

Final stage impact assessment

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1. Summary of approach

The Bus Services Bill contains a high number of individual measures. Due to the number of measures and the links between them, the assessment for all these measures is presented in this one overarching impact assessment (IA). We have covered all the measures included within the Bill as a whole up to the regulatory scorecards. For the purpose of these sections, we have grouped the measures where they broadly fall under the same 'theme' in terms of the area for which interventions were targeted. The groupings are as follows:

1. Franchising
2. Local Authority Bus Companies
3. Funding
4. Accessible and Inclusive Travel
5. Ticketing
6. Socially necessary local services and Bus Registration
7. Enhanced Partnerships
8. Environment

Some of the measures required full IAs due to being in scope of the Better Regulation Framework (BRF), but others do not. Measures are not in scope if they do not have a direct impact on business.

The BRF is the system government uses to manage the flow of regulation and understand its impacts. The BRF applies to regulatory provisions, if something is not a regulatory provision, it is not in scope. A regulatory provision is defined as a 'statutory provision' that relates to a 'business activity' which does at least one of the following:

- a) imposes or amends requirements, restrictions or conditions, or sets or amends standards or gives or amends guidance, in relation to the activity
- b) relates to the securing of compliance with, or the enforcement of, requirements, restrictions, conditions, standards or guidance which relate to the activity.

A 'statutory provision' is:

- a) a provision of an Act
- b) a provision of subordinate legislation made by a Minister of the Crown
- c) any other provision which has effect by virtue of the exercise of a function conferred on a Minister of the Crown, or independent regulator that has agreed to sign up to the BRF, by or under an Act.

'Business activities' means activities carried on:

- a) by a business for the purposes of the business
- b) by a voluntary or community body for the purposes of the body.

To note, business activities does not include a business or body which is controlled by a public authority or acting on behalf of a public authority.

Notwithstanding the above definition, provisions and their impacts are also out of scope where they are in connection with:

- a) imposing, abolishing, varying or in connection with any tax, duty, levy or other charge
- b) procurement
- c) grants or other financial assistance by or on behalf of a public authority
- d) commencement orders.

For each of the measures in scope of the BRF, a full IA has been conducted. For those outside of the BRF, we have discussed their impact at a high level within the overarching IA.

Where measures would have required a full individual IA, we have met this requirement by completing the remaining sections (with regulatory scorecards done both for the Bill as a whole, and separately for individual measures in scope of BRF) for these. The remaining sections for each of the individual IAs have been copied below the overarching sections. For some measures in scope, furthermore detailed information on rationale has been included in the evidence sections for individual IAs, in addition to the high-level summary in the strategic case for proposed regulation.

A full list of the measures, whether they are in scope of BRF and which grouping they fall under is included in the section summarising the description of the proposed intervention options. This table also summarises which of the overall Bill objectives that the measure helps meet and how.

2. Summary of proposal

Buses are the most popular form of public transport with 3.4 billion passenger journeys made by local bus in England in the year ending March 2023.¹ They are an essential part of our national transport system, in both urban and rural areas. Whether it's getting to work, school, the hospital or the shops, many people rely on buses to get them where they need to go. Modernising the transport infrastructure and delivering better buses is at the heart of the Government's plan to kickstart economic growth in every part of the country and get the country moving. However, passenger numbers and bus service levels have declined, with 2 billion fewer annual bus journeys in 2023 than in 1985 and almost 300 million fewer miles driven by buses in 2023 than in 2010.²

The Bill delivers on the Government's manifesto commitment to reform bus services by providing new powers for local leaders, including allowing them to franchise bus services and lifting the ban on establishing new local authority bus companies, so that local communities in England have greater control over bus routes and schedules. This commitment is a response to the long-term trends that have seen declining bus services and patronage, and the overarching theme of the Bill is providing powers to local authorities to determine the bus operating model most appropriate to their area.

The Bus Services Bill also aims to deliver the Government's five-point plan³ for improving the bus network and consistency in local areas across the country. This plan is centred around putting control of local bus services back into the hands of communities, including providing more control and flexibility over bus funding, and giving local leaders the freedom to take decisions to deliver their local transport priorities. The five points in the plan are as follows:

1. Empowering local transport authorities (LTAs) and reforming funding
2. Allowing every community to take back control of their buses
3. Accelerate the bus franchising process
4. Step in to protect necessary local bus networks
5. Support public ownership

A recent Statutory Instrument, introduced in September 2024, opened up access to bus franchising powers to all LTAs; previously only Mayoral Combined Authorities (MCA) and Mayoral County Combined Authorities (MCCA) had access. The Bus Services Bill is the next step to speeding up the franchising process and helping LTAs take back control of their services, ultimately ensuring that the bus services reflect the needs of those who rely on these services.

Whilst this Bill does not mandate LTAs to franchise – it is about providing them with a suite of tools to support their communities and deliver better bus services. The ambition is to ensure that communities have the connections they need, particularly to get to school, further education, work and to access healthcare. Other important outcomes are the improvement of accessibility and safety on buses, giving greater powers to tackle anti-social behaviour; mandating training on violence against women and girls; more reliable services;

¹ [Annual bus statistics report: year ending March 2023 \(revised\)](#)

² [Bus Statistics](#) (bus01a, bus01a_hist and bus02a)

³ [Labour Party Manifesto 2024](#)

buses that are better integrated into the wider transport system; affordable tickets; and the reduction of greenhouse gas (GHG) emissions from the bus sector to net-zero by 2050.

The Bus Services Bill 2024 will reduce barriers to streamline the franchising process and make it less resource intensive. This will support our smaller cities, towns, and rural areas. It incorporates a wide range of measures designed to improve services for users and give local authorities greater control over bus services operating in their area. These measures are split into 7 categories:

- 1. Franchising** – the Bill seeks to allow all LTAs to franchise their bus services, if they wish to do so. It will also reduce the amount of time it takes for LTAs to franchise their bus services – Greater Manchester took six years from announcing its intention to prepare an assessment to the first franchised buses commencing operation.⁴ This Bill will reduce both the time and cost of franchising through reducing the barriers set out in current legislation. Government will also support authorities by further updating the franchising guidance and providing direct support.
- 2. Local authority bus companies** – current legislation prevents local authorities from setting up a bus company. The Bill will repeal this ban, thereby giving all LTAs the freedom to set up a new bus company if they so choose. Doing so will support the Government's ambition to provide LTAs⁵ with as many relevant tools and flexibilities as possible to enable them to make their own decisions on how to organise and improve bus services in their local areas.
- 3. Funding** – the Bill devolves bus funding powers under section 154 of the Transport Act 2000 to LTAs. This will enable funding decisions to be made by the leaders that know their communities best and will provide LTAs with direct accountability to passengers.
- 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. The Bill closes a loophole in legislation through the inclusion of a 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 every three years.
- 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. This is not currently covered in legislation and will enable franchising authorities to have the same power as operators to ensure that non-payment of bus fares is enforced, supporting revenue collection.
- 6. Socially necessary local services and Bus Registration** – this measure seeks to address the lack of joint decision making when cancelling bus services. Currently if a service is unviable for an operator, they can cancel the service without considering if

⁴ [UTG - A Smoother Ride](#)

⁵ Local Transport Authorities

it provides a socially necessary local service for its users. The Bill includes a provision to ensure that LTAs will have an obligation to consider if a bus route provides socially necessary local service to the community, before it is altered. This includes the obligation to consider alternative options. The Bill will also establish a definition for socially necessary local services. This means that the obligations, definitions and processes will be set out in the Enhanced Partnership which LTAs agree with Bus Operators, as a legal requirement. There is another provision on bus registration which will place a statutory requirement on LTAs and franchising authorities to provide information on bus services to a common location and to a set data standard. At present there is a lack of consistency in where this data is stored, but setting out a statutory requirement will ensure registration information on local bus services and franchised services is all in one place.

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. Currently, operators are free to continue using new, non-zero emission buses on local bus services and total cost of ownership (TCO) analysis shows that in the national average central scenario, diesel and zero emission buses will not reach cost parity until 2032. This is assuming a discount rate of 3.5%, as per TAG, which is lower than many private bus operators' own discount rates. This means the bus sector will not purchase zero emission buses independently at the rate needed to achieve the necessary carbon emissions reductions in line with UK Government and international targets. The Bill will restrict the usage of these new, non-zero emission buses on local bus services, contributing to the decarbonisation of the bus fleet and delivering significant environment and air quality benefits.

3. Strategic case for proposed regulation

Over recent years, bus services in England have seen a significant decline, particularly in rural and smaller urban areas. Between 2011/12 and 2022/23,⁶ bus vehicle miles in largely or mainly rural areas fell by 26%⁷ while the number of passenger journeys dropped by 30%.⁸ This reduction is largely attributed to a combination of reduced passenger numbers, reduced funding and the deregulated nature of the industry. In addition, there are issues with accessibility and inclusivity.

- **Declining patronage:** Figure 1 shows bus patronage has been in steady decline over the past decade, reflecting broader challenges in the public transport sector across England. Passenger numbers have fallen dramatically, with a 27% drop in

⁶ 2022/23 data was used due to 2023/24 data not being available at the time of analysis

⁷ [Annual bus statistics: year ending March 2023 \(revised\) - bus02_mi.ods](#)

⁸ [Annual bus statistics: year ending March 2023 \(revised\) - bus01](#)

bus journeys in England between 2011/12 and 2022/23.⁹ The change in bus journeys prior to COVID-19 (2007/8 - 2018/19) varied by region, with Figure 2 below showing the highest decline in West Midlands at 21% compared to an 11% increase in the South West. The COVID-19 pandemic further exacerbated the historical decline in patronage, with 22% fewer bus passenger journeys in England in 2022/23 compared to pre-COVID-19 levels in 2018/19.¹⁰ Private operators, which run most of the bus networks outside London, tend to focus on more profitable routes, often prioritising urban areas with high passenger demand while cutting services in less densely populated regions.

Figure 1: Bus Journeys (millions), 2007/8 – 2022/23

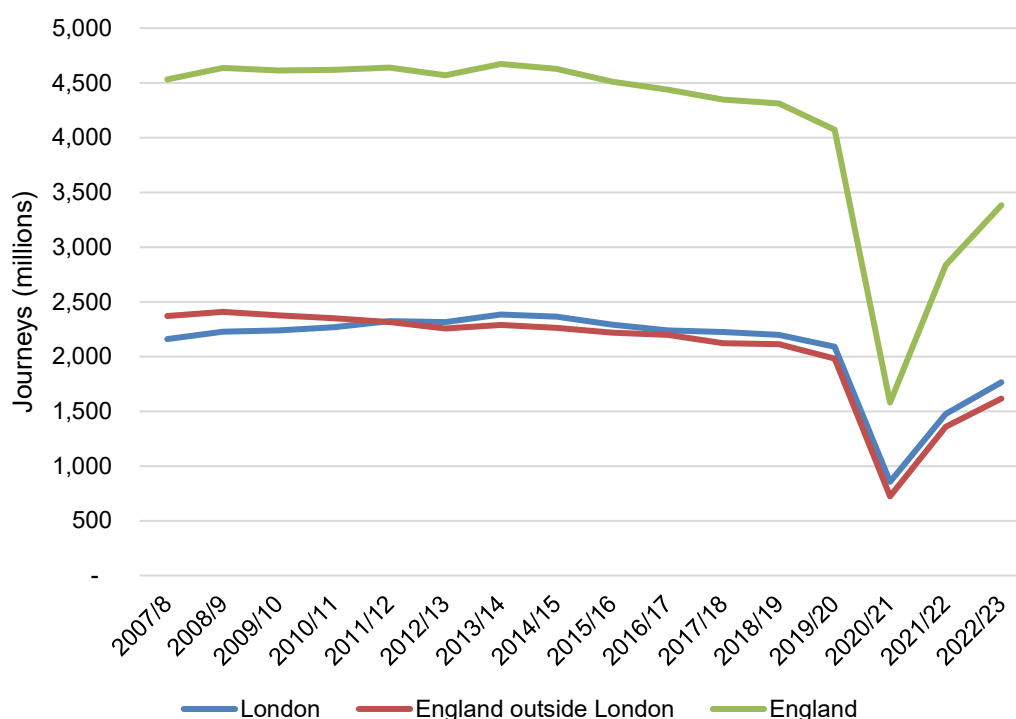


Figure 2: Percentage change in bus journeys by region since 2007/8

Region	2018/19	2022/23
West Midlands	-21%	-38%
Yorkshire and the Humber	-18%	-40%
North West	-18%	-35%
North East	-16%	-37%
East Midlands	-12%	-34%
East of England	-7%	-26%

⁹ [Annual bus statistics: year ending March 2023 \(revised\) - bus01](#)

¹⁰ The decade before COVID-19 (here 2008/9 – 2018/19) has been used so as to avoid capturing any of the impact of COVID-19 at the end of 2019/20) saw an average annual decline of 0.7% for England and 1.2% for England outside of London [Annual bus statistics: year ending March 2023 \(revised\) - bus01](#)

South East	9%	-15%
South West	11%	-19%
London	2%	-18%
England outside London	-11%	-32%
England	-5%	-25%

More people have shifted to remote work with 44% of workers surveyed reporting home or hybrid working between September 2022 and January 2023.¹¹ In addition there has been a longer-term trend of increased car ownership. We can see this through Figure 3 below which shows the increase in car availability, with the percentage of households with no car or van falling from 48% in 1971 to 22% in 2023. All types of households are likely to have more cars or vans than they would have had in 1971. The overall trends may have also been impacted by a change in the average composition of a household. For example, there has been an increase in single person households over the same period from 17% in 1971 to 30% in 2023 (Great Britain).¹²

Notably households in rural areas are more likely to own a car than urban residents. 32% of households in urban conurbations had no car in 2023, compared to only 7% of households in rural villages, hamlets and isolated dwellings.¹³ Travelling by car may be considered more comfortable and convenient than travelling by bus, especially in more rural areas. Therefore, car may be the preferred mode for those who can afford it. In addition, there is lower availability of bus services in rural areas making bus a less viable option. In the year ending March 2023 142 million bus services miles were run in largely or mainly rural areas, compared with 246 million bus service miles in metropolitan areas.¹⁴ In some instances, individuals may be forced into car ownership even if this places them under financial strain due to no other viable transport options.

Figure 3: Percentage of households by car access: Great Britain (1971 to 1988) and England (1989 to 2023)¹⁵

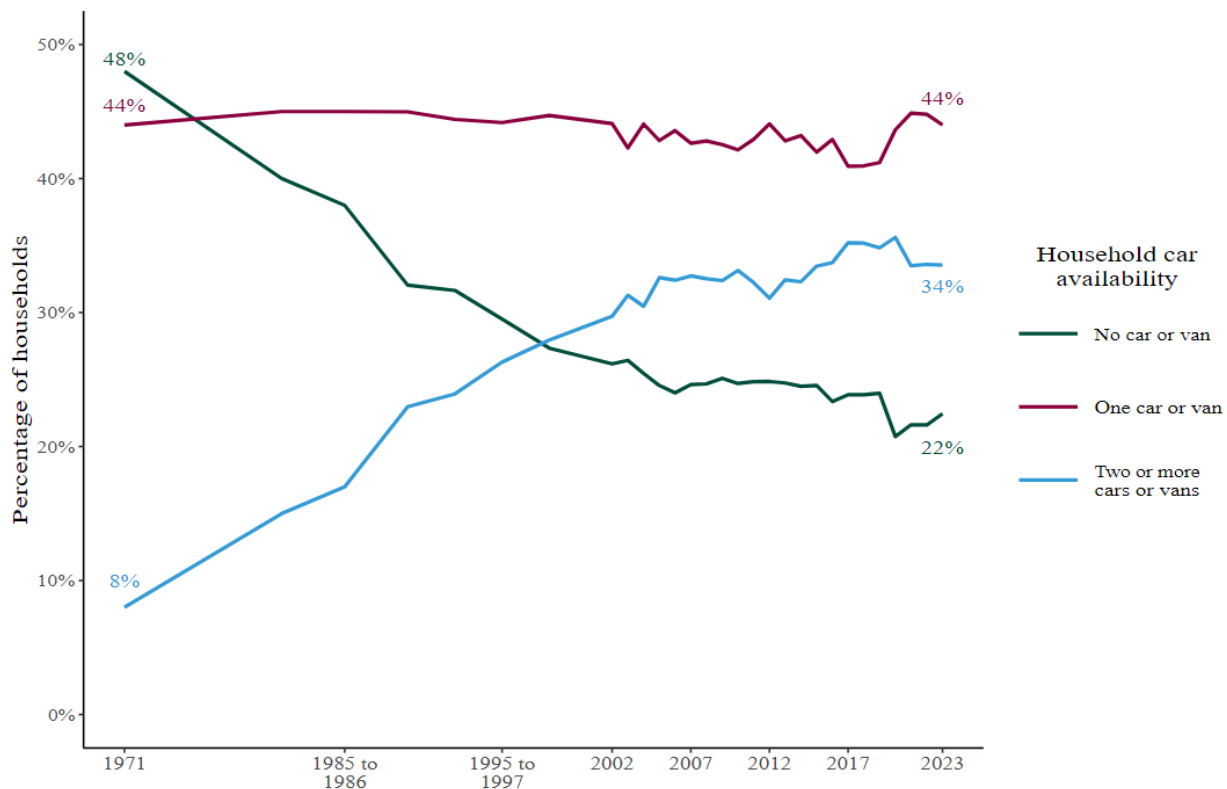
¹¹ [Characteristics of homeworkers, Great Britain - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/people-and-work/working-conditions/articles/characteristics-of-homeworkers-great-britain)

¹² [Households, families and people \(General Lifestyle Survey Overview - a report on the 2011 General Lifestyle Survey\) - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/people-and-work/lifestyle-and-leisure/articles/households-families-and-people-general-lifestyle-survey-overview-a-report-on-the-2011-general-lifestyle-survey) , [Households by household size, regions of England and Great Britain constituent countries - Office for National Statistics](https://ons.gov.uk/people-and-work/lifestyle-and-leisure/articles/households-by-household-size-regions-of-england-and-great-britain-constituent-countries)

¹³ [National Travel Survey: 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/national-travel-survey-2023): NTS9902 - Household car availability by region and rural-urban classification of residence: England, 2002 onwards

¹⁴ [Annual bus statistics: year ending March 2023 \(revised\) - bus02mi](https://www.gov.uk/government/statistics/annual-bus-statistics-year-ending-march-2023-revised)

¹⁵ [NTS 2023: Car availability and trends in car trips - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/nts-2023-car-availability-and-trends-in-car-trips)



Rising fares and reduced service reliability have further discouraged bus usage, creating a cycle of lower demand and fewer services. In some areas, the decline in buses has exacerbated social isolation and limited access to essential services for those without other transport options, disproportionately affecting lower-income and older residents.

- **Reduced funding:** Local authorities have faced significant budget cuts, with government support for bus services outside London decreasing by 38% between 2010 and 2023.¹⁶
- **Deregulated industry:** Unlike London, where a regulated public transport system remains in place, services across the rest of the country have been left to market forces since 1986. This has led to inconsistent service provision, with some areas receiving much poorer service frequencies, especially outside of peak hours. Notably, fewer service miles are run in rural areas compared to metropolitan areas, as discussed above.
- **Issues with Accessibility, Safety and Inclusivity**

Violence against women and girls (VAWG) is defined by the Home Office as acts of violence or abuse that disproportionately affect women and girls.¹⁷ A report on the economic and social costs of crime shows that crime has a profound impact on behaviour and mental health. For example, many victims experience lasting emotional distress, such as anxiety and depression, which can persist for years after an incident. This fear of crime

¹⁶ [Annual bus statistics: year ending March 2023 \(revised\) - bus05ii](#) – specifically, based on Net Public Transport Support figures in tab BUS05bii

¹⁷ [Assessing how to grow the market for interventions to improve transport safety for women and girls](#)

leads to significant behavioral changes, with individuals opting for alternative, often more expensive and less efficient modes of transport, like taxis, to avoid perceived danger.¹⁸

Existing infrastructure including poor street design, lighting and surveillance can contribute to incidents of VAWG and perceptions of safety. Additionally, factors like time of day, busyness of transport and travel disruptions can influence women's sense of safety.¹⁹

Concerns about safety lead people to avoid using public transport. Around 39% of men and 29% of women purposely avoid buses, with a third citing the behaviour of other passengers as a primary reason. Enhanced safety measures could also attract a more diverse workforce, particularly encouraging more women to work in the bus industry.²⁰

Evidence suggests the presence of trained transport staff can improve both actual and perceived safety for passengers. A National Travel Attitudes Study (NTAS) found that 75% of women compared to 60% of men, believe that having transport staff capable of handling safety threats is a key factor in feeling safe.²¹

The survey also found that 64% of respondents used public transport in the past year, with 34% witnessing harassment or assault and personally experiencing it. Women who feel unsafe frequently cite poor lighting as a major factor, with 60% feeling less safe due to poor lighting when walking to a stop and 46% while waiting for a vehicle.²²

A report by NatCen shows that disabled individuals feel less confident when traveling, are less likely to use public transport and are more dependent on being driven by friends, family or taxis/private hire vehicles (PHVs).²³

About 15% of disabled users faced issues at bus stops, such as poor lighting, lack of shelters and inadequate pavements. These barriers make it more difficult for disabled people to reach bus stops and feel comfortable when waiting.²⁴

Although most disabled passengers felt that staff on buses understood their needs fairly or very well, 28% reported that their needs were not well understood. These barriers can lead to frustration discomfort and in some cases discourage disabled people from using buses altogether.²⁵

Franchising Case Studies

The transition to franchising is almost complete in Greater Manchester. Liverpool and West Yorkshire have announced their decision to franchise but have yet to undergo transition. This combined experience, as well as the separate experience of a franchising model adopted in Jersey, may provide an indication of what approach newly eligible authorities in England, who choose to undergo franchising, may take.

Greater Manchester Combined Authority (GMCA) were the first to use the franchising legislation introduced by the 2017 Act. GMCA adopted a model that is very similar to how

¹⁸ [The economic and social costs of crime \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

¹⁹ [Assessing how to grow the market for interventions to improve transport safety for women and girls](#)

²⁰ [National Travel Attitudes Study Wave 8 - GOV.UK \(www.gov.uk\)](#)

²¹ [National Travel Attitudes Study Wave 8 - GOV.UK \(www.gov.uk\)](#)

²² [National Travel Attitudes Study Wave 8 - GOV.UK \(www.gov.uk\)](#)

²³ [Inclusive transport strategy evaluation baseline report \(live.com\)](#)

²⁴ [Inclusive transport strategy evaluation baseline report \(live.com\)](#)

²⁵ [Inclusive transport strategy evaluation baseline report \(live.com\)](#)

bus services are provided in London. GMCA decides all aspects of the network in Manchester, such as routes, timetables, fares and information provision to passengers. GMCA competitively tender for the provision of services 'on the ground' with private sector bus operators. Those operators provide the level of service specified by GMCA in the contract and are paid the fixed contract price for doing so. GMCA retain all the passenger revenue and therefore carry all the financial risk.

Information provided by Transport for Greater Manchester (TfGM) shows that since the launch of bus franchising in Bolton, Wigan and parts of Salford and Bury, in September 2023 followed by Oldham, Rochdale and parts of Bury, Salford and North Manchester in March 2024, nearly seven million more journeys¹ have been made on the city region's buses compared with the previous year (a 5% increase). Furthermore, buses in the first areas to come under local control are consistently more reliable than before franchising, with services in the Tranche 1 areas now consistently above the target of 80% punctuality. Between June and August 2024, punctuality of Tranche 1 services was 86.5% compared to 70.5% for the equivalent pre-franchising period. TfGM continues to work closely with operators to continuously improve service performance. In the Tranche 2 area buses are consistently on time more often than both current non-Bee Network services and when compared with those services in the Tranche 2 area in the same period last year. Ticker Automatic Vehicle Location (AVL) data for franchised services and ITO world data for non-franchised services.

Jersey has adopted a slightly different model where the bus network is also competitively tendered, but during bidding commercial operators are invited to bring forward proposals for profit sharing with the LTA and other shared incentives. In the second phase of the process, the final bidders are invited to propose variations to the existing network which deliver against the LTA's strategic bus objectives. In this model, financial risk is shared between the LTA and operator(s), with the operator keeping fare revenue to incentivise growing the market, with a profit-sharing arrangement which also encourages the LTA to introduce pro-bus interventions (e.g. bus priorities). Notably franchising appears to have had positive impacts in Jersey with Libertybus, with an operator in Jersey citing increases in ridership, and new routes created (delivering more service mileage) between 2013 and 2017.²⁶

The Bus Services Bill itself aims to stop the decline of bus patronage and address accessibility and inclusivity issues by delivering the Government's five-point plan for improving bus services across the country.

Rationale for Intervention: Failures in Current Bus Market and how Bill measures help to address these

Opening up franchising to all authorities and enabling new Local Authority Bus Companies

There is rationale for government intervention within the market due to the presence of market failures, which prevent an optimal level of bus usage being reached. These include:

²⁶ [Urban Transport Group \(UTG\) – presentation slides on Jersey Bus Franchise](#)

imperfect information, coordination failure, the presence of positive externalities, barriers to entry and concentrated market power.

1. **Imperfect information** occurs when consumers or suppliers have incomplete information about a good or service and this has a negative impact on their decision making. In the context of the current bus market, potential bus users or 'consumers' may lack information about the services available to them and the price of these journeys. This may act as a barrier to them using these services and leading to uncertainty in their relative value when making travel choices. This issue is exacerbated in a private market due to the presence of multiple operators and therefore multiple sets of timetables, services and fares. There is scope for franchising to partially alleviate this issue. Under franchising, there is a 'single point of information' (the local authority) on services available and the relevant fares. This reduces the amount of effort required from the consumer to understand what services are available to them in their area and the associated costs.

However, whether an improvement is seen under franchising is dependent on whether the authority provides clear and easily accessible information on services and fares. In addition, franchising is not the only intervention that can alleviate this issue. Under Enhanced Partnerships, LTAs can include requirements for operators to deliver certain measures or adhere to certain thresholds (subject to agreement). For example, this could include an obligation on operators to include the fares and routes information of other operators' services on their website or it could include a measure which restricts the number of changes they make to their timetable on an annual basis (with exceptions allowed for emergencies or unforeseen circumstances). There could also be obligations on the LTA (or their designated contractors) to ensure that passenger information at bus stops is updated fortnightly or the council website is refreshed on a weekly basis, for example. The partnership can also include obligations in the scheme for operators to advertise and sell any multi-operator ticketing products (at the agreed price) that have been launched in the region.

2. **Coordination failure** occurs when agents (for example bus operators, local authorities, operators of other forms of public transport) fail to coordinate their actions, leading to a less efficient outcome. For example, services offered by different operators may not be well aligned or complementary, resulting in less attractive bus service provision for local people. This will reduce the attractiveness of bus as a transport option, reducing usage. In addition, in the deregulated market operators may not have sufficient incentive or ability to coordinate to provide 'multi-operator' tickets which may provide better value and flexibility for passengers. As referenced above this issue is already partially addressed by Enhanced Partnerships, but franchising would provide LTAs further powers to intervene, including fully determining ticket types and fares.

For the most commercially viable routes there may also be 'overprovision' due to these routes being the most attractive to bus operators to run, with multiple operators competing for the same users. This could lead to additional congestion and may not be the most efficient outcome if bus demand could be met with fewer services. While increased competition is generally positive and leads to better outcomes for consumers, this may also mean higher number of buses, with more running below capacity which threatens their longer-term commercial viability. There may be

benefits to passengers of more frequent services. However, this benefit is reduced if they have to buy multiple tickets if multi-operator tickets are not already available under Enhanced Partnerships, or multi-operator tickets do not cover all services. Passengers may also be unclear what services their tickets are valid on - this issue has been improved upon by Enhanced Partnerships but not entirely addressed.

There may also be poor coordination of different modes of transport. This may be particularly relevant for areas with other forms of local public transport such as light rail (although some of these areas already have access to franchising). In a private market, and when separately managed, different modes of public transport may be 'competing' rather than complementary. For example, bus routes running along similar lines to light rail lines and it not being possible to access light rail stations by bus. Poor coordination between modes of public transport may lead to worse integration and connectivity leading to a worse outcome for users, and incentivising greater car usage over public transport.

This issue may be somewhat alleviated by franchising. In general, most LTAs run or contract out their light rail systems. Franchising will allow an LTA to fully integrate their light rail system and bus services, tickets and fares. This could significantly improve transport integration. However, this is still reliant on joined up working between teams within local authorities, and with other relevant organisations. In addition, local authorities will be focused on the total socio-economic costs and benefits, rather than being profit driven. As such, they will be more incentivised to consider how buses fit within a broader transport strategy, including integration and connectivity with other modes, as opposed to the profitability of individual bus services in isolation. In addition, buses coming under local authority control, and so the financial and reputation risk now sitting with the LTA, may increase the likelihood that authorities will introduce or enhance bus priority measures such as bus only lanes and roads.²⁷ This could reduce journey times for bus users, encouraging greater use.

- 3. Positive externalities** occur when there are additional benefits associated with the provision or use of a service that are not accounted for by the private market. In the case of bus service provision and use, there are many wider economic and societal benefits. For example, improving bus services and increasing bus usage is associated with environmental benefits, due to mode shift from more polluting forms of transport such as car²⁸. Environmental benefits are expected to be greater in urban areas where take up is higher, positive impacts are less likely in rural areas if buses are underutilised. Increased bus use may also lead to lower congestion on roads as buses can carry more passengers per unit of road space. Buses also provide positive health impacts due to being associated with higher physical activity, for example walking to, from and between bus stops. More broadly buses provide

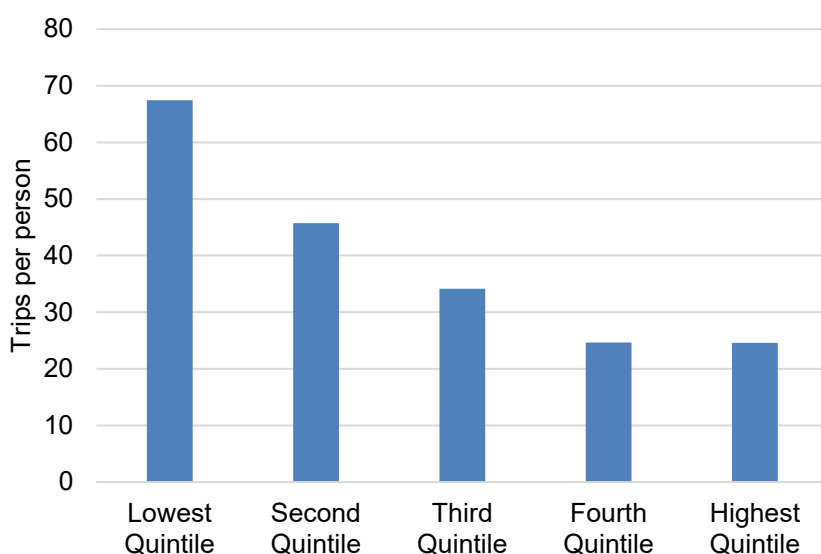
²⁷ Other examples include Park and Ride Schemes, and buses being given priority at junctions and traffic lights.

²⁸ To estimate mode shift, the TAG diversion factors can be used. The diversion factors indicate how passenger trips on other modes would be affected if an intervention led to an increase or decrease in bus patronage. For example, if there are 100 new bus passengers, there would be 24 fewer people travelling by car using the national weighted mean diversion factor. Mode shift from car has the highest diversion factor, meaning bus interventions tend to lead to a mode shift from car more than any other mode.

<https://assets.publishing.service.gov.uk/media/64943365831311000c296183/tag-unit-A5.4-marginal-external-costs.pdf>

benefits by providing access to economic activities such as education, employment and leisure. While this is true of all modes of transport, buses play an important role in providing transport for those who cannot access other modes. For example, due to cost, lack of provision, or in the case of cars not having a driver's licence. Notably, those in the lowest two income quintiles make the highest number of bus trips person per year, as shown in Figure 4 below. In addition, women, young people and ethnic minorities make more bus trips a year on average. In 2023, women made on average 44 bus trips compared to 34 for men. For the same year those aged 17-20 and 21-29 made 84 and 48 bus trips on average, compared to an average of 39 across all ages. In 2023 ethnic minority individuals made 74 bus trips on average compared to 31 for white individuals.²⁹

Figure 4: Local bus trips per person by real income quintile, England 2023³⁰



However, bus operators decide what services to run based on profit and are therefore unlikely to run services that are not commercially viable unless they receive additional support or subsidy from central or local government. Bus operators will primarily consider their own direct costs and benefits (mainly revenue from ticket sales), but not the wider additional benefits. There may be some services where the total benefits (including additional benefits) outweigh costs, and therefore from a broader economic perspective it would be valuable for the service to be provided. However, if the benefit to the operator specifically does not outweigh their costs, they will not run the service (without government intervention). This is because they are not direct recipients of these wider benefits, and in practical terms this would mean running at a loss which would not be sustainable.

There may also be benefits associated with increasing bus usage through lowering fares. However again, if the benefits to operators specifically (from increased revenue through higher number of tickets sales), do not outweigh the costs (from decreased revenue per ticket sale) they are unlikely do so even if there are substantial wider economic benefits.

²⁹ [National Travel Survey: Mode of travel - GOV.UK \(www.gov.uk\)](https://www.gov.uk/national-travel-survey-mode-of-travel)

³⁰ [National travel survey, NTS0705: Average number of trips and miles by household income quintile and mode \(England\)](https://www.gov.uk/national-travel-survey-nts0705-average-number-of-trips-and-miles-by-household-income-quintile-and-mode-england)

As such, there is 'under-provision and usage' in the private deregulated market, resulting in service provision/usage being below the socially optimal level.

Due to the presence of positive externalities, there is rationale for government (central or local) intervention to raise bus service provision and usage to the socially optimal level. This is resolved by accounting for the wider benefits when deciding on what services to run, and the fares charged for these.

This could be achieved through LTAs taking control of bus routes (and level of service provision), and fares through franchising, or by LTAs directly running these services themselves via local authority bus companies. LTAs will be focussed on the overall costs and benefits (including wider economic benefits) as opposed to being profit driven. As such LTAs are more likely to provide services that are economically and socially valuable, even if these would not be commercially viable in a private market. Similarly, authorities may reduce fares if the wider economic benefits of doing so are large enough, even if this means some services run at a loss in purely monetary terms.

Franchising and local authority bus companies may not be the only way to address these issues. Government could also provide additional funding to protect and support services, as has already been done for buses and local transport.³¹ However, the level of funding has not maintained strong bus networks seen through the decline in bus services over the last 50 years. This funding can be more effective if it is underpinned by the right strategic tools.

The aim of this Bill (including opening up franchising) is to empower local authorities with as many tools as possible with which to deliver the best overall outcomes in growing long term patronage, increasing revenues and improving service levels, whilst maintaining essential social and economic connectivity for local communities. In this way, government funding (and other financing options) can be utilised through whichever mechanism the local area deems the most effective one for their bus passengers within the specific local context, which may include franchising or working under an Enhanced Partnership and creating a new local authority bus company.

4. Monopolies/oligopolies

A monopolistic market describes a market in which one company dominates, an oligopolistic market describes a market in which a small number of companies dominate, accounting for a large proportion of market share. The 'big 5' bus operators³² dominate the bus market for England outside of London, accounting for the majority of market share. In 2015/16 the 3 largest operators (by operator market share of weekly bus vehicle trips) alone accounted for 56.2% for England outside of London.³³ In addition, in some areas there is a local monopoly with one operator alone accounting for the majority of market share. For example, in the West Midlands National Express (NX) has the largest market share, accounting for 89% of scheduled mileage and 93% of bus journeys in 2019/2020.³⁴

³¹ [Bus services: grants and funding - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

³² Stagecoach, Arriva, First Group, Go Ahead and National Express

³³ [Bus Statistics \(historic\) - bus1002](#)

³⁴ [wmca-bsip-05-november-2021.pdf \(tfwm.org.uk\)](#)

Under monopolistic or oligopolistic conditions there can be a reduction in competition as there are either fewer firms in the market, and/or these firms have high market share and therefore power. Due to their market power, dominant bus operators could theoretically limit supply (bus service provision) and charge higher prices (fares). This is a strategy that has been seen in other monopolistic or oligopolistic markets and is used by dominant companies as a way to increase their profit. In a more competitive scenario market share is spread more evenly amongst a higher number of companies. In this instance, companies are not able to charge inflated prices, as consumers would simply move to purchase the good or service from another company.

In a competitive market operators may also compete through aspects other than price by providing a higher quality bus service or through investment and innovation. For example, an operator may choose to differentiate itself from its competitors by investing in more comfortable buses with more 'add ons' such as charge points or free Wi-Fi. Operators could theoretically also prioritise providing a more reliable service, although due to external factors such as traffic they would not have complete control over this.

However, the lack of competition in a monopolistic or oligopolistic market reduces operator incentive to provide a better service through these means. Without significant competition passengers have few alternatives in the form of other bus services or operators, which may mean they have to stick with the dominant operator(s) even if they are providing a low-quality service.

Franchising or local authority bus companies can mitigate these problems by taking control of the bus market. Depending on the exact approach taken, this could mean that the authority essentially acts as a publicly owned monopoly, or as part of an oligopolistic market. However, the issues with monopolies/oligopolies referenced above will be less pronounced as authorities unlike private companies are not profit driven. As such, they are not incentivised to restrict provision and charge higher prices.

However, while these issues could theoretically arise in the current deregulated bus market, it is not clear whether there is considerable evidence of this currently occurring at a large scale across England outside of London, with operating revenue notably lower post-COVID-19. In the year ending March 2023 operating revenue in England outside London was 1% higher than operating costs, this compares to almost 10%³⁵ in the year ending March 2020.³⁶

In addition, many potential bus users do also have other modes of transport available to them which may already mitigate against the oligopolistic nature of the private bus market. Dominant bus operators may be disincentivised to take advantage of their market power in the bus sector by charging higher prices or providing a worse service, as this could push users to switch to other modes of transport, potentially resulting in a worse outcome for the operators overall.

³⁵ $\frac{(\text{Operating Revenue} - \text{Operating Costs})}{\text{Operating Revenue}}$

³⁶ <https://www.gov.uk/government/statistics/annual-bus-statistics-year-ending-march-2023/annual-bus-statistics-year-ending-march-2023>

Due to the nature of the bus market, there may also be significant barriers to entry for new companies, preventing the market from becoming more competitive. There are high start-up costs to enter the market due to the cost of buses. It is also possible that new or smaller operators may not be able to access bus depots, although it is not clear that this typically creates a significant barrier. For example, an operator with a very small number of vehicles may not need access to a depot.

Within a franchised system while routes and services are determined by the authority, typically these will be tendered out to private bus operators and so private operators are still involved in providing the services. There is scope for franchising to reduce barriers to entry for new operators, and challenges to smaller operators more generally if the authority owns the depot and/or the buses and provide access to any operators they tender services out to. However, this is dependent on the approach to franchising taken, as authorities may not choose to buy up depots or buses. There is also the risk that authorities 'overpay' for bus depots that are strategically important – the owners will know they are in a strong position if there are no alternatives locally, potentially leading to worse outcomes in the short-term. It may be possible for the LTA to compulsorily purchase the bus depots it requires, but only when it is expedient to do so and where there is a compelling case in the public interest to make a Compulsory Purchase Order (CPO). CPOs should only be used as a last resort and only after reasonable steps have been taken to attempt to acquisition the land; the rules surrounding this are unlikely to reduce the costs and the length of time taken may also make this prohibitive.

In addition, the impact on new entrants to the market and smaller operators will be influenced by the approach authorities take to contracts. For example, if contract 'lots' are large covering a high number of routes/services this may be a barrier to smaller operators realistically being able to bid for these. This is because smaller operators may not have the capacity to run a high number of services/routes, and therefore this approach would give an advantage to larger operators. In addition, smaller operators may have less expertise, and resource to put towards writing bids for tendered contracts. Therefore, there is some risk that competition within a franchised system (in terms of the number of operators bidding for contracts) may actually reduce over time. However, this could potentially be mitigated by authorities accounting for this through their contracts approach and including some smaller 'lots'. This impact could also potentially be mitigated by not franchising the entire network in an area, leaving the possibility for some smaller more bespoke routes/services to be run by smaller operators. For example, very local community services which may be currently being provided by smaller operators, where larger operators do not want to run a service due to it being a less profitable route. Alternatively, an authority could only franchise LTA-supported services (so that they are protected from poaching by commercial operators should they become profitable) but allowing existing commercially viable services to continue to operate, under service permits, by private-sector operators.

Given the typically significant natural barriers to entry, it could be argued that some local bus markets are natural monopolies. Within a local market there may be a natural tendency towards a single dominant operator, especially where there is relatively low bus usage, and few viable routes. Due to the high entry and relatively high operating costs, the minimum revenue and therefore passengers to outweigh costs is high. This makes it challenging for new operators to enter the market and there may also be little incentive for them to do so unless they are confident, they

can displace the original operator to become the new dominant operator. The presence of many operators would effectively mean that passengers and therefore revenue is divided between them, reducing the benefits to each individual operator and making it less likely that their service will be commercially viable.

In a non-natural monopolistic market,³⁷ an alternative intervention in the market might be to 'break up' a monopoly company into multiple smaller companies. However, for a natural monopoly market this could potentially lead to a worse outcome. The high 'baseline costs' will be duplicated for each company meaning that the overall combined costs for companies may be significantly higher than they would have been for the larger monopoly company (prior to being broken up). This will lead to higher costs per unit of a good or service provided, with at least part of this increased cost likely to be passed on to the consumer.

Despite the lack of competition, a single provider in a natural monopoly local bus market or on individual routes could provide the most efficient and best outcome for bus users, when appropriately managed. Franchising (whereby the authority essentially becomes the monopoly provider) may allow an area to still receive the benefits from competition to some degree through the competitive tender process, whilst not being negatively affected by the increased costs per journey associated with a high number of operators competing on the same routes.

Amendments to the Franchising Legislation and Process

In addition to opening up franchising as an option to all local authorities, the Bill includes measures designed to simplify and improve the franchising process. These measures are informed by information provided by LTAs who are already part way through introducing franchising. They highlighted the following challenges:

- Difficulties with the current auditing requirement, which is a linear process that is time consuming and inflexible. In addition, the restrictive requirement for specifically auditors to undertake the 'independent audit/review' of schemes limits the number of companies/ qualified persons LTAs can choose from. Removing some restrictions on the review process and the qualifications required to carry it out may make this process easier and more effective.
- Current legislation has proved restrictive when making changes to an existing franchised network. Current legislation requires even small changes to the published franchising scheme (e.g. route changes) to be subject to a variation mechanism that is largely the same as the assessment process for the original franchising scheme. This means that the franchised network is not agile in being able to adjust to changing passenger needs.
- Not being able to use direct awards can lead to a protracted procurement process and highly risky 'cliff-edge' transition to a franchising model. Choosing to franchise using direct award can be considered by LTAs as a potential option in the franchising assessment, but this is not obligatory.

