determine which corridors this would apply

to, along with other proposed corridor improvements. Therefore, the detail behind this would not be known until a VPA had been entered into. The operators also advised this would be subject to clean air plans and funding becoming available. For this reason, no benefit in relation to this has been modelled.

Modelling Implications

4.1.13 As operators have indicated that TfGM would not be provided with the detail behind the fleet investment commitments until the VPA is signed, it cannot be assumed that this would represent a change over and above the normal investment required for bus operations in Greater Manchester.

- Operator Proposed Partnership: No benefit in relation to fleet investment has been modelled.
- Ambitious Partnership: No benefit in relation to fleet investment has been modelled.

Congestion and Service Punctuality

Operators' position concluded through the Congestion Working Group

4.1.14 Through the congestion working group, TfGM have been working with OneBus to agree a methodical approach to prioritise investment in highway infrastructure to reduce the impact of congestion upon bus operations and passengers, under a partnership operating environment. The group agreed an eight-step work flow structure as part of the approach. Steps one and two consider the bus route prioritisation process, including initial data collection and prioritisation; steps three to five involve a review of bus route issues and identification of opportunities and interventions, within these stages is also a calculation of an initial benefit/cost ratio; step six considers the identification of funding opportunities; and steps seven and eight look at the required development of a business case and the construction of the considered infrastructure.

4.1.15 The congestion working group tested the process on five services for three operators to carry out a proof of concept exercise. Data was gathered for these services and steps one and two were completed. These services were ranked in order of priority based upon their potential to improve congestion.

4.1.16 It has also been agreed that this would be expanded further in terms of reviewing the whole of Greater Manchester, using the approach noted above. It is intended that the outputs of this work will inform decisions over investment in measures to help reduce the impact of congestion.

Modelling Implications

- 4.1.17 As noted above, TfGM and the operators have agreed a methodical approach for prioritising investment in highway infrastructure however at this stage it is not possible to determine the types of changes that would create any passenger benefit and it is difficult to model with any accuracy what the benefits might be.
- 4.1.18 In addition, ongoing highway infrastructure investment would continue which would be subject to a separate business case and funding would need to be obtained, which at this stage is unknown and therefore such investment has not been assumed for the purposes of modelling and there is equally no provision for the cost.
- Operator Proposed Partnership: No benefit in relation to highway infrastructure investment has been modelled.
 - Ambitious Partnership: No benefit in relation to highway infrastructure investment has been modelled.