1. Inefficiencies

³⁷ For example, a monopoly created by the dominant company eliminating competition

As above there are inefficiencies in the current franchising process, which can increase the complexity, cost and time of the process, potentially leading to a worse outcome. Notably, for Greater Manchester it took six years from announcing its intention to prepare an assessment to the first franchised buses commencing operation.

Inefficiencies may also deter some LTAs who might otherwise consider franchising but are deterred by difficulties with the process. Changes to the legislation, and updates to the guidance will reduce the cost, length and complexity of the process and clarify the appropriate approach to LTAs. The specific measures to amend the process are set out in figure 5.

Changes to powers of LTAs to pay and design grants for bus operators

The Bill includes changes to the powers of LTAs. LTAs will be given the power to pay and design bus grants through a duplication of DfT's power to do the same. This will allow LTAs to develop grants tailored to address specific local needs. LTAs will not be obliged to make use of these powers.

1. Inefficiencies

Under the current legislative arrangement the majority of LTAs, excepting some MCAs³⁸ cannot pay out grants to bus operators. Additionally, no LTA has the power to design a local grant; where the power to pay has been devolved and funding transferred, they must pay it in line with DfT T&Cs. For example, DfT's Bus Service Operators Grant (BSOG) funding has only been transferred to the Greater Manchester Combined Authority (GMCA) and they follow DfT's BSOG T&Cs when paying their operators. This limits LTAs' scope for intervention and investment in their local bus markets. This inability for LTAs to intervene means that LTAs cannot take advantage of their local experience and expertise to tailor interventions that address the unique challenges faced in their areas. For example, a predominantly rural LTA may wish to design a grant that supports rural services. Central government, while well placed to take the broader, national view, may not have the same level of knowledge or capacity to identify and intervene on very specific issues for individual areas. In these instances, LTAs may be better placed to directly intervene to address these.

Constraints on how LTAs use their budgets, as above, could lead to less efficient outcomes for spending. Specifically, if those constraints result in spending being directed to lower value for money interventions. This measure will give greater freedom to LTAs, widening the scope for interventions in their local bus markets and allowing them to make targeted decisions that will best support their areas. LTAs would be able to create grants using their existing funding, as well as any DfT funding transferred to them. Giving greater freedom to LTAs in how they use their funding could result in more efficient use of budgets and produce better outcomes. In addition, an LTA holding this power aids the transition to franchising. Once the decision to implement franchising had been taken, DfT would transfer a portion of the national BSOG budget, which means any headroom in the transferred budget can be used to support franchising, as has worked successfully in GMCA. It also

³⁸ Greater Manchester Combined Authority, West Yorkshire Combined Authority, York and North Yorkshire Combined Authority, North East MCA, and the East Midlands Combined County Authority

means the LTA has direct data from and a closer relationship with its operators and make the transition to franchising smoother.

There are risks to giving LTAs these powers. Despite possessing greater local expertise, LTAs may not make more efficient decisions for the whole of the country than central government, leading to poorer outcomes than a purely national system. LTAs would be free to set their own grant objectives, which might not align with central government objectives. LTAs having different grant conditions could also lead to confusion for bus operators applying for grant funding across multiple LTAs. We aim to mitigate these risks by reserving a power for Secretary of State to set statutory guidance over the use of the design powers. This would not, however, mitigate against the issue of this patchwork of different bus grant regimes across England increasing the administrative burden on bus operators. Bus operators would still need to apply for grant funding to DfT, and separately to any LTAs who have taken the powers and within whose area they run bus services.

LTAs will not be obliged to make use of these powers, unless transitioning to a franchised system. LTAs who choose to take up these powers will need to have the appropriate capacity and capability to make payments and to design effective bus grants as LTAs will need to find additional resource to design and/or administer any local bus grants. There is no guarantee that all LTAs who choose to take these powers do have that capability and capacity.

Accessible and Inclusive Travel

The Bill incorporates measures designed to improve the accessibility, safety and inclusivity of buses. This includes

- mandating training for staff, including drivers and those who deal directly with the travelling public or with issues related to the travelling public on Violence Against Women and Girls (VAWG) and anti-social behaviour (ASB) and disability-related training.
- giving new powers to LTAs (where applicable) to tackle ASB on vehicles and at bus stations/stops
- providing a statutory underpinning to Bus & Coach Stop and Station Inclusivity guidance
- a requirement for 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
- potential amendments to the Public Passenger Vehicles Act to give applicable LTAs³⁹ new powers to tackle fare evasion and anti-social behaviour.

See figure 5 for full details.

1. Equity

Barriers such as lack of safety on bus services, perception of lack of safety, and inaccessibility of services or bus stations or stops, both for own use and use by dependents (such as children) may prevent affected groups from using these services. Transport services more broadly play a critical role in enabling people to access a wide range of

³⁹ Franchising authorities and potentially other LTAs

activities such as education, employment, leisure and healthcare appointments, and to fully participate in society. Buses play a key role in transport, especially for those who are not able to use other modes, for example due to cost.

There is rationale for intervention based on an equity argument that affected groups should not be prevented from fully participating in society due to barriers to accessing transport. Measures introduced in this Bill will support broader aims on tackling violence/safety and accessibility issues by reducing barriers discussed above.

2. Positive externalities

As noted under earlier sections, bus use is associated with a wide range of positive externalities, including environmental benefits (as compared to if the same journey was made by a more polluting mode of transport). Current challenges with safety and accessibility may deter or prevent those who might otherwise use buses from doing so. Improvements in safety and accessibility (and perception of) of buses and bus stations/stops through the above measures may encourage more people to shift to using buses over other modes.

3. Information failure

In relation to measures on training, staff may not have sufficient knowledge of or ability to access comprehensive and consistent information on preventing and/or responding to incidents of VAWG and ASB. Alternatively, in the absence of regulation, due to the time/opportunity cost (and financial cost) of undertaking training they may simply not choose to do so even if this is readily available. Mandating training will increase uptake, thereby improving knowledge of how to prevent/respond to incidents of VAWG and ASB on buses. This could potentially lead to improvements in safety and perceptions of safety.

The DBS measure also addresses information failure issues, specifically that in the absence of an operator requiring an enhanced DBS check, operators could be unknowingly employing drivers who pose safeguarding concerns to young people.

In relation to bus stop and station accessibility, information failures exist in the inclusive design space for infrastructure owners, with no standard guidance or approach to considering accessibility and personal safety. The provision of a single document detailing best practice will help increase knowledge and reduce burdens, leading to improvements in stop and station accessibility.

Ticketing

The Bill includes a measure that gives the ability for employees of franchising authorities (and potentially other LTAs) the powers to enforce fare and other requirements against passengers.

1. Inefficiencies

Without these changes LTAs have limited powers to address issues on services in their areas as these largely rest with this individual operator. For example, LTAs do not possess the power to tackle anti-social behaviour, meaning that other passengers and the bus driver (and any other staff) may feel less safe. This may deter some people from using the bus, and in the longer-term new people from becoming bus drivers.

In addition, an inability to enforce fare requirements on services will reduce ticket revenue for the authority, which will reduce the money available to sustain services and ensure long-term viability.

Socially necessary local services and Bus Registration

Socially necessary local services: The Bill includes a measure to ensure that socially necessary local services are not removed or changed without due consideration. Under the new measure, LTAs that provide bus services under an Enhanced Partnerships (EPs) with operators will need to consider the benefits of a bus service before they commit to any proposed changes. This includes the reduction or cancellation of a service. LTAs and bus operators are currently under no obligation to consider the wider impact that changes to a socially necessary local service will have on the communities they serve.

1. Positive externalities

As previously discussed, bus service provision and usage are associated with a number of positive externalities, with the risk of under-provision and usage without sufficient regulation of the market. As such, there is rationale to intervene to protect services that may provide considerable social and economic value, where these are at risk of being cut. This measure will introduce greater onus on the local authority to fully consider the socially necessary aspects of a bus service before altering it in any way.

Bus Registration: The Bill includes a measure requiring LTA's exercising a registration function and franchising LTAs to record registration data and franchised services in a central database, partially aimed at providing passengers with greater information on services, including real time information. The measure will also reduce the administrative burden on operators and LTAs exercising a registration function, who currently input similar data into multiple locations. The measure will bring the input of this data into one location. The measure will reduce the burden on the Office of the Traffic Commissioners who currently manage a paper *and* digital registration system, by bringing all registrations onto one digital database. Finally, the measure is expected to benefit LTAs, operators and passengers by bringing all data into one location which is more easily accessible than under the current status quo.

2. Information failure

The increase of information available to passengers (including real time information) on service delivery and punctuality may help address barriers to bus use for users (or potential users). A lack of real-time information may deter potential passengers and be associated with additional time costs for current passengers. If people are not confident in the reliability of their local bus service and unsure if on a given day that it will arrive on time, they are more likely to use other modes of transport such as cars that are more polluting and/or

expensive. This is especially true in the instance that they are travelling to a time sensitive activity/task for which there will be negative consequences to arriving late. For example, if someone is travelling to a medical appointment and their bus is delayed, they may miss this. Improvements in information availability may increase bus usage (and associated benefits) if it increases confidence in reliability.

In addition, there are time costs to bus users when there are delays or cancellations to services. Improvements in information availability (as enabled through the Bill measure) allow passengers to make better decisions about how to travel. For example, if they are easily able to see if a service is likely to be delayed, they may instead choose to travel using a different bus service or mode of transport and avoid or reduce additional time costs associated with service delays.

See figure 5 for a full description of the measures.

Enhanced Partnerships (EPs)

The Bill includes measures designed to improve the efficiency of Enhanced Partnerships, following feedback from stakeholders to strengthen and improve current process. These measures include legislative changes to the operator objection mechanism⁴⁰ and an amendment to the enforcement of an EP provision to enable LTAs to more effectively secure data from operators. See figure 5 for full details.

1. Inefficiencies

There are inefficiencies in the current process that can extend the time taken for an Enhanced Partnerships plan or scheme to be developed (or for any variations to the EP). Changes to the objection mechanism process will allow time to be saved for the development or variation of an Enhanced Partnership.

LTA's require data and information from operators both during the development of Enhanced Partnerships and on an ongoing basis once they are in place. There have been challenges with this data sharing in some instances. The Bill includes a measure that adds a pre-request period to enable LTAs to more effectively secure data from operators without needing to escalate the matter to the traffic commissioner.

The new mechanism aims to strengthen partnership working by providing protection to operators against unexpected and unreasonable information requests as well as ensuring that they have sufficient time to prepare resource to meet the requirements of the LTA.

Environment

There is a need for government intervention to address market failure resulting from the use of internal combustion engine buses. The associated cost to society of contributing to climate change and degrading air quality are not taken into account when these vehicles are operated and purchasing decisions on vehicles are made. Currently, the market undervalues zero-emission buses and continues to favour diesel, despite broader societal

⁴⁰ The Operator objection mechanism allows for operators to object to the development and amendment of an EP. Current legislation requires that any objection should be made within the deadline set by the LTA – but this deadline cannot be less than 28 days after the date on which the notification was sent. The change proposed through the Bill to the mechanism will amend the statutory 28-day operator objection period for making and varying an EP from a 'minimum' to a 'maximum' and enable LTAs to progress to consultation as soon as all operators have responded to state that they have no objections.

benefits from cleaner transportation. There are several market failures that have led to this, including, negative externalities, inertia, lack of information and bounded rationality. These market failures must be overcome in order to achieve net zero. The Bill will help achieve this as it reduces the use of new non-zero emission buses on English local bus routes (excluding London and franchised services).

1. Negative externalities

Perhaps the most significant market failure is the negative externality driving climate change: those who emit greenhouse gases generally do not face the full costs of their actions, leading to increasing concentrations of greenhouse gases in the atmosphere, above the level that would be seen if those emitting greenhouse gases faced the full costs.

2. Inertia

Bus operators may hesitate to shift from diesel buses due to established infrastructure, investment, and familiarity with existing systems. This resistance to change, (also known as the “status quo bias” or “inertia”) slows the adoption of zero-emission buses, even if these are better for public health and the environment.

3. Lack of information

Decision-makers and the public may not fully understand the long-term benefits or total cost savings of zero-emission buses, such as reduced health expenses, lower maintenance costs, or improved air quality. Without this information, they may undervalue the switch to cleaner buses.

4. Bounded rationality

Although individuals and organisations will try to make rational decisions, they will be naturally limited by their resources, be it information, time, cognitive capacity, awareness of alternatives or possessing short-term perspectives – i.e. they are boundedly rational. Faced with the higher upfront costs of zero-emission buses, operators may focus on immediate expenses rather than long-term savings and benefits. This myopic view prevents rational choices that would otherwise favour zero-emission options over diesel.

These failures in the bus market underpin the rationale for government intervention.

The Bus Services Bill will enable local leaders to more easily intervene and fix failures in the bus market. Without the Bus Services Bill, the failures above would persist, and the sector would face higher bus operating costs, declining service provision, lower patronage, increased carbon emissions and greater social inequality.

- 1. Higher operating costs:** Without improvements to the network, buses will continue to be stuck in congestion. This will mean bus operators, especially in rural and less profitable areas, may struggle with rising fuel, maintenance and labour costs. To remain financially viable, companies may increase fares, which would likely deter even more passengers. Reduced economies of scale as ridership falls would drive

up per-passenger costs, creating a vicious cycle of rising prices and decreasing demand.

2. **Declining service provision:** Higher operating costs could cause operators to reduce services, leading to further cuts in frequency, reduced hours of operation and the elimination of less profitable routes altogether. These cuts would severely limit mobility for those without alternative transport options, deepening geographic inequalities.
3. **Lower patronage:** Increased fares, unreliable services and fewer routes would likely drive more people away from buses, further reducing passenger numbers. This will exacerbate the already long-standing issues and cause bus services to decline further. As bus services decline, fewer people will view public transport as a viable option, especially as alternatives like private cars become more convenient.
4. **Increased carbon emissions:** As bus services deteriorate, car dependency would likely increase. This would exacerbate congestion, air pollution, and carbon emissions, particularly in urban areas. This would also increase the risk of the Government failing to meet the UK's legally binding carbon emissions targets. Domestic transport is the largest source of greenhouse gas emissions in the UK, accounting for 27% of total emissions in 2019.⁴¹ Cars contribute the vast majority of this, with buses playing a far smaller role due to their higher capacity and efficiency in transporting people. By reducing the number of bus journeys and increasing car use, emissions would rise, making it more difficult to decarbonise transport.
5. **Greater safety issues and inaccessibility:** Without interventions to improve the accessibility of buses and bus infrastructure, some disabled people will continue to be prevented from using the bus and journeys will be harder than they need to be for others. Without interventions to address how safety issues are handled, there will be an ongoing risk to passengers and staff from incidents that staff are not adequately equipped to address.
6. **Greater social inequality:** Greater car dependency would also increase social inequities, as those who depend on the bus most or without access to a private vehicle—disproportionately low-income, disabled, or elderly populations—would become more isolated and cut off from essential services.

4. SMART objectives for intervention

The Bus Services Bill is the second element in the plan that will deliver the Government's bus reform agenda and enable every local authority to take back control of their bus services. It has 6 main objectives:

Objective 1. Empower LTAs and reform funding. The intended outcome is to give local leaders more control and flexibility over bus funding, allowing them to plan ahead to deliver their local transport priorities.

⁴¹ [Transport and Environment Statistics: 2021 Annual Report \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Objective 2. Allow every community to take back control of their buses. The intended outcome is to remove barriers that currently limit bus franchising powers only to metro mayors.

Objective 3. Accelerate the bus franchising process. The intended outcome is to support local leaders to deliver better buses, faster.

Objective 4. Step in to safeguard local bus networks. The intended outcome is to provide more accountability over bus operators and ensure that service standards such as reliability are raised in all areas across the country.

Objective 5. Support public ownership. The intended outcome is to remove the ban on local authority bus companies and building on the success of award-winning public bus services still in operation.

Objective 6. Making buses and the bus network safer, more accessible and inclusive for all passengers. The intended outcome is to improve perceptions of using bus services, reduce criminal and non-criminal offences on buses and at bus stations and improve accessibility at bus stops and bus stations.

Objective 7. Decarbonise the bus fleet. The intended outcome is to restrict the usage of new, non-zero emission buses on local bus services in order to deliver a fully decarbonised bus fleet by 2050, delivering significant environmental and air quality benefits.

Through these, the Bill will support local communities and leaders to take decisions that will deliver better value for money for the taxpayer, deliver a better service for passengers and give LTAs a choice over the bus system that works best for them. It will require no additional central government spending.

The Bill aligns with several of the Government's missions and the Department's strategic priorities. Kickstart economic growth – the bus sector directly employs 105,500 people in Britain, an additional 53,000 people indirectly in supply chains (e.g. vehicle manufacturers), and a total net value of direct, indirect, and induced employment is estimated at more than £11bn per year, in all local areas across the country.⁴²

Take back our streets – the Bill's measures to tackle violence against women and girls and anti-social behaviour are key pillars in this mission by ensuring that all bus drivers are trained to support passengers and have the confidence to intervene when required. It also includes a measure to provide statutory guidance on improving the inclusivity around bus and coach stops and stations. This will require LTAs to consider the personal safety of the users, for example how the lighting and location impacts perceptions and experience of safety for passengers. The Government has committed to halving violence against women and girls and these measures are a key part of the Department's contribution to this goal.

Break down barriers to opportunity – the Bus Services Bill will build on the progress of the franchising package and promote social equality by improving bus services for a wide range of people, especially those who are economically disadvantaged or live in underserved areas.

⁴² <https://www.cpt-uk.org/media/couiy5y/240902-economic-impact-of-bus-final.pdf>

It also directly supports DfT's strategic priorities to improve bus services and grow usage across the country and better integrating transport networks. Improving buses more generally supports social mobility and tackling inequality.

To note, the impact on small and micro businesses has been considered as part of the options assessment. However, it was found that it was not possible to meet all of the above objectives without some disproportionate impact on these businesses.

Potential indicators to monitor progress

The department has started to consider potential indicators that could be used to monitor both the outcomes and progress by LTAs and operators in delivering the objectives. Work is at a very early stage and there are a number of choices that still need to be made however, examples of these, by objective and outcome, are below (please note that this list is not exhaustive). Measuring these objectives will fall into the relevant reviews of secondary legislation.

Objective 1,2, 3 and 6:

Speed up franchising:

- Length of time taken to franchise broken down by time taken to complete the franchise assessment and/or mobilisation period.

Increase of bus usage:

- Patronage by LTA - potentially broken down (if data available) by concessionary and fare paying passengers. This data is already collected annually, and figures are published at local authority level on concessionary and fare paying passengers.

Increase in bus standards, in particular reliability and accurate/accessible information:

- DfT currently collects punctuality data at local authority level annually from local authorities and are exploring developing data from the Bus Open Data Service (BODS) that will allow for punctuality data on operators and local authorities on a more regular basis.
- There may be the potential to include questions in future passenger surveys regarding satisfaction, which could be broken down by region or potentially larger authority areas. Satisfaction nationally in local bus, separated out in terms of frequency, reliability and overall satisfaction, is already [part of the National Travel Survey](#), whilst [Transport Focus also separately examine this](#) regularly.

Objective 4:

- Number of EPs that have in place a framework to protect vital bus services.

Objective 5:

- Number of LTAs that decide to set up a local authority bus company.

Objective 7:

- Number of new ZEBs and consequent number of non-ZEBs decommissioned (since assuming a static fleet).

5. Description of proposed intervention options and explanation of the logical change process whereby this achieves SMART objectives

Preferred option: primary legislation will be required to deliver the preferred option. It is only by changing the law that we could deliver the reform required to support all local leaders to franchise their bus networks, if they chose to do so. This option will ensure that government can fully deliver its commitments to improving bus services across England and hand back control to local leaders and their communities enabling them to make the right decisions.

The Bill contains several reforms to support bus services, which can be grouped into sets of measures, as set out under the following headings: Franchising, Local Authority Bus Companies, Funding, Accessible and Inclusive Travel, Ticketing, Local Networking Safeguard & Bus Registration and Enhanced Partnerships. The table below sets out the full list of measures included in the Bill and how they meet the objectives.

Figure 5: Full list of measures

Measure	In scope of BRF	How the measure is meeting the objectives						
		Objective 1: Empower LTAs and reform funding	Objective 2: Allow every community to take back control of their buses	Objective 3: Accelerate the bus franchising process	Objective 4: Step in to safeguard local bus networks	Objective 5: Support public ownership	Objective 6: Making buses and the bus network safer, more accessible and inclusive for all passengers	Objective 7: Decarbonise the Bus Fleet
1. Franchising								
Amend s123A of the Transport Act 2000 to open up franchising to all authorities	No	N/A	Extends franchising powers to all LTAs in England outside of London (previously limited to MCAs) to empower local leaders to take control of their bus services.	This change reduces the barriers to bus franchising for non-MCA/MCCA LTAs and speeds up the process through allowing all LTAs to franchise.	N/A	This change will empower local leaders to take control of their bus services.	N/A	N/A
Amend s123C of the Transport Act 2000 to remove SoS consent provisions for non-MCA/MCCAs to access franchising powers	No	N/A	LTAs are best placed to decide which approach is right for their areas. This change ensures decisions are being made at the correct level and empowers local leaders to make decisions that are right for them.	The removal of SoS consent for non-MCA/MCCAs to begin franchising scheme assessments will speed up the franchising process for LTAs interested in pursuing franchising, thereby	N/A	This change ensures decisions are being made at the correct level and empowers local leaders to make decisions that are right for them.	N/A	N/A

				accelerating the process.				
Amend s123H of the Transport Act 2000 on specificity of franchising schemes so that there is no requirement to list services in detail and variation is therefore easier and franchising more flexible	No	N/A	Removes the requirement to list services in detail and provides for greater flexibility regarding how a Local Transport Authority (LTA) can specify a franchising scheme. This change ensures that there is flexibility in how a county council describes a scheme through general terms such as defining the principal points that will be served by the bus service, leaving them to decide how the route, timetable network and additional stopping points serve the principal points such as a railway station, hospital, retail park etc.	The clarification of how to describe a franchising scheme will accelerate the process of franchising and also ensure that variations required due to changes in bus patronage and needs of the local communities can be made quickly.	N/A	This amendment removes a potential barrier to franchising, making the process easier and more flexible. It will support the LTA decision making on which services to franchise.	N/A	N/A
Remove/Amend s123H(4) of the Transport Act 2000 on the statutory timescales for implementing	No	N/A	N/A	The removal of the 6-month requirement for implementing or varying a franchising scheme	N/A	This change removes a potential barrier to franchising and makes the process quicker	N/A	N/A

franchising schemes. so that there is no requirement to give 6 months' notice and to wait 6 months to change a service.				will speed up the process for interested LTAs when pursuing franchising.		and easier. It will support the LTA decision making on which services to franchise.		
Amend s123M of the Transport Act 2000 - franchising variation process so that the statute is much clearer and variation requirements far less onerous	No	N/A	N/A	The clarification regarding how to describe a franchising scheme will ensure that the variation process is less onerous and if required, due to changes in bus patronage and needs of the local communities, can be made quickly.	N/A	The clarification makes franchising easier and will support the LTAs decision making role.	N/A	N/A
Amend franchising scheme audit provisions in s123D of Transport Act 2000 to make it clear that the auditor can review the assessment as it is being developed rather than having to only do so at the conclusion of the assessment, broaden the definition of the auditor, rename the process and broaden the pool of likely people who can undertake it.	No	N/A	N/A	This change clarifies the expectations regarding how to ensure that a franchising assessment is robust using an assurance report rather than a full audit. This will speed up the process and make it less onerous, but also more relevant for the LTA. It also enables the assurance report to	N/A	The change removes a potential barrier and cost to LTAs. It will make the franchising assessment easier to develop and its robustness tested throughout its development, thereby helping with the LTA decision making.	N/A	N/A

				be developed in tandem with the franchising assessment so that changes can be made thereby ensuring that the assessment is as robust as possible and will also speed up the process.				
Amend s123Q of the Transport Act 2000 to broaden the criteria that can be considered in granting a service permit so that it includes benefits to passengers outside the area and that impacts on existing franchised services is not a pass/fail criteria.	No	N/A	This change exempts rail and light rail replacement services from the requirement to hold a service permit, thereby speeding up the process and supporting passengers in situations that require alternative travel. It also makes explicit the situations when a service permit may be granted by a franchising authority to better reflect the potential impacts on passengers and the economy, community etc.	N/A	N/A	N/A	N/A	N/A
Direct award of first franchise contracts to	Yes	Reduces risk and	N/A	It may accelerate some stages in the	N/A	This enables more local	N/A	N/A

incumbent operators using net cost contracts		increases choice for LTAs seeking to franchise bus services		franchising process.		authorities to franchise bus services, by reducing the transitional risks that may have otherwise prevented franchising in an area.		
2. Local Authority Bus Companies								
Repeal s22 of the Bus Services Act 2017 to remove the ban on local authority bus companies	Yes	Empowers LTAs to create their own bus companies.	Local authority bus companies would have objectives aligned to the LTA's own.	N/A	N/A	It gives LTAs the power to create new local authority bus companies.	N/A	N/A
3. Funding								
Devolve DfT's bus funding powers under s154 of the Transport Act 2000 to LTAs, or create an equivalent power for them, removing the requirement for HMT consent but replacing it with an optional power for the SoS to issue statutory guidance on the use of the power to which an LTA would have to have regard.	No	Enables LTAs to craft bus grants tailored to their specific local needs.	N/A	If LTAs wish to pursue franchising, DfT would devolve a portion of BSOG funding of which – using this power – any underspend could be put towards aiding the transition to a franchised bus system.	LTAs can tailor their bus grants to support more marginal, but socially necessary, services.	This could be viewed as reason to franchise and support LTAs to make the right decision for their communities.	LTAs could tailor bus grants to meet these objectives locally or tackle local challenges	N/A
4. Accessible and Inclusive Travel								

<p>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 violence against women and girls and anti-social behaviour.</p>	Yes	N/A	N/A	N/A	N/A	N/A	<p>The measure aims to improve staff and public perceptions and experience of personal safety and reduce incidents of VAWG and ASB on buses through mandating training on how to recognise and respond to incidences of VAWG and ASB on buses.</p>	N/A
<p>The Public Passenger Vehicles Act could be amended to give new powers to franchising authorities and potentially other LTAs to tackle fare evasion and anti-social behaviour on vehicles and within bus stations and bus stops. A byelaw making power could be included to allow either DfT, through secondary legislation, or Combined Authorities following approval by DfT to create relevant byelaws.</p>	No	N/A	N/A	N/A	N/A	N/A	<p>This measure aims to improve safety on buses as well as at bus related infrastructure by enabling franchising authorities and other LTAs to make byelaws to tackle ASB on bus networks and bus facilities which can undermine the safety, or perceived safety, of passengers and staff.</p> <p>It brings the legislation for buses in line with the legislation that already exists for both light and heavy rail.</p>	N/A
<p>Bus and coach station and stop inclusivity Provide a statutory</p>	No	N/A	N/A	N/A	N/A	N/A	<p>There is currently no one source of guidance on what</p>	N/A

<p>underpinning to produce guidance on the inclusivity of bus and coach stations and stops design, and to require specified public sector organisations who are commissioning work to new or upgraded facilities, to pay due regard to this guidance.</p> <p>The guidance will promote good practice in infrastructure design so that it a) meets the basic accessibility needs of disabled users and supports their safe, comfortable and independent use of related services; and b) improves personal safety and perceptions of personal safety.</p>							<p>makes a bus or coach stop accessible and inclusive with local authorities drawing from a range of sources. This leads to inconsistency and potentially spending money on infrastructure that does not reflect the needs of passengers or align with vehicle innovation or passenger assistance technology and journey planning. Guidance on accessibility and personal safety considerations will help provide consistency across local areas supporting all passengers, but particularly disabled passengers, women, and other groups with protected characteristics.</p>	
<p>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</p>	Yes	N/A	N/A	N/A	N/A	N/A	<p>It closes a loophole to ensure all home to school 'closed' services have drivers with enhanced DBS and children's barred list checks. This improves safety for</p>	N/A

<p>check. Currently, there is only eligibility for such checks and no mandatory requirement. This is a potential loophole in existing legislation we recommend closing.</p>							<p>young people on school buses.</p>	
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5. Ticketing

<p>Amend s25 of the Public Passenger Vehicles Act 1981 to give the ability for employees of franchising authorities (and potentially other LTAs) the powers to enforce fare and other requirements against passengers (e.g. asking some to get off the bus) with accompanying criminal sanctions if they do not comply.</p>	No	N/A	N/A	N/A	N/A	N/A	<p>This measure is linked to the ASB byelaw powers and will ensure that the franchising authority or LTA is able to appoint enforcement officers as inspectors on bus services to manage fare evasion and other criminal behaviours.</p> <p>It will provide passengers with more confidence to travel safely on buses and will allow local authorities greater flexibility by, for example, having one set of officers who are able to enforce against fare evasion and ASB.</p>	N/A
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6. Socially necessary local services and Bus Registration

<p>A new measure to ensure that bus services which are deemed as being socially necessary local services are not removed or changed without due consideration.</p>	No	N/A	<p>This added protection will ensure that the right services are kept running for the benefit of local communities.</p>	N/A	<p>It will become a legal duty for LTAs to consider socially necessary local services as part of their EP plans with Bus Operators. Any proposals to change a service must be tested against a set of established principles.</p> <p>This will protect local necessary services from reduction or elimination without fully addressing the critical roles they play.</p>	N/A	N/A	N/A
<p>Power to require any LTA who exercises registration function, and potentially franchising authorities, to record registrations and franchised services in a central database - to ensure the effective operation of Bus Open Data system and real time information to passengers and future transparency of LTA and operator service</p>	Yes	N/A	<p>Registration data will be richer and more easily available for the public and anyone else with an interest in/requirement to use it as a result of the new central database. Benefits for passengers as more transparency around the performance of operators of local services which should encourage</p>	N/A	<p>A fuller picture of registration data across England and Wales will make it more efficient for government to act against underperforming operators, as they will no longer have to manually track down missing data. This in turn should encourage greater performance in local services.</p>	N/A	<p>The improvements in data could improve accessibility for passengers. It will make finding reliable and up to date information on bus services easier, reducing barriers to access.</p>	N/A

delivery, particularly in relation to punctuality			better performance. Easier access to data will also enable local authorities to plan more effectively for demand and enable passengers to make their own assessment of the performance of services.						
7. Enhanced Partnerships									
Information provision: Enable LTAs to request data or information from operators. This could be one off, on an annual basis, or both. LTAs would have to provide a 14-day pre-request period following discussion with relevant operators before issuing the official request for info. The request must provide reasonable timescales. Should the information not be provided, the LTA will immediately inform the Traffic commissioner.	No	N/A	This will give clarity and certainty for LTAs relating to having a clear time period for issuing requests to operators.	N/A	N/A	N/A	N/A	N/A	N/A
Operator objection mechanism – publishing: Allow LTAs to make and publish	No	N/A	This will give more flexibility to LTAs to publish their EPs prior to the end of	N/A	N/A	N/A	N/A	N/A	N/A

their Enhanced Partnerships prior to the end of the 28-day operator objection period, if all parties have responded stating they have no objections.			the 28-day period if there are no objections.						
<p>Operator objection mechanism – thresholds: There are two types of mechanisms by which LTAs/operators can change their Enhanced Partnership plans – statutory and bespoke.</p> <p>This measure would allow LTAs to change back from bespoke mechanisms to the statutory mechanism, if they feel operators are using bespoke mechanisms to block reasonable changes.</p>	No	N/A	This will enable LTAs to change their operator objection mechanisms to prevent operators blocking reasonable changes.	N/A	N/A	N/A	N/A	N/A	N/A
8.Environment									
Reducing the use of non-zero emission buses on local bus services	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	This measure will restrict the usage of new, non-zero emission buses on local bus services in order to deliver a fully

									decarbonised bus fleet by 2050, delivering significant environmental and air quality benefits.
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Logic models and Theory of Changes (ToCs)

Opening up franchising to all authorities is a core element of the Bill. As such, although this measure is out of scope of the BRF we have included a high-level logic model/theory of change. This maps out the intended outputs from the franchising measures, longer-term outcomes, and impacts, underpinned by the available inputs (resources) and activities to achieve these.

ToCs for the individual measures in scope of the Better Regulation Framework can be found in the monitoring and evaluation sections of the individual IAs below.

Franchising Logic Model and TOC

Assumptions and risks

The theory of change makes the following assumptions:

Change in the operating model will lead to desired improvements

A change in the bus ownership structure (i.e. bus franchising) alone will enable LAs to have more control over bus services, create a unified/integrated transport system, improve passenger journeys and promote active travel networks. This assumes that all other factors being equal, bus franchising will lead to these improvements.

Funding, profitability, investment, patronage and modal shift

The model assumes that bus franchising is ultimately profitable, that the cost of contracting bus operators is not higher than expected, and that the profits are reinvested into the bus network. The profitability of bus franchising is also likely to be contingent on maintaining or increasing patronage. Should bus franchising not prove profitable, LTAs could be forced into a situation where they may have to cut bus services/increase the price of tickets/investigate other revenue-raising activities such as increasing council tax. Relatedly, reverting to a deregulated operation model should franchising be unsuccessful is likely to be difficult and time-consuming. The envisioned environmental benefits also depend on the modal shift from car to bus.

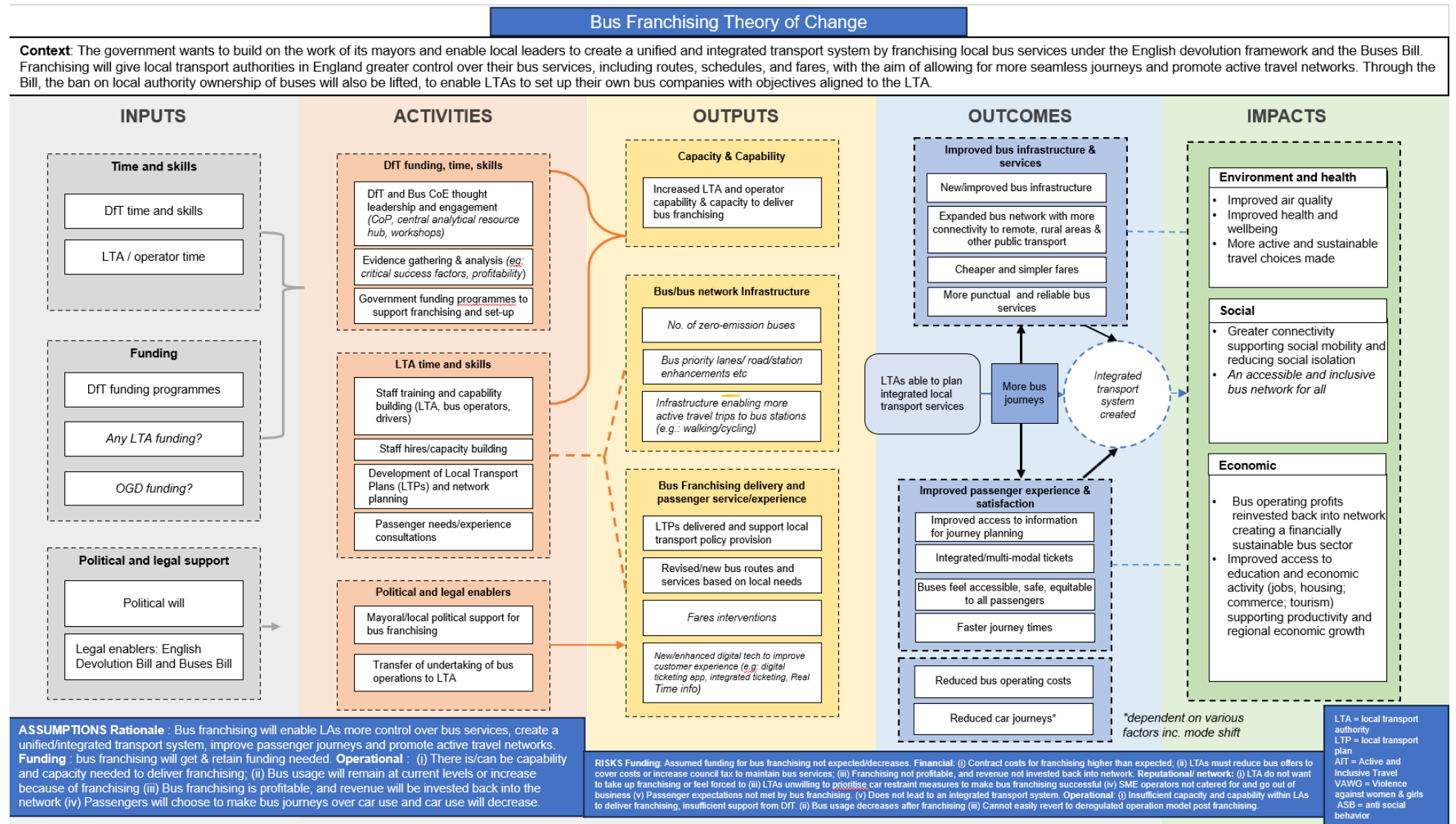
Capability and capacity

Franchising bus services is a labour-intensive process that requires particular skills. The theory of change, therefore, assumes that LTAs have the capability and capacity needed to deliver franchising and/or sufficient support from DfT.

Other risks

- There is a risk that LTAs do not want to take up franchising or feel forced to, undermining the policy.
 - Furthermore, the envisioned benefits of franchising are partially contingent on LTAs prioritizing car restraint measures. Should they be unwilling or unable to do so, those benefits would be at risk
- SME operators not catered for and going out of business
- Passenger expectations not being met by bus franchising
- For a combination of the above reasons, franchising does not lead to an integrated transport system.

Figure 6: Bus Franchising Theory of Change (measures enabling franchising for all LTAs)



6. Summary of long-list and alternatives

Alternative options to legislation have been considered but are unable to deliver the change required. Whilst the Statutory Instrument for bus franchising does open up franchising to all LTAs, Secretary of State will still need to give consent to individual LTAs pursuing franchising. Primary legislation is required to provide a package of changes to speed up the franchising process and deliver bus reform. At the individual measure level, some non-regulatory options were considered, more information can be found in the individual IAs.

The Government has been very clear through both its manifesto commitment and subsequent statements, that improvement of bus services is a key priority and will support their mission to deliver economic stability through ensuring that people have the connections that they need – particularly to get to school, further education, work and healthcare.

For the Bus Services Bill as a whole, five approaches have been considered ranging from no legislation to the preferred option of inclusion of all legislative measures. Specific options appraisal has been completed below for measures in scope of the Better Regulation Framework, using the HMT Options Framework Filter where proportionate. These Options Filters can be found in the individual IAs.

1. Business as usual (do nothing) – no changes to legislation

The ‘do nothing’ option would not deliver the Government’s manifesto commitment to empower LTAs to take back control of their bus services and deliver a reformed bus funding settlement. It would also not deliver a faster franchising process, nor safeguard services that communities value and need. Inaction could lead to a continued reduction in services and passenger numbers, as well as increased isolation between communities which does not support the Government’s ambition to grow the economy and deliver a better bus network. It fails to provide any powers to make the bus network safer, more accessible and inclusive for all passengers. This option was therefore removed from consideration

2. Do minimum – opening up franchising to all LTAs and updated franchising guidance (no primary legislative changes)

Under this option, changes would be limited to those in the package announced in September 2024, to give all LTAs the powers to franchise, whilst requiring Secretary of State for Transport approval, and updating franchising guidance. This contains several barriers to franchising which increase the time, cost and risk that would prevent most LTAs from pursuing bus franchising. This fails to achieve the Government’s ambition for bus services.

3. Core franchising measures only

This option would only take forward the changes to franchising, the eight measures listed in the top eight rows of the above table. This delivers the Bill’s objectives to allow every community to take back control of their buses and accelerate the bus franchising process. However, it does not do anything to safeguard local bus networks, support the creation of new local authority bus companies, or provide powers to make the bus network safer, more

accessible and inclusive for all passengers. This option was therefore removed from consideration.

4. Core franchising, local network safeguard, and local authority bus companies measures only

This option extends option 3 to include measures to repeal the ban on the creation of new locally owned bus companies and the local network safeguard. These capture the Government's priority measures that were announced in the Labour manifesto. However, it does not meet all the Bill objectives and was therefore removed from consideration. For example, it fails to tackle anti-social behaviour or violence against women and girls directly, an important priority in the Government's 'take back our streets' mission and as such is discarded.

5. All measures

This option includes all measures listed in the above table. It meets all the Bill objectives and is carried forward to the short list. Within each measure in scope of the Better Regulation Framework, further analysis using the HMT Options Framework Filter where proportionate, has been completed to determine the preferred scope, delivery, and implementation to achieve these objectives in the best possible way. Together, they will deliver a faster and more streamlined process for those authorities wishing to pursue franchising. It will safeguard local bus networks to raise standards across the country, supports public ownership and gives powers to improve women's safety, accessibility and tackle anti-social behaviour.

Small and Micro Business Assessment (SaMBA)

When setting up the Bill, and working through the options process, there was consideration of how small and micro businesses would be impacted. It is noted that the Bill may disproportionately affect these businesses. However, it was not possible to meet the core objectives of the Bill whilst exempting them. In terms of the overarching options, all options aside from the 'do nothing' option will have impacts on small and micro business, with some having a disproportionate impact. The preferred option of including all measures will have the highest impact, but was also the only option that would meet all of the objectives. Further detail on the impact for measures in scope of BRF is in the individual IAs, as well as options considered at the individual measure level. Within the individual IAs mitigations were considered, but these were not possible whilst still meeting the objectives of the Bill.

7. Description of shortlisted policy options carried forward

From the long list, two options were taken forward for the short list:

Option 0: Do Minimum

Government will introduce a short Bus Services Bill that only seeks to change the franchising process and address current barriers that exist within the 2017 Act.

Under this option, the delivery of important safety and accessibility changes to bus services are not made. This would mean the current level of risk of crimes against women and children whilst using buses is maintained. There is also no requirement for authorities to establish the social, economic and necessary services that will ultimately act as a safeguard and prevent services being cut that will support connectivity and reduce isolation. Ultimately this option will not deliver a reformed bus sector or drive better outcomes for local communities.

Option 1: Changes to Primary Legislation

Amend the 2017 Bus Services Act and other legislation as detailed in 5 of the proposal.

Within each measure in scope of the Better Regulation Framework, further analysis using the HMT Options Framework Filter where proportionate, has been completed to determine the preferred scope, delivery, and implementation to achieve these objectives in the best possible way.

7A. Summary of Regulatory Measures Outside the Scope of the Better Regulation Framework

Conducting a full impact scorecard for the Bill measures outside of the scope of the Better Regulation Framework is not proportionate. Instead, the table below summarises their expected impacts on key stakeholders and the interactions with other measures.

Measure	Qualitative description of Impacts
1. Franchising	
Amend s123A of the Transport Act 2000 to open up franchising to all authorities	This change extends bus franchising powers to all LTAs in England, outside of London, which were previously available only to MCAs and MCCAs. By simplifying the franchising process for non-MCA/MCCA LTAs, the reform may increase the likelihood of these authorities pursuing franchising. While the initial costs of adopting franchising are expected to be significant, successful implementation could lead to improved bus services and positive outcomes for passengers. This measure represents an important first step to franchising reform, with subsequent franchising measures building on this progress to make franchising quicker and cheaper to deliver.
Amend s123C of the Transport Act 2000 to remove SoS consent provisions for non-MCA/MCCAs to access franchising powers	This change removes the requirement to secure the Secretary of State's consent before an LTA can initiate a franchising scheme assessment, ensuring that decisions are being made at the right level of government. As above, this simplifies the franchising process for non-MCA/MCCA LTAs. The streamlining of the process may lead to an increase in take-up of franchising or raise the expectation of LTAs to pursue franchising.

	<p>Furthermore, it empowers local leaders to make decisions that best serve their communities, whether through franchising or alternative service models, ensuring that transport services meet the needs of those who depend on them. This measure is an important part of the wider package of franchising reforms to make franchising quicker and cheaper to deliver.</p>
<p>Amend s123H of the Transport Act 2000 on specificity of franchising schemes so that there is no requirement to list services in detail and variation is therefore easier and franchising more flexible</p>	<p>This amendment provides greater flexibility in how an LTA can specify a franchising scheme by removing the absolute requirement that LTAs list the local services to be provided in detail at the route level. This flexibility gives LTAs the option to specify franchising schemes more generally or more precisely as they see fit, giving LTAs more control over when the revised variation procedure would apply to changes. The ability to make reasonable changes without formally varying the scheme could make franchising more attractive if schemes are able to more nimbly respond to changes in circumstance and community need.</p>
<p>Remove/Amend s123H (4) of the Transport Act 2000 on the statutory timescales for implementing franchising schemes. so that there is no requirement to give 6 months' notice and to wait 6 months to change a service.</p>	<p>This clause would remove the minimum period of six months between the making or varying of a local service contract under franchising and implementation of those services. This measure could speed up the franchising process and enable the franchising authority to react quickly to changes required in services.</p>
<p>Amend s123M of the Transport Act 2000 - franchising variation process so that the statute is much clearer and variation requirements far less onerous</p>	<p>This amendment clarifies the requirements for making a variation. Where a variation involves the extension/expansion of the franchising area, LTAs are required to conduct a full franchising assessment. Other variations will only require that LTAs consult rather than follow a process which is similar to that of first making a franchising scheme</p> <p>This amendment clarifies the variation process and will ensure that it is less onerous and if required, due to changes in bus patronage and needs of the local communities and can be made quickly.</p>
<p>Amend franchising scheme audit provisions in s123D of Transport Act 2000 to make it clear that the auditor can review the assessment as it is being developed rather than having to only do so at the conclusion of the assessment, broaden the definition of the auditor, rename the process and broaden the pool of likely people who can undertake it.</p>	<p>This amendment will speed up the franchising process and enable the assurance process to be delivered in tandem with the development of the franchising assessment, allowing for changes to the assessment to be made quickly, while ensuring it is robust.</p> <p>Broadening the pool of people who can undertake an assessment is intended to speed up the process and generate a more competitive market for LTAs commissioning assessments.</p>

<p>Amend s123Q of the Transport Act 2000 to broaden the criteria that franchising authorities can take into account in granting service permits; this includes wider benefits.</p>	<p>This change exempts rail and light rail replacement services from the requirement to hold a service permit, thereby speeding up the process and supporting passengers in situations that require alternative travel. It also makes explicit that franchising authorities must make decisions on all service permits to ensure the benefits to passengers of cross-boundary services are taken into account and that franchising authorities have a power to grant services where benefits to persons making journeys on that service will outweigh any adverse effect on franchised services or where benefits will accrue to:</p> <ul style="list-style-type: none"> • the economy, community and/or persons living in the area to which the franchising scheme relates, and/or • in the case of cross-boundary services, the economy, community and/or persons living in the LTA areas within which the proposed service would operate, and; • any adverse effect on any local services provided under a local service contract in the area to which the scheme relates is outweighed by those benefits.
<p>3. Funding</p>	
<p>Devolve DfT's bus funding powers under s154 of the Transport Act 2000 to LTAs, or create an equivalent power for them, removing the requirement for HMT consent but replacing it with an optional power for the SoS to issue statutory guidance on the use of the power to which an LTA would have to have regard.</p>	<p>This measure would devolve to all LTAs the power to pay and design grants for bus operators. This would give LTAs greater freedom in how to support their local bus network. LTAs could choose to support particular types of bus services as suits their local circumstances (demography, geography etc), potentially ensuring that more socially necessary services are preserved and filling any local gaps left by national BSOG. These powers will support LTAs in transitioning to a franchised system. If an LTA intended to transition to a franchised system DfT would transfer a proportionate amount of BSOG to the LTA from which they could put any underspend towards supporting bus services, including franchising. Without giving LTAs these powers through the Bill, DfT would need to draft SIs for each individual LTA for them to be able to pay out bus grants to bus operators whilst transitioning to a franchised system.</p>
<p>4. Accessible and Inclusive Travel</p>	

<p>Give new powers to franchising authorities and potentially other LTAs to tackle anti-social behaviour on vehicles and within bus stations and bus stops. The Public Passenger Vehicles Act could be amended to give powers to local authority officers to enforce against ASB on vehicles, while a byelaw making power could be included so that byelaws could then be made either by DfT through secondary legislation or by CAs following approval of draft byelaws by DfT.</p>	<p>This is intended to ensure that all LTAs have the power to enforce against ASB on their networks, should they choose to do so. The demand for this power has largely come from CAs and the Urban Transport Group who have explained that current legislation does not allow for effective enforcement as byelaw powers do not extend to all authorities. This measure will allow LTAs to make their services safer for all passengers and reduce lost revenue from fare evasion. It will be up to local authorities to decide whether they want to use these powers or not.</p>
<p>Provide a statutory underpinning to produce guidance on the inclusivity of bus and coach stations and stops design, and to require specified public sector organisations who are commissioning work to new or upgraded facilities, to pay due regard to this guidance.</p>	<p>The Primary legislative measure will provide only a power to publish statutory guidance, and so will not in and of itself impact any people or organisations. We intend that the statutory guidance will be drafted collaboratively with organisations representing local authorities, transport providers and passengers, and so there is reasonable flexibility to ensure that it is effective in supporting organisations subject to it when they provide or maintain relevant infrastructure, and in helping passengers to travel safely, independently and confidently. It is however likely that the Primary measure, combined with the statutory guidance once published will have the following impacts:</p> <ul style="list-style-type: none"> • Local government and National Highways officers responsible for designing and commissioning roadside infrastructure will need to build familiarity with the guidance to enable them to apply it to individual infrastructure designs. They may also want to document the steps they take and the decisions they make in paying regard to it. The guidance will however support respective organisations to develop and implement inclusive designs from the start, avoiding the need for later and potentially costly retrofitting of existing facilities, and will help them to be sure that implemented designs will be effective in enabling and encouraging people to use the local bus services served. • There will be no cost for bus operators, but they may benefit from an increase in patronage from people who previously found that bus stations and stops failed to meet their access needs or who felt unsafe

	<p>using them, but who are, and feel able to use facilities which are provided, upgraded or maintained consistent with the statutory guidance.</p> <ul style="list-style-type: none"> • There will also be no cost for passengers. They may however benefit from improved accessibility or personal safety, in enabling them to make journeys that would not have been possible, or which they would not have considered previously, or supporting them to use bus services where they might have previously chosen more expensive transport, such as taxis or private hire vehicles, in order to reach their destinations. Local transport is a significant enabler for access to education, employment and social and leisure opportunities, and so improved access to bus stations and stops also has the potential to support access to such services.
<p>5. Ticketing</p>	
<p>Amend s25 of the Public Passenger Vehicles Act 1981 to give the ability for employees of franchising authorities (and potentially other LTAs) the powers to enforce fare and other requirements against passengers (e.g. asking some to get off the bus) with accompanying criminal sanctions if they do not comply.</p>	<p>This measure is linked to the ASB byelaw powers outlined above and will allow the franchising authority or LTA to appoint enforcement officers as inspectors on bus services to manage fare evasion and other criminal behaviours.</p> <p>The measure is intended to give local authorities greater flexibility in how they deploy their resources by, for example, having one set of officers who are able to enforce against fare evasion and ASB rather than needed separate teams.</p>
<p>6. Socially necessary local services & Bus Registration</p>	
<p>A new measure to give bus routes greater protection against changes to socially necessary local services. LTAs will be legally obliged to consider how a service addresses the socially necessary needs of the community before it is altered in any way.</p> <p>This is to minimise the reduction and cancellation of services based upon wholly economic reasons.</p>	<p>Local bus services are operated as either a franchise or under an Enhanced Partnership that is agreed between the LTA and the Bus Operators. The proposals apply to Enhanced Partnerships.</p> <p>LTAs are currently under no obligation to review the wider needs of the local community before a bus service is reduced or cancelled. The new legislation will make it an obligation for LTAs to consider how the socially necessary needs of the local community will be impacted by any potential changes to a bus service. The obligation will be set out in the Enhanced Partnership that is agreed with Bus Operators.</p>

	<p>The intention is to primarily ensure the quality of bus services as opposed to guaranteeing a minimum service level. This change has the potential to lead to more considered decision-making around changes to bus services, ensuring better support for the communities they serve.</p>
<p>7. Enhanced Partnerships</p>	
<p>Information provision: Enable LTAs to request data or information from operators. This could be one off, on an annual basis, or both. LTAs would have to provide a 14-day pre-request period following discussion with relevant operators before issuing the official request for info. The request must provide reasonable timescales. Should the information not be provided, the LTA will immediately inform the Traffic commissioner.</p>	<p>This measure will strengthen partnerships working across EPs, by providing some protection to operators against unexpected and unreasonable information requests, as well as helping to ensure that operators have sufficient time to prepare resource to meet the requirements of the LTA.</p>
<p>Operator objection mechanism – publishing: Allow LTAs to make and publish their Enhanced Partnerships prior to the end of the 28-day operator objection period, if all parties have responded stating they have no objections.</p>	<p>This will give more flexibility to LTAs to publish their enhanced partnerships prior to the end of the 28-day period if there are no objections.</p>
<p>Operator objection mechanism – thresholds: There are two types of mechanisms by which LTAs/operators can change their Enhanced Partnership plans – statutory and bespoke.</p> <p>This measure would allow LTAs to change back from bespoke mechanisms to the statutory mechanism, if they feel operators are using bespoke mechanisms to block reasonable changes.</p>	<p>This measure will enable LTAs to progress to consultation as soon as all operators have responded to state that they have no objections. We estimate this will result in a possible time savings of up to one month for the development and amendment of EPs.</p>

7B. Summary of Regulatory Measures Within the Scope of the Better Regulation Framework

Part A: Overall and stakeholder impacts

The below summarises the impacts for the measures in scope of BRF. More detail on the individual measures is provided in the individual IAs.

(1) Overall impacts on total welfare	Directional rating Note: Below are examples only
<p>Description of overall expected impact</p> <p>Overall – Positive: The overall impact of these measures is expected to be positive, but with considerable uncertainty as to the scale. A large number of the costs have been monetised, but it has not been possible to monetise the majority of the benefits. There are significant expected benefits across the measures, and so these will likely outweigh the costs.</p> <p>Direct Award – Positive: The monetised NPSV of the preferred option is slightly negative, but we expect the net impact of non-monetised benefits to be larger than this, making the overall impact positive (especially as LTAs would only be expected to choose to use direct award if the overall benefit from doing so is deemed greater).</p> <p>Bus Registrations - Uncertain: Depends on the size of the benefits from time savings to various stakeholders from reduced duplication of time submitting data and benefits from improved quality of data. The level of these is uncertain.</p> <p>Enhanced DBS Checks - Positive: A small reduction in the number of children harmed on buses and the number of children using buses instead of other transport modes would have large benefits to society.</p> <p>Local Authority Bus Companies – Positive: The monetised NPSV of the preferred option is slightly negative, but we expect the net impact of the remaining non-monetised costs and benefits to be positive and larger than this, making the overall impact positive. This is because, whilst the cost of setting up and operating local authority bus companies is likely to be high, the non-monetised benefits to households are expected to be very high.</p> <p>Violence against woman and girls - Positive: A small reduction in the number of incidents of VAWG and anti-social behaviour on</p>	<p>Positive</p> <p>Based on all impacts (incl. non-monetised)</p>

	<p>buses or increase in bus use due to better perceptions of safety would have large benefits to society.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services – Positive: The primary benefit and objective of the policy, which drives the positive NPSV, is carbon reduction. This is followed by large net savings in operating costs</p>	
Monetised impacts	<p>Overall – Positive: The overall NPSV (for the central scenario) is £723 million (2024 Prices, 2024 Base Year). The central NPSV's for each individual measure are presented below. The full analysis for these measures can be found in the individual IA's.</p> <p>Direct Award - Negative: Central NPSV = -£1.3m</p> <p>Bus Registrations – Negative: Central NPSV = -£2.58m</p> <p>Enhanced DBS Checks - Negative: Central NPSV = - £0.45m</p> <p>Local Authority Bus Companies – Negative: Central NPSV = - £0.0023m</p> <p>VAWG – Negative: Central NPSV = -£21.8m.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services – Positive: Central (preferred option) NPSV = £749m</p>	Positive Based on likely £NPSV
Non-monetised impacts	<p>Overall – Positive: The non-monetised impacts are expected to be positive overall but with some uncertainty here. The majority of individual measures are expected to have an overall positive impact, with the exception of Bus Registrations. The exact scale of the non-monetised impacts is uncertain, however on balance it is expected that the positive impacts will outweigh the negative impacts.</p> <p>Direct Award – Positive: it is expected that non-monetised impacts of the preferred option are large and positive, contributing to a positive NPSV overall.</p> <p>Bus Registrations - Uncertain: There are a range of non-monetised costs and benefits for this measure. The sizes of these are uncertain so the overall direction of the impact cannot be determined.</p> <p>Enhanced DBS Checks - Positive: If able to monetise the benefit of reduced risk to children being harmed on buses, it would likely be much higher than the monetised impact of time lags on checks and increased duplication of checks, resulting in a positive impact overall.</p>	Positive

	<p>Local Authority Bus Companies – Positive: We expect the high non-monetised benefits for the preferred option. The non-monetised costs of setting up and running a new local authority bus company would also be high, but we expect the net impact to be positive.</p> <p>VAWG – Positive: non-monetised impacts of the preferred option are expected to be positive due to the potential for increased safety and perceptions of safety.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services – Positive: Non-monetised impacts of all options are expected to be positive due to the non-monetised impacts on households, despite more uncertainty regarding businesses.</p>	
<p>Any significant or adverse distributional impacts ?</p>	<p>Overall – Positive/Neutral: Overall there is expected to be a positive distributional impact on certain groups, including on lower income households, disabled individuals and women. All measures are aimed at improving bus services. This will have a disproportionate positive impact on lower income individuals/households as they use the bus more. There will be a disproportionate positive impact on women and disabled individuals as a measure is specifically targeted at improving accessibility and reducing VAWG. The impact may be especially high for individuals falling into multiple of these groups, for example a low-income disabled person. However, there is uncertainty in regard to the exact scale of these distributional impacts.</p> <p>The rural/urban distributional impact on operators is expected to be neutral.</p> <p>As the distributional impacts relate to businesses or households, the text for individual measures has been excluded here to avoid duplication. This can be found in sections of the table focussing specifically on these areas.</p>	<p>Positive</p>

(2) Expected impacts on businesses

<p>Description of overall business impact</p>	<p>Overall – Uncertain: The overall expected impact on businesses is uncertain. There is variation between measures on the impact. Due to uncertainty over the scale of impacts, and direction of impacts for some measures it is not possible to assign an overall positive, negative or neutral rating.</p>	<p>Uncertain</p>
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Direct Award – Positive: There is a net benefit to incumbent businesses because overall benefits are expected to be greater than this cost from the additional fees incumbent operators receive under DA. Non-incumbent operators would experience some level of cost from being unable to compete for the DA contract and being unable to compete to run services as in the deregulated market. However, the likelihood of this is judged low due to low competition in the deregulated market and that they would also benefit more from additional time to prepare stronger franchising bids under competitive tender.

Bus Registrations – Uncertain: The impact on businesses (bus operators) depends on the scale of net impact of non-monetised costs and benefits. These are all uncertain and largely depend on the specifics of how the policy develops.

Enhanced DBS Checks – Negative: Costs to business include paying for DBS checks and the admin cost of processing them. There may also be indirect costs from time lags on checks being complete.

Local Authority Bus Companies – Uncertain: The impact on businesses (existing and newly created local authority bus companies) depends entirely on how successful they are. This is uncertain – we cannot predict if they will be successful as this depends on various market forces and other factors.

VAWG - Negative: There are expected costs to business of; paying for additional training, additional time for staff who deal directly with the travelling public or with issues related to the travelling public spent training rather than doing their regular roles and admin/familiarisation and reporting costs. There is a potential benefit; if the measure leads to an increased number of women and girls taking the bus, this could increase bus operators' profits.

Reduction in the use of new, non-zero emission buses on local bus services – Positive: Zero-emission buses have higher upfront costs, due to currently relatively higher prices for batteries or fuel cells, relative to combustion engines, and new infrastructure needs. However, their lower operating costs often make them more cost-efficient over time,

	giving significant operating cost savings for businesses over the appraisal period	
Monetised impacts	<p>Overall – Positive: The overall NPSV (for the central scenario) is £292 million (2024 Prices, 2024 Base Year). The central NPSV's for each individual measure are presented below. The full analysis for these measures can be found in the individual IA's.</p> <p>Direct Award – Positive: Central Net Present Value (NPV) = £0.2m. Equivalent Annual Net Direct Cost to Business (EANDCB) = -£0.02m. No pass-through costs are expected.</p> <p>Bus Registrations – Negative: Central NPV = -£0.16m. EANDCB = £0.02m. No pass-through costs are expected.</p> <p>Enhanced DBS Checks – Negative: Central NPV = -£0.45m. EANDCB = £0.05m. No pass-through costs are expected.</p> <p>Local Authority Bus Companies – Neutral: Central NPV = -£0.0014m. EANDCB = £0.0002m. No pass-through costs are expected.</p> <p>VAWG – Negative: Central NPV = -£21.8m. EANDCB = £2.5m. No pass-through costs are expected.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services – Positive: Central business NPV = £314m. EANDCB = +£15m. No pass-through costs are expected.</p>	<p>Positive</p> <p>Based on likely business £NPV</p>
Non-monetised impacts	<p>Overall – Uncertain: The overall expected non monetised impact on businesses is uncertain. There is variation between measures on the impact. Due to uncertainty over the scale of impacts, and direction of impacts for some measures it is not possible to assign an overall positive, negative or neutral rating.</p> <p>Direct Award – Neutral: It is expected that the non-monetised costs and benefits of direct award will be roughly similar to one another, thus making the impact neutral.</p> <p>Bus Registrations – Uncertain: The size of non-monetised impacts including benefit of reduced duplication time for operators submitting data and</p>	<p>Uncertain</p>

	<p>cost to operators of increased enforcement cases are uncertain.</p> <p>Enhanced DBS Checks - Negative: Costs including the time lag from DBS checks being cleared, the duplication of checks between operators and LAs are expected to outweigh the benefit of increased revenue for umbrella DBS businesses.</p> <p>Local Authority Bus Companies - Positive: Increased revenue for existing local authority bus companies is expected to be a positive impact, as they have greater flexibility to operate revenue from the service they run. The cost of setting up and running new local authority bus companies compared to the revenue generated is uncertain, but most existing local authority bus companies are profit-making.</p> <p>VAWG - Uncertain: Benefits include Increased revenue if the policy leads to increased bus patronage or mode shift, improved staff safety and perceptions of safety. Costs: Optional training course development costs, financial penalties if operators don't comply.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services – Neutral: It is expected that the non-monetised costs and benefits of direct award will be roughly similar to one another, thus making the impact neutral. The non-monetised costs include higher upfront capital costs, short-run vehicle capability constraints and additional depot space. On the other hand, businesses will benefit from efficiency gains (due to limiting production lines), skills in industry boosted and increase patronage.</p>	
<p>Any significant or adverse distributional impacts?</p>	<p>Overall – Negative:</p> <p>Overall, it is expected that there will be a disproportionate negative impact on small and micro sized businesses.</p> <p>Overall, it is expected there will be a small disproportionate impact on rural operators.</p> <p>There is not expected to be a disproportionate impact on specific business sectors (neutral).</p>	<p>Negative</p>

Direct Award – Neutral: This measure is not expected to have disproportionate impacts to specific business sectors. However, Small and Micro Businesses (SMBs) are likely to face slightly proportionally larger familiarisation cost than larger businesses. However, this is seen as a minimal cost.

Bus Registrations - Negative: Admin cost from adjusting to new database expected to be disproportionately higher for SMBs since they tend to be more likely to use paper systems. No regional impact expected.

Enhanced DBS Checks – Neutral: This measure is not expected to have disproportionate impacts to specific business sectors as it will only impact bus operators. It is not expected to have disproportionate regional impacts since school services take place across the country and the measure will impact bus drivers equally across all regions.

Local Authority Bus Companies – Neutral: This measure is not expected to have disproportionate impacts on specific business sectors. It will only impact bus operators, but this is proportionate as it is the only way to meet the objectives of the measure, which is a manifesto commitment. The measure is expected to have disproportionate regional impacts. Existing local authority bus companies are dispersed across the country, and this will enable them to be set up in all LTAs.

VAWG – Neutral: This measure is not expected to have disproportionate impacts to specific business sectors, it will only impact bus operators. The measure is not expected to have disproportionate regional impacts. It may come at a greater burden to smaller businesses compared to larger ones.

Reduction in the use of new, non-zero emission buses on local bus services – Neutral: A small and micro business assessment has been carried out (see evidence base) and finds that, due to the way the Government has scoped the policy, there should be no significant or adverse distributional assessments.

(3) Expected impacts on households

<p>Description of overall household impact</p>	<p>Overall – Positive: The overall expected impact on households is expected to be positive due to significant (non-monetised) benefits associated with the measures, and relatively small, expected costs. However, there is considerable uncertainty as to the exact scale.</p> <p>No household impacts have been monetised for these measures apart from for the ‘Reduction in the use of new, non-zero emission buses on local bus services’ IA. As such, much of the impact for measures can be described by the non-monetised impacts alone, the section for which can be found below.</p>	<p>Positive</p>
<p>Monetised impacts</p>	<p>Overall – Uncertain: No household impacts monetised for most measures.</p> <p>For all measures excluding the reduction in the use of new, non-zero emission buses on local bus services – Uncertain: No Household NPV or EANDCH available as it has not been possible to monetise any costs or benefits to households from these measures. No pass-through costs are expected.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services – Positive: The household NPV is equal to the environmental monetised impacts, which totals c. £1,156m.</p>	<p>Positive</p> <p>Based on likely household £NPV</p>
<p>Non-monetised impacts</p>	<p>Overall – Positive: The overall non-monetised impact is expected to be positive, but considerable uncertainty as to the scale.</p> <p>Direct Award – Positive: A positive benefit to households is expected overall. There are no non-monetised costs to households. However, there are non-monetised benefits to households including benefits from franchising measured being delivered quicker, and reduced risk of breaks in service due to smoother transition between operators.</p> <p>Bus Registrations – Positive: This measure is not expected to impose any cost on households. It may generate benefits if the improved accessibility of data leads to bus users being able to make more</p>	<p>Positive</p>

	<p>informed decisions. Therefore, the impact on households is expected to be positive.</p> <p>Enhanced DBS Checks – Positive: This measure is not expected to impose any costs on households. It may generate benefits from reduced risk of children being harmed on buses and resulting benefits from increased mode shift towards buses. The extent to which both will be realised is highly uncertain.</p> <p>Local Authority Bus Companies – Uncertain: This measure is not expected to impose any direct non-monetised costs on households. However, there is a risk of a newly established bus company not generating the expected revenue, thus requiring funding from the central local authority budget, which could be passed on to households. The measure may generate benefits if newly created local authority bus companies successfully improve bus services, protect socially necessary services and generate environmental benefits.</p> <p>VAWG – Positive: Not expected to impose any costs to households. Could be a reduced risk of women and girls being harmed on buses and reduced incidents of anti-social behaviour. This therefore improves perceptions of safety and actual safety of bus passengers. This may lead to mode shift onto buses and potentially a greater number of additional trips. Increased bus patronage may also have mode shift and environmental benefits.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services – Positive: This measure is not expected to impose any cost on households. The benefits will be driven by the improved journey quality from smoother and quieter buses, reduction in noise pollution and the potential savings to operators being passed down to consumers in the form of lower fares/higher service levels.</p>	
<p>Any significant or adverse distributional impacts?</p>	<p>Overall – Positive: Overall there is expected to be a positive distributional impact on certain groups, including on lower income households, disabled individuals and women. All measures are aimed at improving bus services. This will have a disproportionate positive impact on lower income</p>	<p>Positive</p>

individuals/households as they use the bus more. There will be a disproportionate positive impact on women and disabled individuals as some of measures are specifically targeted at improving accessibility and reducing VAWG. The impact may be especially high for individuals falling into multiple of these groups, for example a low-income disabled person. However, there is uncertainty in regard to the exact scale of these distributional impacts.

Direct Award – Positive: There is potentially a distributional benefit from speeding up franchising for lower income households who tend to comprise a higher share of bus users. However, the level of these benefits is uncertain.

Bus Registrations – Positive: There is a potential for this policy to have a positive impact on lower income households as they are more likely to use buses. Therefore, if this measure sees improved data seeing bus users able to make better informed decisions, this would be a positive distributional impact on lower income households.

Enhanced DBS Checks – Positive: There is a potential positive distributional impact for households if the measure leads to children moving from more expensive modes of transport to the bus. This would likely have a proportionately bigger impact on lower income households. However, the extent to which this measure will incentivise mode shift is unknown.

Local Authority Bus Companies – Uncertain: There is a potential for this policy to positively impact lower income households as they are more likely to use buses. Therefore, if this measure saw newly created local authority bus companies improve bus services, this would be a positive distributional impact on lower income households. However, equally if the new local authority bus company were not to be as successful as intended this would either reduce this benefit, or due to increased budgetary pressure on LTAs create a cost for these groups.

VAWG - Positive: Potential distributional impact for households if the measure leads to women and girls moving from more expensive modes of transport to the bus, this could be especially

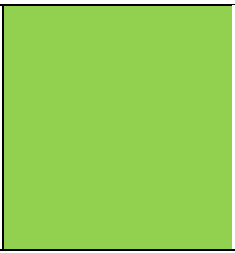
	<p>prevalent at night. This would likely have a proportionately bigger impact on lower income households. However, the extent to which this measure will incentivise mode shift is unknown. The primary aim is to improve safety and awareness on the issue of violence against women and girls, any safety improvements for these groups would likely benefit all people.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services - Positive: An equality analysis was conducted, ensuring compliance with the Public Sector Equality Duty (PSED). Research indicates that socially disadvantaged groups, including people from some minority ethnic groups, and some disabled people are disproportionately affected by air pollution, which the transition to zero emission buses aims to mitigate. There will also be positive health and well-being benefits for others too.</p>	
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Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
<p>Business environment:</p> <p>Does the measure impact on the ease of doing business in the UK?</p>	<p>Overall – Supports: Overall it is expected there will be a slight supporting impact on business environment. However, this only applies for one measure with the rest being neutral.</p> <p>Direct Award – Neutral: The impact of this measure on the business environment is expected to be negligible as the resulting increase in costs is low.</p> <p>Bus Registrations - Neutral: The measure is not expected to have significant impacts, either positive or negative, on the ease of doing business in the UK.</p> <p>Enhanced DBS Checks – Neutral: The impact of this measure on the business environment is expected to be negligible as the resulting increase in costs is low.</p> <p>Local Authority Bus Companies – Supports: Enabling the creating of new local authority bus</p>	<p>Supports</p>

	<p>companies can stimulate competition in local bus markets, particularly where there is an existing lack of competition.</p> <p>VAWG – Neutral: The impact of this measure on the business environment is expected to be negligible as the resulting increase in costs is low.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services – Neutral: The impact of this measure on the business environment is expected to be negligible due to its outcomes-based approach, which specifies expected results rather than how to achieve them.</p>	
<p>International Considerations:</p> <p>Does the measure support international trade and investment?</p>	<p>Overall – Neutral: Overall impact on international trade and investment expected to be neutral.</p> <p>Direct Award – Neutral: This measure will not impact on international trade as it only impacts bus operators in franchising areas using DA in England.</p> <p>Bus Registrations – Neutral: This measure does not impact international trade or international investment.</p> <p>Enhanced DBS Checks – Neutral: This measure will not impact on international trade as the requirement for checks will only apply to home to school transport within England and Wales.</p> <p>Local Authority Bus Companies – Neutral: Any impacts on international trade and investment are likely to be negligible – this measure does not directly or indirectly impose barriers to exports or imports.</p> <p>VAWG - Neutral: This measure does not impact on international trade or investment.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services - Uncertain: By limiting the approach to local bus services in England, the Government has scoped this policy to potentially mitigate any negative impact. Moreover, this policy also</p>	<p>Neutral</p>

	<p>opens opportunities for greater investment and trade than currently exists.</p>	
<p>Natural capital and Decarbonisation:</p> <p>Does the measure support commitments to improve the environment and decarbonise?</p>	<p>Overall – Supports: Overall it is expected there will be a supporting impact on decarbonisation. This is strongly driven by the reduction in emissions otherwise emitted by non-zero emission buses. There may also be a mode shift from more polluting modes such as car to bus, but the scale of impact is uncertain. This could also be partially offset by a shift from less polluting modes such as walking but the effect of this modal shift is expected to be minimal.</p> <p>Direct Award – Supports: DA brings forward the benefits of franchising. Franchising could contribute towards decarbonisation if it makes bus travel more attractive, encouraging mode shift away from cars.</p> <p>Bus Registrations – Neutral: This measure does not improve the state of UK natural capital or decarbonisation of the economy.</p> <p>Enhanced DBS Checks – Neutral: Mandating DBS checks for home to school bus drivers may improve perceptions of the safety of buses. This could create a modal shift for home to school transport away from car or taxi/private hire vehicles.</p> <p>Local Authority Bus Companies - Neutral: The measure does not directly support commitments to improve the environment and decarbonise. Indirectly, local authority bus companies may support mode shift (and the associated benefits from reduced emissions) if they can deliver improved services that increase bus patronage.</p> <p>VAWG - Neutral: could promote mode shift to bus which is often a more environmentally friendly mode but the extent to this happening is uncertain.</p> <p>Reduction in the use of new, non-zero emission buses on local bus services - Positive: Reduction in costs from Greenhouse</p>	<p>Supports</p>

	<p>gas, Nitrogen oxide and Particulate Matter emissions that would otherwise be omitted by non-zero emission buses of £1,156m. Also, significant environmental related non-monetised benefits.</p>	
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Summary of Analysis and Evidence

The below presents a summary of the impacts across the 6 measures in scope of the BRF. Some measures not in scope are mentioned in the options below for context, however analysis for these is not presented in the table. A qualitative assessment of the impacts for out-of-scope measures is presented in table 7A.

Price base year: 2024

PV base year: 2024

For the overarching IA, we have provided figures which use 2024 as the PV base year and the price base. However, as according to guidance, for each individual IA, 2024 prices are always used, but the PV base year is given as the first year any impacts arise (e.g. for DA this is 2026).

Options:

Option 1. Business as usual (do nothing) – no changes to legislation. This option was discounted due to there being manifesto commitments to introduce changes to the bus market. The impact of this option has not been fully assessed, and so has been excluded from the table below. However, the risks of not intervening are discussed in the strategic case for proposed regulation.

Option 2. Do minimum – opening up franchising to all LTAs and updated franchising guidance (no primary legislative changes). This option was discounted due to not meeting the objectives. Due to measures within this option being out of scope of BRF they are excluded from the below table.

Option 3. Core franchising measures only

Option 4. Core franchising, bus registrations, and local authority bus companies measures only

Option 5. Preferred option - All measures, as set out in Figure 5.

Only the central case has been summarised below. Details on the low and high scenarios can be found in the individual IAs. There is overlap between options 3 to 5, with options 3–4 including a smaller grouping of the measures included in option 5. From option 3, each next option contains all of the measures of the previous one, and additional measures on top of these. With the exception of the overall net present social value figures, only information for the additional measures included as compared to the last option are presented in each option column to avoid duplication. For example, for option 5 the information provided across options 3-5 applies.

	3. Core franchising measures only	4. Core franchising measures, Bus registrations and LA Bus Companies	5. All Measures
Net present social value - all values are in 2024 prices, 2024 base year (compared to different base years used in the individual IAs)	<p>Overall Central = -£1.28m</p> <p>Direct Award (DA): Central = -£1.28m</p>	<p>Overall Central = -£3.87m</p> <p>DA: Central = -£1.28m</p> <p>Local Authority Bus Companies: Central = -£0.0023m</p> <p>Bus Registrations: Central = -£2.58m</p>	<p>Overall Central = £723m</p> <p>DA: Central = -£1.28m</p> <p>Labo: Central = -£0.0023m</p> <p>Bus Registrations: Central = -£2.58m</p> <p>VAWG: Central = -£21.8m</p> <p>Enhanced DBS checks: Central = -£0.45m</p> <p>ZEBs: Central = £749m</p>
Public sector financial costs	Direct Award: Cost to LTAs to pay the additional fee for the DA contracts. We estimate this to be £1.5m in the central scenario.	(Costs carried over from Option 3) LA Bus Companies: Costs of setting up these companies. Expected to be high but currently unmonetised	(Costs carried over from Options 3&4) Overall Central = -£722m Cost to government of creating the guidance.

		<p>Bus Registrations:</p> <p>Cost to government for building the new database. There are also familiarisation and admin costs to LTAs and franchising authorities.</p>	<p>VAWG: No direct costs to the public sector. If the measure leads to more criminal incidents being reported, then this will come at a cost to the justice system.</p> <p>Enhanced DBS checks: No costs to public sector. Cost burden on operators, even under franchised bus system.</p> <p>ZEBs: central = - £722m</p>
<p>Significant un-quantified benefits and costs</p>	<p>Direct Award:</p> <ul style="list-style-type: none"> - Cost to non-incumbent operators being unable to compete for the first franchising contract - Benefits to non-incumbent operators and LTAs from longer time to prepare bid for franchising under competitive tender - Benefit to incumbent operators of greater certainty over duration of DA - Benefits to households and LTAs of delivering franchising measures quicker and reducing the risk of a break in service 	<p>(Costs carried over from Option 3)</p> <p>Local Authority Bus Companies:</p> <ul style="list-style-type: none"> - Costs of setting up and running new LABCo, and of obtaining finance to fund setup costs - Increased revenue for existing LABCo - Passenger benefits derived from LABCo <p>Bus Registrations:</p> <ul style="list-style-type: none"> - Benefits from time savings and improved accessibility of registration data. - Costs from running the database and 	<p>(Costs carried over from Options 3&4)</p> <p>VAWG:</p> <ul style="list-style-type: none"> -Improved perceptions of safety -Reduction in crimes on the bus network -Increased patronage <p>Enhanced DBS checks: Costs include time lag on checks and duplication of checks between operators and local authorities. Benefits include increased revenue for umbrella bodies, reduced risk of harm to children and mode shift from car to bus.</p>

		increased enforcement levels.	<p>ZEBs: un-monetised impacts are covered in more detail in the ZEBs IA and include:</p> <ul style="list-style-type: none"> -Improved journey quality from smoother and quieter buses -Reduction in noise pollution created by non-zero emission buses -Reduction in upstream carbon emissions associated with diesel production, such as refining and distribution to depots -Costs as a result of leasing/credit mechanisms due to higher upfront capital costs -Costs due to short-run vehicle capacity constraints, as well as increased depot size. -Efficiency/skill gain, as well as increased patronage.
<p>Key risks (and risk costs, and optimism bias, where relevant)</p>	<p>Direct Award: Correctly estimating the number of LTAs who will undertake DA based on the net cost (preferred) option. Correctly estimating the appropriate fee/profit margin that operators will negotiate for DA.</p>	<p>(Risks carried over from Option 3)</p> <p>Local Authority Bus Companies: Newly created LABCos could fail to generate expected revenue, increasing the budgetary and debt pressures of LTAs. Existing LABCos</p>	<p>(Risks carried over from Options 3&4)</p> <p>VAWG: As primary legislation, the costs and benefits are uncertain until introduced through further guidance and policy development.</p>

	<p>operating in neighbouring regions could disrupt the local bus market in other LTA areas.</p> <p>Bus Registrations:</p> <p>Ensuring suitable scope and deciding ownership of new system. Risk that delivery of new system is delayed.</p>	<p>Enhanced DBS checks:</p> <p>Key risks are that lags to DBS checks for drivers or a large share of drivers failing DBS checks could lead to less frequent or cancelled services.</p> <p>ZEBs: Assumed static fleet size, uncertainty on the extent ZEB vehicle costs will fall over time, assumes all ZEBs and non-ZEBs are electric and diesel respectively and does not consider other powertrains available which could change the impacts. Assumed standard public discount rate of 3.5%. Private sector has a significantly higher discount rate which would change the impacts. More detail is in the ZEBs IA.</p>
<p>Results of sensitivity analysis</p>	<p>Key sensitivities tested include the number of IAs franchising and operators in scope. Smaller sensitivities are generally conducted around resource required for familiarisation and admin tasks. See individual IAs for the results of sensitivity testing.</p>	

Declaration

Department:

Department for Transport

Contact details for enquiries:

Buses.Bill@DfT.gov.uk

Minister responsible:

Simon Lightwood, Minister for Local Transport

I have read the Impact Assessment, and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed:



Date:

16th December 2024

Final stage impact assessment – Direct Award

Title: **Direct Award**

Type of measure: Primary legislation

Department or agency: Department for Transport

IA number: **DfT00478i**

RPC reference number: ...

Contact for enquiries: buses.bill@dft.gov.uk

Date: 21/10/2024

Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating Note: Below are examples only
Description of overall expected impact	The central Net Present Social Value (NPSV) of the preferred option is -£1.4m. The net impact of non-monetised benefits is expected to be larger than this, making the overall impact positive. Monetised benefits to operators and monetised costs to LTAs	Positive Based on all impacts (incl. non-monetised)

	<p>cancel out, so the -£1.4m comes from familiarisation and negotiation costs for incumbent operators, which are a one-off cost. Ultimately, it is expected that the costs to LTAs will be exceeded by the value of monetised and non-monetised benefits as LTAs would only be expected to choose to use direct award (DA) if the overall benefit from doing so is deemed greater.</p>	
<p>Monetised impacts</p>	<p>Central NPSV = -£1.4m</p> <p>Low NPSV = -£0.7m</p> <p>High NPSV = -£4.1m</p> <p>Note that benefit to businesses nets off with cost to LTAs:</p> <p>NPV Direct benefit to business central estimate: £1.6m</p> <p>NPV Direct cost to business central estimate: -£1.4m</p> <p>NPV Cost to LTAs central estimate: -£1.6m</p> <p>Monetised costs and benefits are covered in detail in the costs and benefits to business calculations.</p> <p>Monetised costs</p> <ul style="list-style-type: none"> - Cost to incumbent operators of familiarising themselves with DA guidance - Cost to incumbent operators of negotiating the DA contract with LTAs - Cost to LTAs from paying incumbent operators additional fee under DA <p>Monetised benefits</p> <ul style="list-style-type: none"> - Benefit to incumbent operators from being paid additional fee (proxied by uplift to profit) under DA 	<p>Negative</p> <p>Based on likely £NPSV</p>

<p>Non-monetised impacts</p>	<p>Whilst it was not possible to monetise these, it is expected that non-monetised impacts of the preferred option are large and positive, contributing to a positive NPSV overall. The largest non-monetised impacts are presented below.</p> <p>Costs</p> <ul style="list-style-type: none"> - Non-incumbent operators being unable to compete for the first franchising contract under DA - Non-incumbent operators being unable to compete for routes as they could in the deregulated market <p>Benefits</p> <ul style="list-style-type: none"> - Benefit to LTAs from longer available time to prepare for competitive tendering, enabling more data collection, less uncertainty and lower cost contracts in the long run - Benefit to incumbent operators of greater certainty over duration of DA - Benefit to operators from smoother transition of assets and staff - Some benefits to households and LTAs of franchising measures such as improvements to service provision being delivered quicker. - Benefit to households of reduced risk of breaks in service due to smoother transition between operators 	<p>Positive</p>
<p>Any significant or adverse distributional impacts?</p>	<p>Positive. A larger share of bus users are from lower income groups. By reducing risk and enabling more authorities to franchise, DA would be expected to disproportionately benefit these groups for example by improving service provision. However, there is uncertainty around the extent of the benefits which depends on the franchising model used.</p> <p>Rural-urban distributional impacts are uncertain and depend on which places adopt bus franchising. This has been predominantly used in urban areas</p>	

	to date, but there are different models which can work in rural areas, such as in Jersey.	
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(2) Expected impacts on businesses

<p>Description of overall business impact</p>	<p>A cost to incumbent businesses is expected from familiarisation and negotiation costs for DA. However, there is a net benefit to incumbent businesses because overall benefits from the additional fees incumbent operators receive under DA are expected to be greater than this cost.</p> <p>Non-incumbent operators would experience some level of cost from being unable to compete for the DA contract and being unable to compete to run services as in the deregulated market. However, the likelihood of this is judged low due to low competition in the deregulated market. Non-incumbent operators may also benefit from additional time to prepare stronger franchising bids under competitive tender, which is likely to outweigh the cost from the lost competition.</p> <p>As the monetised impacts are positive, non-monetised impacts are expected to be at least neutral, the overall impact to business is expected to be positive.</p>	
<p>Monetised impacts</p>	<p>Central Net Present Value (NPV) = £0.2m</p> <p><u>Equivalent Annual Net Direct Cost to Business (EANDCB) = -£0.02m</u></p> <p>Note EANDCB shows a negative cost, meaning the monetised impact on businesses is net positive.</p> <p>Pass through to households or businesses (from each other) has not been deducted from figures – this is not expected to happen. This is explained in the costs and benefits to households.</p>	<p>Positive</p> <p>Based on likely business £NPV</p>

<p>Non-monetised impacts</p>	<p>Non-monetised costs</p> <ul style="list-style-type: none"> - Non-incumbent operators being unable to compete for the first franchising contract under DA - Non-incumbent operators being unable to compete for routes as they could in the deregulated market <p>Non-monetised benefits</p> <ul style="list-style-type: none"> - Benefit to operators of longer available time to prepare bid for franchising under competitive tender, potentially allowing bid to be more competitive - Benefit to incumbent operators of greater certainty over duration of DA - Benefit to operators from smoother transition of assets and staff 	<p>Neutral</p>
<p>Any significant or adverse distributional impacts?</p>	<p>No</p> <p>This measure is not expected to have disproportionate impacts to specific business sectors. It will only impact bus operators, but this is proportionate as it is the only way to meet the objective of the measure. Specifically, SMB and medium-sized business are likely to face slightly proportionally larger familiarisation cost than larger businesses. However, this is seen as a minimal cost.</p> <p>The measure is not expected to have disproportionate regional impacts. It will only impact businesses in LTAs that decide to franchise using DA, which could cover regions across England.</p>	<p>Neutral</p>

(3) Expected impacts on households

<p>Description of overall</p>	<p>A positive benefit to households overall is expected due to the large value of non-monetised benefits to</p>	<p>Positive</p>
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household impact	households from ensuring a smoother transition to franchised services.	
Monetised impacts	No Household NPV or Equivalent Annual Net Direct Cost to Households (EANDCH) available. No passthrough costs are expected. This is explained in costs and benefits to households.	Uncertain Based on likely household £NPV
Non-monetised impacts	There are no non-monetised costs to households. Non-monetised benefits to households include: <ul style="list-style-type: none"> - Reduced risk of breaks in service due to smoother transition between operators 	Positive
Any significant or adverse distributional impacts?	Uncertain. There is potentially a distributional benefit from reducing transitional risks of franchising for lower income households who tend to comprise a higher share of bus users. However, the level of these benefits is uncertain.	Positive

Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
Business environment: Does the measure impact on the ease of doing business in the UK?	The impact of this measure on the business environment is expected to be negligible as the resulting increase in costs is low.	Neutral

International Considerations: Does the measure support international trade and investment?	This measure will not impact on international trade as it only impacts bus operators in franchising areas using DA in England.	Neutral
Natural capital and Decarbonisation: Does the measure support commitments to improve the environment and decarbonise?	DA can enable more LTAs to franchise. Franchising could contribute towards decarbonisation if it makes bus travel more attractive, encouraging mode shift away from cars. As we expect franchised services to be more socially optimal rather than profit-maximising, we would expect a level of this mode shift to occur.	Supports

Summary: Analysis and evidence

The summary of the analysis and evidence is presented in the overarching Impact Assessment. A summary of the analysis for this measure is presented in the Net Present Social Value (NPSV) section.

Evidence base

Problem under consideration, with business as usual, and rationale for intervention

There has been a long-term decline in bus journeys since the bus industry was deregulated in 1985. There are various reasons for this, including the increase in car ownership over this period. Enabling bus franchising in all LTAs in England is seen as one approach to increase patronage and address some of the existing market failures in the sector. These have been detailed in the overarching strategic case above, including:

- Coordination failures from the inability of LTAs to deliver the bus services and integrated transport that meets local needs. This may lead to overprovision in some areas and under-provision in others, resulting in an inefficient allocation of resources.
- Bus services are a social good that provide several positive externalities and reduce negative externalities. For example, increasing mode shift to buses can reduce

congestion, improve air quality and reduce greenhouse gas emissions. It can also support greater social cohesion and provide access to education, employment and healthcare, that may not be sufficiently accounted for in the private market. Bringing into public control can align bus services to wider environmental, health, and social objectives.

There are inefficiencies in the current bus franchising process that make it unwieldy and complex. In some cases, this can mean that timelines to implement bus franchising extend beyond the local election cycle or Mayoral term. In Greater Manchester's case, the franchising process took 6 years albeit with unforeseen challenges such as COVID-19, and legal challenge. As such, political leaders may be unwilling to franchise bus services in the first place, or a change in leadership during the franchising process could result in uncertainty in the bus sector. Several measures in the Bus Services Bill are seeking to speed up and simplify this process for LTAs.

There are also several risks to transitioning to a franchised bus network. For example, managing the transition of assets and employees, and the risk of operators de-registering. It can also lead to ineffective procurement, where uncertainty and lack of information leads to higher bid prices.

Government intervention would affect the local, deregulated bus markets in any area that were to pursue bus franchising. The direct impacts would be limited to bus operators, the LTA, and any transport consultants offering bus franchising support services to LTAs. All these impacts would indirectly affect passengers, through the price and quality of bus services.

Government is best placed to resolve the issue. It can act as a co-ordinator of LTA stakeholders and provide guidance to support LTAs through the franchising process. For any legislative changes that are required, government is uniquely placed to act.

However, it must be wary of government failure. The local context will be unique to each area, and imperfect information means that government does not know the exact optimal level to set for each component of the policy, such as the required duration of DA contracts. As such, flexibility needs to be built into the proposed measure, as well as the ability to amend arrangements over time, based on evidence.

Policy objective

The intended outcomes are to enable LTAs to take up bus franchising by reducing transitional risks and potentially speeding up the process. This measure aims to do this by allowing the use of DA of the first bus franchise contracts to the incumbent operator, on a strictly time-limited basis. Consequently, it is expected that more areas will transition to franchised bus services and some benefits could be rolled out to passengers in these areas sooner.

They can add contractual terms to undertake more effective procurement of long-term franchising contracts and allocate organisation capacity more effectively.

Under DA, incumbent bus operators would receive a local service contract to deliver the same or substantially similar services in that area in return for the fare revenue. It is possible they are also paid a fee by the local authority in return for particular service provisions. This provides a more stable, controlled, contractual environment, reducing uncertainty and maintaining existing good relations between the operators and LTAs developed through their Enhanced Partnerships. They also have the incentive to continue investing in their assets to demonstrate their performance ahead of the first competitively tendered franchise contracts.

It is envisaged that the duration of DA contracts could be set such that the competitive tender of full franchise contracts is at a similar time as it would be under existing franchising arrangements. As such, this gives other bus operators the same opportunity to compete for the franchised market, whilst having improved access to specialist resource and LTA capacity enabled by a phased transition.

The precise outcomes of the measure will depend on the specific terms set out in each DA contract. These are expected to vary in each local area, based on their priorities and existing local bus market. DA contracts can include terms on data sharing, performance targets, investment options, asset condition, and conditions to ensure a smooth transition at the end of DA. In this analysis, contract terms are deemed entirely up to the LTA to specify, except in the more ambitious scenario.

The objectives for this measure are as follows:

1. Choice – to give LTAs greater choice in how local bus services are run in their area, by reducing barriers to bus franchising to give more LTAs the opportunity to implement bus franchising, if they choose to do so.
 - Measured by greater variation in the mix of systems local bus services are operated in.
2. Speed – to potentially accelerate the bus franchising process for LTAs in England and enable passengers to experience some of the benefits of bus franchising earlier.
 - Tracked by the date that the first franchising contracts commence in LTAs – an earlier date indicates success, as it brings forward the benefits of franchising to passengers.
3. De-risk – to reduce the transitional risks to passengers and employees of implementing bus franchising, by removing some of the uncertainties of a ‘cliff-edge’ cutover to a new system.
 - Measured by the number of LTAs that adopt bus franchising, as a proportion of the number of LTAs that have expressed an interest in bus franchising – this indicates that DA has reduced barriers to franchising.
4. Flexibility – to drive effective performance and long-term procurement by enabling earlier data sharing and other contractual requirements.

- More competitive, lower cost bus franchising contracts for LTAs in the long term – this indicates the ability of DA to reduce uncertainty and improve the effectiveness of procurement.
- 5. Local control – to increase local decision-making and control on matters affecting them.
- Measured by improved bus user satisfaction – this indicates that the transition to bus franchising has been smooth in the short term, and that bus franchising is improving the quality of services for passengers.

Overall, success will be indicated by increased bus patronage. This would indicate that direct award has enabled greater bus franchising and in turn improved services to make travelling by bus a more attractive transport mode.

Results will take some time to be seen and will be subject to if, and when, LTAs opt to explore franchising through direct award. Assuming the Bill obtains Royal Assent in summer 2025, we could see the first direct award contracts commencing in early 2027 when the benefits of franchising could start to be delivered. However, an earlier indication of the uptake of direct award will be understood through the franchising scheme assessment process.

Description of options considered

Several options to accelerate, reduce risk, and simplify the bus franchising process have been explored as part of the wider Bill scoping and prioritisation. Various measures have been put forward in the recent package of measures announced on 9 September, including giving all LTAs the power to run their own bus services and consulting on updated franchising guidance. Further measures requiring primary legislation are included elsewhere in the Bus Services Bill.

For the DA measure, policy and analysis colleagues have led the options development through bilateral engagement with key stakeholders, lawyers, and the relevant other government Departments.

The HMT Green Book Options Framework-Filter has been used to assess options at the longlisting stage. One intermediate option has been assessed for this measure for proportionality.

Business as usual	Project	Do minimum	Intermediate option	Do maximum
<i>No operators in scope of DA, beyond the emergency 'de minimis' provisions</i>	Scope	No operators in scope of DA, other measures to support LTAs in franchising only	Incumbent operators in scope of DA only	All bus operators in scope of DA, regardless of whether they are incumbent

		Discounted	Preferred way forward	Discounted
<i>Bus franchising guidance for LTAs</i>	Solution	Maximum flexibility for LTAs to set contract terms	Guidance on suggested contract requirements	Specific contractual requirements set
		Carried forward	Preferred way forward	Discounted
<i>LTA-led with specialist consultants and bus operators</i>	Delivery	Led by LTAs with support from specialist transport consultants and working with bus operators – due to the specific nature of the measure, there is limited scope to change who is responsible for delivery.		
		Preferred way forward		
-	Implementation	First franchise contracts only, up to 3 years	First franchise contracts only, up to 5 years	All franchise contracts, no long stop duration
		Carried forward	Preferred way forward	Discounted
-	Funding	Competitive contracts only – no DA	Net cost DA contracts only	Gross cost and net cost DA contracts
		Discounted	Preferred way forward	Carried forward

Under the **business as usual** (BAU) option, the existing de-regulated market continues to operate. Recent announcements to give all LTAs the powers to take control of their bus services, and new, simplified bus franchising guidance are included.

Based on this, the following options have been shortlisted:

0. **Do minimum** – the Bus Services Bill becomes legislation excluding the DA measure but including all other measures to simplify and speed up bus franchising.
1. **Preferred way forward** – the Bus Services Bill becomes legislation including the DA measure. All LTAs have the option to use DA, on a net cost basis, and offer DA contracts to incumbent operators of up to 5 years to give maximum flexibility to LTAs.
2. **More ambitious option** – the Bus Services Bill becomes legislation including the DA measure. All LTAs have the option to use DA, on a gross cost or net cost basis, and DA contracts of up to 5 years to give maximum flexibility to LTAs. Additional, specific requirements to include contract terms on data sharing, asset condition, and transparency are included in legislation.
3. **Less ambitious option** – the Bus Services Bill becomes legislation including the DA measure. All LTAs have the option to use DA, but on a net cost basis only, and DA contracts of up to 3 years, limiting the flexibility for LTAs.

The key features are discussed below.

Contract duration – LTAs would be expected to set the duration of DA contracts to suit the local context and existing local bus market. They will need to balance the potential higher costs of DA contracts against the benefits of the certainty and opportunities to phase the roll-out of franchising. A maximum duration of 5 years gives LTAs maximum flexibility and is consistent with the maximum period for the direct award of rail contracts in exceptional circumstances in the PSO in Transport Regulations 2023, and de minimis contracts under the Service Subsidy Agreements (Tendering) (England) Regulations 2002. However, it is anticipated that the contract duration would be shorter (e.g. 2-4 years) in most cases.

Gross cost and net cost contracts – in net cost contracts, the operator gets the revenue (including the revenue risk) and is paid an additional fee on top. This is less common but can be favourable in specific scenarios, such as to incentivise good performance. With gross cost contracts, the operator is paid a set fee for running the services, with the LTA retaining all the revenue (including the revenue risk).

However, enabling the direct award of gross cost contracts would require changes to the Procurement Act 2023 (PA23). This mirrors the international Government Procurement Agreement (GPA) and does not have a specific, existing justification for the proposed measure. As such, any changes to the PA23 would require agreement from the 166 members of the World Trade Organisation (WTO) without breaking international obligations.

Net cost contracts are not how bus franchising is envisaged beyond the direct award of first franchise contracts. In this scenario, the operator would retain the revenue, meaning any profits would not be available to the franchising LTA in the short term. As such, it is not possible to roll out several benefits of franchising, such as integrated ticketing, until the competitively tendered contracts are established. This can still achieve the objectives of accelerating and de-risking the transition to bus franchising, even if some benefits won't be realised until after the DA contract is complete.

Incumbent operators and all operators – directly awarding the first franchise contract to an operator that is not the incumbent does not meet objectives to de-risk the transition of assets and staff. It creates the same 'cliff-edge' transition, eliminates incentives for the incumbent to continue investing in assets, and risks creating 'stranded assets' where existing depots and vehicles become unexpectedly redundant. This is why only the option to offer DA to incumbent operators has been included in the short list.

First franchise contracts only – this is deliberately a time-limited, transitional measure, to enable a smoother and quicker transition to bus franchising. Future contracts will be competitively tendered.

Contractual requirements – various terms can be specified in DA contracts to help meet the measure's objectives. For example, data sharing provisions to reduce uncertainty and improve the effectiveness of long-term procurement; asset condition requirements to ensure continued investment in fleets and depots; and alignment with wider strategic objectives of the Government or LTA, such as decarbonisation. The preferred way forward does not

propose specifying these in legislation but supporting LTAs through guidance to share best practice and offer suggestions to maximise the value of the DA contract.

Franchising is an established model for providing bus services and is used in many cities and regions across Europe. In the Netherlands, the larger urban areas (Amsterdam, Rotterdam, The Hague) do not competitively tender their inner-city public transport services, which are run by publicly owned operators. Time constraints prevented exploring their experience in more detail.

Manchester have observed a 5% increase in ridership on their new franchised Bee Network in the 6 months to July, and more than 80% of services running on time compared with 69% over the same period a year previous.

Summary and preferred option with description of implementation plan

The preferred option is to include a DA measure in the Bus Services Bill (primary legislation). This measure will enable LTAs to DA the first franchise contracts to the incumbent bus operators, on a net cost basis, with a maximum contract duration of 5 years.

The DA measure is transitional in its nature, applying to the first franchise contracts only. It is also strictly time-limited, so no specific transitional arrangements are included.

The proposal achieves the policy objectives in the following ways:

- In theory, LTAs have the choice between operating under an Enhanced Partnerships regime in a deregulated bus market, or franchising. DA can reduce some of the barriers that may otherwise prevent LTAs from franchising. For example, a lack of organisational capacity to manage the transition, or inability to acquire specialist resource. In reducing these barriers, it creates choice for LTAs.
- It can potentially speed up the bus franchising process. Franchising under direct award would follow the same process of preparing a franchising assessment and getting it audited independently, followed by public consultation and the franchising decision. Here, the first franchising contracts could be directly awarded to the incumbent operators, enabling certain benefits to be rolled out straight away, rather than having to wait for the competitive procurement and mobilisation. This includes vehicles standards and service co-ordination to integrate with other public transport modes. It can also speed up the later stages of the franchising process, for example by enabling better preparation and data-sharing for the competitive procurement and simplifying the mobilisation and transition period.
- It reduces the transitional risks of implementing bus franchising by bringing services into a more stable contractual environment sooner. This includes ensuring initial service continuity for passengers and managing the transfer of staff terms over a prolonged period.

- This is an entirely optional measure, although we expect some LTAs to use this to mitigate the risks of franchising. No contractual obligations are proposed in the preferred option beyond setting the maximum contract duration. This increases the flexibility and control for LTAs to decide what conditions are most suitable for their local context.

It is anticipated that this measure would come into effect at, or shortly after, the Bus Services Bill is granted Royal Assent.

The arrangements are optional, so no enforcement is required. The ongoing implementation of the measure is the responsibility of LTAs, and the specialist transport consultants and lawyers working for them on DA. Government will continue to provide support through updated franchising guidance and through the Bus Centre of Excellence, to share best practice and resources.

The approach is designed to maintain sufficient flexibility and give LTAs control. DA helps to facilitate a phased approach to bus franchising, transitioning different areas (or 'lots') to a franchised model at different times. This could be used to pilot different approaches, for example different contractual terms or duration, or the performance in different sized zones. All this experience can then inform the long-term franchising contracts when going out to competitive tender.

NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

Shortlisted Options

Shortlisted options are explained above.

The preferred way forward option (which includes the Bus Services Bill as legislation and all measures to speed up and simplify franchising, **including DA**) is estimated and compared against the Do Minimum option (which is the same apart from that it **excludes DA**). The Do Minimum is therefore used as the counterfactual to avoid double counting any impacts from franchising measures which are out of scope of the BRF. The impact of Business as Usual (Do nothing) is not estimated since no new impacts would arise under this option.

Scenarios:

The table below sets out the key assumptions for the Low, Central and High scenarios for each option. Each scenario assumes a different number of LTAs eligible for DA franchising. These feed into the different estimations of franchising LTAs expected to use DA in each scenario. We assume a larger share of franchising LTAs using DA under the more ambitious option as it is expected to make DA substantially more attractive due to the option of using gross cost contracts. We test 3 sensitivities for the length of time that DA is used for. Note that the less ambitious option can last a maximum of 3 years, so its high scenario also assumes 3 years, unlike 5 years for the other options. We assume that familiarisation costs are 50% larger under the more ambitious option, accounting for familiarisation with additional requirements. Negotiation costs are assumed constant across options. Assumptions are explained further later in this section and also in the risks and assumptions section.

Option	Less Ambitious			Preferred way forward			More ambitious		
Scenario	Low	Central	High	Low	Central	High	Low	Central	High
Eligible LTAs franchising	5	9	25	5	9	25	5	9	25

% LTAs using DA	25	25	25	25	25	25	75	75	75
LTAs using DA	1	2	6	1	2	6	4	7	19
Profit margin uplift (proxying additional fee) under DA (%)	0	2	10	0	2	10	0	2	10
Profit margin under DA (%)	5	7	15	5	7	15	5	7	15
DA length used (years)	2	3	3	2	3	5	2	3	5
Familiarisation cost per operator (£)	347	347	347	347	347	347	521	521	521
Negotiation cost per operator (£)	99,502	99,502	99,502	99,502	99,502	99,502	99,502	99,502	99,502

Impacts of Shortlisted Options

Price base year: 2024

PV base year: 2026

	1. Do-minimum option	2. Preferred way forward	3. More ambitious preferred way forward	4. Less ambitious preferred way forward
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<p>Net present social value (with brief description, including ranges, of individual costs and benefits)</p>	<p>No DA measures in the Do Min to monetise. Impacts of other measures in DM captured in individual IAs for other measures where necessary.</p>	<p>Central = -£1.4m Low = -£0.7m High = -£4.1m Costs and benefits to business calculations detail monetised costs and benefits.</p>	<p>Central = -£4.9m Low = -£2.8m High = -£13.1m Costs and benefits to business calculations detail monetised costs and benefits.</p>	<p>Central = -£1.4m Low = -£0.7m High = -£4.1m Costs and benefits to business calculations detail monetised costs and benefits.</p>
<p>Public sector financial costs (with brief description, including ranges)</p>	<p>No financial public sector costs apart from those associated with different measures, captured in separate IAs.</p>	<p>Optional but expected cost to public sector of paying incentive to operators under DA. This is equivalent to benefit to operators of additional fee under DA and is shown below: Central = -£1.6m Low = £0m High = -£38.4m There is also a non-monetised cost to LTAs of familiarising themselves with DA guidance and negotiating for DA with</p>	<p>Optional but expected cost to public sector of paying incentive to operators under DA. This is equivalent to benefit to operators of additional fee under DA and is shown below: Central = -£9.2m Low = £0m High = -£150.6m Also, non-monetised familiarisation and negotiation costs to LTAs, as well as non-</p>	<p>Optional but expected cost to public sector of paying incentive to operators under DA. This is equivalent to benefit to operators of additional fee under DA and is shown below: Central = -£1.6m Low = £0m High = -£23.8m Note that part of the reason that the high cost is lower than for other options due to DA</p>

		operators, expected to be similar to that faced by incumbent operators. This would be expected to decrease the NPSV.	monetised cost to LTAs associated with data sharing, asset condition, and transparency.	length being capped at 3 years. Also, non-monetised familiarisation and negotiation costs to LTAs.
Significant non-monetised benefits and costs (description, with scale where possible)	Impacts of not allowing LTAs to use DA to appoint first franchising contracts to incumbent operators include: <ul style="list-style-type: none"> • Open competition remains in the bus market = small indirect benefit to non-incumbent operators who can still compete • Delay to implementation of franchising and realisation of benefits associated with franchising = medium indirect 	These will be explained in greater detail in the costs and benefits to businesses and households calculations sections. Non-incumbent operators are unable to compete for the first franchising contract under DA = small direct cost to non-incumbent operator Non-incumbent operators being unable to compete for routes as they could in the deregulated market = small indirect cost to non-incumbent operators Longer time to prepare bid for franchising compared to under competitive tender, potentially allowing bid to be more	Additional impacts compared to preferred option: Costs associated with additional requirements such as data sharing that LTA imposes on franchised operator = small direct cost to LTAs since they would be required to compensate operators for compliance with such terms. More competitive bids for franchising and smoother transition following DA due to better availability of data, transparency and asset sharing = small indirect benefit to LTAs, non-incumbent operators.	Additional impacts compared to preferred option: Less time available for LTAs to prepare for and run competitive tender for franchising contracts (e.g. acquiring bus fleets) due to shorter maximum DA length. This could result in reduced competition for franchise contracts and/or disjointed transition to franchising = medium indirect cost to LTAs.

	<p>cost to LTAs and households.</p> <ul style="list-style-type: none"> • Shorter time period for operators to prepare bids, reducing competition = medium indirect benefit for incumbent operators, cost to non-incumbent and LTAs. • Reduced certainty and existence of transitional risks when switch to franchising = medium indirect cost to LTAs, operators, households. 	<p>competitive = medium direct benefit to non-incumbent operators and LTAs.</p> <p>Greater certainty over duration of DA = medium direct benefit to incumbent operators</p> <p>Smoother transition of assets and staff during duration of DA = large direct benefit to incumbent operators.</p> <p>Some benefits of franchising (improvements to service provision) brought about sooner = medium indirect benefit to households and LTAs.</p> <p>Reduced risk of breaks in service due to smoother transition between operators = medium indirect benefit to households and LTAs</p>	<p>Increased flexibility for developing DA contract since LTAs have option between using net cost or gross cost approach = large direct benefit to LTAs.</p> <p>More benefits of franchising (integrated ticketing and common branding in addition to improvements to service provision) brought about sooner = large direct benefit to households and LTAs.</p>	
Key risks	No specific risk costs have been monetised. Further detail is provided	No specific risk costs have been monetised. Further detail	No specific risk costs have been monetised. Further	No specific risk costs have been monetised. Further

(and risk costs, and optimism bias, where relevant)	in the risks and assumptions section.	is provided in the risks and assumptions section.	detail is provided in the risks and assumptions section.	detail is provided in the risks and assumptions section.
Results of sensitivity analysis		<p>Central, high and low-cost estimates have been produced for uncertain inputs / assumptions.</p> <p>These have been used to run central, high and low scenarios for each option.</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> • Number of LTAs using DA. • Profit margin under DA. • Length of DA period <p>Results are discussed later in this section.</p>	<p>Central, high and low-cost estimates have been produced for uncertain inputs / assumptions.</p> <p>These have been used to run central, high and low scenarios for each option.</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> • Number of LTAs using DA. • Profit margin under DA. • Length of DA period <p>Results are discussed later in this section.</p>	<p>Central, high and low-cost estimates have been produced for uncertain inputs / assumptions.</p> <p>These have been used to run central, high and low scenarios for each option.</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> • Number of LTAs using DA. • Profit margin under DA. • Length of DA period <p>Results are discussed later in this section.</p>

1. Do Minimum (baseline): Bus Services Bill becomes legislation with all measures to speed up/simplify franchising EXCLUDING the DA measure.

Summary:

Under this option, the Bus Services Bill goes through without the DA measure, but all other measures to speed up and simplify bus franchising are included. LTAs wanting to franchise will only be able to go out to competitive tender to appoint operators to run franchising services once their franchising assessment has been produced and approved. The process of going out to competitive tender itself could take between 6-12 months due to negotiation and may be done in phases so it is expected it to take at least this long following completion of the franchising assessment before franchised services can run.

The impacts of this option are not estimated compared to the Business as Usual within this IA since impacts of other measures are captured separately either within their associated individual IA or the overarching IA. This measure is used as the **baseline** to compare other options against.

Assumptions:

- In the absence of DA the incumbent operators would continue operating services over the length of the DA period, since there is limited competition in the bus market, particularly at a local level: the bus market is an oligopoly at the national level since it is dominated by the 'big 5' bus operators⁴³, who account for the majority of market share. In addition, in some areas one operator alone accounts for majority of the market share. For example, in the West Midlands National Express (NX) has the largest market share, accounting for 89% of scheduled mileage and 93% of bus journeys in 2019/2020⁴⁴.

2. Preferred way forward: Bus Services Bill becomes legislation with all measures to speed up franchising INCLUDING the DA measure, where DA is on a net cost basis for up to 5 years.

In this option, LTAs can use DA on a net cost basis for the first franchising contracts in the area and for a time limited basis (up to 5 years). It is envisaged that the duration of the DA contract would end in a competitive tender at a similar time to that if franchising under the existing process. This means that once the franchising assessments are complete and approved, LTAs will be able to DA the first franchised services to be run by the incumbent operator for an agreed time, up to 5 years, to operate franchised services. DA using a net cost contract should therefore enable some of the benefits of franchising to be brought about sooner, while allowing LTAs greater time to run open competition for operators to run franchised services once the DA period finishes.

⁴³ Stagecoach, Arriva, First Group, Go Ahead and National Express

⁴⁴ [wmca-bsip-05-november-2021.pdf \(tfwm.org.uk\)](https://www.wmca-bsip-05-november-2021.pdf)

Note that while DA will be optional for LTAs to use, since we expect some to use it, some of the impacts on businesses resulting from LTAs using DA are considered as “direct”.

Monetised Costs

- To bus operators:
 - Familiarisation costs to bus operators (direct)
 - DA contract negotiation costs to operators (direct)
- To LTAs:
 - LTAs pay additional fee to operators under DA (direct)

Non-monetised Costs

- To non-incumbent operators:
 - Non-incumbent operators are unable to compete for the first franchising contract under DA (direct)
 - Non-incumbent operators are unable to compete for routes as they could in the deregulated market (indirect)
- To LTAs:
 - Cost of potential legal challenges for LTAs (indirect)
 - Potential cost (e.g. logistical) to LTAs arising from running franchised services earlier than they were ready to (direct)

Monetised Benefits

- To incumbent operators:
 - Additional illustrative fee paid to incumbent operators under DA due to lack of competition when awarding franchising contracts. Proxied by uplift to profit. (direct)

Non-monetised Benefits

- To bus operators:
 - Benefit to non-incumbent operators of longer available time to prepare bid for franchising under competitive tender, potentially allowing bid to be more competitive (direct)
 - Benefit to incumbent operators of greater certainty over duration of DA (direct)
 - Benefit to operators from smoother transition of assets and staff (direct)
- To households:
 - Benefits to households from core franchising measures being delivered sooner (likely to include improved provision of services and integration with other modes) (indirect)

- No breaks in service over transition to franchising due to smoother transition between operators (indirect)
- To LTAs:
 - Able to bring about some benefits from franchising sooner (direct)
 - Reduce the transitional risks to passengers and employees of implementing bus franchising (direct)

Policy assumptions

The following policy assumptions are made to model the impacts of the preferred way forward option. Unless stated otherwise, the same assumptions are used for the more and less ambitious options. These assumptions, including rationale, are explained further in the risks and assumptions section.

- Only LTAs who have not yet started preparing a franchising assessment will be eligible to use DA.
- 1/5 of LTAs using DA start implementing it each year for 5 years to franchise services from 2026-2030, so that in 2030 the final 1/5 of these LTAs will start using DA.
- Services are directly awarded over 2 phases for local authorities, 50% at a time, and over 3 phases for MCAs (as with Greater Manchester), reflecting that local authorities have smaller bus networks. Phases start in consecutive years.
- 25% of eligible LTAs predicted to franchise will use DA under preferred and less ambitious options where only net cost contracts can be used.
- LTAs will franchise 75% of their network using DA in all scenarios
- 75% of bus operators in LTAs using DA negotiate and receive DA in all scenarios.
- 60% of operators familiarise themselves with DA guidance per LTA using DA
- LTAs use DA for 3 out of the 5 possible years.

These assumptions are combined with survey results on LTAs considering franchising to estimate sensitivities for different quantities of LTAs using DA to franchise:

The following sensitivities are tested:

- Number of LTAs franchising & number of LTAs using DA:
 - Extrapolating the share of LTAs that expressed interest in franchising to all eligible LTAs results in an estimate that 25 LTAs would franchise. Expecting this to be an overestimate as fewer LTAs would be expected to franchise without funding, we use this as a high scenario. 1/3 of this is taken as the central scenario, and 1/6 as the low scenario.
 - We then estimate sensitivities for the number of LTAs that would use DA in each scenario based on the assumption that 25% of franchising LTAs would use DA.
- Additional Illustrative Fee (proxied by profit margin uplift) for incumbent operators under DA:

- Additional fee to operators as an incentive to accept net and gross contracts is proxied by an uplift to profit margins. Engagement with stakeholders indicated that operator profit margins under franchising would be similar those before franchising at approximately 5%. This is believed to be unlikely unless LTAs are able to use provisions such as open-book accounting to avoid overcompensation, so this is used as the low scenario where profit uplift under DA is 0%. A central scenario of 7% is tested, assuming a profit uplift of 2% under the rationale that operators would expect to be made better off. 15% is used as the high scenario to reflect a return to pre-COVID-19 profit margins.
- Length of DA:
 - Three years was judged the most likely length that DA would be used for, so is used as the central scenario. The maximum contract length is used for the high scenario for each option: 5 for the preferred and more ambitious option and 3 for the less ambitious option. 2 years is used for the low scenario since DA is not expected to be used for significantly less time than this.

The sensitivities are set out in the table below:

Sensitivity	Low	Central	High
Number of LTAs franchising	5	9	25
Number of LTAs using DA	1	2	6
Additional fee: profit margin under DA (%)	5	7	15
Length of DA (years)	2	3	4

3. More ambitious option: same as preferred option but also includes requirements for LTAs to include contract terms on data sharing, asset condition, and transparency

As with the preferred option, LTAs are provided with flexibility over the length of DA contract (up to 5 years), but they have an option between using a gross or net cost contract approach. The option of using a gross cost contract is thought to make DA more attractive under the more ambitious option as the LTA would hold the revenue and profit so would be able to bring forward more franchising measures such as integrated ticketing and common branding. It is therefore expected that more LTAs would use DA under this option. Moreover, in this option LTAs using DA would also be required to include contract terms on data sharing, asset condition, and transparency.

The benefits and costs will therefore be the same as under the preferred option, but with the below additional impacts associated with these requirements:

Additional Monetised Costs

- Additional familiarisation costs to incumbent operators since they review longer guidance which details the additional requirements.

Additional Non-Monetised Costs

- It is assumed that the cost associated with bus operators obliging with additional requirements will be covered by LTAs since they impose it on operators. Therefore, this is a cost to LTAs rather than businesses. This has not been monetised as it was not deemed proportional.

Additional Non-Monetised Benefits

- Additional benefits from bringing forwards franchising compared to the preferred option. E.g. since the LTA can use gross cost contracts control profits, they can provide additional measures such as common branding and integrated ticketing in addition to improvements to service provision and integration with other modes.
- Mandating inclusion of requirements such as data sharing, asset condition, and transparency should enable smoother transition following DA and allow for increased competitiveness for the tender of franchise contracts compared to the preferred.

The following sensitivities are tested:

- Number of LTAs franchising & Number of LTAs using DA
 - The same assumption is used as in the preferred option for number of LTAs eligible for DA expected to franchise. However, reflecting that the more ambitious option should make DA more attractive to LTAs, we expect more LTAs to use DA under this option. We reflect this by assuming 25% of franchising LTAs use DA in the preferred and less ambitious options and 75% of LTAs use DA in the most ambitious option, resulting in the sensitivities in the table below.

Sensitivity (most ambitious)	Low	Central	High
Number of LTAs using DA	4	7	19

- Additional indicative fee: profit margin for incumbent operators under DA: 5%/7%/15%
- Length of DA: 2, 3 and 5 years

4. Less ambitious option: same as preferred option but DA can be used for maximum of 3 years and must use the net cost approach

The less ambitious option provides LTAs with the least flexibility over implementing DA. They must use the net cost approach, so as with the preferred option, DA is believed to be less attractive under this option, so the central scenario of 2 LTAs using DA is assumed. Moreover, in the less ambitious option, DA can only be implemented for a maximum of 3 years, unlike with the preferred and more ambitious options.

The majority of costs and benefits would be the same as under the preferred option, but the size would differ. For example:

- Costs compared to the preferred option include reduced flexibility for LTAs since they are restricted to a maximum 3-year DA contract length.
- The 3-year restriction of DA contract length may be too short for some LTAs, potentially reducing the benefits of DA e.g. through a disjointed transition
- Monetised benefits from the additional fee to incumbent operators in the high scenario would be lower than in the preferred option high scenario since DA length is capped at 3 years instead of 5.

The following sensitivities are tested:

- Number of LTAs franchising & Number of LTAs using DA: 1, 2, 6 (using the same assumption as the preferred option that 25% of franchising LTAs will use DA)
- Additional illustrative fee: profit margin for incumbent operators under DA: 5%/7%/15
- Length of DA: 2 and 3 years

Costs and benefits to business calculations

All assumptions are explained in more detail in the risks and assumptions section.

Monetised Costs

1. Familiarisation costs

This reflects the cost of time associated with bus operators familiarising themselves with guidance on DA. This includes time to read the guidance and to consider and discuss potential implications.

Methodology:

The familiarisation cost per bus operator is calculated first. It is assumed that only senior staff at operating companies are involved in familiarisation with the guidance and get paid as 'managers, directors and senior officials' according to average hourly wage cost reported by the Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE)

data⁴⁵. It is also assumed that each bus operator requires 2 full-time equivalent (FTE) workers and 4.8 hours to familiarise themselves with the approximately 20-30 pages of guidance. An average reading speed of 2 minutes per page, 25 pages of guidance, and 4 hours to consider/discuss the relatively complex guidance on top of reading time is assumed to calculate the 4.8 hours per FTE worker.

Familiarisation cost per bus operator, shown for the preferred and less ambitious options, is calculated using the below formula, accounting for non-wage costs:

$$\text{Hourly wage cost (£30.26)} * \text{non-wage cost uplift factor (1.1875)} * \text{FTE (2)} * \text{hours (4.83)} = \text{Familiarisation cost per bus operator (£347)}$$

Based off ONS data on UK business counts and internal DfT data, we assume an average of 10 incumbent operators per LTA. The total number of operators familiarising themselves with the guidance is calculated based off the assumption that 60% of bus operators within LTAs using DA will familiarise themselves with the guidance since it is assumed that 75% of operators receive DA per applicable LTA and large operators will only need to familiarise themselves once across the LTAs they operate in. Using these assumptions and the estimated number of LTAs using DA in each scenario, we calculate the total number of operators familiarising themselves with guidance for each scenario, shown in the table below. Note that the number of operators is higher for the more ambitious option due to higher uptake of DA.

Option	Low - operators	Central - operators	High - operators
Preferred and less ambitious	6	12	36
More ambitious	24	42	114

The total familiarisation cost is then calculated using the below formula:

$$\text{Familiarisation cost per bus operator} * \text{number of bus operators needing to familiarise themselves with DA} = \text{total familiarisation cost}$$

These costs are assumed to be incurred over 6 years, where 1/5th of LTAs wanting to use DA actually use it each year starting from 2026, and each of these LTAs franchise in 2 phases, where phases happen in consecutive years, so that familiarisation costs fall between 2026-2031. This means in the central scenario for the preferred and less ambitious options:

$$\text{Yearly cost for Y1 (2026) \& Y6 (2031): Familiarisation cost per bus operator} * \text{number of bus operators needing to familiarise themselves with DA} * 1/5 * 1/2 = \text{£417.}$$

This represents the first phase of the first 1/5th LTAs using DA, and last phase of the last 1/5th of LTAs respectively, where in each phase, only half of the relevant

⁴⁵ [Employee earnings in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

services are franchised to be franchised are being direct awarded. Therefore, the total cost in the first and last year (corresponding to the first phase of the first tranche and last phase of the last tranche) is half that in the intermediate years.

Yearly cost for Y2-Y5 (2027-2030): Familiarisation cost per bus operator * number of bus operators needing to familiarise themselves with DA * 1/5 = £834.

This represents years where 2 phases from 2 separate tranches are happening concurrently, hence the figure is not halved.

For the more ambitious option, it is assumed that familiarisation with guidance takes 50% as long for bus operators since there is additional guidance around data sharing, asset condition and transparency to review, resulting in a cost per operator of £521.

Both sets of results are presented in the tables below. Note that results for the more ambitious option may not be presented as exactly 50% more than the preferred and less ambitious options due to rounding.

Preferred and Less Ambitious options - familiarisation cost per operator: £347

	Low	Central	High
LTA's using DA	1	2	6
Operators incurring familiarisation cost	6	12	36
PV familiarisation cost	£0.002m	£0.004m	£0.011m

More Ambitious option - familiarisation cost per operator: £521

	Low	Central	High
LTA's using DA	4	7	19
Operators incurring familiarisation cost	24	42	114
PV familiarisation cost	£0.011m	£0.02m	£0.055m

2. Cost of DA contract negotiations for incumbents

This cost reflects that incumbent bus operators will need to put time and potentially additional resource into negotiating the DA contract with the LTA, requiring financial and legal expertise.

Methodology

The contract negotiation cost per operator is calculated assuming the required staff types, FTE and hours and pay as detailed in the risks and assumptions section.

The negotiation cost per bus operator is calculated using the following formula:

*Sum of (Hourly wage cost * non-wage cost uplift factor * FTE * hours) for each resource type = Negotiation cost per bus operator (£99,502)*

We assume that 75% of bus operators per LTA will negotiate for DA, drawing from the assumption that LTAs will franchise 75% of their network. We combine this with the assumption of 10 operators per LTA to calculate the following total number of operators incurring negotiation costs for each scenario.

Option	Low - operators	Central - operators	High - operators
Preferred and less ambitious	8	15	45
More ambitious	30	53	143

Total negotiation cost is calculated as:

*Negotiation cost per bus operator (£99,502) * number of bus operators negotiating for DA = total negotiation cost for incumbent bus operators*

It is assumed that these costs fall in the same year and phase split as familiarisation costs, so that in the central scenario:

*Yearly cost for Y1 (2026) & Y6 (2031): Negotiation cost per bus operator * number of bus operators negotiating for DA * 1/5 * 1/2 = £0.15m*

This represents the first phase of the first 1/5th, and last phase of the last 1/5th of LTAs respectively.

*Yearly cost for Y2-Y5 (2027-2030): Negotiation cost per bus operator * number of bus operators negotiating for DA * 1/5 = £0.30m*

Discounting to 2026 produces the following results:

Preferred and Less Ambitious options

	Low	Central	High
LTAs using DA	1	2	6
Operators incurring negotiation cost	8	15	45
PV negotiation cost	£0.7m	£1.4m	£4.1m

More Ambitious option

	Low	Central	High
LTAs using DA	4	7	19
Operators incurring negotiation cost	30	53	143
PV negotiation cost	£2.7m	£4.8m	£13.1m

Monetised Benefits

1. Additional fee paid to incumbent operators under DA

This benefit reflects that to agree to DA, incumbent operators will most likely expect to be made better off. Under the gross cost contract model, this can be assumed to be through negotiating to earn a greater share of the profits than before, or under the net cost contract model by being paid a fee on top of the revenue. This incentive is referred to as a 'fee' in both models and is proxied by an uplift in profit. Note that these values are only illustrative and reflect that the fee would need to be larger for operators with larger contracts to compensate for greater revenue risk in the net cost option and larger foregone profit in the gross cost model. Although the exact size of the benefit may differ between models, in practice, net cost contracts may be more expensive as they are less desirable to operators (who may in turn charge a higher price). Or they may deliver lower value for money if they cost the same as gross cost approaches but less control of ticketing/revenue etc.

However, we assume in the analysis that the fee paid to operators is equal for net vs gross cost contracts. This can be justified by the fact that all DA contracts will be negotiated individually based on local context and the services in question. So, these assumptions represent a hypothetical typical situation.

Methodology

The size of the additional fee is proxied by uplifting current estimated profit margins (PM) and applying them to operating costs to calculate the profit uplift.

For this analysis, it is assumed that operating costs are constant across the deregulated market, under DA and under competitive franchising and that the profit margin currently earned by incumbent operators in the de-regulated market is 5%.

There is a small chance that operators may be willing to agree to DA without a monetary incentive due to the benefit of certainty over the years of the DA. To reflect the recent variability in profit margins and lack of precedent to base this assumption off, a range of profit margin sensitivities are considered, where Low reflects a level under DA with no additional fee, Central reflects a fee equivalent to a 2% uplift in profit, and High reflects a fee equivalent to a 10% uplift in profit, so that profit margins in the latter case are at the pre COVID-19 level in 2019, calculating using published bus statistics⁴⁶.

	Low	Central	High
Profit margin uplift under DA	0%	2%	10%
Profit margin under DA	5%	7%	15%

⁴⁶ [Bus statistics data tables - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/bus-statistics-data-tables)

To calculate the operating costs to uplift, the forecast operating costs under franchising for 2 case studies including West Yorkshire Combined Authority (WYCA) are used to calculate the operating cost per kilometre (k/m). This is multiplied by the total bus k/m driven for each LTA in 2023 to calculate operating cost under franchising for each LTA. The average operating cost for LTAs who expressed interest in franchising in the survey is then calculated. This is used to proxy the average whole network operating cost for LTAs that are eligible for DA, equal to £19.2m.

The additional fee (profit uplift) was then calculated under DA compared to the Do Minimum using the following calculations (shown for the central scenario of the preferred option). Note that 75% of average operating costs are used to account for the assumption that LTAs would franchise 75% of services on average:

*Total operating cost for LTAs using DA (£29.8m) = Average operating cost for eligible LTAs * 0.75 * LTAs using DA*

*Total annual operating profit under DA (£2.1m) = Total operating cost for LTAs using DA * new profit margin under DA (0.07)*

*Total annual operating profit without DA (£1.5m) = Total operating cost for LTAs using DA * base profit margin (0.05)*

Annual additional operating profit with DA compared to de-regulated (£0.6m) = Total annual operating profit under DA - Total annual operating profit without DA

As before, it is assumed that LTAs start using DA in 2026 and that 1/5 of LTAs intending to use DA do so each year. In accordance with the policy assumptions, LTAs franchise in stages, where each stage happens one year after the previous. It is assumed that all LTAs franchise in 2 phases, except for MCAs which franchise in 3 phases. It is assumed that in the central scenario, each DA contract lasts for 3 years, as the midpoint of the 5 years allowed under the preferred and more ambitious options. Therefore, operators who have received DA obtain are paid an additional fee (uplift in profit) each year for 3 years, beginning at the start of franchising phase they fall under. This results in the following calculations:

Additional fee (profit) to incumbent operators for Tranche 1 (first 1/5th of LTAs franchising)

*Y1 (2026) = Additional profit to LTAs * 1/5 * 1/2*

*Y2 (2027) = Additional profit to LTAs * 1/5 * 2/2*

*Y3 (2028) = Additional profit to LTAs * 1/5 * 2/2*

*Y4 (2029) = Additional profit to LTAs * 1/5 * 1/2*

The remaining tranches start between 2027-2030, and follow the pattern of the below calculations for Tranche 2, with benefits for each tranche beginning a year later:

Additional fee (profit) to incumbent operators for Tranche 2 (second 1/5th of LTAs franchising):

Y2&5 (2027&2030) = Additional profit to LTAs * 1/5 * 1/2

Y3&4 (2028&2029) = Additional profit to LTAs * 1/5 * 2/2

Impacts of Sensitivities

DA uptake sensitivities under central profit margin scenario (7%) and central DA length scenario (3 years)

To isolate the impact of the number of LTAs using DA on the size of this benefit, the present value benefit (PVB) of total additional fees paid to incumbent operators under DA is presented in the table below for the central profit margin (see table above) of 7% and central direct award length of 3 years for each DA uptake scenario.

LTAs using DA	Low: 1	Central: 2	High: 6
Profit margin uplift (%)	2	2	2
Profit margin under DA (%)	7	7	7
Length of DA (years)	3	3	3
PVB	£0.8m	£1.6m	£4.8m

Profit margin sensitivity under central DA uptake scenario (7 LTAs) and central DA length scenario (3 years)

To isolate the impact of the profit margin sensitivities on the size of the additional fee payment to operators, the table below presents the PVB for each profit margin for the central DA uptake scenario (7 LTAs) and central DA contract length of 3 years.

Profit margin under DA	Low: 5%	Central: 7%	High: 15%
LTAs using DA	2	2	2
Profit margin uplift (%)	0	2	10
Length of DA (years)	3	3	3
PVB	£0	£1.6m	£7.9m

DA length sensitivity under central profit margin scenario (7%) and central DA uptake scenario (2 LTAs)

It has been assumed that in most cases DA will last for 3 years. In the preferred and more ambitious options it is possible for DA to last for 5 years so a 5-year scenario was therefore tested. Note that the high scenario remains as 3 years for the less ambitious option since that is the maximum contract length in this case. Reflecting that DA could last under 3

years, a 2-year scenario was also conducted for each option. It is unlikely that DA would be used for significantly less than 2 years.

The impact of DA length is shown in the table below for the central assumption of 7% profit margin and 7 LTAs.

Length of DA	Low: 2 years	Central: 3 years	High: 5 years
LTAs using DA	2	2	2
Profit margin uplift (%)	2	2	2
Profit margin under DA (%)	7	7	7
PVB	£1.1m	£1.6m	£2.6m

Results

Results for Preferred option:

Discounting to 2026 results in the following present value benefits (PVB) for each scenario for the preferred option. Note that there is no benefit for the low scenario due to the assumed 0% uplift in profit.

	Low	Central	High
% LTAs using DA	25	25	25
LTAs using DA	1	2	6
Profit margin uplift (%)	0	2	10
Profit margin under DA (%)	5	7	15
Length of DA (years)	2	3	5
PVB	£0	£1.6m	£38.4m

Results for Less ambitious option:

Results for the less ambitious option only differs to the preferred option for the high scenario, since DA can only last for a maximum of 3 years in this option.

	Low	Central	High
% LTAs using DA	25	25	25
LTAs using DA	1	2	6
Profit margin uplift (%)	0	2	10
Profit margin under DA (%)	5	7	15
Length of DA (years)	2	3	3

PVB	£0	£1.6m	£23.8m
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Results for More ambitious option:

Benefits for the more ambitious option are higher for all scenarios (except Low) due to a higher share of LTAs assumed to use DA, since it is a more attractive option. Furthermore, this option includes an MCA with a much larger network franchising over 3 phases.

	Low	Central	High
% LTAs using DA	75	75	75
LTAs using DA	4	7	19
Profit margin uplift (%)	0	2	10
Profit margin under DA (%)	5	7	15
Length of DA (years)	2	3	5
PVB	£0	£9.2m	£150.6m

Non-monetised Costs

1. Non-incumbent operators being unable to compete for the first franchising contract under DA (direct)

As DA is being given directly to the incumbent operators in the preferred, more and less ambitious options, this denies non-incumbent operators the opportunity to compete for these contracts, resulting in potential lost business opportunities.

However, due to the monopolistic nature of running these bus routes, incumbent bus operators would likely have a significant advantage over other operators in the counter-factual (e.g. through their knowledge of the routes, reduced breaks in service when starting the contract, established relationship with LTAs, etc). Additionally, these new operators would have to take on the challenge of running a new route and working under franchising for first time with these LTAs.

As it is believed A) it is unlikely new operators would try to compete for these routes; and B) if they were to bid for these routes, it is unlikely they would be successful due to the existing advantages of incumbent operators. It is therefore thought that the scale of this impact is small. It is not possible to monetise it as there is no data or guidance available for market intentions of new operators to compete for these routes, and to create new analysis for this was deemed disproportionate for the scale of impact.

2. Non-incumbent operators being unable to compete for routes as they could in the deregulated market (indirect)

In the status quo the market is deregulated, meaning there would be the opportunity for other operators to compete for these routes. Without DA, this period would extend up to the

point that the LTA would begin franchising anyway. As it is anticipated that DA may bring forward when franchised services can run for the preferred, more and less ambitious options, there is a risk that in this period other businesses will have lost opportunities to attempt to run these services as in the counterfactual.

However, due to the monopolistic nature of bus routes, it is typically difficult for a new operator to enter the market anyway, as set-up costs for new bus routes (e.g. depots, buses) are quite high. Additionally, as the areas this applies to would be franchising in the near future, it is an additional risk for a new operator to begin business here when they might not win the franchising contract, creating a further risk to consider in addition to these set-up costs.

As it is believed that it is unlikely that many new operators would try to compete for these routes in the absence of DA, it is thought that the scale of this impact is small. It is not possible to monetise it as there is no data or guidance available for market intentions of new operators entering the market, and to create new analysis for this was deemed disproportionate for the scale of impact.

Non-Monetised Benefits

Benefit to non-incumbent operators of longer available time to prepare bid for franchising under competitive tender, potentially allowing bid to be more competitive (direct)

DA lengthens the time period that operators have to prepare bids for franchising under competitive tender for the preferred, more and less ambitious options. This is particularly beneficial for non-incumbent operators since it allows them to collect data to produce better informed and more competitive bids to better compete with incumbent operators for the franchising contract once DA has finished. The size of this benefit will be increased if LTAs specify requirements around data sharing, asset condition, and transparency, improving availability of information for non-incumbent operators. This is optional under the preferred and less ambitious options but required under the more ambitious option. This impact is not monetised due to lack of available data, but a medium sized benefit is expected.

Benefit to incumbent operators of greater certainty over duration of DA (direct)

This benefit reflects that over the duration of DA for the preferred, more and less ambitious options, the incumbent operators running directly awarded franchised services have greater certainty since they are guaranteed to operate that service for the agreed period and receive the fee as income. It gives the operator sole access to the franchised route rather than having to compete against other operators as in a deregulated market. Moreover, incumbent operators are provided with inside knowledge of the market, improving their ability to compete for competitively tendered franchise contracts later on. This is expected to be a medium sized benefit, but it is deemed disproportionate to monetise due to lack of available data.

Benefit to operators from smoother transition of assets and staff (direct)

As DA lengthens the time over which the LTA and bus operators can prepare for competitively tendered franchising for the preferred, more and less ambitious options, this can allow more time to transition between operators at the end of the DA contract, while negating the need to quickly transition at the start of franchising, since incumbent operators run franchised routes under DA. For example, longer transition periods enable greater time for the transfer of assets and staff terms between the incumbent and new operator, meaning the transition will likely be smoothed, reducing the risk that the new operator will be unprepared to run services when their contract begins. The size of this benefit is expected to be large, but it is not monetised due to lack of available data.

Impact on small and micro businesses

According to ONS data on UK business counts (2023)⁴⁷ there are 800 small and micro bus and coach operators in England outside of London, 89% of the total of 900.

The policy objective is to enable LTAs to use DA to appoint the first franchise contracts to incumbent operators to speed up and reduce transitional risks associated with franchising. Incumbent operators include SMBs. It will be optional for LTAs to franchise and use DA, but it is expected that some eligible LTAs will want to use DA. It will also be optional for incumbent SMBs to take on DA contracts, but it is expected that all eligible SMBs would do so, due to the associated benefits.

DA can be attractive to SMBs under the right conditions such as an appropriately sized contract. They provide guaranteed revenue and experience operating in a franchised system. They could also be sub-contracted by larger operators in bigger franchising contracts. In all these cases, incumbent SMB operators would need to familiarise themselves with the DA guidance.

For the preferred and less ambitious options, it is assumed that 1/2/6 LTAs will use DA in the Low/Central/High scenarios respectively, and that 8/15/45 incumbent operators will be direct awarded franchise contracts. The statistic above that 89% of operators impacted are SMB is applied to these figures. This could mean around 7/13/40 total SMB incumbent operators receiving DA franchising contracts for each scenario, although it is worth noting that SMBs will make up less than 89% share of the network so would not earn 89% of the total benefit under DA. Under the more ambitious option, 27/47/127 SMB operators could be direct awarded contracts due to DA being used by more LTAs.

Familiarisation cost places a disproportionately higher burden on SMB operators since fixed costs comprise a greater share of their total revenue compared to larger businesses. However, this would be outweighed by a greater benefit to SMBs of guaranteed access to excess profit over the DA period. Reports from industry indicate that SMB operators are more likely to lose out for competitively tendered franchising contracts so SMBs will benefit

⁴⁷ UK Business Counts - enterprises by industry and employment size band. Industry = 49319: Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground, metro and similar systems

greater from guaranteed excess profits and additional time to prepare future franchise bids under DA. While there is another expected cost to operators, including SMBs, of negotiating the terms of the DA contract with LTAs, it is expected that SMB operators will receive DA of smaller contracts, equivalent to the level of service they provide in the counterfactual, so negotiation cost will be proportional.

In short, DA can provide benefits to SMBs and remains optional. However, mitigation measures were considered to reduce the impact on SMBs.

- 1) Full exemption – permanently exempting bus operators that fall into the SMB category from receiving DA.
- 2) Temporary exemption – temporarily exempting operators which fall into the SMB category so that they had longer time to familiarise themselves with guidance on DA before LTAs are able to use DA to appoint them to run their services under franchising.
- 3) Extended transition period – similarly to the temporary exemption, extending the transition period so that LTAs must ensure SMBs operators have longer to familiarise themselves with DA guidance before LTAs can implement it.
- 4) Financial aid - government could offer financial aid to operators qualifying as SMBs if proof is provided that they do not have the resources to spend time familiarising themselves with the DA guidance.

After careful consideration it was decided that full exemption was not suitable because it would prevent the policy from achieving its objectives since SMBs make up approximately 89% of operators. So, if SMBs were exempted, LTAs would either need to DA another operator to run the SMB's services, which would have a significantly more adverse impact on SMBs, or most likely the LTA would be unable to use DA due to a shortage of medium and large operators. This would also result in worse outcomes for SMBs since they would not receive the benefit of guaranteed excess profit under DA and the experience of operating in a franchised system. This would additionally prevent the policy from achieving objectives of speeding up franchising and reducing transitional risks. Furthermore, it is not possible to exempt SMBs from familiarisation costs since these are technically optional as SMBs are not mandated to take on DA contracts where their services are franchised. Ultimately, SMBs would be worse off under full exemption.

It was also decided that temporary exemption and extended transition period were not suitable mitigations since these would delay the use of DA and thus the running of franchised services, directly preventing one of the main policy objectives of DA (speeding up franchising) from being reached.

Finally, financial aid as a mitigation was not deemed as suitable. It would be very resource intensive to ascertain which operators qualify as SMBs; to assess their applications for funding and to determine what a suitable amount of financial support would be. This would not be proportional since the familiarisation cost to operators is estimated to be relatively small: £347 each in the preferred and less ambitious options and £521 in the more

ambitious option. The relationship between government and operators who are denied funding could be damaged. Moreover, SMB operators are expected to benefit greatly from DA so it is reasonable to assume that benefit to SMBs e.g. from additional fees paid to operators under DA will greatly exceed the one-off familiarisation cost to SMBs.

Costs and benefits to households' calculations

There are no direct costs or benefits to households under DA.

Non-monetised Cost:

Costs to operators from familiarisation with DA guidance and negotiation of the contract are not expected to be passed on to households (e.g. through higher fares) as under DA services will be franchised, so fares will be set by the LTA.

Non-monetised Benefits:

DA should bring about multiple indirect benefits to households. Evidence indicates that lower income households are the most dependent on bus travel and make up the greatest share of bus users, with the lowest income quintile taking 71 trips on average in 2022⁴⁸, compared to 23 for the highest income quintile. Therefore, indirect benefits would be expected to have a disproportionately greater impact on lower income households. These impacts are discussed below.

1. Benefits from franchising being delivered quicker (indirect)

The bus franchising Theory of Change in the overarching IA shows the possible outputs, outcomes and impacts a franchising network could deliver. This includes benefits from common branding, ticketing coordination, service improvements and integration with other modes. Under the more ambitious option, the use of gross cost contracts could bring forward these benefits to households since the LTA would hold the profit and would be able to reinvest it in delivering these measures if desired.

Households may be able to save more money under franchising due to integrated ticketing. Franchising could also enable households able to travel more by bus due to greater service availability/co-ordination and integration with other modes, better enabling them to connect socially and access vital services such as hospitals, generating social and welfare benefits. If franchising increased bus patronage by the methods described, this could generate environmental benefits from carbon savings if there is mode shift away from car to bus, and productivity benefits could arise from greater connectivity between workers.

However, in the preferred and less ambitious options where only the net cost contract model can be used, the LTA would not hold the revenue, and profits so would be less able to bring forward benefits from additional franchising measures such as common branding and integrated ticketing. While common branding would be feasible, stakeholders have indicated this may be less desirable without integrated ticketing as it could cause confusion

⁴⁸ [Annual bus statistics: year ending March 2023 \(revised\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/annual-bus-statistics-year-ending-march-2023-revised)

if all buses look the same but have different ticketing arrangements. LTAs using net cost contracts may still be able to bring forward some of the benefits described above from making bus travel more attractive due to improved service provision, where the LTA can afford to do so.

It was not possible to monetise these benefits due to the complexity and lack of evidence around the value of franchising to households. It is expected that these benefits will be medium for the preferred and less ambitious options, since they reflect some but not all of the benefits that an LTA would be expected to bring forward from franchising. The benefits would be large under the more ambitious option due to the option of LTAs having control over profits. It was not possible to monetise these benefits due to the complexity and lack of evidence around the value of franchising to households.

2. Reduced risk of breaks in service due to smoother transition between operators (indirect)

Under DA for the preferred, less and more ambitious options, there would be a longer period of time to transition between operators, resulting in a smoother transition and a lower risk of breaks in service provision. This will benefit households (in addition to businesses as discussed earlier). Such a break could impose a very high social cost on bus dependent households as they would be unable able to travel by bus during the break in service, potentially isolating them socially and from vital services. As the likelihood of this cost occurring in the absence of DA is relatively low but the impact is high, the scale of benefit from reducing the risk is assessed as medium. It was not possible to monetise the benefit due to uncertainty around the likelihood and length of the break in service.

Monitoring and evaluation of preferred option

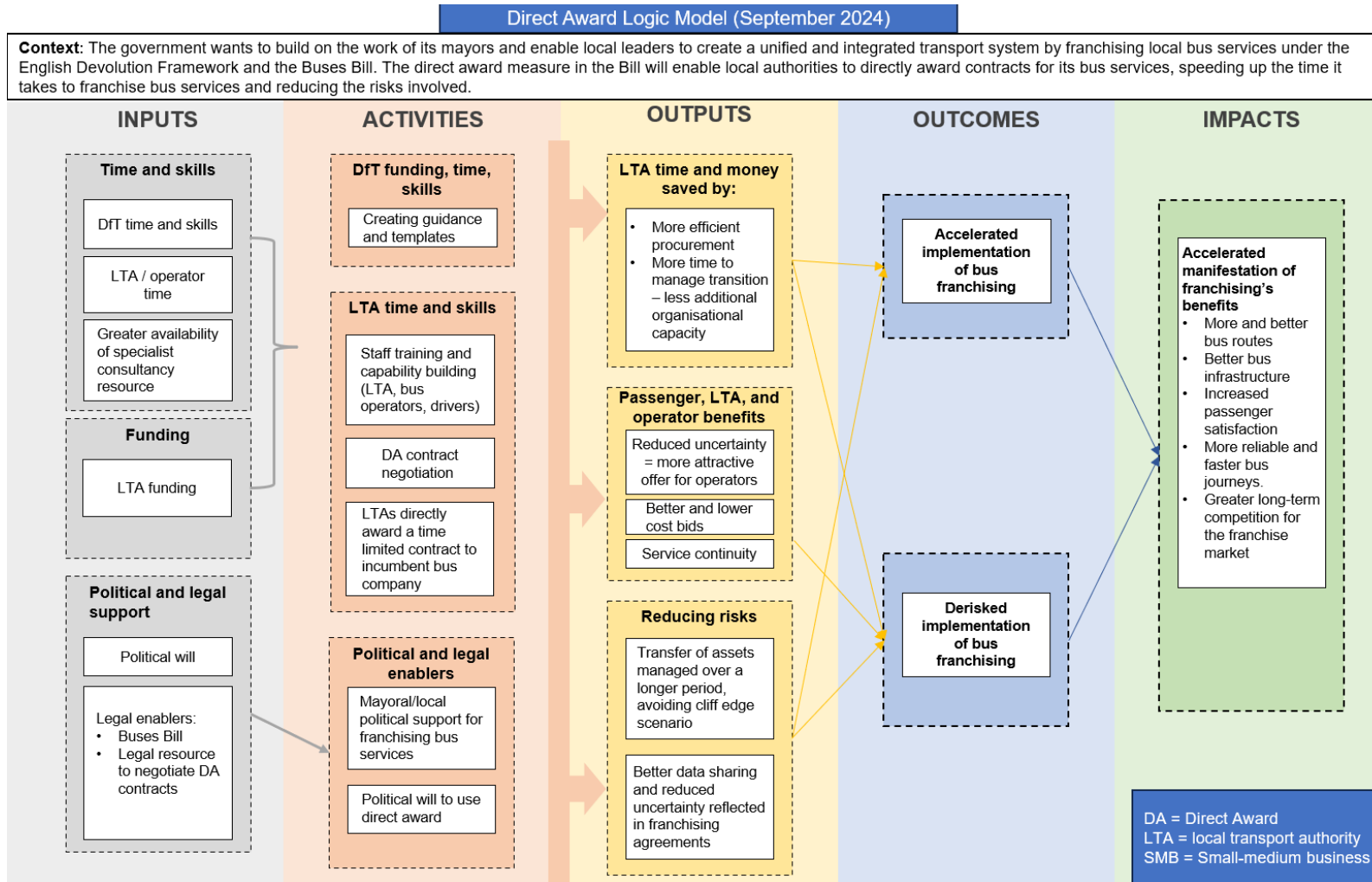
Timeline for assessing impacts

The approach to monitoring this legislation will be considered as part of a wider monitoring and evaluation plan for bus franchising. It is expected that it may take at least five years for LTAs to transition to a franchised network, and/or to form local authority bus companies, should they choose to do so. Additionally, the full impact of the policy is not expected to be observable until they have been operating for some time and therefore, the timing of a full assessment of their impact needs to reflect this timeline. To ensure that evidence on the process of implementing local authority bus companies as well as the impact they had, monitoring and evaluation will encompass the full implementation and delivery timeline up to five years.

Assessing objectives

The logic model below briefly visualises how policymakers envision the intervention working. From this, research questions, methods, and data sources will be developed to assess whether the objectives have been met, how, and under what circumstances.

Figure 7: Direct Award Theory of Change/Logic Model



Evaluation questions

Evaluation questions are likely to include:

- What factors were considered by LTAs when deciding whether to use DA, including the costs, benefits, and risks of doing so?
- What challenges and enablers did LTAs experience when making a DA?
- What was the difference in time that it took to franchise between those LTAs that made a DA and those that did not?
- What was the difference in cost of franchising via a DA versus other methods of franchising?
- What was the impact of different Transfer of Undertakings (TUPE) periods?
- What was the difference in performance of bus services in those areas that made a DA and those that did not?
- Were there any outcomes/impacts that were not intended?

Evaluation approach (subject to scoping and budget/resources available)

As implied in the above section, the evaluation is envisioned to include both a process evaluation at an intermediary stage and an impact evaluation after approximately 5 years. The process evaluation will ask questions on the process of making DAs and the practicalities of doing so. The impact evaluation will seek to establish whether there were any advantages or disadvantage of making a DA – as mentioned, they are likely to concern the impact on the time and cost taken to franchise, as well as the risks involved in doing so. Though the benefits of franchising per se are beyond the scope of this evaluation, it will seek to establish whether the envisioned performance benefits of those that made a DA differed to those that did not, and over what time scale.

M&E data sources

Both the process and impact evaluation are likely to draw on the following data sources and methods:

- Stakeholder interviews (Department for Transport, LTAs, operators, trade associations, passenger groups)
- Secondary data
 - ABOD (Bus open data service), ticketer data, operator data, passenger and satisfaction surveys.
- Surveys of stakeholder groups
- Focus groups

For the purposes of the evaluation, some baseline data will also be collected to establish the performance of bus services in LTAs that had not franchised before the legislative change. This will enable the evaluation to demonstrate how and whether the performance of bus services in LTAs changed after the introduction of the legislation. Once the

legislation has been implanted, data collection will include LTAs that decided to use DA and those that did not, including those who franchised via other methods, and those that did not franchise altogether. This is important as it will enable a comparison of:

- The performance of LTAs that decided to use DA before and after they made the change
- The performance of LTAs that decided to use DA with those who decided to franchise via other means
- The performance of LTAs that decided to use DA with those that did not franchise.

The approach outlined above constitutes an initial assessment of how LTA owned bus companies should be monitored and evaluated. More detailed plans will be developed closer to the date of implementation.

Minimising administrative and compliance costs for preferred option

DA is an optional measure to give LTAs greater choice in how they implement bus franchising, if that is the route they choose.

If LTAs opt to use DA, it is expected to inherently help reduce administration costs, by enabling a phased approach to franchising and extending the time available for the transfer of assets and staff terms. This increases the organisational capacity within the LTA because staff can manage the transition over a longer time period rather than attempting to oversee the entire process at the same time.

It is likely to reduce the extent of short-term consultancy support needed, and the associated costs, to manage the transition. By franchising different areas at different times, the risk of labour supply shortages of specialist transport consultants is mitigated. This risk has been highlighted by stakeholders.

However, some compliance costs will be expected when negotiating DA contracts with the incumbent operator, to meet the requirements set out in the legislation.

Overall, this measure is optional. It is expected that LTAs would consider the balance of administrative and compliance costs against the benefits when choosing whether to use DA.

Business environment

This assessment focuses specifically on the DA measure and does not discuss the implications of bus franchising more generally. Franchising effectively ends competition *in* the market and replaces it with competition *for* the market⁴⁹.

The Competition and Market Authority's competition assessment checklist⁵⁰ has been used to consider the impacts on competition. Relevant points are discussed below.

In the short term, the measure directly limits the number of suppliers, on a temporary basis, by procuring the first franchise contracts from a single supplier. As a mitigation, it is envisaged that the contract duration can be set such that the first competitively tendered franchising contracts could commence at a similar time to that in the absence of DA.

However, directly awarding specific packages to small and medium bus operators can provide guaranteed revenue to help these operators stay in the local area, experience operating in a franchised system, and help compete for franchise contracts in the longer term.

Indirectly, DA can mitigate risks of incumbency advantage and level the playing field between existing and new bus operators in a local market. Without DA in place, a new incoming operator would need to rapidly acquire new buses and possibly depots, incurring significant costs, whilst the existing assets risk becoming stranded assets with diminished value. In bidding, the incumbent would be able to offer lower bids due to its existing assets and knowledge of the market (creating an information asymmetry). DA enables existing assets to be transferred (either to the LTA or incoming operator) in a smoother, managed way.

The measure does not limit the ability of suppliers to compete by influencing price or quality. Whilst in a franchised system the LTA has the control of ticketing and fares, any DA contracts would be negotiated between the LTA and the operator on an agreed price and set of quality and performance standards.

DA does not limit suppliers' incentives to compete for franchise contracts in the longer term.

DA is not expected to reduce consumers' ability to engage with markets and make choices that align with their preferences. DA helps provide a smooth transition for passengers, who will experience similar services and 'feel' initially as the incumbent continues operating. Over time, under a franchised system, services are expected to align more closely with local needs and align with the preferences of the local community.

The measure has some effects on bus operators' incentives to introduce new technologies. It helps to maintain investment in assets, as the incumbent operator has the incentive to continue maintain the condition of assets in the build up to franchising. Throughout the DA

⁴⁹https://assets.publishing.service.gov.uk/media/66e153a57ead4ab49f8e8311/Bus_franchising_CMA_advice_for_Local_Transport_Authorities.pdf

⁵⁰https://assets.publishing.service.gov.uk/media/651444a445e7410012ffebbf/A-Part_1_-_overview.pdf

contract, the operator has an incentive to invest to demonstrate its performance to the controlling LTA ahead of competitive tender. DA contractual terms can also be set by the LTA to ensure a minimum standard is set for assets.

In many local areas, competition is already limited. In these instances, accelerating bus franchising helps LTAs set performance standards.

Trade implications

In theory, there is scope for cross-border effects from international bus operators providing bus services in England through DA. However, this is currently very limited, and any operator would be subject to the same requirements.

Under certain circumstances, 'net cost' DA contracts can be considered a subsidy. These contracts, known as 'concession contracts' must be awarded in accordance with the 'Public Service Obligations in Transport Regulations 2023'.

These regulations are based on EU regulations that applied prior to EU exit. Contracts awarded in accordance with the regulations are exempted from subsidy control requirements in the Subsidy Control Act. The Department for Business and Trade (DBT) has indicated that the proposed measure would not expand this exemption per se but may make it harder to demonstrate that the exempted subsidies are being awarded in accordance with the usual subsidy control principles.

As such, it is understood that it is unlikely that the EU would have significant concerns with the proposal, although it could be raised as a question in the UK-EU Trade Cooperation Agreement (TCA) Level Playing Field committee.

The DfT will continue to work with the Department of Business & Trade (DBT) and the Foreign, Commonwealth & Development Office (FCDO) to ensure the legislation and guidance is compliant with international obligations.

Environment: Natural capital impact and decarbonisation

The DA measure in isolation has negligible environmental impacts directly. It can bring forward the benefits to franchising though, which in turn can reduce emissions. For example, if contractual terms include an obligation to use zero-emission buses, or if the passenger benefits increase patronage and lead to mode shift from more polluting modes.

Buses are the most used form of public transport and many people with protected characteristics, notably women, disabled people, and ethnic minority groups, rely on them. Buses can benefit the environment – particularly local air quality - by helping reduce car use. Further take up of franchising by LTAs offers the potential for increased bus use and for a greater local focus on the accessibility and environmental performance of local

services. The measures discussed in this submission are therefore expected to have positive PSED and environmental impacts or avoid negative ones.

A full Environment Principles Policy Statement will be completed before the Bus Services Bill is introduced to Parliament, alongside other Bill products.

Other wider impacts (consider the impacts of your proposals)

The measure is expected to have a negligible impact on defence, national security and animal welfare, and significant effects have been captured elsewhere in this impact assessment. There could be a positive impact on public health through positive environmental impacts described in the section above.

Risks and assumptions

Analytical Assumptions:

Assumption	Value	Source / Rationale	Caveats / Risks	Mitigation
LTAs eligible for DA predicted to franchise	Central = 9 Low = 5 High = 25	The high scenario is calculated based off the share of LTAs considering franchising from the DfT survey to LTAs in August. This has been applied to the number of eligible LTAs (LTAs who have not yet produced franchising assessments) to calculate the projected number of LTAs who might franchise. A future looking list of LTAs were used, updated for those that have recently merged or are confirmed to merge in the future.	Have assumed that the characteristics of LTAs responding to the survey is representative of the non-respondents, and that respondents who said they would consider franchising will franchise. Of the 68 LTAs who have not already completed Franchising Assessments, 29 LTAs (43%) responded to the survey. However, it is unlikely that all the LTAs who reported considering franchising will actually franchise, especially in the absence of additional funding. The estimate is therefore likely on the high side.	As it is likely that some LTAs who responded that they are considering franchising may not franchise, the projected number of LTAs who would franchise was used as a high scenario and 1/3 and 1/6 of that figure were used for central and low scenarios reflecting that fewer LTAs will be able to franchise without additional funding. This is the critical assumption that will have the largest impact on results for each scenario going forward.

<p>Share and number of franchising LTAs predicted to use DA (more ambitious options)</p>	<p>75% Resulting in Central = 4 Low = 7 High = 19</p>	<p>This assumption reflects that the option of using a gross cost contract will make DA substantially more attractive so that the majority of franchising LTAs will use it due to benefits such as de-risking and speeding up the benefits of franchising. As 75% is the midpoint for the majority of LTAs doing this (between 50% and 100%), we think it is a reasonable assumption. This is further supported by an Urban Transport Group (UTG) report which indicated out of 5 LTAs asked, 3 showed strong support for using DA, and the other 2 showed support for using it in the right circumstances.</p>	<p>This is based on limited qualitative evidence (in the form of LTA's views provided in the UTG report) and commonsense rationale.</p>	<p>Uncertainty around share of LTAs using DA is captured by sensitivities around number of eligible LTAs franchising, resulting in high and low sensitivities. Also changing the share would impact number of LTAs using direct award by 0/1/2 LTAs depending on scenario, having a relatively small impact.</p>
<p>Share and number of franchising LTAs predicted to use DA (preferred and less ambitious options)</p>	<p>25% Resulting in Central = 2 Low = 1 High = 6</p>	<p>This is an assumption resting on the rationale that DA is likely to be less attractive if only the net cost contract model is available to use. In this case we would expect a small share of LTAs to use DA. We assume 1/3 of the share assumed in the more ambitious option.</p>	<p>This is a relatively arbitrary share applied to a statistic informed by qualitative evidence (in the form of LTA's views provided in the UTG report), detailed further in the row above.</p>	<p>Uncertainty around share of LTAs using DA is captured by sensitivities around number of eligible LTAs franchising, resulting in high and low sensitivities. Also changing the share would impact number of LTAs using direct award by 0/1/2 LTAs depending on scenario, having a relatively small impact.</p>

Share of network being directly awarded franchising contracts	75%	This is an assumption resting on the rationale that on average, LTAs will franchise 75% of services. This reflects that LTAs do not have to choose between franchising the entire network or nothing but can franchise only part of their network. The process of franchising is costly so if an LTA does choose to franchise, they are likely to franchise the majority of their network to make the cost worthwhile. This is also backed up by the LTAs views provided in the UTG report, where LTAs indicated that DA would be used situationally. Therefore, it seems reasonable to assume that not all of the networks would receive DA franchising contracts.	This is based on limited qualitative evidence (in the form of LTA's views provided in the UTG report) and commonsense rationale.	As above, the uncertainty around share of network being directly awarded contracts is accounted for by high and low sensitivities based off the number of eligible LTAs franchising
Bus operators per LTA	10	This is informed by the average number of operators in the category: 'Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground, metro and similar systems' per LTA (12) from ONS data on UK business counts ⁵¹ (2023). This figure will likely overstate bus operators per LTA due to inclusion of coach and potentially light rail. Also, as the data isn't granular enough to separate into LTA level, it includes the 6 LTAs	This is relatively well evidenced, but the figure may be over/understating the number of operators for LTAs likely to franchise since MCAs (who have more operators) are included in the average, but the majority are ineligible for DA. However, it also	The impact of a different numbers of operators per LTA is expected to have a small impact compared to the number of LTAs franchising, which will significantly impact the number of operators affected. It was therefore not deemed proportional to run sensitivities on the

⁵¹ UK Business Counts - enterprises by industry and employment size band. Industry = 49319: Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground, metro and similar systems

		who have completed franchising are not eligible for DA. The slightly lower figure of 10 operators per LTA was therefore used, which is reinforced by commercially sensitive internal DfT statistics.	includes smaller/more rural LTAs with fewer operators who may be less likely to franchise, potentially bringing down the mean.	number of bus operators per LTA.
Share of bus operators negotiating for DA	75%	This reflects the assumption that LTAs will franchise 75% of their network on average which could result in a similar share of operators being considered and negotiating for DA.	It may be that a large share of the network is controlled by a few large operators so assuming 75% overestimates the number of operators receiving DA.	It was deemed unproportional to conduct sensitivities for this assumption since the share of operators receiving DA will differ across LTAs due to the different markets and franchising models. Also, the difference in number of bus operators familiarising themselves with DA guidance is captured anyway through sensitivities around number of eligible LTAs franchising, which is the critical assumption.
Share of bus operators familiarising themselves with DA guidance	60%	This is an assumption reflecting the rationale that larger operators tend to operate across multiple LTAs so senior decision makers will only need to familiarise themselves with the guidance once. Hence the share of bus	This is a relatively weak assumption backed up by commonsense rationale due to lack of precedent.	Difference in number of bus operators familiarising themselves with DA guidance is captured anyway in

		operators familiarising themselves with DA guidance is assumed to be 15% lower than those actually being awarded DA contracts per LTA (75% as above).		sensitivities around number of eligible LTAs franchising, which is the critical assumption
Illustrative profit margin under DA, impacting additional fee to operators	<p>Assumption that uplifts in profit is a suitable proxy for the additional fee paid to operators under DA.</p> <p>Illustrative profit margins: Central = 7% Low = 5% High = 15%</p>	<p>Using a profit uplift as a proxy for the additional fee is justified since operators would most likely only agree to DA if it made them better off, for example if it increased their profit. Using an uplift to profit margins also reflects that the fee would need to be larger for operators with larger contracts to compensate for greater revenue risk in the net cost option and larger foregone profit in the gross cost model.</p> <p>Engagement with stakeholders suggests that profit margins in GM under franchising are between 4-7%. 5% was used as the base profit margin, assuming that in the de-regulated market (without DA) (Do minimum) operators would earn a 5% profit margin. This is based on stakeholders indicating that they would expect profit margins under DA to align with those under franchising as LTAs could use open book accounting provisions to avoid overcompensation.</p>	<p>The 5% profit margin is highly uncertain. It is unlikely that operators will agree to DA contracts unless DA makes them better off. Moreover, the profit margins following a full COVID-19 recovery are unknown. Average profit margin for year ending March 2019 was 15% but there is significant uncertainty around the profit margin earned under DA. 15% is calculated using DfT published data on bus operator cost and revenue based on profit margin = (operating revenue – costs)/operating revenue Bus statistics data tables - GOV.UK (www.gov.uk)</p>	<p>To reflect the uncertainty around profit margin under DA the following sensitivities were used: Low: assuming no overcompensation Central: representing a 2% increase in profit margins under DA High: profit margins returning to before COVID-19 levels, representing a 10% increase in profit margins under DA</p>

Length of DA period (years)	Low = 2 Central = 3 High = 5	In the preferred and more ambitious options, DA can last for up to 5 years. It is assumed that most LTAs will appoint DA contracts for the midpoint of 3 years. For the less ambitious option, 3 years is the maximum contract length, so it is expected that the majority of LTAs to use DA for 3 years.	It is likely that most LTAs will use DA for 3 years in the less ambitious option. But LTAs may use longer contracts under the preferred and more ambitious option.	To capture this uncertainty, a high DA contract length sensitivity of 5 years and a low sensitivity of 2 years is also calculated for each option.
Policy assumption: Only LTAs who have not yet started preparing a franchising assessment will be eligible to use DA.	N/A	In order to use DA, LTAs who have begun/completed franchising assessments would have to pause their timelines to wait for legislation to be changed. This would delay franchising timelines, so it is assumed that only LTAs who have not yet begun franchising assessments would be able to use DA.	This is a reasonable assumption.	None required.
Policy assumption: All LTAs using DA begin implementing DA to franchise services award over 5 years from 2026-2030, and 1/5 of remaining LTAs start using DA award each year.	N/A	This is a simplifying assumption that LTAs will be franchising on different timelines. It is assumed that the other LTAs intending to franchise will do so over 5 years from 2026 – 2030 in an even split.	This is an informed arbitrary assumption lacking better evidence.	Not proportionate to mitigate since spreading out implementation of franchising only causes a slight reduction in size of NPV impacts due to discounting.
Policy assumption: Services are direct awarded over 2	N/A	This is based on the experience of Greater Manchester who franchised in 3 phases approximately a year apart: September 2023,	This is a reasonable assumption based of	None required.

phases for LTAs, e.g. 50% at a time, and 3 phases for MCAs (as with GM), reflecting that LTAs are smaller. Also, phases start in consecutive years.		March 2024 and January 2025. It is therefore assumed that MCAs franchise in 3 phases due to larger networks, but that LTAs will franchise in 2 phases due to having smaller bus networks in general. Source: UTG Report - A Smoother Ride FINAL 2.pdf (urbantransportgroup.org)	Greater Manchester's experience	
Hourly Wage (2024 prices)	Senior staff (managers, directors and senior officials): £30.26 Solicitors and lawyers: £34.26 Finance professionals: £26.16	Based on ONS ASHE data for 2023, converted to 2024 prices. Source: Employee earnings in the UK - Office for National Statistics (ons.gov.uk)	This is a well evidenced assumption. However, these are the average hourly wage rates, if LTAs hire external resource, they could charge higher rates.	None required.
Non-wage uplift factor	1.1875	ONS statistics suggest that average labour costs, per hour, at economy level are £22.80. They suggest that wage costs make up £19.20 of this and non-wage costs make up £3.60 of it.	This is well evidenced. The calculation is based off economy level statistics, the uplift may be different for bus operators. However, it is not possible to estimate	None required.

		<p>Therefore, non-wage costs make up 16% of total labour costs and wage costs make up 84%.</p> <p>To calculate the uplift factor the calculation was: $(1 + (\text{non-wage cost \%} / \text{wage cost\%}))$.</p> <p>ONS stats - Index of Labour Costs per Hour, UK - Office for National Statistics (ons.gov.uk)</p> <p>This is in line with RPC guidance on implementation costs. RPC short guidance note - Implementation costs August 2019.pdf (publishing.service.gov.uk)</p>	this, and it is expected to be broadly similar.	
Familiarisation hours required	4.8 hours per person	Based on time required to thoroughly review 20-30 pages of guidance (25 pages on average) using average reading speed of 2 minutes per page, with additional 4 hours to consider and discuss implications, reflecting that this will be relatively complex guidance	There is limited evidence to support this due to lack of precedent.	It is not deemed proportional to mitigate this since sensitivities for number of LTAs franchising are already being used which is the critical assumption.
Familiarisation FTE required	Senior staff: 2	Based on resource required to thoroughly review and discuss 20-30 pages of guidance	There is limited evidence to support this due to lack of precedent.	It is not deemed proportional to mitigate this since sensitivities for number of LTAs franchising are already

				being used which is the critical assumption.
Negotiation hours required	Senior staff: 120 Solicitors and lawyers: 120 Finance professionals: 120	These are based on the predicted time requirement to negotiate DA contracts informed by discussions with policy.	There is limited evidence to support this due to lack of precedent.	It is not deemed proportional to mitigate this since sensitivities for number of LTAs franchising are already being used which is the critical assumption.
Negotiation FTE required	Senior staff: 3 Solicitors and lawyers: 4 Finance professionals: 4	These are based on predicted resource requirement to negotiate DA contracts informed by discussions with policy.	There is limited evidence to support this due to lack of precedent.	It is not deemed proportional to mitigate this since sensitivities for number of LTAs franchising are already being used which is the critical assumption.
Operating cost per km under franchising	£1.31	This is based on the average operating cost per km under franchising calculated by combining 2023 bus k/m data with estimated costs from case studies including WYCA. These have been converted to 2024 prices Bus k/m driven data: Bus statistics data tables - GOV.UK (www.gov.uk) WYCA costs: Bus Reform Your Voice (westyorks-ca.gov.uk)	This a relatively well evidenced assumption, but worth caveating that these are only predicted operating costs under franchising, in the absence of costs from experience.	None required.

Policy risks:

Policy risk	Mitigation
Legal challenge from non-incumbent operators on the basis that direct award eradicates fair and open competition.	Direct award contracts will be only for first contracts issued in a franchised network, and for a strictly limited timeframe. Thereafter, franchised bus contracts will be awarded through open competitive tender process.
Incomplete, poorly delivered franchising under net cost direct award erodes customer numbers, operator goodwill, and the LTA's financial position – inhibiting the long-term ability to deliver successful bus franchising.	Comprehensive franchising assessment to enable detailed consideration of the most suitable option for the local context.
Not being able to reach agreement on net cost agreements which both provides the LTA with material benefits, and which is commercially acceptable to operators.	Optional measure only, no obligation for LTAs to use. For those that do pursue DA, guidance will be produced to support LTAs to prepare mutually beneficial contracts.
Complex, time consuming negotiations extend the time to complete the franchising assessment and does not accelerate franchising.	The franchising assessment process enables detailed consideration of the options. Therefore, it is important that costs are accurately priced in this assessment even if it holds up the process. If franchising is not accelerated, it can still reduce risk.
Risk of nugatory effort from operators and LTAs to negotiate a DA contract that isn't agreeable, and the associated risk of challenge from incumbent operators for lost time and future revenue.	Guidance to support LTAs will be provided. Existing partnership arrangements have established good working relationships between operators and LTAs that also mitigate this risk.
Reduced ability of LTAs to roll out certain benefits of franchising, in particular consistent ticket pricing, during the period of net cost direct award contracts.	Guidance to suggest viable options for multi-ticketing initiatives that LTAs can define as requirements in the contractual terms.
Reputational risk and customer confusion due to inconsistencies across franchised services. For example, delivering consistent branding without the ability to deliver integrated or consistent fares and ticketing. This may limit the benefits that can be rolled out in practice, even if they are legally achievable.	Clear communications to passengers.

Over-compensation if operators are too conservative in modelling revenue and better able to increase revenues than expected	Capping mechanisms in the contract terms, whilst still allowing the operator to exploit the franchise if under a net cost contract arrangement.
Under-compensation leading to operators failing, if revenue falls below what is modelled. This risk already exists to some extent but would reduce long term competition for the franchised market.	Collar mechanisms in the contract terms. Under net cost contracts, this will need to be structured to ensure that the operator is still taking operating risk.

Final stage impact assessment – Local Authority Bus Companies

Title: **Local Authority Bus Companies**

Type of measure: Primary legislation

Department or agency: Department for Transport

IA number: **DfT00479i**

RPC reference number: ...

Contact for enquiries: buses.bill@dft.gov.uk

Date: 21/10/2024

Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating Note: Below are examples only
Description of overall expected impact	<p>The NPSV of the preferred measure is -£2,500 (central estimate). The net impact of non-monetised costs/benefits is expected to be larger than this, making the overall expected impact positive.</p> <p>This is because, whilst the cost of setting up and operating local authority bus companies is likely to be high, the non-monetised benefits to households of reduced fares, protected socially necessary services, improved quality of services and environmental benefits is expected to be very high. It is worth noting that these non-monetised costs and benefits are optional choices for the local authority to make, for which this measure is only enabling them to do so.</p>	<p>Positive</p> <p>Based on all impacts (incl. non-monetised)</p>
Monetised impacts	<p>Central estimate NPSV = c. -£2,500</p> <p>Low estimate NPSV = c. -£1,900</p> <p>High estimate NPSV = c. -£3,700</p> <p>Monetised costs are covered in detail in the costs and benefits to businesses calculations. We have not monetised any benefits.</p> <p>Monetised costs</p> <ul style="list-style-type: none"> -Familiarisation cost for existing local authority bus companies – cost to business. -Familiarisation cost for local authorities interested in setting up local authority bus companies – cost to public sector. 	<p>Negative</p> <p>Based on likely £NPSV</p>
Non-monetised impacts	<p>Whilst it was not possible to monetise these, we would expect the non-monetised impacts of the preferred option to be highly positive. The non-monetised costs of setting up and running a new local authority bus company would also be high, but we expect the net impact to be positive.</p>	<p>Positive</p>

	<p><u>Costs</u></p> <p>Cost of setting up and running a new local authority bus company.</p> <p>Cost of obtaining finance to fund setup costs of local authority bus companies.</p> <p><u>Benefits</u></p> <p>Increased revenue for existing local authority bus companies.</p> <p>Passenger benefits / wider strategic priorities being better met.</p>	
Any significant or adverse distributional impacts?	<p>Yes.</p> <p>Local authority bus companies are set up to improve bus services for the local authority passengers. Buses are disproportionately used more frequently by low-income households. Therefore, we would expect any improvement in bus services to have positive distributional impacts.</p>	Positive

(2) Expected impacts on businesses

Description of overall business impact	<p>The impact on businesses (existing and newly created local authority bus companies) depends entirely on how successful they are. If they are successful in meeting their objectives (running commercial routes and/or running tendered services) at a profit, then the impact would be positive. This is uncertain – we cannot predict if they will be successful as this depends on various market forces and other factors.</p>	Uncertain
Monetised impacts	<p><u>Central estimate NPV</u> = c. -£1,400</p> <p><u>EANDCB</u> = c. £170</p> <p>Pass through to households or businesses (from each other) has not been deducted from figures – we do not expect this to happen. This is explained in the costs and benefits to households calculations.</p>	<p>Neutral</p> <p>Based on likely business £NPV</p>

Non-monetised impacts	<p>Increased revenue for existing local authority bus companies is expected to be a positive impact, as they have greater flexibility to operate revenue from the service they run.</p> <p>The cost of setting up and running new local authority bus companies compared to the revenue generated is uncertain, but most existing local authority bus companies are profit-making.</p>	Positive
Any significant or adverse distributional impacts?	<p>No.</p> <p>This measure is not expected to have disproportionate impacts on specific business sectors. It will only impact bus operators, but this is proportionate as it is the only way to meet the objectives of the measure, which is a manifesto commitment.</p> <p>The measure is expected to have disproportionate regional impacts. Existing local authority bus companies are dispersed across the country, and this will enable them to be set up in all Local Transport Authorities.</p>	Neutral

(3) Expected impacts on households

Description of overall household impact	<p>This measure is not expected to impose any direct costs on households. However, there is a risk of a newly established bus company not generating the expected revenue, thus requiring funding from the central local authority budget. This could put increased budgetary pressure on the local authority, which could be passed on to households through, for example, higher council tax or cuts to other discretionary services.</p> <p>The measure may generate benefits if newly created local authority bus companies successfully improve bus services, protect socially necessary services and generate environmental benefits.</p>	Uncertain
Monetised impacts	<p>No Household NPV or EANDCH available.</p> <p>No passthrough costs expected. This is explained in the costs and benefits to households calculations.</p>	Uncertain Based on likely household £NPV

Non-monetised impacts	<p>Benefits</p> <p>-Passenger benefits – for instance reducing fares, improving services and running socially necessary bus services.</p> <p>-Wider strategic benefits – for instance improving the environment by lowering carbon emissions.</p>	Positive
Any significant or adverse distributional impacts?	<p>Uncertain. There is a potential for this policy to positively impact lower income households as they are more likely to use buses. Therefore, if this measure saw newly created local authority bus companies improve bus services, this would be a positive distributional impact on lower income households.</p>	Uncertain

Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
<p>Business environment:</p> <p>Does the measure impact on the ease of doing business in the UK?</p>	<p>Enabling the creating of new local authority bus companies can stimulate competition in local bus markets, particularly where there is an existing lack of competition.</p> <p>It is anticipated that there would be clear separation between local authority bus companies and the contracting LTA. All operators would still be required to compete for franchise contracts under existing procurement rules.</p> <p>It is not expected to impact on the attractiveness of the business environment or foreign investment.</p>	Supports
<p>International Considerations:</p> <p>Does the measure support international trade and investment?</p>	<p>Any impacts on international trade and investment are likely to be negligible – this measure does not directly or indirectly impose barriers to exports or imports.</p> <p>Some evidence on publicly owned public transport operators in the Netherlands has been explored but not in detail. Further evidence gathering of international best practice has not been possible due to time constraints.</p>	Neutral

<p>Natural capital and Decarbonisation:</p> <p>Does the measure support commitments to improve the environment and decarbonise?</p>	<p>The measure does not directly support commitments to improve the environment and decarbonise.</p> <p>Indirectly, local authority companies may support mode shift (and the associated benefits from reduced emissions) if they can deliver improved services that increase bus patronage. Profits could also be invested to support wider environmental objectives, for example by investing in Zero Emission Buses.</p>	<p>Neutral</p>
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Summary: Analysis and evidence

The summary of the analysis and evidence is presented in the overarching Impact Assessment. A summary of the analysis for this measure is presented in the Net Present Social Value (NPSV) section.

Evidence base

Problem under consideration, with business as usual, and rationale for intervention

There has been a long-term decline in bus journeys, particularly since the bus industry was deregulated in 1985. There are various reasons for this, including the increase in car ownership over this period. Enabling new local authority bus companies in England is seen as one approach to increase patronage, and to address some of the existing market failures in the sector. These include private operators running bus services with the sole aim of maximising profit, rather than working to create an integrated transport network that serves all parts of the community. For many areas, this has led to over- or under-provision of services and inefficient allocation of resources.

Bus services are a social good that provide several positive externalities, such as reduced congestion, improved air quality, and reduced greenhouse gas emissions from mode shift. These social benefits are not accounted for in the private market, meaning that bus services may be under-provided relative to the socially optimal level, because those services are not profitable. Bringing more buses into public control across England can address these market failures by aligning bus services to wider environmental, health, and social objectives.

The Labour party's Five Point Plan for Buses⁵² states that one of the priorities for buses is: **'Supporting local leaders who opt for public ownership...In some areas of the country local leaders have resisted deregulation and have achieved huge success by running**

⁵² [Labour promises to allow every community to take back control of local bus services - Key updates - PolicyMogul](#)

publicly owned, municipal bus companies. Labour will take a pragmatic approach to public ownership of buses and repeal Section 22 of the Bus Services Act 2017, to allow the creation of new, local authority bus companies and give local transport authorities the opportunity to take more direct control of services and assets.'

Section 22 (S22) of the Bus Services Act 2017 (BSA 2017⁵³) prevents local authorities from setting up a new local authority bus company. It does not prevent local authorities from purchasing an existing bus or coach company. Feedback from existing local authority bus companies also sets out that, in their view, there are sections of the Transport Act 1985 (TA 1985)⁵⁴ that preclude them from running services entirely outside their local authority area. While this is not in fact true, it can be argued that the current legislative position on this point is confusing and difficult to interpret. This is an unintended consequence of how specific legislative clauses currently interact with one another, which provides additional rationale for government intervention being necessary to clarify the position and avoid any further doubt on what is permitted. There are also sections of the TA 1985 that impose restrictions on how existing local authority bus companies can borrow and raise money.

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This measure will repeal S22 in the BSA 2017 and repeal the sections of the TA 1985 as outlined above. The former will give all LTAs the freedom to set up a new local authority bus company if they so choose; the latter will help to create a 'level playing field' for existing and new local authority bus companies by clarifying the permitted geographical scope of operations, and by removing restrictions on securing funding and/or financing for those companies.

As these are pieces of primary legislation, formal post-implementation reviews (PIRs) have not been undertaken on them. This is as per statutory guidance on the Small Business, Enterprise and Employment Act 2015⁵⁶ which states PIR as a requirement only for secondary legislation. However, as stated above, the restrictive and sometimes confusing nature of the existing legislation suggests strong scope for the proposed revisions, in order to improve the clarity and enabling powers provided to LTAs through this measure. It could be argued that it is not necessary to make these legislative changes to meet the policy objective of "supporting local leaders who opt for public ownership", given that the option to purchase existing bus companies remained throughout deregulation of the sector and will continue to remain. However, this provides a relatively narrow option for public ownership of buses and to the best of our knowledge, no English local authority has attempted to do this or has shown any interest in doing this. That may not necessarily reflect a lack of interest in local authority bus companies but may be due to a lack of a range of suitable options for authorities to consider in this area.

The preferred measure will significantly increase the powers available to LTAs. Repealing the ban on establishing new local authority bus companies and clarifying that existing and new local authority bus companies have no restrictions on which geographical areas they can operate in will allow more freedom in how and where local bus services can be run. Repealing the relevant sections of the TA 1985 will also open up options to LTAs when looking at how they finance bus companies. All of which will provide greater powers for local

⁵³ [Bus Services Act 2017 \(legislation.gov.uk\)](https://legislation.gov.uk)

⁵⁴ [Transport Act 1985 \(legislation.gov.uk\)](https://legislation.gov.uk)

⁵⁵ [Final PIR stat guidance draft.docx \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁵⁶ [Final PIR stat guidance draft.docx \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

authorities to create their own companies, which could then bid to provide bus services under franchising agreements or enhanced partnerships. These powers can only be achieved through legislative reform, so government is best placed to act. Without government intervention, LTAs would not have access to the full spectrum of tools and flexibilities with which to manage their bus services, as pledged in the 2024 Labour manifesto. This measure is an important part of fulfilling this pledge, and without it local authorities would continue to be limited in their ability to successfully deliver improvements to their bus networks.

Policy objective

Policy Objective

The enabling powers of this measure will become effective immediately following Royal Assent of the Bill, expected to be given by Spring 2025. As stated in the Monitoring and Evaluation section, the outcomes of the measure will be assessed **five years** after the Bill comes into effect. The objectives of this intervention are as follows:

1. **Support public ownership of buses.** This measure will provide greater choice for local authorities in the models they can use for how bus services are operated in their area, by enabling powers to set up a new local authority bus company. It is a clear Labour Party manifesto pledge to build a modern transport network, thereby supporting wider HMG objectives to kickstart economic growth and break down barriers to opportunity⁵⁷.
2. **Give local authorities more choice in how bus services are operated in their area.** Clarifying the legislative position on where local authority bus companies are permitted to operate and removing restrictions on options for financing means that the new legislation will provide a 'level playing field' for both new and existing local authority bus companies regarding geographic scope of operations, and how the companies are funded. One obvious benefit is that passengers in the local authority will have improved connectivity if services can run across the local authority boundaries. Another might be that by extending operations entirely outside of its local authority area, the local authority bus company potentially increases revenue potential and profitability – which can be fed back into its core local authority network. Reinvesting revenue from a local authority bus company into the local transport network could, for example, help to improve and modernise fleet and infrastructure, which could help to align with wider strategic local authority objectives such as decarbonisation or safety of women and girls.
3. **Present an alternative model instead of, or in or addition to, franchising for some LTAs.** Local authority bus companies can operate either as part of a franchised network, or in one managed through an Enhanced Partnership. Moving to a franchised bus network will be desirable for many LTAs, some of which may wish to also establish a bus company to operate within their franchised network, and potentially in other local authority areas. There will be other authorities for whom franchising will not be suitable, because, for example, their local area is largely rural and would not support enough commercially viable services, or the LTA has a

⁵⁷ [Kickstart economic growth – The Labour Party](#)

successful Enhanced Partnership arrangement that they prefer to continue. In any of these scenarios, setting up a local authority bus company could give local authorities more freedom with how they manage their bus networks, and how they structure their business strategy to directly benefit passengers within the local authority area, and for the commercial success of the company itself.

4. **Stimulating competition in local bus markets.** Setting up a local authority bus company could help secure better value for money for supported bus service tenders, particularly in areas where competitors are limited, thereby helping to increase competition across the wider bus market.

Giving local authorities the freedom to establish new bus companies could enable more places to replicate the success of, for example, Nottingham (see the **Case Study example** below), and run bus services tailored to the needs of their communities.

Indicators of success

Indicators of success from this measure could include:

- the number of new local authority bus companies that are created
- the provision and reliability of unprofitable but necessary bus services
- increased revenue potential and profitability from a local authority bus company that could be reinvested into the bus infrastructure of the local authority area, for example through ongoing improvements to waiting facilities, depots and fleet passenger benefits in the form of cheaper fares and/or improved quality, leading to improved levels of passenger satisfaction
- improved ticketing provisions
- improved network of local bus routes and improved bus frequencies (from investment in fleet and depots, more non-commercial routes and improved value for money)
- improved connectivity (resulting from increased cross boundary services)

Case Study - Nottingham City Transport (NCT)

NCT is one of the five existing local authority bus company bus companies. It is the biggest transport operator in Nottingham and has been awarded UK Bus Operator of the Year five times. It receives consistently high levels of passenger feedback, good terms and conditions for staff and drivers and a network of frequent bus services that are integrated with the local light rail network. NCT Directors are independent of the local authority, focusing on service improvement and investment. For its part, the council requires NCT to deliver a social as well as a financial dividend, for example, sound employment practices and delivering services and frequencies that would not be offered on a purely commercial basis.⁵⁸

Description of options considered

The measure to support public ownership of buses through repealing the ban on local authority bus companies was a Labour manifesto commitment. This measure sits alongside various other measures put forward in the recent package announced on 9 September,

⁵⁸ [UTG Report - A Smoother Ride FINAL 2.pdf \(urbantransportgroup.org\)](#)

including giving all LTAs the power to franchise part or all of their bus networks. Further measures requiring primary legislation are included elsewhere in the Bus Services Bill.

For the measure on local authority bus companies (LABCos), policy and analysis colleagues have led the options development through bilateral engagement with key stakeholders, lawyers, and the relevant other Government Departments. Due to time constraints, it was not possible to run a full consultation or options workshop with a range of professions involved.

The HMT Green Book Options Framework-Filter has been used to assess options at the longlisting stage. One intermediate option has been assessed for this measure for proportionality.

Business as usual	Project	Do minimum	Intermediate option	Do maximum
Maintain ban on setting up of new local authority bus companies	Scope	No change to existing legislation	Repeal S22 without changing other relevant legislation relating to permitted service areas and financing restrictions. Financing restrictions and ambiguity on permitted service areas only apply to existing LABCos, potentially creating an uneven playing field between existing and new LABCos	Repeal S22 and change other relevant legislation. Gives power to all LTAs to set up LABCos. Clarifies scope of geographical operations, and removes restrictions on options for financing - creating level playing field for existing and new LABCos
		Discounted	Discounted	Preferred way forward
Guidance for LTAs on setting up a LABCo	Solution	Provide no official guidance. LTAs with no LABCo to seek own advice on purchasing an existing bus company. Existing local authority bus companies to manage their operations according to legal and financial advice they have independently sought	Guidance on suggested commercial and legal requirements on setting up a bus company, to provide clarity on permitted geographic operations, and to advise on options for securing financing / funding	Statutory guidance requiring all LTAs to give due regard to setting up a local authority bus company, and to provide justification for their decision

		Discounted	Preferred	Discounted
LTA-led with specialist consultants and public finance specialists	Implementation, Delivery	Led by LTAs with support, as requested, from specialist transport consultants and working with public bodies such as CIPFA		
		Preferred way forward		
-	Funding	Funding from central LTA budget only	Wider public funding and public finance only, including the Public Loans Works Board.	Funding and finance from any public or private source
		Discounted	Preferred	Carried forward (Permitted, however guidance intends to recommend careful consideration of increasing the local authority debt burden, particularly from private borrowing)

Based on this, the following options have been shortlisted:

0 - Business as usual (BAU) – the existing ban on setting up new local authority bus companies continues. No guidance issued for existing local authority bus companies, or for LTAs interested in purchasing an existing bus company. **Option Appraisal:** This maintains the status quo of local authorities having powers to purchase a bus company, but not to set up one a new one. While this option allows for public ownership, it does so in a limited way, with no scope for flexibility according to available funding, resources and capability of local authorities. It does not achieve the objectives of supporting public ownership as much as possible and providing local authorities more choice in how their bus networks are organised. **This option was therefore discounted.**

1- Do minimum – the Bus Services Bill becomes legislation, only including the repeal of Section 22 (S22) of the Bus Services Act 2017, giving power to all LTAs to set up a new local authority bus company. No amendment to other legislation relating to existing local authority bus companies regarding ambiguity around service area restrictions or restrictions on securing funding/financing; this could potentially create an uneven playing field between existing and new local authority bus companies. No guidance is published. **Option Appraisal:** This option does allow more flexibility for local authorities in supporting public ownership of buses and increases choice for how they organise their bus networks. However, in not addressing the relevant sections of the Transport Act 1985 (TA 1985) relating to existing local authority bus companies (LABCOs) on geographical scope of operations and restrictions on funding, there remains a risk of creating an 'uneven playing field' with what existing and new LABCOs would be permitted to do. This would mean that existing LABCOs would be limited in their commercial freedom,

potentially conferring unfair advantage on new LABCOs. In these ways, this option does not meet the objectives of providing more choice in how local authorities organise their bus networks (because those choices would be continued to be limited for existing LABCOs) or presenting a viable option alongside or instead of franchising (because it could lead to a two-tier system of LABCOs in bus networks across England). Not providing guidance could also increase the risk of local authorities having to put more resources into understanding the legislation and how the enabling powers could impact their organisation, particularly for those who do not currently own a LABCO. This could potentially increase the administrative burden faced by local authorities which is something we would seek to minimise. **For these reasons, this option was discounted.**

2 - Preferred way forward – the Bus Services Bill becomes legislation including the repeal of S22, giving power to all LTAs to set up a new local authority bus company. Additionally, repeal relevant sections of the Transport Act 1985 (TA 1985) relating to existing local authority bus companies - to clarify that there are no geographical restrictions on where they can operate, and no restrictions on how they secure funding/financing, thus creating a 'level playing field' for existing and new local authority bus companies. Non-statutory guidance is published for all LTAs on options and considerations on how to establish and run a local authority bus company and to advise on options for securing financing / funding. **Option Appraisal:** This option allows more flexibility for local authorities in supporting public ownership of buses and increases choice for how they organise their bus networks. It also clarifies for existing LABCOs that there is no restriction on geographical scope of operations and removes restrictions on funding options; both of which puts those companies on a 'level playing field' with any new LABCOs that are established. By publishing non-statutory guidance, the direct administrative burden for existing LABCOs is supported; for LABCOs that may be interested in establishing a LABCO, guidance will help to minimise the indirect administrative burden they face by simplifying and supporting that process. For local authorities not interested in having a LABCO, non-statutory guidance would mean their administrative burden would remain at zero, because they would have no obligation to read or follow it. This option, therefore, meets the objectives of the measure in that it supports public ownership, increases choice in how bus networks are run and provides a level, consistent model for how LABCOs could work alongside or instead of franchising. **For these reasons, this option is the preferred way forward.**

3 - More ambitious option – the Bus Services Bill becomes legislation including the repeal of S22, giving power to all LTAs to set up a new local authority bus company. Additionally, repeal relevant sections of TA 1985 relating to existing local authority bus companies - to clarify that there are no geographical restrictions on where they can operate, and no restrictions on how they secure funding/financing, thus creating a 'level playing field' for existing and new public bus companies. Statutory guidance published that requires all LTAs to give due regard to setting up a new local authority bus company, and to set out clear business rationale for why they will or will not do so. **Option Appraisal:** This option meets the objectives in the same ways as the preferred way forward. However, publication of statutory guidance requiring all local authorities to set out rationale for or against setting up a LABCO would be placing an unnecessarily high administrative burden on many areas, particularly those who are not interested in running a bus company. Doing so would stretch resources for many

authorities and would not necessarily lead to tangible long-term benefits. **This option was therefore discounted.**

The options for this measure seek to deliver the desired outcomes for those LTAs where owning a bus company will help them organise and improve their local bus networks. It is worth noting that overall, existing local authority bus companies consistently perform well. For example, in Reading, the local authority-owned Reading Buses is the second largest publicly owned bus operator in England. Reading Buses invests £3m a year into the bus network by not having to pay dividends, and has, like Nottingham, been repeatedly recognised with industry awards and high ratings for efficiency, cost, and customer perception⁵⁹. Time constraints have prevented exploring options around securing funding and finance for setting up a local authority bus company in more detail. Providing detailed advice on financing options will require more engagement and discussions with the Ministry of Housing, Communities & Local Government, and the Chartered Institute of Public Finance and Accountancy.

Summary and preferred option with description of implementation plan

The preferred option is to include a measure repealing the ban on local authority bus companies in the Bus Services Bill (primary legislation), to give LTAs the freedom to set up a new local authority bus company. Repealing other, relevant sections in the TA 1985 will clarify that existing and new local authority bus companies are permitted to operate outside of their local authority areas, and that existing local authority bus companies have no restrictions on how they secure funding/financing. Doing so will help to create a 'level playing field' for existing and new local authority bus companies in how they structure and organise their business operations. Anecdotal evidence suggests that most existing local authority bus companies (LABCos) are large organisations; there is little to suggest that there are any that would be classed as small or medium businesses (SMBs). It is possible that some may be classed as medium businesses; in which case we expect the direct costs to be low or non-existent for these companies and not disproportionate compared to potential impacts on large businesses.

The proposal to enable new local authority bus companies achieves the policy objectives in the following ways:

- **Supporting public ownership of buses.** LTAs have always had the choice to purchase an existing bus company. However, this allows for only one, relatively limited course of action that LTAs can explore to run a bus company. To our best knowledge no LTA has chosen to do this, and there is no evidence of any LTA interested in doing so. This may not necessarily reflect lack of interest in local authority bus companies but may be due to a lack of a range of suitable options for authorities to consider in this area. Currently, an LTA would have to purchase an existing bus company in its entirety - an undertaking that, with many authorities facing a lack of capital resource, could be a significant barrier to exploring this as a serious option. Whereas, with the freedom to set up a new bus company that this measure will provide, local authorities have flexibility to scale a new bus company to

⁵⁹ [Publicly owned bus company bus companies: can public ownership be profitable? \(newstatesman.com\)](https://www.newstatesman.com)

match both their aims and ambitions, and the available funding. This measure will expand the options available for LTAs that may have an interest in establishing a new local authority bus company, in a way that works for the passenger needs of their local area. This could include competing for tendered services and/or being an operator of last resort.

- **Giving local authorities more choice in how bus services are operated in their area.** This measure will clarify the permitted geographical scope of operations of existing local authority bus companies and remove the restrictions on securing funding/financing for those existing companies. In doing so, it creates greater freedom for LTAs to decide how to run their bus networks and increases the options around how they structure and manage a bus company which is owned by them.
- **Present an alternative model instead of, or in addition to, franchising for some LTAs.** Local authority bus companies can operate either as part of a franchised network, or in one managed through an Enhanced Partnership. Moving to a franchised bus network will be desirable for many LTAs, some of which may wish to also establish a bus company. There will be LTAs for whom a franchised model will not be suitable, because, for example, their local area is largely rural and would not support enough commercially viable services, or the LTA has a successful Enhanced Partnership arrangement that they prefer to continue. Setting up a local authority bus company could give local authorities more freedom in any of those scenarios; with not only how they manage their network, but also how they structure their business strategy to directly benefit passengers within the local authority area, and for the commercial success of the company itself.
- **Stimulating competition in local bus markets.** By clarifying that local authority bus companies are permitted to operate outside of the local authority area, the measure gives LTAs options for moving into different bus markets, and to secure better value for money for supported bus service tenders. This could potentially increase revenue potential and profitability – which can be fed back into the core local authority network.

It is anticipated that this measure would come into effect at, or shortly after, Royal Assent being granted for the Bus Services Bill.

The initial and ongoing implementation of the measure is the responsibility of LTAs, and the specialist transport consultants and lawyers working for them to help set up a bus company. DfT will provide support through planned guidance and through the Bus Centre of Excellence⁶⁰, to share best practice and resources. This includes advising on the funding and finance options for setting up a local authority bus company, which can be provided in due course as part of future guidance, working closely with the Ministry of Housing, Communities & Local Government and the Chartered Institute of Public Finance and Accountancy.

⁶⁰ [Bus Centre of Excellence](#)

NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

Shortlisted options

- 1) **Do minimum:** repeal the ban on setting up new local authority bus companies. Do not remove restrictions on existing local authority bus companies.
- 2) **Preferred:** repeal the ban on setting up new local authority bus companies. Remove restrictions on existing local authority bus companies. Create and publish **non-statutory guidance** for LTAs.
- 3) **More ambitious:** repeal the ban on setting up new local authority bus companies. Remove restrictions on existing local authority bus companies. Provide **statutory guidance** requiring all LTAs to read and give due regard to setting up a local authority bus company.

Price base year = 2024

PV base year = 2026

Our central scenario is our best estimate of impacts based on the evidence available to us. Low/High scenarios reflect the lowest/highest impact scenarios. For instance, the low scenario represents the lowest expected costs **and** benefits and vice versa for the high scenario. No consultation has been conducted into options for this measure or similar measures, therefore we cannot compare our NPV findings to these.

	1. Do-minimum Option	2. Preferred way forward (if not do-minimum)	3. More ambitious option
Net present social value (with brief description, including ranges, of	Central = c.-£1,000 Low = c.-£300 High = c. -£2,000	Central = c.-£2,500 Low = c.-£1,900 High = c.-£3,700	Central = c. -£9,000 Low = c. -£6,000 High = c. -£14,000

<p>individual costs and benefits)</p>			
<p>Public sector financial costs (with brief description, including ranges)</p>	<p>Indirect cost to LTAs interested in local authority bus companies to familiarise with policy change.</p>	<p>Cost to government to create and publish non-statutory guidance.</p> <p>Direct cost to existing local authority bus companies to familiarise with policy change and understand potential impacts to the business.</p> <p>Indirect cost to LTAs interested in local authority bus companies to familiarise with policy change.</p> <p>Indirect cost to LTAs interested in setting up local authority bus companies to read non-stat guidance.</p>	<p>Cost to government to create and publish statutory guidance.</p> <p>Indirect cost to LTAs interested in local authority bus companies to familiarise with the policy change.</p> <p>Cost to all LTAs to familiarise themselves with and show due regard of statutory guidance.</p>
<p>Significant un-quantified benefits and costs (description, with scale where possible)</p>	<p>The benefits are the same as the preferred option, with the exception of no increased revenue for existing local authority bus companies.</p> <p>The costs are broadly the same as the preferred option, with the exception of no cost to government to produce and publish non-statutory guidance.</p>	<p>These will be explained in greater detail in the costs and benefits to businesses and households' calculations sections with a scale.</p> <p><i>Cost of creating non-statutory guidance.</i> There would be a cost to government to develop this guidance. It is not possible to estimate how much this would cost as the details of the guidance are not developed.</p>	<p>The benefits are broadly the same as the preferred option.</p> <p>The costs are broadly the same as the preferred option. There would be an additional cost to government to develop the guidance – it is not possible to estimate how much this would be as the details of the guidance are not developed. There would be additional costs for LTAs to:</p>

		<p><i>Cost of setting up and running a new local authority bus company.</i> We have provided a range from two hypothetical scenarios of a 10-year cost between £1.5m and £351m. This very large range reflects the huge variation in potential ambitions of LTA's in setting up new LABCos.</p> <p><i>Cost of obtaining finance to fund the setup cost of new local authority bus companies</i> - indirect cost to business (local authority bus companies) if they are interested in setting a company up.</p> <p><i>Cost to producing and creating non-statutory guidance</i> – this is a direct cost to government.</p> <p><i>Cost to interested LTAs to read non-statutory guidance</i> (indirect)</p> <p><i>Cost to households if newly created local authority bus companies require further LTA funding</i> (indirect).</p> <p><i>Increased revenue for existing local authority bus companies</i> – direct benefit for local authority bus companies being able to optimise revenue from their operations.</p> <p><i>Passenger benefits / wider strategic priorities being better met</i> – this is an indirect benefit accruing from new local</p>	<p><i>Familiarise themselves with the statutory guidance</i> – all LTAs would be mandated to read the guidance, imposing a direct cost to the public sector.</p> <p><i>Show due regard of having considered the statutory guidance</i> – this would require time for administrators in LTAs to have documentation proving they have considered the guidance.</p>
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		authority bus companies meeting their objectives.	
<p>Key risks (and risk costs, and optimism bias, where relevant)</p>	<p>No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.</p> <p>This imposes a low indirect cost on local authorities – they can choose whether they want to explore setting up a local authority bus company or not.</p> <p>There is a risk of unintended consequences – by not repealing the restrictions on existing local authority bus companies, newly created companies would be at a competitive advantage as they would not face these restrictions. This could have implications for existing local authority bus companies.</p>	<p>No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.</p> <p>This is the lowest risk option as it imposes minimal direct costs on existing local authority bus companies and low, indirect costs on other local authorities – they can choose whether they want to explore setting up a local authority bus company or not.</p> <p>By clarifying and repealing restrictions on existing local authority bus company, the risk of unintended consequences is lowered – they are on a level playing field with any newly created companies.</p>	<p>No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.</p> <p>This is the highest risk option. It mandates that all LTAs must spend time considering the guidance. This creates a burden on all LTA's, regardless of whether they have any interest in creating a local authority bus company.</p> <p>This option could disproportionately impact local authorities who have no interest in setting up a bus company, particularly those authorities with capacity and capability challenges.</p>
<p>Results of sensitivity analysis</p>	<p>Central, high and low-cost estimates were produced for uncertain inputs/assumptions. Further detail is provided in the risks and assumptions section.</p> <p>Sensitivities were ran on:</p>	<p>Central, high and low-cost estimates were produced for uncertain inputs/assumptions. Further detail is provided in the risks and assumptions section.</p> <p>Sensitivities were ran on:</p>	<p>Central, high and low-cost estimates were produced for uncertain inputs/assumptions. Further detail is provided in the risks and assumptions section.</p> <p>Sensitivities were ran on:</p>

	<p>-The number of LTAs interested in setting up a local authority bus company</p>	<p>-The number of LTAs interested in setting up a local authority bus company</p> <p>- The length of the non-statutory guidance created</p>	<p>-The number of LTAs interested in setting up a local authority bus company</p> <p>-The length of the statutory guidance created.</p>
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Option 0: Do nothing

Option 0 is the baseline against which the costs of other options are assessed.

Under this option, the current ban on creating new local authority bus companies would remain. Restrictions on the activities of existing local authority bus companies would also remain in place.

We have also assumed, that in the counterfactual, franchising would happen in some local authorities. However, this has not influenced the costs and benefits of our options as local authority bus companies would operate the same under a franchised or deregulated market.

Key assumptions are:

- There are 75 LTAs
- There are 5 existing local authority bus companies.
- There are between 1-10% of LTAs interested in setting up a new local authority bus company.

There would be no additional costs or benefits under this option.

Option 2 (preferred): Remove the ban on creating local authority bus companies and remove restrictions on existing local authority bus companies.

Summary

Option 2 would see LTAs given the power to set up new local authority bus companies. These local authority bus companies could operate in franchised or in deregulated bus markets under an Enhanced Partnership. This option would also see existing local authority bus companies enabled to undertake a broader range of activities e.g. operating services outside of the area of the local authority which owns them. It would also see the DfT create and publish non-statutory guidance for LTAs on the options and considerations on how to establish and run a local authority bus company.

We have assumed that the Better Bus Services Bill would occur in the counter-factual and a number of LTAs would franchise. However, this does not influence the costs or benefits of any of our options – interested LTAs would incur the same costs as would existing local authority bus companies.

Monetised Costs

- Familiarisation cost for existing local authority bus companies (direct).
- Familiarisation cost for local authorities interested in setting up local authority bus companies (indirect)

Unmonetised Costs

- Cost of setting up and running a new local authority bus company (indirect). *Scenario analysis.*
- Cost to Government to create and publish non-statutory guidance for LTAs (direct)

- Cost to LTAs to read and familiarise themselves with non-statutory guidance (indirect)
- Cost to LTAs of obtaining finance and/or funding to set up a new local authority bus company (indirect)
- Cost to households if newly created local authority bus companies underperform, requiring further LTA funding (indirect).

Monetised Benefits

None. It was not possible to monetise any of the benefits for three reasons.

1. We do not know if any local authority bus companies will be set up, particularly in the absence of any additional government funding
2. We do not know what their objectives would be. It is unclear what types of services they would run and whether they would be small or large operators.
3. We do not know whether these new local authority bus companies would be successful.

Even if we knew (or could assume) these three things, we would still be unable to monetise benefits because:

1. We do not have appropriate data available.
2. It was not deemed proportionate – it would be incredibly time intensive and would produce range of results so large they would not be informative.

Unmonetised Benefits

- Increased revenue for **existing** local authority bus companies (direct).
- Passenger benefits / wider strategic priorities better met (indirect)

Costs and benefits to business calculations

All assumptions are detailed in the risks and assumptions section.

Monetised Costs

Familiarisation cost for existing local authority bus company bus companies (direct cost to business)

Under the preferred option, existing local authority bus companies would have to spend time to understand what the policy changes mean for them. The policy change for these companies is minor – it is clarifying an existing power they have but were unsure about. These existing local authority bus companies are classed as businesses according to the RPC definition as they conduct business activities.

We have assumed they will not experience administration costs, as they can maintain their current systems and resources to familiarise themselves with changes. This is evidenced by most of the existing local authority bus companies being large organisations which are well

resourced. We consider any administrative changes made because of this option to be indirect – they depend on the strategic decisions of these local authority bus companies.

There are currently five local authority bus companies operating in England – Nottingham, Ipswich, Blackpool, Warrington and Reading. Within these companies we have assumed that two government administrators and one senior manager would need to familiarise themselves with the policy change.

- Calculations 2 admin staff and 1 senior manager need to familiarise themselves.
- Each admin staff need to spend 8 hours familiarising.
- Each senior manager needs to spend 1 hour familiarising themselves.
- Wages should be adjusted by a factor of **1.1875** to account for non-wage labour costs.
- Government administrator wage = £14.78 per hour (ONS). **£17.55** (adjusted)
- Senior manager hourly wage = £24.21 per hour (ONS). **£28.75** (adjusted)

The familiarisation cost per organisation is calculated as:

- *(Number of admin staff * Admin Hours required * Admin labour cost) + (Number of senior managers * Senior Manager hours required * Senior Manager labour cost).*
- $(2*8*£17.55) + (1*1*£28.75) = \mathbf{£310}$

Given there are 5 existing local authority bus companies the total familiarisation cost for them is $5*£310 = \mathbf{£1,548}$. This would be a transitional cost only incurred in year 1.

We have not run any sensitivities on these cost estimates as it was not deemed proportionate. Existing local authority bus companies are well established and resourced, therefore there is a lower level of uncertainty around how many staff hours it would require familiarising themselves with the minor policy change.

Familiarisation cost for LTAs interested in setting up local authority bus companies (indirect cost to Government)

LTAs who do not own a local authority bus company, but are interested in doing so, would have to spend time to understand what the policy change means for them. We have assumed that LTAs that are not interested in setting up a local authority bus company will not spend any time/resource familiarising themselves with the policy due to resource constraints.

There are 70 LTAs (75 LTAs in total minus the 5 with existing bus companies) that do not currently own a local authority bus company and would be legally permitted to set one up following the policy change.

In the central case we have assumed that 4% of these LTAs would be interested in setting up local authority bus companies. In the low and high case, we have assumed 1% and 10% would be interested in setting one up respectively. We have rounded any figures to the nearest whole number as they are organisations.

We have made the same assumptions on familiarisation costs as made above for existing local authority bus companies. The calculation remains the same. This would be a transitional cost only occurred in year 1.

Familiarisation cost for LTAs interested in setting up local owned bus companies. (figures may differ slightly from spreadsheet due to rounding)

	Low	Central	High
Number of LTAs interested	$70 \times 1\% = 1$	$70 \times 4\% = 3$	$70 \times 10\% = 7$
Familiarisation cost per LTA	£310	£310	£310
Total familiarisation cost	£310	£930	£2170

The total familiarisation cost in the central scenario is £930.

Non-monetised Costs

Cost of setting up and running a new local authority bus company (indirect).

The cost of setting up and running a new local authority bus company can be monetised to an extent; however, we view it as indirect as this option alone does not necessarily mean that local authority bus companies will be set up. This is purely an enabling power.

The scale of this cost is uncertain for two reasons:

1. We are currently unable to determine how many LTAs are likely to set up a bus company under this option. Some LTAs have expressed an “interest” in it, but there are other blocking factors outside of the ban; for example, feedback from some LTAs has indicated interest in potentially establishing a bus company, but they would require more long-term certainty on future government capital funding before they would seriously explore this as an option.
2. It is likely that the cost of setting up and running a local authority bus company will significantly vary depending on the local authority needs and the scale of the LTA ambition.

Due to the level of uncertainty, we have decided to conduct scenario analysis, using two illustrative scenarios to provide high and low-cost estimates for some of the costs associated with setting up and running a local authority bus company. Both scenarios are based on real LTAs, combining DfT bus statistics (2023) with assumptions.

Low-cost scenario: A small rural LTA setting up a local authority bus company as an operator of last resort to provide services they are struggling to tender. Key assumptions (which are explained further in the risks and assumptions section) are:

- It would operate **80,144** km’s a year (DfT bus statistics).
- It would pay for **3,312** driver hours per year. This equates to about 1 FTE – based on the average speed of a bus in England

- It would require **2** buses – this is based off the average kilometres ran annually by a bus. These buses would be 7-year-old diesels costing **£82,289** each.
- It would pay for **1,040** admin hours a year. This equates to about 0.5 FTE. This is a simplified policy assumption.
- It would pay for **104** mechanic hours a year. This equates to about 0.05 FTE. This is a simplified policy assumption.

High-cost scenario: The other could be a large LTA setting up a local authority bus company to compete with larger operators on commercial routes. Key assumptions (which are explained further in the risks and assumptions section) are:

- It would operate **14,454,231** km's a year (DfT bus statistics).
- It would pay for **995,470** driver hours per year. This equates to about 479 FTE – based on the average speed of a bus in England.
- It would require **263** buses – this is based off the average kilometres ran annually by a bus. These would be new electric buses costing **£489,104 per bus**.
- It would pay for **20,800** admin hours a year. This equates to about 10 FTE. This is a simplified policy assumption.
- It would pay for **780** mechanic hours a year. This equates to about 0.4 FTE. This is a simplified policy assumption.

We have monetised:

- The capital cost of purchasing buses (setup)
 - number of buses required * average cost of a new diesel bus.
- Fuel costs (operating).
 - average cost of fuel per km * number of kms ran by local authority bus company annually
- Admin costs (operating).
 - number of admin staff hours required * pay per hour
- Mechanic costs (operating).
 - number of mechanic hours required * pay per hour

We have not monetised any of the following costs because we do not have any robust data on them, and they are too dependent on the specific business model details:

- Transition costs (e.g. consultancy support, audit, consultation costs).
- Bus depot purchase costs.
- Overheads for running the depot.
- Senior management staff.
- Bus parts.

Calculations

Some further assumptions were made.

- Diesel cost per km = **£0.51** (ZEMO bus certificates and DESNZ statistics)

- Electricity cost per km = **£0.36** (ZEMO bus certificates and DESNZ statistics)
- Driver cost per hour = **£16.73** (ONS and labour cost uplift)
- Admin cost per hour = **£16.59** (ONS and labour cost uplift)
- Mechanic cost per hour = **£17.60** (ONS and labour cost uplift)

Bus purchase cost = *Number of buses * Cost per bus*

Driver cost = *Number of driver hours * Driver cost per hour*

Fuel operating cost = *Fuel burnt per km ran * Cost of fuel*

Admin cost = *Number of admin hours * Admin cost per hour*

Mechanic cost = *Number of mechanic hours * Mechanic cost per hour*

Low-cost scenario – costs

	Year 1 Costs	Years 2-10 costs total
Bus purchase	2 * £82,289 = £164,578	No cost
Fuel	£0.51 * 80,144 = £41,253	£41,253 * 9 = £371,280
Driver	3312 * £16.73 = £55,418	£55,418 * 9 = £498,762
Admin	1040 * £16.59 = £17,253	£17,253 * 9 = £155,274
Mechanic	104 * £17.60 = £1,831	£1,831 * 9 = £16,475
Total	£280,332	£1,041,791

Total 10-year cost = **£1,322,123**

High-cost scenario - costs

	Year 1 Costs	Years 2-10 costs total
Bus purchase	263 * £489,104 = £128,634,441	No cost
Fuel	£0.36 * 14,454,231 = £5,213,931	£5,213,931 * 9 = £46,925,377
Driver	995,470 * £16.73 = £16,657,995	£16,657,995 * 9 = £149,921,959
Admin	20,800 * £16.59 = £345,054	£345,054 * 9 = £3,105,483
Mechanic	780 * £17.60 = £13,729	£13,729 * 9 = £123,565
Total	£150,865,151	£200,076,384

Total 10-year cost = **£350,941,535**

By providing two extreme scenarios (low and high cost), we have estimated illustrative 10-year costs to be £1,322,123 and £350,941,535 respectively. However, these are uncertain, as further flagged in the risks and assumptions section. We have not monetised all costs associated with setting up and running a local authority bus company. Most notably we have excluded:

- Bus depot purchase costs
- Transition costs (consultancy support, audit, consultation costs, financial modelling).
- Overheads
- Management staff costs
- Bus parts

We do not have robust data on these and they depend on too many variable factors to be able to effectively monetise these. Therefore, our cost estimates for these hypothetical scenarios should be taken as underestimates.

Cost to government to create and publish non-statutory guidance (direct)

This option would see a direct cost to develop and publish non-statutory guidance. We have been unable to monetise this cost because we do not know:

- What type of content would be included.
- How long the guidance would be.
- How complex the guidance would be.

For these reasons we do not know how long, or how much resource would be required to develop the guidance. We are also unable to monetise the cost of publishing the guidance as this also depends on the scope and scale of the guidance.

Cost to LTAs to read and familiarise with non-statutory guidance (indirect)

LTAs with an interest in setting up a local authority bus company *may* decide that they would like to read and familiarise themselves with the non-statutory guidance published by government. This is an indirect cost to government (LTAs) – the guidance is non-statutory so any decision to read it and familiarise themselves with it would be a strategic decision.

We have been unable to monetise this. It is unclear how long or complex the guidance would be, and we do not know how many LTAs would be interested in reading it.

Cost of obtaining finance to fund setup costs of local authority bus company (indirect)

This measure will enable LTAs to obtain public and/or private finance to fund the setup costs of a local authority bus company, if they decide they would like to do so. This is viewed as an indirect cost as it would only impact LTAs if they were interested in setting up a local authority bus company – which depends on many factors. We have been unable to monetise this due to many uncertainties. We don't know:

- If LTAs would choose to obtain finance or would use existing funds.
- The scale of LTA's ambitions in setting up local authority bus companies. How large the local authority bus companies would be.
- If they did choose to obtain finance, whether this would be private (to partner with another operator) or public.
- If they chose private financing, what the structuring of the deal would look like. Would it be a loan, or would they give up a proportion of the profits/revenues.

If LTAs decide to obtain public funding it is reasonable to assume that they would go through the Public Works Loan Board (PWLB), as it offers favourable rates to local authorities on borrowing for capital projects, including borrowing to fund local authority owned companies. On-lending from LTA to fund a local authority bus company would be bound by the same regulations as the PWLB lending to a local authority. This financing is nuanced – local authorities are required to set aside a given % of the loan as collateral to pay for the debt.

Due to the uncertainties and complexities noted, we have been unable to monetise this cost. However, we expect it would be relatively small as most LTAs would likely use the PWLB which charge low repayment rates.

Non-monetised benefits

Increased revenue for existing local authority bus companies (direct)

This benefit is based on the preferred option clarifying for existing local authority bus companies that they have no restrictions on which geographical areas they can operate in; this applies to both cross-border services and services run entirely outside of the local authority area. This allows local authority bus companies to consider wider geographical scope for their bus services, giving more flexibility to implement new routes and extend existing ones. Thus, increasing the options through which local authority bus companies can optimise revenue by running new/improved routes which would help to increase patronage. We view this as a direct benefit. Evidence from stakeholder engagement suggests that clarifying the scope of operations for existing local authority bus companies through amending legislation would empower them to explore options for running new, revenue generating routes.

It was not possible to monetise this due to significant uncertainties and data gaps. We do not know which routes existing local authority bus companies would run new / alter existing routes. Even if we did, we would not have enough commercial information about the revenue and costs of the route nor the uptake in passenger journeys from these new routes.

We would expect the scale of this to be medium. Whilst the existing local authority bus companies we have engaged with have suggested that this option would see them run new/amended routes and increase their revenue, there are only a small number (five) of existing local authority bus companies. Furthermore, cross-border routes maybe less profitable/revenue generating than inner local authority routes as they tend to facilitate more profitable inner local authority routes.

Impact on medium, small and micro businesses

According to ONS data on UK business counts (2023)⁶¹ there are 860 medium, small and micro bus and coach operators in England outside of London. This represents 96% of all bus operators (900). These businesses would therefore in scope of being impacted by this measure, either directly or indirectly. All of the existing local authority bus companies are at least medium sized.

The policy objective is to give local authorities the power to set up new bus companies in line with the local authority's bus policy objectives; or to be capable of being the operator of last resort where other commercial operators are unwilling. The potential benefits from this policy depend on the number of local authority bus companies created their objectives and

⁶¹ UK Business Counts - enterprises by industry and employment size band. Industry = 49319 : Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground, metro and similar systems

how successful they are. However, possible benefits include passenger benefits, environmental benefits, increased competition and spillover productivity effects for local authorities.

The only direct cost to business is the familiarisation cost for existing local authority bus companies to understand the change in restrictions to their business activities – there is no direct cost to other businesses in the bus sector. Existing local authority bus companies would already have staffing resources in place who will have relevant commercial and operational knowledge and skills to draw from. It would, therefore, be expected that any direct administrative burden necessarily faced by existing local authority bus companies to complete familiarisation of the new legislation will be minimal.

There is no data/evidence to determine whether the existing 5 LABCos are SMB's or medium sized businesses, although from stakeholder engagement we received anecdotal evidence that the majority of them are large businesses (have 250+ employees). Therefore, the majority of existing LABCos are out of scope of this assessment. For each existing LABCo we estimate the direct cost to be £310, only occurring in year 1. Therefore, the impact on any existing LABCos which are SMBs or medium businesses is very small and not disproportionate compared to large businesses.

To minimise the administrative burden (whether direct or indirect) faced by LTAs as a result of this measure, policy officials will seek to publish non-statutory guidance on setting up and/or purchasing a bus company. The guidance will explain the updated legislation and what powers they confer to LTAs, as well as setting out wider options for establishing and operating a local authority bus company, including sourcing financing/funding and the commercial, governance and resourcing considerations for LTAs to be aware of prior to and throughout the process.

We cannot classify existing LABCos, but anecdotal evidence suggests the majority are large organisations. We do not believe that there are any classed as SMB's. There may be some classed as medium businesses, however we expect the direct costs to be very low for these companies and not disproportionate compared to the impacts on large businesses. Therefore, no exemption or mitigation from this policy change is required.

Costs and benefits to households' calculations

All assumptions are detailed in the risks and assumptions section.

Costs

There are low expected costs to households from this option. It enables local authorities to create local authority bus companies and reduces restrictions on existing companies. Local authority bus companies should ideally have passenger needs, or public benefit, as the core objective. We would not expect any of the direct costs to businesses (familiarisation) to be passed through to passengers in the form of higher fares or worse services – this is against the aim of why a local authority would set these businesses up. There could be an indirect cost to households if the local authority bus companies underperform and require higher LTA funding.

Cost to households if newly created local authority bus companies underperform, requiring further LTA funding (indirect).

If local authority bus companies underperform and do not generate the expected revenue, they could require further LTA funding to stop them having to reduce services or go insolvent. Without increased central government funding, an increase in LTA funding of these bus companies would lead to an increase in council tax or reduction in spending on discretionary services. Both of these outcomes would impose a cost on households in the form of higher council tax fees or worse services provided.

This cost is indirect. We do not know how many local authority bus companies will be set up, what their objectives/scale will be and how successful they will be. These companies could actually provide net benefits to households if they are successful, as explained in the section below.

Benefits

Passenger benefits / wider strategic priorities (indirect)

While commercial operators have significant shareholders that they must apportion a significant amount of profits to, local authority bus companies do not have significant shareholders. Therefore, they can invest a greater proportion of profits into improving bus services, which would benefit passengers. They could also invest it into wider strategic priorities such as decarbonising transport, or improved safety and security through, for example better lighting and CCTV at bus stops. If newly set up local authority bus companies were profitable and invested profits into improving bus services, benefits could include:

- Journey time/quality improvements if local authority bus companies invest into newer buses or improving the bus network, such as building new bus lanes.
- Lower fares if the local authority bus companies operate on lower profit margins as they do not need to pay dividends. There are also likely improvements to competition we will discuss later in this section.
- Socially necessary services could be invested in / saved, if the local authority bus company picks them up at a low profit or loss, as they offer social benefits.
- Carbon savings, improved accessibility and more integrated transport, if local authority bus companies invest a greater proportion of profits into better meeting these priorities. This could include buying Zero-Emission buses.

An important benefit to passengers is most likely to accrue from increased competition in local bus markets. Newly created local authority bus company bus companies would likely increase the level of competition for commercial and/or tendered bus services. All things equal, we would expect to see this drive down fares and improve the quality of local bus services as commercial operators would have less market power.

This option may see more local authority bus companies created. This could see some of the passenger benefits realised. However, we view this as an indirect benefit as our evidence suggests that this option alone will not necessarily see any local authority bus companies being set up – it depends on lots of other factors. Furthermore, even if these companies are created, they may not be successful.

It has not been possible to monetise these benefits as we do not know how many local authority bus companies would be set up under the option and we do not know what their objectives would be. The passenger benefits generated by a local authority bus company operating as the operator of last resort would likely be very different to those generated by a local authority bus company operating as a large, commercial competitor.

We expect these scales to be medium-large. Benefits from small improvements in journey times, lower fares, protected socially necessary services and carbon savings would likely be very large if monetised. The overall scale depends on how many of these companies are set up and how successful they are at meeting their objectives.

Monitoring and evaluation of preferred option

Timelines

On 9 September a statutory instrument (SI) was laid to open up bus franchising powers to all LTAs in England. The SI did not include a post-implementation review (PIR) requirement because providing LTAs access to franchising powers does not give rise to a need for a review clause under the terms of the Small Business, Enterprise & Employment Act 2015, as it does not make or amend regulatory provisions that relate to business activity (including voluntary and community bodies), and it is not otherwise considered appropriate or proportionate to include a review clause. Therefore, a post-implementation review (PIR) of the Bill measures following the SI is not required. The approach to monitoring this legislation will be considered as part of a wider monitoring and evaluation plan for bus franchising. It is expected that it may take at least five years for LTAs to transition to a franchised network, and/or to form local authority bus companies, should they choose to do so. Additionally, the full impact of the policy is not expected to be observable until they have been operating for some time and therefore, the timing of a full assessment of their impact needs to reflect this timeline. To ensure that evidence on the process of implementing local authority bus companies as well as the impact they had, monitoring and evaluation will encompass the full implementation and delivery timeline up to five years.

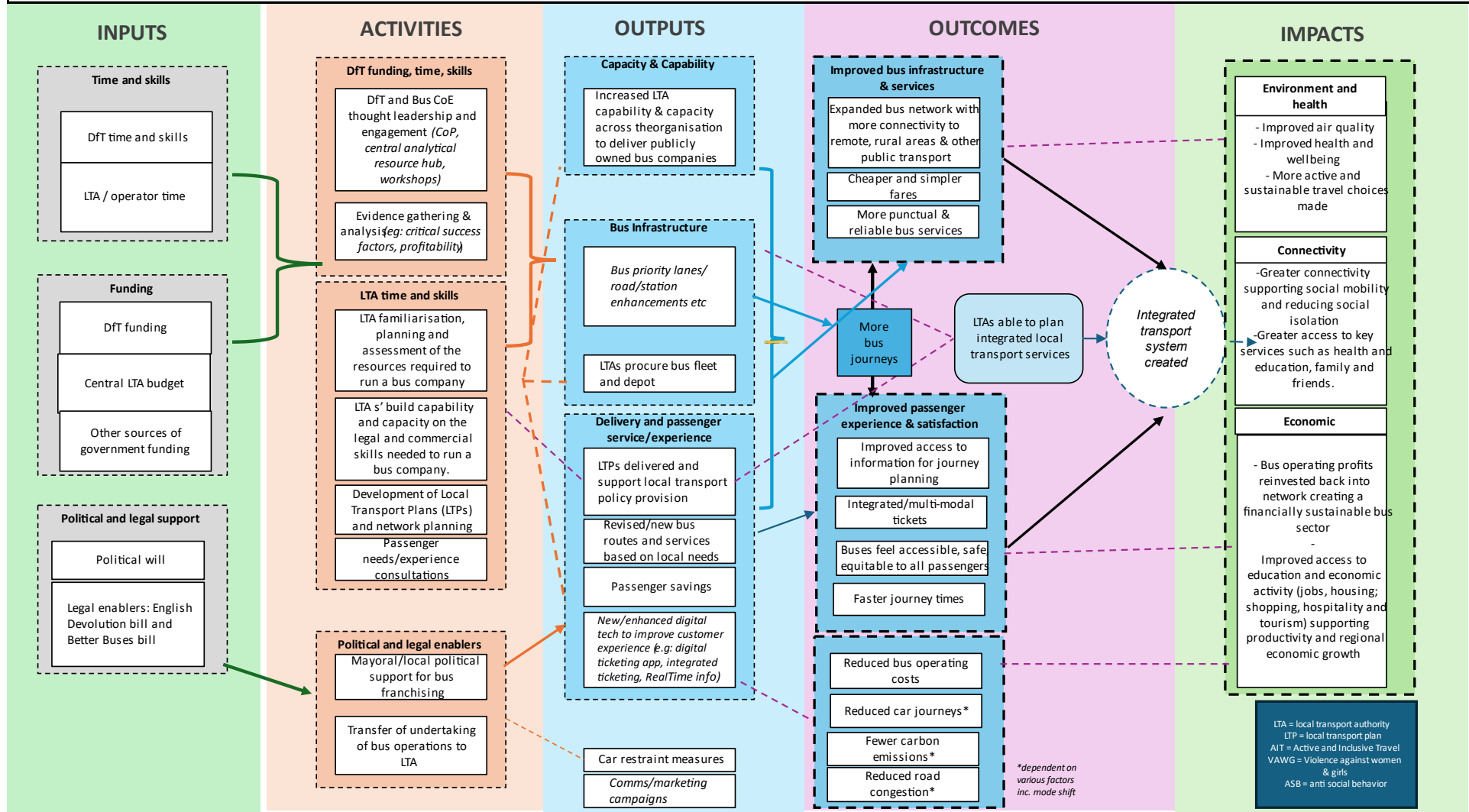
Assessing objectives

The logic model below briefly visualises how policymakers envision the intervention working. From this, research questions, methods, and data sources will be developed to assess whether the objectives have been met, how, and under what circumstances.

Figure 8: Local Authority Owned Bus Companies Theory of Change/Logic Model

Local Authority owned bus companies logic model (Sep 2024)

Context: The Buses Bill aims to repeal Section 22 of the Bus Service Act 2017, thus enabling the creation of new local authority owned bus companies. Doing so will give local leaders more choice in how their bus networks are operated, including routes, schedules, and fares,



Evaluation questions

Evaluation questions are likely to include:

- What factors were considered by LTAs when deciding whether to form a local authority bus company, including the costs, benefits and risks of doing so?
- What challenges and enablers did LTAs experience when trying to form local authority bus companies?
- To what extent and how were LTAs able to build the capability and capacity to operate local authority bus companies?
- What challenges did LTAs face in securing adequate funding?
- How did different stakeholder groups react to plans to form local authority bus company bus companies?
- What impact did local authority bus companies have on bus services (punctuality, journey time, passenger satisfaction)?
- What impact did local authority bus companies have on the local environment and health outcomes?
- What impact did local authority bus companies have on improving transport connectivity and growth in economic activity?
- How were the revenues generated by local authority bus companies used?
 - For example, were they reinvested in improving the bus network?
- Were there any outcomes/impacts that were not intended?

Evaluation approach (subject to scoping and budget/resources available)

As implied in the above section, the evaluation is envisioned to include both a process evaluation at an intermediary stage and an impact evaluation after approximately five years. The process evaluation will ask questions about establishing local authority bus companies and the challenges within. The impact evaluation will answer questions concerning whether the local authority bus company policy achieved its stated objectives at the outset, and any other impacts that the policy had, both intended and unintended.

M&E data sources

Both the process and impact evaluation are likely to draw on the following data sources and methods:

- Stakeholder interviews (DfT, LTAs, operators, trade associations, passenger groups)
- Secondary data
 - ABOD (Bus open data service), ticketer data, operator data, passenger and satisfaction surveys.
- Surveys of stakeholder groups
- Focus groups

For the purposes of the evaluation, some baseline data will also be collected to establish the performance of bus services in LTAs that did not have local authority bus companies before the legislative change. This will enable the evaluation to demonstrate how and whether the performance of bus services in LTAs changed after the introduction of the legislation. This data collection will include LTAs that decided to form local authority bus companies and those that did not. This is important as it will enable a comparison of:

- The performance of LTAs that decided to form local authority bus companies before and after they made the change
- The performance of LTAs that decided to form local authority bus companies with those that did not.

The approach outlined above constitutes an initial assessment of how local authority bus companies should be monitored and evaluated. More detailed plans will be developed closer to the date of implementation.

Minimising administrative and compliance costs for preferred option

The proposed legislative changes will merely provide enabling powers for local authorities. The ability to set up a new local authority bus company will therefore be an **entirely optional** one that gives LTAs more choice in how their bus networks are operated.

For local authorities that do not currently own a bus company and have no interest in doing so, there will be no administrative burden.

For those local authorities interested in setting up a bus company, the administrative burden will be indirect, and we expect it to be a manageable level. Some LTAs that do not currently own bus companies may take the strategic, and entirely voluntary, decision to familiarise themselves with the legislative changes, and to consider the commercial and financial viability of setting up a local authority bus company. This decision will lead to an indirect administrative burden because even if the existing legislation is the only thing holding local authorities back from pursuing this option, a decision to establish a bus company will nonetheless be taken voluntarily and is not a requirement that they will have to comply with because of the Bill measure. While pursuing this action may require additional organisational resources, it is expected that the local authority will have factored this resourcing requirement into the decision to pursue this option in the first place. It will also be supported by the planned non-statutory guidance that will be published in due course. As such, this indirect administrative burden is expected to be manageable, as it would be in line with what the organisation has determined it can reasonably manage.

For the five existing local authority bus companies, the administrative burden will be direct and is expected to be minimal. The administrative burden will be direct because the legislative reform will pertain directly to those existing businesses, and it will be a necessary requirement for them to allocate resources to understanding the measure and subsequent impact their businesses. However, those companies would already have staffing resources in place who will have relevant commercial and operational knowledge and skills to draw from. It would, therefore, be expected that any direct administrative burden necessarily faced by existing local authority bus companies to complete familiarisation of the new legislation will be minimal.

To help minimise the administrative burden (whether direct or indirect) faced by LTAs as a result of this measure, policy officials will seek to publish non-statutory guidance on setting up and/or purchasing a bus company. The guidance will explain the updated legislation and what powers they confer to LTAs, as well as setting out wider options for establishing and operating a local authority bus company, including sourcing financing/funding and the

commercial, governance and resourcing considerations for LTAs to be aware of prior to and throughout the process.

Business environment

This measure will give LTAs the freedom to set up a new local authority bus company. It will also clarify that existing and new local authority bus companies are permitted to operate outside of their local authority areas, and that existing local authority bus companies have no restrictions on how they secure funding/financing. The preferred option will help to create a 'level playing field' for existing and new local authority bus companies in how they structure and organise their business operations.

Having more options in how local authority bus companies are funded/financed may help to create more opportunities to partner with public and private organisations to structure those bus companies so that they best serve the transport aims and objectives of the LTA. Future guidance will cover financing and funding options for local authority bus companies in more detail, working in collaboration with the Ministry of Housing, Communities & Local Government and the Chartered Institute of Public Finance and Accountancy.

There will be clear separation between the LTA issuing bus contract tenders, and the arms-length, local authority bus companies. All standard procurement and competition rules, therefore, would be maintained (unless the local authority bus company was being used as an operator of last resort). The Competition Commission inquiry into local bus services in 2011 found that there was both a lack of head-to-head competition between bus operators in many local markets and a lack of potential competition⁶². Given the decline in operators since then, plus the impacts of COVID, the deregulated bus market could be said to be at its least competitive ever, with dominant operators prevailing across large parts of local transport markets. It is in this context that local authority bus companies could be an important part of stimulating competition and maintaining service provision of a good standard.

Trade implications

We have considered the trade implications of this policy and deem that it will not impact on international trade or investment due to the measure applying only to local authorities within England.

Environment: Natural capital impact and decarbonisation

B. Buses can benefit the environment – particularly local air quality - by helping reduce car use. Freedom for local authorities to set up a local authority bus company offers the potential for increased bus use and for a greater local focus on the accessibility and environmental performance of local bus services. The measure discussed in this assessment is therefore expected to have positive PSED and environmental impacts or avoid negative ones. A full Environment Principles Policy Statement will be completed before the Bus Services Bill is introduced to Parliament, alongside other Bill products.

⁶² [Local bus services market investigation \(CC\) - GOV.UK \(www.gov.uk\)](#)

Other wider impacts (consider the impacts of your proposals)

Newly established bus companies may face challenges in becoming fully self-financing through generation of expected revenue, particularly in the early stages of operation. If so, these companies could require funding from the central local authority budget to sustain their commercial capabilities. This could put increased budgetary pressure on the local authority, which could be passed on to households through, for example, higher council tax or cuts to other discretionary services.

The measure may generate benefits if newly created local authority bus companies successfully help to improve bus services, protect socially necessary services and generate environmental benefits such as improved air quality (which can help to contribute to improved public health).

Buses are the most used form of public transport. Many people with protected characteristics, notably women, disabled people, and ethnic minority groups, rely on buses; improving and increasing bus services through increasing the presence and reach of local authority bus companies

This measure could also help LTAs who establish bus companies to increase the depth and breadth of skills and capability within the organisation, through the upskilling in areas such as finance, procurement, business administration and commercial acuity that would be necessary for staff within a local authority bus company to have.

The measure is expected to have a negligible or no impact on defence, national security and animal welfare.

Risks and assumptions

Some unintended consequences of the preferred option could be:

- Newly created LABCOs could fail to generate expected revenue, increasing the budgetary and debt pressure faced by LTAs. Those pressures could be passed on to local residents, for example through higher council taxes or reduced discretionary services.
- Existing LABCOs operating in neighbouring regions could disrupt the local bus market in other LTA areas. This could lead to other bus companies seeing reduced revenues, potentially leading to bus companies removing services or withdrawing altogether from a market.

Assumption	Value	Source / Rationale	Caveats / Risks	Mitigation
General assumptions				
Non-wage labour cost uplift factor	1.1875	<p>This is well evidenced.</p> <p>ONS statistics suggest that average labour costs, per hour, at economy level are £22.80. They suggest that wage costs make up £19.20 of this and non-wage costs make up £3.60 of it.</p> <p>Therefore, non-wage costs make up 16% of total labour costs and wage costs make up 84%.</p> <p>To calculate the uplift factor the calculation was: (1+ (non-wage cost % / wage cost%).</p>	<p>This is well evidenced. The calculation is based off economy level statistics, the uplift may be different for bus operators.</p> <p>However, it is not possible to estimate this, and we expect it to be broadly similar.</p>	None required – well evidenced.

		<p>ONS stats - Index of Labour Costs per Hour, UK - Office for National Statistics (ons.gov.uk)</p> <p>This is in line with RPC guidance on implementation costs. RPC short guidance note - Implementation costs August 2019.pdf (publishing.service.gov.uk)</p>		
Cost of setting up and operating a Local authority bus company				
Diesel and electricity cost per km	<p>Diesel = £0.51 Electricity = £0.36</p>	<p>The DfT hold data on the fuel efficiency of diesel and electric buses from testing certificates from ZEMO. These are robust. They are not publicly available.</p> <p>DESNZ publish data on the cost of diesel and electricity (for commercial use). Weekly road fuel prices - GOV.UK (www.gov.uk) and Gas and electricity prices in the non-domestic sector - GOV.UK (www.gov.uk)</p> <p>We calculated the cost per km of both fuel types by multiplying the amount of fuel burnt per km (ZEMO) by the cost of the fuel (DESNZ).</p>	<p>This is well evidenced. The calculation does not account for any economies of scale larger companies may get. However, it is not possible to estimate this, and we expect the impact to be stable.</p> <p>We have not used forecasted fuel efficiency or fuel prices. It is a simplifying assumption that the cost of diesel and electric per km remains constant throughout the</p>	None required – well evidenced.

			<p>appraisal period. Whilst we would expect fuel prices to change in the future it was not deemed proportionate to forecast this as these assumptions inform scenario analysis which does not feed into the NPV or EANDCB of any options.</p>	
<p>Driver, administrator and mechanic resource cost per hour.</p>	<p>Driver = £16.73 Administrator = £16.59 Mechanic = £17.60</p>	<p>These are the types of employees we would expect to be involved in setting up and running a Local authority owned bus company.</p> <p>The wage is taken from ONS ASHE statistics, table 14.6a. Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics (ons.gov.uk).</p> <p>They are the median values. We have uprated them using our non-wage labour cost assumption.</p> <p>We have inflated them from 2023 to 2024 prices.</p>	<p>These costs are an average – in specific local authorities the pay may be significantly more or less</p>	<p>It was not deemed proportionate to mitigate this risk. The spread of pay for government administrators is not that large so we expect the impact to be minimal.</p>
<p>Average cost of a diesel and electric bus</p>	<p>Diesel single decker, 7 years old = £82,289</p>	<p>The DfT received around 80 quotes from bus manufacturers as part of the ZEBRA 2 grant funding process.</p>	<p>For large orders, bus manufacturers may offer significant</p>	<p>None – not deemed proportionate.</p>

	Electric double decker bus, new = £489,104	<p>For the electric double decker buses, we took the mean of all these quotes.</p> <p>For the diesel single decker, we took the mean of all these quotes and depreciated it at a rate of 12.5% a year. This is a standard car depreciation value used in the DfT.</p>	<p>discounts. We have not captured this.</p> <p>The depreciation rate of buses is unknown.</p>	<p>These are well evidenced quotes. The uncertainty around large order discounts and depreciation rates was not deemed proportionate to mitigate as it would have a small impact on total costs.</p>
Total annual kilometres ran in cost of setting up and operating scenarios	<p>Scenario 1: 80,144km</p> <p>Scenario 2: 48,180,69km</p>	<p>These are based on DfT bus statistics 2023. Both scenarios are based off real local authorities. Bus statistics data tables - GOV.UK (www.gov.uk). These are taken from table BUS02.</p> <p>In scenario 1 we assumed that the local authority bus company would run 50% of the tendered service kilometres in the local authority.</p> <p>In scenario 2 we assumed that the local authority bus company would run 30% of the commercial kilometres in the local authority.</p>	<p>These are hypothetical scenarios. We have no idea about what types of local authority bus companies would set up and what share of the market they would obtain.</p>	<p>None – not proportionate – scenario analysis.</p>
Number of driver hours required	<p>Scenario 1: 3,312</p> <p>Scenario 2: 995,470</p>	<p>We divided the number of kilometres in each scenario by an average bus speed. The average bus speed is evidenced in the Confederation for Passenger Transport report 2024 of 19.34km per hour. CPT Cost Monitor (cpt-uk.org).</p>	<p>Whilst the average speed is well evidenced, the specific speeds ran on different bus routes would vary drastically.</p>	<p>None – not proportionate – not possible to estimate for hypothetical scenarios.</p>

		For scenario 1, we assumed 25% faster speeds due to it being rural. For scenario 2 we assumed 25% slower speeds due to it being urban.		
Number of buses required	Scenario 1: 2 Scenario 2: 263	We divided the total kilometres ran in each scenario by the average annual km per bus. We rounded up to the nearest whole number. This was calculated from bus statistics - Bus statistics data tables - GOV.UK (www.gov.uk) . We divided total kilometres (BUS02) by number of buses (BUS06). The average bus runs ~55,000km's annually.	Whilst well evidenced, the exact annual kilometres per bus would vary drastically depending on the type of routes.	None – not proportionate – not possible to estimate for hypothetical scenarios.
Number of admin hours required, and mechanic hours required.	Scenario 1: 1,040 admin and 104 mechanics. Scenario 2: 20,800 admin and 780 mechanics.	Scenario 1: assumed 1 admin staff, working 20-hour weeks for 52 weeks a year. Assumed 1 mechanic working 2-hour weeks for 52 weeks. Scenario 2: assumed 10 admin staff working 40-hour weeks for 52 weeks a year for admin. Assumed 3 mechanics working 5-hour weeks for 52 weeks.	Whilst well evidenced, the exact number of employee hours would vary drastically depending on the type of bus operation.	None – not proportionate – not possible to estimate for hypothetical scenarios.
Familiarisation cost of policy change				
Number of existing local authority bus companies.	5	Reading, Nottingham, Warrington, Blackpool, Ipswich.	-	-
Number of LTAs in scope of and interested in setting	70	There are 75 local authorities in England. 5 have already set one up which takes the number in scope to 70.	Well evidenced, however we did not receive replies from all local	None required. We believe that LTAs interested in setting up local

<p>up new local authority bus companies</p>		<p>We have assumed that the % interested in setting up new local authority bus companies is:</p> <p>Central =4% Low = 1% High = 10%</p> <p>These are based on results from a survey conducted by the DfT. The survey asked all LTAs if they were interested in setting up a local authority bus company.</p> <p>Only 3 out of 75 said they were interested = 4%.</p> <p>The low and high assumptions are not evidenced, rather indicative ranges.</p>	<p>authorities. Some of these may also be interested in setting up a local authority bus company.</p>	<p>authority bus companies would have been those who were most likely to reply to the survey to express an interest.</p> <p>Therefore, we do not deem it accurate to have a higher central assumption – the high assumption mitigates this risk.</p>
<p>Government administrator hourly resource cost</p>	<p>£17.55</p>	<p>These are the types of employees we would expect to be tasked with familiarising themselves with the policy change.</p> <p>The wage is taken from ONS ASHE statistics, table 14.6a. Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics (ons.gov.uk).</p> <p>They are the median values. We have uprated them using our non-wage labour cost assumption.</p> <p>We have inflated them from 2023 to 2024 prices.</p>	<p>These costs are an average – in specific local authorities the pay may be significantly more or less</p>	<p>It was not deemed proportionate to mitigate this risk. The spread of pay for government administrators is not that large so we expect the impact to be minimal.</p>

Senior manager hourly resource cost	£28.75	<p>These are the types of senior employees we would expect to be tasked with familiarising themselves with the policy change.</p> <p>The wage is taken from ONS ASHE statistics, table 14.6a. Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics (ons.gov.uk).</p> <p>They are the median values. We have updated them using our non-wage labour cost assumption.</p> <p>We have inflated them from 2023 to 2024 prices.</p>	These costs are an average – in specific local authorities the pay may be significantly more or less	It was not deemed proportionate to mitigate this risk. The spread of pay for government administrators is not that large so we expect the impact to be minimal.
FTE administrators and senior managers required	2 administrators and 1 senior manager.	This is a simplifying assumption – we do not know exactly how many staff would need to familiarise themselves with the policy change.	It is not based on evidence – we have not been able to consult with local authorities to better evidence this.	Not proportionate to mitigate. We believe this is a reasonable assumption – the policy change is relatively straight forward.
Admin and senior manager time required to familiarise	8 admin hours. 1 senior manager hour.	This is a simplifying assumption. We do not know exactly how long it would take these staff members to familiarise themselves with the policy change.	It is not based on evidence – we have not been able to consult with local authorities to better evidence this.	Not proportionate to mitigate. We believe this is a reasonable assumption – the policy change is relatively straight forward.
Familiarisation with guidance				

FTE required to familiarise with guidance	2 government administrators (paid as above).	This is a simplifying assumption – we do not know exactly how many staff would need to familiarise themselves with the guidance.	It is not based on evidence – we have not been able to consult with local authorities to better evidence this.	Not proportionate to mitigate. We believe this is a reasonable assumption – the guidance should be relatively straightforward.
Length of guidance (pages)	Central = 20 Low = 10 High = 30	This is a policy assumption based off other similar types of guidance.	It is uncertain – this is a simplifying assumption, so guidance could be longer or shorter.	Mitigated by running a low and high scenario to capture uncertainty.
Hours required to read guidance per person	Central = 0.67 Low = 0.33 High = 1	The central assumption is based off an average reading speed of 2 pages per minute – this is widely cited in many studies. The high and low are +/-50%.	Reading speeds could differ depending on the complexity of the guidance.	The guidance is not expected to be complex. However, we have mitigated this risk using high and low scenarios.
Time required to pay due regard to guidance (hours)	Central = 2 Low = 1 High = 3	This is a policy assumption based off other policies which require due regard to be paid to guidance.	It is uncertain – this is a simplifying assumption, so due regard could be longer or shorter.	The threshold for paying due guidance is expected to be low – this would just being able to demonstrate the guidance has been read and understood.

Final stage impact assessment – Violence Against Women and Girls

Title: **Violence Against Women and Girls**

Type of measure: Primary legislation

Department or agency: Department for Transport

IA number: **DfT00481i**

RPC reference number: ...

Contact for enquiries: buses.bill@dft.gov.uk

Date: 21/10/2024

Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
Description of overall expected impact	<p>The central Net Present Social Value (NPSV) of the preferred measure is -£22.6m. The net impact of non-monetised benefits is expected to be larger than this, making the overall impact positive. This is because:</p> <ul style="list-style-type: none"> -The non-monetised costs are expected to have a low impact, this option should not place a large enough burden on bus operators to see significant negative impacts i.e. pass through of costs to households. 	<p>Positive</p> <p>Based on all impacts (incl. non-monetised)</p>

	<p>-A small reduction in the number of incidents of violence against women and girls (VAWG) and anti-social behaviour on buses would have large benefits to society.</p> <p>-A small increase in women and girls and disabled people using buses instead of other transport modes would have large benefits to society. These include environmental (reduced carbon emissions) and distributional (cost savings for lower income households) benefits.</p>	
Monetised impacts	<p><u>Best estimate NPSV</u> = -£22.6m</p> <p><u>Low NPSV</u> = -£1.2m</p> <p><u>High NPSV</u> = -£33.2m</p> <p>It has not been possible to monetise the benefits of this measure. Therefore, the monetised impacts are only made up of the direct costs to businesses of increased training costs, costs of staff time spent engaging in additional training rather than business as usual (BAU) activities and reporting/admin costs.</p> <p>Monetised costs are explained in greater detail in the costs and benefits to businesses calculations.</p>	<p>Negative</p> <p>Based on likely £NPSV</p>
Unmonetised impacts	<p>Whilst it was not possible to monetise benefits, non-monetised impacts of the preferred option are expected to be positive.</p> <p>If it were possible to monetise the benefit of reduced risk to women and girls being victims of criminal and non-criminal incidents including anti-social behaviour on buses, it would likely be much higher than the monetised and unmonetised costs. For large benefits to be realised, it would only require a small reduction in the number of women and girls harmed on the bus network. If bus is perceived to be safer by a wide range of passengers and potential new passengers, then mode shift benefits and any additional trips made via bus would also create large benefits.</p> <p>Further unmonetised benefits of the policy include improved perceptions of working in the bus industry, potentially leading to increased recruitment and retention of staff and increased diversity of the workforce.</p>	<p>Positive</p>

	Public and staff confidence in personal safety on the bus network increases could lead to an increased reporting of VAWG/ASB incidents.	
Any significant or adverse distributional impacts?	<p>Positive but scale is uncertain.</p> <p>There is a potential distributional impact for households if the measure leads to women and girls and disabled people moving from more expensive modes of transport to the bus. This would likely have a proportionately bigger impact on lower income households. However, the extent to which this measure will incentivise mode shift is unknown.</p> <p>Whilst the primary aim of the measure is to improve safety and awareness on the issue of violence against women and girls and anti-social behaviour, any safety improvements for these groups would likely benefit all people.</p>	Positive

(2) Expected impacts on businesses

Description of overall business impact	<p>There is an expected costs to business of; paying for additional training, additional time for staff who deal directly with the travelling public or with issues related to the travelling public spent training rather than doing their regular roles and admin, familiarisation and reporting costs.</p> <p>There is a potential benefit. If the measure leads to an increased number of women and girls and disabled people taking the bus, this could increase bus operators' profits. There could also be benefits to businesses if there are less criminal and non-criminal incidents on buses following the training. It is uncertain the extent to which this will occur. It is unlikely to outweigh the cost to business.</p>	Negative
Monetised impacts	<p><u>Best estimate central NPV</u> = -£22.6m</p> <p><u>EANDCB</u> = £2.6m</p> <p>Pass through to households or businesses (from</p>	<p>Negative</p> <p>Based on likely business £NPV</p>

	each other) has not been deducted from figures. This is not expected to happen.	
Unmonetised impacts	<p>There are several unmonetised benefits and costs to businesses.</p> <p>Benefits include increased revenue if the policy leads to increased bus patronage or mode shift and improved staff safety and perceptions of safety. This could boost staff retention.</p> <p>Indirect costs include the optional training course development costs and financial penalties if operators don't comply.</p> <p>These will be explained in greater detail in the costs and benefits to businesses calculations. The scale of these impacts is uncertain though not likely to be significant.</p>	Uncertain
Any significant or adverse distributional impacts?	<p>No significant or adverse distributional impacts.</p> <p>This measure is not expected to have disproportionate impacts to specific business sectors. It will only impact bus operators and any training providers who choose to create new courses, but this is proportionate as it is the best way to meet the objective of the measure.</p> <p>The measure is not expected to have disproportionate regional impacts. The measure may come at a greater burden to smaller businesses compared to larger ones. This is explained further in the Impact on small and micro businesses section, though it is not likely to be significant.</p>	Neutral

(3) Expected impacts on households

Description of overall household impact	This policy is not expected to impose any costs to households. It is unlikely that any business cost of the policy will be passed onto consumers through bus fare increases.	Positive
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	<p>There is potential for patronage increases and potential mode shift to bus from more expensive alternatives e.g. from taxi if bus is seen as a safer option following this policy. However, the extent and scale to this happening is uncertain.</p>	
Monetised impacts	<p>No Household NPV or EANDCH are available as it has not been possible to monetise any costs or benefits to households from this measure.</p> <p>No pass-through costs are expected.</p>	<p>Uncertain</p> <p>Based on likely household £NPV</p>
Unmonetised impacts	<p>If it was possible to accurately monetise and attribute benefits to this measure, they would be expected to be greater than the monetised costs.</p> <p>Following additional training and upskilling of staff, there could be a reduced risk of women and girls being harmed on buses and reduced incidents of anti-social behaviour. This therefore improves perceptions of safety and actual safety of bus passengers. This may lead to mode shift onto buses and potentially a greater number of additional trips being made, which could be especially prevalent for nighttime trips.</p> <p>Increased bus patronage may also have mode shift and environmental benefits. The extent to which these benefits may be realised is uncertain, but any small safety improvements would likely have large economic and social benefits to society.</p>	<p>Positive</p>
Any significant or adverse distributional impacts?	<p>Positive but scale is uncertain.</p> <p>There is a potential distributional impact for households if the measure leads to women and girls moving from more expensive modes of transport to the bus, this could be especially prevalent at night. This would likely have a proportionately bigger impact on lower income households. However, the extent to which this measure will incentivise mode shift is unknown.</p> <p>Whilst the primary aim of the measure is to improve safety and awareness on the issue of violence</p>	<p>Positive</p>

	<p>against women and girls, any safety improvements for these groups would likely benefit all people.</p>	
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Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
<p>Business environment:</p> <p>Does the measure impact on the ease of doing business in the UK?</p>	<p>The impact of this measure on the business environment is expected to be negligible as the resulting increase in costs is low.</p>	<p>Neutral</p>
<p>International Considerations:</p> <p>Does the measure support international trade and investment?</p>	<p>This measure does not impact on international trade or investment.</p>	<p>Neutral</p>
<p>Natural capital and Decarbonisation:</p> <p>Does the measure support commitments to improve the environment and decarbonise?</p>	<p>Mandating additional VAWG/ASB and disability-related training may improve perceptions of the safety of buses. This could create a modal shift for transport away from car or taxi/private hire vehicles and lead to an increased number of additional trips happening via bus.</p> <p>The extent of this is uncertain and likely to be low and therefore the impact is expected to be neutral.</p>	<p>Neutral</p>

Summary: Analysis and evidence

The summary of the analysis and evidence is presented in the overarching Impact Assessment. A summary of the analysis for this measure is presented in the Net Present Social Value (NPSV) section.

Evidence base

Problem under consideration, with business as usual, and rationale for intervention

It is critical that everyone - both passengers and staff - feels and are safe when using the transport network. The Department is committed to improving personal safety and perceptions of safety of the transport network. This aligns with the Government's wider ambition to halve Violence Against Women and Girls (VAWG) within a decade and crack down on anti-social behaviour (ASB) as part of the Safer Streets Mission. A discussion with representatives of the bus industry has indicated that they wish to take action on improving the safety of passengers and staff.

Although there is no national, cross-modal data on incidence of VAWG and ASB, in a recent survey of public transport users conducted by DfT two thirds (34%) of respondents reported that they had witnessed assault or harassment when travelling and around a fifth (19%) reported having been assaulted or harassed either physically or verbally. Moreover, around a third (34%) of survey respondents who didn't travel by bus reported that they purposely avoided doing so. Of these, a third (33%) cited the 'behaviour of other passengers makes me feel unsafe' as a reason for avoiding bus travel.⁶³ According to the British Transport Police Authority's Annual Report (2023-24), there was a 20% increase in violent crimes against women and girls and 10% more sexual offences recorded in 2023/24 compared to 2022/23.⁶⁴ Whilst the report acknowledges that the observed increase may be a result of increasing willingness to report incidents of VAWG, the prevalence of these incidents on the rail network remains. All of this evidence points to the need to improve the personal safety of passengers and staff on the transport network, including buses.

Research undertaken by the Department has indicated the important role that staff can play in helping passengers to feel safe when travelling. When asked "What does 'personal safety' mean to you when travelling on public transport?" and presented with a series of options; 75% of female survey respondents chose "Transport staff being able to deal with incidents which pose a threat to personal safety", whilst 60% of males chose this option.⁶⁵

Lack of safety and the perception of safety issues act as a barrier to using bus services, with implications for accessing economic and social activities more broadly, especially for those with limited ability to travel by other modes. Tackling these barriers will help lead to a more equitable outcome for affected groups. In addition, improvements in safety on buses may lead to increased usage, allowing the positive externalities associated with bus use to be fully realised therefore improving the current market failure of underconsumption of bus use and under provision of staff training.

1. Mandating training on VAWG and ASB

⁶³ National Travel Attitudes Survey Wave 8, August 2023, <https://www.gov.uk/government/statistics/national-travel-attitudes-study-wave-8/national-travel-attitudes-study-wave-8#:~:text=Of%20the%20%2C018%20respondents%20to,incident%20of%20assault%20or%20harassment>

⁶⁴ BTPA Annual Report 2023/24, https://btpa.police.uk/wp-content/uploads/2024/08/BTPA_AR24_Artwork-Accessible.pdf, p.19

⁶⁵ National Travel Attitudes Survey Wave 8, August 2023

A key measure that can improve confidence in the transport network is through upskilling staff to identify and respond to acts of VAWG and ASB. Part of the effort to tackle VAWG and ASB is to promote a widespread culture where these behaviours are recognised, and called out by others, and ultimately curtailed. There are various routes to achieve this including education to raise awareness of inappropriate behaviours, empowering individuals to recognise, challenge and report these behaviours (whether they are experienced directly or if they witness such behaviours), and enforcement. Training plays a key role in educating and empowering individuals to act on these important issues.

This proposal affects the bus industry and follows the precedent for disability-related training that is mandated through retained EU law. By mandating training on VAWG/ASB it will ensure that the training is not discretionary, and that all staff, including drivers and those who deal directly with the travelling public or with issues related to the travelling public, are able to identify and respond to threats to the personal safety of passengers and staff using the bus network. It is anticipated that this in turn will help to pinpoint and address potential VAWG/ASB hotspots on the network and help identify and deal with perpetrators.

Whilst the market is free to provide training on VAWG/ASB, there needs to be consistency across the bus industry on the overarching issues VAWG and ASB training should cover. In consultation with the DVSA, there are no courses via the DCPC that explicitly cover VAWG/ASB. It is possible that existing courses do touch on these topics, but without consistency between different providers key content such as how to signpost victims to further support is omitted. From stakeholder engagement, there is also an appetite for government to provide such steers so that the training is effective. Having a uniform approach to training across operators is important to make sure that passengers receive a consistent service, regardless of who they are travelling with or where in the country they are travelling. Mandating training will encourage the free market to create this training therefore realising the positive externality and social benefits that currently are not realised because of under provision without intervention. Moreover, government intervention will help resolve the current information and coordination failures that exist in this area under the current market failure of no standard provision of training on these topics creating information gaps.

2. Mandating drivers and staff who deal directly with the travelling public or with issues related to the travelling public, to undertake “disability-assistance” training

In addition to mandating VAWG and ASB training, the Department is also mandating drivers to undertake “disability-assistance” training, as outlined by REGULATION (EU) No 181/2011. Currently, EU regulation 181/2011 does not require drivers or staff who deal directly with the travelling public or with issues related to the travelling public, to undertake such training; they are only required to undertake “disability-awareness” training. The distinction between the two types of training is superficial; drivers and staff who deal directly with the travelling public or with issues related to the travelling public, should also undertake topics covered under “disability-assistance” training as outlined by EU regulation 181/2011, such as ‘understanding of the need for reliable and professional assistance. Also, awareness of the potential of certain disabled passengers to experience feelings of vulnerability during travel because of their dependence on the assistance provided. Through being trained on “disability-assistance” in addition to “disability-awareness”, bus drivers and staff who deal directly with the travelling public or with issues related to the travelling public, will be informed of the needs and experiences of disabled passengers.

3. Mandating publication of the take-up of VAWG, ASB and disability-related training

At present, whilst there is a legal requirement for staff to undertake disability-related training, there is no monitoring of how many staff in the bus industry do so. The Department would like to improve accountability on disability-related training by mandating reporting on the number of staff that have undertaken such training. Likewise, operators will be mandated to report on the number of staff who have undertaken VAWG/ASB training, again to ensure that they are held accountable and to better understand compliance with the legislation. The potential consequences of fewer staff being trained includes drivers not being able to confidently handle a VAWG or ASB-related incident which may lead to incidents escalating. It is also important that drivers have a holistic understanding of the needs and experiences of disabled passengers to provide a better service.

Policy objective

This policy is part of the Government's wider objective to halve Violence Against Women and Girls within a decade and crack down on anti-social behaviour as part of the Safer Streets Mission.

The intended outcomes are outlined below.

Specific:

After completing the training, bus employees:

- Can recognise VAWG and ASB incidents
- Know how to respond to VAWG/ASB incidents
- Feel empowered to deal with VAWG/ASB incidents
- Are informed of the needs and experiences of disabled passengers

This could, in turn, lead to:

- Increased passenger confidence in the safety of the bus network
- Increased patronage on the bus network – passengers may be more willing to take journeys by bus they were previously unwilling to do due to safety concerns.
- Improved perceptions of working in the bus industry, potentially leading to increased recruitment and retention of staff and increased diversity of the workforce
- Increased reporting of VAWG/ASB incidents
- Reduction in VAWG/ASB incidents on the bus network

Measurable indicators of success include:

- Development of consistent, industry-wide training materials with content that aligns with the overarching themes set out in the Bill
- Uptake of VAWG/ASB training by bus drivers and frontline staff
- Accurate, transparent reporting of numbers of staff that have undertaken VAWG/ASB training and disability-related training
- Improved understanding of compliance with EU legislation on disability-related training
- An increase in reporting of VAWG- and ASB-related incidents by staff and/or passengers
- Improvements in bus staff recruitment and retention

- Greater diversity in the bus workforce, including an increase in women in frontline roles

Description of options considered

Longlist appraisal

The following options were assessed during the policy development process:

- Option 1: do nothing –training on (i) VAWG/ASB remains at the discretion of individual operators as well as (ii) drivers and staff who deal directly with the travelling public or with issues related to the travelling public not trained on “disability-assistance”. No intervention will lead to continued variability in provision across the country and is unlikely to address the issue of rising VAWG and ASB on the bus network. It will also mean that drivers and staff who deal directly with the travelling public or with issues related to the travelling public will not be informed of the needs and experiences of disabled passengers.
- Option 2: do minimum –encourage bus operators to (i) provide training for staff in the bus industry on VAWG and ASB and (ii) for drivers and staff who deal directly with the travelling public or with issues related to the travelling public to undertake “disability-assistance” training. ‘Do minimum’ would result in variability of provision across the country and mean that drivers and staff who deal directly with the travelling public or with issues related to the travelling public will not be informed of the needs and experiences of disabled passengers. It may not be sufficient incentive to encourage operators to act and therefore not meet the policy objectives.
- The remaining options involved mandating training via legislation under different scenarios using combinations of the following criteria:
 - Who should be trained on VAWG and ASB:
 - Bus drivers only
 - Staff who deal directly with the travelling public (including drivers, station managers, ticket inspectors, contact centre staff etc.) or staff who deal with issues related to the travelling public (including back-office staff that interact with passengers (e.g. contact centres) or have a role that relates to or impacts on passengers and those who are key or senior managers)
 - All staff
 - How training should be developed
 - Open to the market to develop content with no government guidance
 - Content to be specified and developed in accordance with legislation
 - Content to be developed directly by the Department
 - Whether there is a requirement for bus operators to publicly report on both the proportion of staff that have undertaken VAWG/ASB training and the proportion that have undertaken disability-related training

Option	Who is trained	How training is developed	Is there a reporting requirement?
Option 3a	bus drivers only	market to develop training content	no
Option 3b	bus drivers only	market to develop training content	yes
Option 3c	bus drivers only	legal requirement on training content	no
Option 3d	bus drivers only	legal requirement on training content	yes
Option 3e	bus drivers only	content developed by DfT	no
Option 3f	bus drivers only	content developed by DfT	yes
Option 4a	staff who deal directly with the travelling public only	market to develop training content	no
Option 4b	staff who deal directly with the travelling public only	market to develop training content	yes
Option 4c	staff who deal directly with the travelling public only	legal requirement on training content	no
Option 4d	staff who deal directly with the travelling public only	legal requirement on training content	yes
Option 4e	staff who deal directly with the travelling public only	content developed by DfT	no
Option 4f	staff who deal directly with the travelling public only	content developed by DfT	yes
Option 5a	staff who deal directly with the travelling public and those who deal with issues related to the travelling public	market to develop training content	no
Option 5b	staff who deal directly with the travelling public and those who deal with issues related to the travelling public	market to develop training content	yes
Option 5c	staff who deal directly with the travelling public and those who deal with issues related to the travelling public	legal requirement on training content	no

Option 5d	staff who deal directly with the travelling public and those who deal with issues related to the travelling public	legal requirement on training content	yes (preferred option)
Option 5e	staff who deal directly with the travelling public and those who deal with issues related to the travelling public	content developed by DfT	no
Option 5f	staff who deal directly with the travelling public and those who deal with issues related to the travelling public	content developed by DfT	yes
Option 6a	all staff	market to develop training content	no
Option 6b	all staff	market to develop training content	yes
Option 6c	all staff	legal requirement on training content	no
Option 6d	all staff	legal requirement on training content	yes
Option 6e	all staff	content developed by DfT	no
Option 6f	all staff	content developed by DfT	yes

The criteria used to assess the options included:

Specific:

- Impact on capability of the bus industry to address VAWG and ASB on the network
- Impact on public confidence in the bus network

Measurable:

- Speed of implementation and attaining full compliance
- Ability to hold operators to account
- Ability to understand levels of compliance amongst operators

Attainable:

- Cost to the public sector
- Cost to operators

Relevant:

- Government's Safer Streets mission

Time-bound

- Five years, following the publication of the first statistics of the number of staff trained
- The Government has committed to halving VAWG within a decade and this measure is a key part of the Department's contribution to this goal.

Whilst it was acknowledged that the more staff who are trained will lead to greater overall capability within the bus sector, it was not considered cost effective, efficient or proportionate to pursue options that required all staff to undergo mandatory VAWG/ASB training. This would likely lead to delays in implementation and to operators reaching full compliance within the proposed five-year period. Options that focussed on a more targeted group of employees who would be in direct contact with passengers and the general public were therefore prioritised.

Although it is desirable to have a single source of training materials on VAWG/ASB to enable consistent delivery across operators and regions of England and Wales, this was not considered optimal for several reasons. Firstly, there would be an ongoing cost to the public purse to develop, maintain and update training resources. Secondly, the Department would need to bring in additional subject matter expertise to develop the training, either by recruiting new staff or by procuring external suppliers. Both would incur a cost and result in extended timeframes for delivery of the training and potentially delay implementation of the intervention. By contrast, opening development and delivery of the training up to the existing market was considered more cost effective and efficient. It is also important to recognise the diverse needs of the bus industry e.g. rural vs urban and therefore having one government-led training package may not be suitable. However, to ensure the content of the available

training is appropriate, comprehensive and consistent it is considered preferable to specify the content of ASB/VAWG training in regulations or guidance. Consequently, those options which included a legal requirement on training content were prioritised.

Options which included a requirement for operators to publicly report the number of staff who had undertaken training were considered more likely to enable government and the public to understand levels of compliance and to hold operators to account. These options were also deemed more likely to have a positive impact on public confidence. It is thought feasible to implement this requirement in a proportionate and cost-effective way that would minimise burden on operators.

Constraints and Dependencies

- The remit of the VAWG and ASB training legislation is England and Wales only and will require a grace period for all eligible staff to meet the requirements. A period of five years is being proposed to enable training to be developed and delivered to eligible staff.
- The remit of the publication of the take-up of VAWG and ASB training is England and Wales only. A period of five years is being proposed to enable training to be developed and delivered to eligible staff.
- The remit of the disability-related training is GB-wide and will require a grace period for all eligible staff to meet the requirements. A period of five years is being proposed to enable training to be developed and delivered to eligible staff.
- The remit of the publication of the take-up of disability-related training is GB-wide. A period of five years is being proposed to enable training to be developed and delivered to eligible staff.
- Training material that is aligned to the overarching themes contained in the Bill is required for staff to meet the requirements.

Place Based, Equalities, and/or Distributional objectives

- The legislation for the VAWG and ASB training and the take-up of this training will be applicable across England and Wales. The legislation on “disability-assistance” training and the publication of the take-up of disability-related training is GB-wide. Bus drivers are required to undertake training to enter the profession and to engage in continuous professional development throughout their career. They are required to complete a minimum of 35 hours of periodic training every five years to retain the DCPC. As the VAWG/ASB training can be included in the DCPC curriculum there is not expected to be a large additional financial impact to bus operators from the introduction of this training requirement, either through driver-time lost, or from fees paid for training packages. It is also assumed that “disability-assistance” training can be included in the DCPC curriculum, therefore having minimal additional financial impact to bus operators.
- The cost of developing the new training on VAWG/ASB will fall to the market, but this is expected to be recouped through fees charged for delivering the training.
- It is assumed that non-driver staff will also be required to undertake learning and development activities as part of business as usual. As VAWG/ASB may be a new subject area there may be a cost to bus operators to purchase relevant training. It is likely that the training developed for bus drivers can be repurposed and/or adapted for non-driver audiences thus keeping costs down.

Critical Success Factors (CSFs)

- All staff are trained to recognise and know how to respond to VAWG and ASB incidents
- Bus operators are held to account where their staff are not trained through the publication of data on the uptake of training on VAWG/ASB and disability-related matters.

Unquantifiable and non-monetisable factors

- Confidence in the bus network as passengers feel safer for the preferred option
- Confidence in the employer as staff feel safer for the preferred option
- Without the preferred option, confidence in the bus network may stay the same or decrease as passengers and staff do not feel safe and therefore minimise or avoid using buses or do not consider it as a viable/sustainable career option.

The following options have been taken forward for appraisal during shortlisting. HMTs options framework filter was consulted to help develop the shortlist based on how well each option met objectives. For reasons already noted, the preferred option has been deemed the most appropriate, cost effective, efficient and proportionate policy option.

- 1) **Do minimum** – non-legislative option. Operators are strongly encouraged to ensure their staff, including drivers and those who deal directly with the travelling public or with issues related to the travelling public, undertake VAWG, ASB and “disability-assistance” training every five years. At present, there is no training that is specifically catered to VAWG/ASB under the DCPC.
- 2) **Preferred option** – staff, including drivers and those who deal directly with the travelling public or with issues related to the travelling public, are required to do training specified and developed in accordance with legislation every five years with a reporting requirement for operators.
- 3) **More ambitious** – all staff are required to do training specified and developed in accordance with legislation every five years with a reporting requirement for operators.
- 4) **Less ambitious** – staff, including drivers, who deal directly with the travelling public are required to do training specified and developed in accordance with legislation every five years with a reporting requirement for operators.

Summary and preferred option with description of implementation plan

The preferred option will be delivered through primary legislation. Supplementary information on training content will be provided through guidance. The arrangements will come into effect once the Bus Services Bill is enacted. There will be a five-year transitional

period to enable bus operators to familiarise themselves with the requirement and fully comply. This will also enable the market to develop relevant training materials.

Part of the effort to tackle VAWG and ASB is to promote a widespread culture where these behaviours are recognised and called out by others. The introduction of mandatory VAWG and ASB training for staff, including drivers and those who deal directly with the travelling public or with issues related to the travelling public, will start to build that culture. It will enable and empower bus staff to recognise incidents of VAWG and ASB, intervene when appropriate and possible, report incidents witnessed, and signpost victims to relevant support services. Having trained staff who can deal with challenging situations that impact on passenger of safety will enable passengers to feel safer and be safer on when travelling on buses. Through being trained on “disability-assistance” in addition to “disability-awareness”, bus drivers and staff who deal directly with the travelling public or with issues related to the travelling public, will be informed of the needs and experiences of disabled passengers.

Including a requirement for bus operators to publicly report of the number of staff who have undertaken VAWG/ASB, and disability-related training will increase the accountability of bus operators and enable government to understand levels of compliance. This could also increase passenger confidence in the industry by demonstrating a commitment to upholding passenger safety and improving travel experience.

Traffic Commissioners will have the power to issue a financial penalty in the case of non-compliance.

There is no option for experimentation or trialling. However, whilst the primary legislation will outline the overarching themes that training on VAWG and ASB will need to cover, there will be flexibility in the actual content of the training material so that it can be tailored to suit local needs.

NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

The shortlisted options that have been taken forward for appraisal following use of the HMT options framework filter and objectives filtering are listed below and presented in the appraisal summary table:

- 1) **Do minimum** – non-legislative option. Operators are strongly encouraged to ensure their staff, including drivers and those who deal directly with the travelling public or with issues related to the travelling public, undertake VAWG, ASB and “disability-assistance” training every five years.
- 2) **Preferred option** – staff, including drivers and those who deal directly with the travelling public or with issues related to the travelling public, are required to do training specified and developed in accordance with legislation every five years with a reporting requirement for operators.

- 3) **More ambitious** – all staff are required to do training specified and developed in accordance with legislation every five years with a reporting requirement for operators.
- 4) **Less ambitious** – staff, including drivers, who deal directly with the travelling public are required to do training specified and developed in accordance with legislation every five years with a reporting requirement for operators.

Appraisal Summary Table **Price base year: 2024** **Present Value base year: 2025** **10-year appraisal period**

	1. Do-minimum	2. Preferred option	3. More ambitious	4. Less ambitious
Net present social value	-£11.1m (Central) -£0.4m (Low) -£16.4m (High)	-£22.6m (Central) -£1.2m (Low) -£33.2m (High)	-£25.0m (Central) -£1.3m (Low) -£36.9m (High)	-£22.1m (Central) -£1.2m (Low) -£32.6m (High)
Public sector financial costs	No costs to public sector. Cost burden on operators, even under franchised bus system	No direct costs to the public sector. Cost burden on operators, even under franchised bus system. However, if the measure leads to more criminal incidents being reported then this will come at a cost to the justice system.	No direct costs to the public sector. Cost burden on operators, even under franchised bus system. However, if the measure leads to more criminal incidents being reported then this will come at a cost to the justice system	No direct costs to the public sector. Cost burden on operators, even under franchised bus system. However, if the measure leads to more criminal incidents being reported then this will come at a cost to the justice system
Significant un-quantified benefits and costs	Expected to have similar types of impacts as the preferred option, with a significantly lower impact which varies across areas and bus operators. Impacts of the preferred option are explained in greater detail in the costs	These, and further impacts, will be explained in greater detail in the costs and benefits to businesses calculations with a scale. Costs & Benefits: -Improved perceptions of safety for staff and passengers	Expected to have similar types of impacts as the preferred option, but to a slightly greater extent. Impacts of the preferred option are explained in greater detail in costs and benefits to businesses calculations.	Expected to have similar types of impacts as the preferred option, with a slightly lower impact. Impacts of the preferred option are explained in greater detail in costs and benefits to businesses calculations.

	and benefits to businesses calculations.	-Reduction in crimes on the bus network -Increased patronage -Revenue benefit for operators & options benefits for households -Benefits from mode shift e.g. cheaper than alternative modes of transport so cost savings for households, and environmental benefits.		
Key risks	No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.	As primary legislation, the costs and benefits are uncertain until introduced through further guidance and policy development. No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.	As primary legislation, the costs and benefits are uncertain until introduced through further guidance and policy development. No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.	As primary legislation, the costs and benefits are uncertain until introduced through further guidance and policy development. No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.
Results of sensitivity analysis	Central, high and low-cost estimates have been produced for uncertain inputs / assumptions. These have been used to run central, high and low scenarios for each option. NPSV: -£11.1m (Central)	Central, high and low-cost estimates have been produced for uncertain inputs / assumptions. These have been used to run central, high and low scenarios for each option. NPSV: -£22.6m (Central)	Central, high and low-cost estimates have been produced for uncertain inputs / assumptions. These have been used to run central, high and low scenarios for each option. NPSV: -£25.0m (Central)	Central, high and low-cost estimates have been produced for uncertain inputs / assumptions. These have been used to run central, high and low scenarios for each option. NPSV: -£22.1m (Central)

	<p>-£0.4m (Low)</p> <p>-£16.4m (High)</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> - Number of additional hours of VAWG training - Number of additional hours of Disability-related training - Therefore, different assumptions for training costs were used when training lengths changed 	<p>-£1.2m (Low)</p> <p>-£33.2m (High)</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> - Number of additional hours of VAWG training - Number of additional hours of Disability-related training - Therefore, different assumptions for training costs were used when training lengths changed 	<p>-£1.3m (Low)</p> <p>-£36.9m (High)</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> - Number of additional hours of VAWG training - Number of additional hours of Disability-related training - Therefore, different assumptions for training costs were used when training lengths changed 	<p>-£1.2m (Low)</p> <p>-£32.6m (High)</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> - Number of additional hours of VAWG training - Number of additional hours of Disability-related training - Therefore, different assumptions for training costs were used when training lengths changed
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0. Business as usual (baseline) – Do nothing

Business as usual is the baseline against which the cost and benefits of other options are assessed. Under this option there would remain no requirement for mandatory training on VAWG and ASB and “disability-assistance” for drivers and those who deal directly with the travelling public or with issues related to the travelling public, in the bus industry. There will be a continued lack of knowledge for staff on how to identify and respond to acts of VAWG and ASB encountered on the bus network. Introduction of training to address this and upskill the bus workforce would be at the discretion of individual operators and there would be inconsistent provision across the country and therefore inconsistent passenger experience. Current levels of training in personal safety will continue to be unmonitored. Bus operators would continue to not monitor how many staff do mandatory disability-related training.

Currently VAWG/ASB and disability-assistance training is not required but some may exist. Due to constraints, we assume that no bus staff already do this training in the baseline/do-nothing. The aim of this policy is to formalise the requirements for relevant staff to be trained in these areas, whilst leaving it down to industry to determine exactly what this will contain as they are closer to the problem and should know best. Therefore, there are no costs or benefits under in this option and it is the baseline against which other options are appraised.

Options analysis

Unless stated, assumptions and scenarios tested under each shortlisted option are the same as those described under the preferred option (detailed in costs and benefits to businesses calculations and risks and assumptions). For all options, the remit of the VAWG and ASB training legislation and the publication of take-up is England and Wales only. The remit of the disability-related training and publication of take-up is GB-wide.

The policy around disability-related training and enforcing reporting of this training is already mandated under retained EU law and is distinguished under two categories: “disability-awareness” and “disability-assistance” and has remained constant across all legislative options. Therefore costs, non-monetised benefits and assumptions of this part of the measure remain constant across options 2-4.

Bus statistics data shows that the majority of local bus operators already require on board staff to undertake “disability-awareness” training in Great Britain (96.0% in 2023). There will only be additional training time and admin costs for those that are currently non-compliant and costs from time taken to report and publish information across all legislative shortlisted options for this. There will also be costs for the additional senior managers and administrative staff who deal with the travelling public now doing disability-related training under all options. “Disability-assistance” training is assumed to be a new training course that will now be mandated for staff, including drivers and those who deal directly with the travelling public or with issues related to the travelling public. Therefore training, time, admin and reporting costs for this training will be additional for all staff under scope across all options.

Several short-listed options regarding how the policy objectives for the VAWG/ASB training measure could be met have been analysed. The same impact categories have been monetised for each shortlisted option. There are several unmonetised costs and benefits to businesses and households for each policy option that are either indirect or it hasn't been

possible to monetise. Their likely scale and impact have been described in more detail within the costs and benefits to businesses calculations.

Monetised costs

1. Costs to operators of additional training courses
2. Costs to operators of staff time spent doing additional training
3. Administrative, familiarisation and reporting costs to operators

Monetised benefits

None. It was not possible to monetise any of the benefits for three reasons.

4. They are too difficult to attribute to the measure.
5. There is not appropriate data available.
6. It was not deemed proportionate – the level of uncertainty would lead to the analysis producing an extremely large range. This range would be too large to be informative for the purpose of this analysis.

1. Do minimum option

This option would be a non-legislative approach to improving knowledge and awareness of issues around VAWG, ASB and “disability-assistance”, whilst keeping existing legislation and statutory guidance the same. Bus operators would be encouraged to ensure their staff including drivers and those who deal directly with the travelling public or with issues related to the travelling public, do training on these topics, but this will not be mandated. Bus operators would continue to have flexibility around the training their drivers and those who deal directly with the travelling public do. However, they would be strongly encouraged to prioritise VAWG, ASB and “disability-assistance” training and told the importance of doing so – to enable their staff to be better informed and empowered to address personal safety and accessibility issues encountered on the bus network. The uptake rate of training is likely to be considerably lower under this option, therefore creating less benefits and not meeting the policy objectives in comparison to the greater effectiveness of any legislative options.

Differing assumptions from the preferred option in the core scenario of this option:

- a. Only 50% of staff including drivers and those who deal directly with the travelling public would do the additional VAWG, ASB and disability-assistance training rather than the assumption of 100% compliance under the mandated preferred scenario.
- b. The familiarisation and admin costs would be lower per member of staff doing training as reporting would not be mandated. 10 minutes of admin and familiarisation time per member of staff doing each training course have been assumed. This comes at a cost to operators every 5 years when staff undertake training.

2. Preferred way forward

Require training for staff on VAWG, ASB and “disability-assistance” including drivers and those who deal directly with the travelling public or with issues related to the travelling

public and specify in guidance/regulation who is mandated to undertake the training (station managers, ticket inspectors, contact centre staff and key or senior managers). The proposed approach aims to mandate training on how to recognise and respond to incidences of VAWG and ASB, whilst also being informed of the needs and experiences of disabled passengers on buses, for drivers and other staff. The legislation will also mandate operators to publish how many staff undertake VAWG and ASB training and the number that undertake disability-related training which covers both “disability-assistance”, and “disability-awareness” training as outlined in retained EU law.

The remit of the legislation for the VAWG and ASB training and the publication of the take-up of this training will be applicable across England and Wales. The remit of the legislation on disability-related training and the publication of the take-up of this training is GB-wide. The measures will include a grace period (5 years) for all eligible staff to meet the requirements. Traffic Commissioners will have the power to issue a financial penalty in the case of non-compliance.

Bus drivers already must complete 35 hours of DCPC training every five years to register as fit to drive a bus. This training could be completed as part of their regular training programmes or be additional. At this time, how operators will decide that their staff do the training and how they will find time for their staff to do additional training is uncertain. For the non-driver staff that will be mandated to do training, it is assumed that they undertake regular continuous professional development as part of business as usual. However, this training will likely be at an additional time and cost burden so there may be further impacts on businesses in paying for training on a novel subject.

The core assumptions for the preferred option are summarised in detail in the costs and benefits to business calculations and risks and assumptions sections including scenario analysis.

3. Most ambitious

The most ambitious viable shortlisted option is to require all staff, including those who do not deal directly with issues related to the travelling public, to be mandated to do VAWG and ASB training every five years as well as reporting data on compliance of this. This option comes at the greatest cost due to all staff being required to do the training. However, there would likely be little additional benefit to households and bus users compared to the preferred option. This is because under the preferred option, all staff including drivers and those who deal directly with the travelling public or with issues related to the travelling public, would be doing the training already where the majority of the benefits will be seen. The addition of other staff will not have as large of a marginal benefit compared to the marginal cost.

Differing assumptions:

1. All staff employed by bus operators come under scope of VAWG and ASB training.⁶⁶

4. Least ambitious

⁶⁶ All category of table BUS07a Bus statistics 2023. Median wage calculated using median all occupations gross weekly earnings 2023 table BUS07di divided by median all occupations hours worked per week 2023 table BUS07e

The least ambitious shortlisted option is a variation of the preferred option. Under this option only staff who deal directly with the travelling public are required to do training specified and developed in accordance with legislation every five years with a reporting requirement for operators. This results in lower costs to operators than the preferred and may be especially beneficial to SMBs. However, the benefits will likely be much lower as staff who deal with issues related to the travelling public would not receive the training. If these staff do not do the training, they will not be as informed on the topic or know the latest developments in the subject area. This may reduce passengers' safety perceptions and mean the measure is less impactful at reducing VAWG and ASB and improving personal safety and perceptions of safety.

Differing assumptions

1. Only staff who deal directly with the travelling public under scope – 2023 platform staff category in bus statistics used.

Costs and benefits to business calculations

Analysis has been conducted to understand the likely impact on businesses of each shortlisted option. The results of this are shown in the analysis summary table in the NPSV section. All assumptions of the preferred option are explained in detail in the risks and assumptions section.

Monetised costs

Overall direct costs to businesses have been quantitatively calculated by summing three direct cost components resulting from the policy and primary legislation.

Total cost to businesses =

- total additional training costs (for VAWG/ASB and disability-related training)
- + cost of additional staff hours spent doing training (VAWG/ASB and disability-related)
- + admin, familiarisation and reporting costs for the operators to abide by the new requirements per staff member doing additional training.

Cost calculation methodology

The method below summarises the analytical approach for the preferred option. Other short-listed options build on this method and the differing assumptions have been noted in the NPSV section.

Costs have been assumed to begin from 2025 – though noting the five-year enforcement grace period. As staff are likely to do this training within or in addition to their business-as-usual training programmes, it is assumed that costs will begin from year one (2025) and that 20% of people will do the training each year, repeating after five years.

The total number of platform staff⁶⁷ employed by local bus operators is the best proxy for the staff dealing directly with the travelling public who will be mandated to complete training. The staff dealing with issues related to travelling public who will be in scope are most likely to be administration and managerial staff. Without clear numbers of staff included under this definition, assumptions have been made to calculate the likely number of staff in scope. The current best proxy to account for this is 10% of the administration staff category from bus statistics and another 10% of those classed under the all other occupations category, as this will include the managerial staff who deal with issues relating to the travelling public.

As local bus operator employee numbers are for Great Britain. Staff numbers have been factored down to only account for England and Wales for the VAWG/ASB training using the proportion of staff employed by local bus operators in England and Wales, 89%.⁶⁸ Whilst the disability-related training will be GB wide.

VAWG/ASB training	
Staff who deal directly with the public under scope of training	72,951
Total ⁶⁹ number of staff who deal with issues related to the travelling public under scope of training	2,656
~ Admin staff who deal with issues related to the travelling public under scope of training	845
~ Managerial staff who deal with issues related to the travelling public under scope of training	1,811
Total staff in scope of VAWG/ASB and disability-related training	75,606
Disability related training	
Staff who deal directly with the public under scope of training	82,129
Total number of staff who deal with issues related to the travelling public under scope of training	2,990
~ Admin staff who deal with issues related to the travelling public under scope of training	951
~ Managerial staff who deal with issues related to the travelling public under scope of training	2,039
Total staff in scope of VAWG/ASB and disability-related training	85,118
Staff who deal directly with the public under scope of training	69,767
Total number of staff who deal with issues related to the travelling public under scope of training	2,540
~ Admin staff who deal with issues related to the travelling public under scope of training	808
~ Managerial staff who deal with issues related to the travelling public under scope of training	1,732

⁶⁷ This category is mainly bus drivers, but there may be a small number of other on-board staff included, e.g. conductors.

⁶⁸ Bus Statistics Table BUS07b 2023

⁶⁹ Values may not sum exactly

Total staff in scope of VAWG/ASB and disability-related training	72,307
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Numbers of staff under scope, presented in the table above, have been assumed to remain constant over the 10-year appraisal period. This is a simplified assumption in absence of evidence to suggest staff numbers are certain to increase or decrease over the next 10 years.

As VAWG/ASB and disability assistance training are new topics and there are no instances where we are aware that bus operators already enforce this training, it has been assumed that 0% of the staff in scope already do this training. The policy will also enforce reporting of disability-related training, this in turn will ensure that those who do not complete the training now do. Bus statistics states that 96% of local bus operators require on-board staff to do “disability-awareness” training.⁷⁰ It has been assumed that this legislation will uplift the current levels for VAWG, ASB and disability-related training from 0% and 96%% to 100%.

The Traffic Commissioners will have the power to issues a financial penalty in the case of non-compliance, it has been assumed that all operators will comply. For any operators that do not comply, they would not have the training costs, time costs and admin, reporting and familiarisation costs. However, this would be replaced by a financial penalty of £550. The impact of this has not been included within the analysis as full compliance is assumed.

When calculating the cost of time spent by staff, including drivers and those who deal directly with the travelling public, doing additional training rather than their regular roles, the median wage of bus and coach drivers⁷¹ has been used. Bus drivers will be the largest occupation of staff within this category doing training. Without more detailed splits of staff numbers and professions in the source data this has been deemed proportionate.

Staff who deal with issues related to the travelling public will be largely made up of two occupations: administrative and managerial staff. To calculate the opportunity cost impacts to operators of the additional time they will be spending doing training, median wage for all administrative occupations and managers directors and senior officials median wage have been used.

All median wages used in calculation have been uplifted using a non-wage labour uplift and uplifted to 2024 values using the GDP deflator.

Hours of training: operators will be able to decide how their staff do the training, what course they do and the length of it. Without knowing how each operator will decide to conduct the training for their staff, a low, central and high scenario for length and cost of training for those who do not already complete it has been undertaken.

- 1) Low – Zero hours of additional training every 5 years.
 - a. Under this scenario, all mandated staff will complete the training as part of their BAU training programmes.

⁷⁰ Table BUS07g 2023

⁷¹ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14> Table 14.6a

- b. For bus drivers this could be as part of their DVSA mandated DCPC 35 hours and for other staff it will be incorporated within or replace regular training modules they complete.
- c. There will be no additional costs under this scenario of training courses or time spent doing additional training as this will already be accounted for in current training plans.
- d. There will only be admin, familiarisation and reporting costs to operators under this scenario.

2) Central - additional training types will each take 2 hours every 5 years.

- a. 2 hours of VAWG/ASB training.
- b. 2 hours of each “disability-related” training for those who do not already complete it.
- c. Costs: Additional training costs, opportunity costs of the additional time spent training and admin, familiarisation and reporting costs to operators.

3) High – additional training types will each take 3 hours every 5 years.

- a. 3 hours of VAWG/ASB training.
- b. 3 hours of each “disability-related” training for those who do not already complete it.
- c. Costs: Additional training costs, opportunity costs of the additional time spent training and admin, familiarisation and reporting costs to operators.

Training costs: it will be the choice of operators to decide how their staff do the training, which training provider they use or whether they develop training in-house. Developing training in-house may be preferable for larger bus operators, many of whom already develop and deliver DCPC training themselves. As a simplifying assumption, it has been assumed that each training course and topic will cost £20 per person per hour based on the cost of similar training courses.

There will be admin/familiarisation/reporting costs associated with this measure.

- It is assumed that this work will only require the time of one administration worker for each training course and person doing the training (wage taken from average of all administration occupations⁷² inflated to 2024 prices using GDP deflator and added non-wage labour uplift).
- It has been assumed that it will only take 15 minutes per worker to do this admin e.g. signing staff up to training course and then reporting data on compliance.

The costs for the low, central and high preferred scenario in year 1 are presented in the table below.

Preferred option Year 1 - 2025 costs	Low	Central	High
Staff in scope of each training type			

⁷² Office National Statistics Annual Survey of Hours and Earning Table 14.6a Hourly pay - Excluding overtime

Platform staff (mainly drivers) not currently doing VAWG/ASB training	72,951	72,951	72,951
Admin staff not currently doing VAWG/ASB training	845	845	845
Managerial staff not currently doing VAWG/ASB	1,811	1,811	1,811
Platform staff (mainly drivers) not currently doing disability assistance training	82,129	82,129	82,129
Admin staff not currently doing either disability training	951	951	951
Managerial staff not currently doing either disability training	2,039	2,039	2,039
Platform staff not currently doing disability awareness training	3,262	3,262	3,262
Training costs			
VAWG/ASB	£ -	£604,851	£907,277
Disability awareness	£ -	£50,014	£75,021
Disability assistance	£ -	£680,945	£1,021,418
Total	£ -	£1,335,810	£2,003,715
Cost of additional hours doing training			
VAWG/ASB training time cost	£ -	£514,731	£772,096
Disability awareness training time costs	£ -	£51,593	£77,390
Disability assistance training time costs	£ -	£579,487	£869,231
Total	£ -	£1,145,811	£1,718,716
Admin/familiarisation/reporting costs			
VAWG	£62,712	£62,712	£62,712
Disability awareness	£5,186	£5,186	£5,186
Disability assistance	£70,602	£70,602	£70,602
Total	£138,499	£138,499	£138,499
Total business costs (year 1)			
	£138,499	£2,620,120	£3,860,931

Monetised costs are the same in each year, therefore total monetised costs are 10 times that in year 1. The total monetised costs (PV, discounted) are presented below for the preferred option:

Total Cost (2024 prices, 2025 base year):					
Low:	-£1.2m	Central:	-£22.6m	High:	-£33.2m
Direct cost to business (Equivalent Annual):					
Costs:	£2.6m	Benefits:	£0.0m	Net:	-£2.6m

Unmonetised costs

Costs of creating training: larger operators may decide it's more economical to create their own in-house training bespoke to them. Therefore, replacing the assumed costs in our analysis of paying for training from private providers with the costs of developing their own training courses. Which route operators will take to provide training to their staff is unknown as there will be flexibility in this.

Assuming training recommends staff spend time on tasks they don't currently do (e.g. intervening, reporting) then the resource and opportunity cost of doing this additional work will come at a cost to operators.

As the Traffic Commissioners will have the power to issues a financial penalty in the case of non-compliance, any fines resulting from non-compliance would come at a cost to operators. This cost would be indirect as full compliance should be assumed.⁷³

Bus operators may decide its beneficial for additional staff to complete this training on top of those being mandating. This is unknown and would be indirect as it is not a direct result of the measure but instead the result of their own decision making.

Monetised Benefits:

None. It was not possible to monetise any of the benefits for three reasons.

1. They are too difficult to attribute to the measure
2. The appropriate data is not available.
3. It was not deemed proportionate – the level of uncertainty would lead to the analysis producing an extremely large range. This range would be too large to be informative for the purpose of this analysis.

Benefits will also vary based on the quality of training that is promoted and what actions and protocols training recommends. Training content will not be prescriptive and instead will be up to the market to provide so impacts may also vary based on training provider, courses and content.

⁷³ [RPC case histories - December 2016 volume.pdf \(publishing.service.gov.uk\)](#)

Unmonetised benefits

The scale of these benefits is unknown. They have not been monetised due to many factors including data availability. Also, the benefit, namely increased perceptions of safety, may only be realised if this measure is publicised and recognised as part of a broader cultural shift, making it hard to attribute changes to this measure alone.

Improved perceptions of safety for both staff and passengers, potentially increases patronage especially at night, therefore creating higher revenue. The measure may create a greater deterrence of crime on the bus network, leading to lower incidence and a safer environment for both staff and passengers.

There could be staff confidence and retention benefits if this training allows staff to feel more confident, informed and looked after by their employer, enhancing their ability to manage disruptions and assist disabled users. This may lead to better staff retention and could make the bus industry more appealing to potential employees. If operators ensure training is of high quality, this demonstrates that operators care about passenger and staff safety, improving organisational culture and potentially leading to a more diverse workforce. Following the training, staff may feel empowered to take action (e.g. removing disruptive passengers). This improves their sense of control over their work environment and makes them better informed of the needs and experiences of vulnerable or disabled passengers.

Unintended consequences

There are potential risks and consequences to businesses because of the policy. The extent to which these could happen is unknown, but they could come at a cost to businesses.

Recruitment & Retention Issues: Additional training may deter potential employees from seeing working in buses as a good career, affecting staffing in an already short-staffed sector. Additional training may discourage new recruits and be seen as irrelevant by experienced drivers.

Unintended Training Substitutions: Operators might replace non-mandated, but important, training with mandated ones, potentially lowering overall training quality.

False Crime Perception: More crime reports may create the false impression of increased crime, negatively affecting public transport usage. Higher reporting and convictions could increase costs for the justice system. We are currently considering the need for a Justice Impact Assessment and are in discussions with the Ministry of Justice on this.

Training Engagement Issues: Despite mandates, some operators may not engage properly with the training, harming its effectiveness and benefits.

Driver Constraints: Drivers' ability to respond to incidents is limited, leaving them feeling underprepared and with increased responsibilities without additional support or power to act. Staff and passengers may expect investigations and prosecutions and improved assistance for disabled passengers, which might not always be realistic or possible and this increased awareness without the ability to act may demotivate drivers.

Low-Quality Training: Operators might cut corners to minimise costs, resulting in poor-quality training.

Public Perception of Bus Safety: Concerns that the measures could unintentionally highlight bus safety issues, discouraging use.

Impact on small, micro and medium businesses

According to ONS data on UK business counts (2023)⁷⁴, there are 1,130 small, micro and medium bus operators in England and Wales (likely to be in scope of the VAWG/ASB training) out of 1080 total operators. Then a further 125 small, micro and medium bus operators in Scotland in scope of the disability related training. Whilst small and micro-operators make of the largest proportion of bus companies, their market share is much lower as the largest operators have a market share of ~80%.

The policy objective is to ensure that staff, including drivers and those who deal directly with the travelling public or with issues related to the travelling public, undergo training on VAWG, ASB and “disability-assistance”. Expected benefits of this measure are largely focussed on the reduced risk and perceptions of safety relating to women and girls being harmed on buses and improved understanding of disabled passenger experience, as well as potential benefits from users shifting their transport mode to buses.

This measure is expected to disproportionately impact SMBs. They are less likely to create in-house training programmes and more likely to pay external providers to deliver their training. Any additional training is likely to come at a greater cost to SMBs as they will not benefit from bulk purchase discounts and the economies of scale when purchasing large quantities of training courses, which large operators will likely enjoy. The admin, familiarisation and reporting cost per person doing training may also be greater for SMBs as this administration time may work out higher per person doing training in smaller businesses than larger.

Exempting SMBs would lead to a large proportion of the intended benefits from the regulation not being realised. Therefore, exempting SMBs would significantly reduce the uptake in drivers doing additional training and upskilling on the topic, reducing the benefits heavily. Having a consistent approach to training across operators is important to make sure that passengers receive a consistent service, regardless of who they are travelling with or where in the country they are travelling. Exemption of small, micro and medium businesses could also disadvantage these staff members if they want to change role and go to a larger operator but have not done the training. Exemption would not meet the policy objective; therefore, it has not been deemed suitable.

After careful consideration, neither exemption nor mitigation were deemed suitable. It is anticipated that all drivers and staff who deal directly with the travelling public or with issues related to the travelling public, will already be doing training as part of their regular continuous professional development. Therefore, the addition of VAWG, ASB and “disability-assistance” training should not come at a large burden. The burden is already

⁷⁴ UK Business Counts - enterprises by industry and employment size band. Industry = 49319 : Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground, metro and similar systems. Value may include a small number of coach operators and other transport operators outside of scope of the training.

mitigated though operators having the flexibility to decide the length and content of any additional VAWG and ASB training their staff do. It is assumed that “disability-assistance” training may be made available through the DCPC for drivers and therefore is not expected to add to the administrative or financial burden that is already in place for the DCPC. A five-year grace period will also be in place, which already mitigates the burden as SMBs have time to familiarise themselves with the legislation and plan and build this training into their work plans.

Costs and benefits to households’ calculations

As primary legislation, the costs and benefits of this measure are uncertain until further guidance and policy development is complete. For a number of reasons previously mentioned, it has not been possible to monetise the benefits to either household or businesses of this measure. Instead, a qualitative assessment of the likely impacts has been undertaken.

Costs

There are no direct costs to households from the preferred as it imposes a direct cost to businesses to pay for, organise and report the training and additional time of their staff doing training.

A potential way this measure could impose a cost on households is if the operators were to pass through costs into higher fares or worse bus services for passengers to finance training. This is highly unlikely, as the increase in costs would likely be negligible as a proportion of bus operators’ cost base. The latest Confederation of Passenger Transport Survey (2024) report⁷⁵ suggests that a combination of labour, fuel and overheads costs make up 86.6% of bus operators’ costs. This measure should not significantly impact any of these costs as the burden of this measure on businesses is not large or disproportionate to its aims and intended benefits. Therefore, it this measure is expected to lead to a minimal impact on overall bus operating costs. It is expected that a minimal increase in operators’ costs will not lead to any fare increases or worsening of services (reduced frequency/punctuality) and therefore no costs to households are expected from this measure.

Unmonetised benefits

Increased perceptions of safety and reduced risk of women and girls being harmed on buses

The proposed approach aims to mandate training on how to recognise and respond to incidences of violence against women and girls and anti-social behaviour on buses for drivers and staff who deal directly with the travelling public, as well as increase training and capability through disability assistance training.

Under the counterfactual, many drivers and staff who deal directly with the travelling public are uninformed on the issue and do not know how to properly spot, act and react to incidences of VAWG and ASB, or how to best support disabled passengers. This measure would see such staff have the appropriate training and upskilling. In turn this may contribute

⁷⁵ [CPT Cost Monitor \(cpt-uk.org\)](https://cpt-uk.org/)

to the wider aim of stopping and preventing acts of harm being committed against on transport, representing a benefit to society.

There is no sole reporting mechanism for incidences of crime and non-criminal incidences on buses, though stakeholders report that this is an increasing problem. Therefore, the scale of the benefits from this option is unknown.

The Home Office economic and social costs of crime report⁷⁶ aims to estimate and understand the wider costs and benefits associated with changes in the number of crimes. Only criminal incidences have been monetised within this report. VAWG and ASB training is likely to have its largest impacts on non-criminal incidents, including anti-social behaviour, which are likely to have lower unit cost impacts, but are much more prevalent. However, the values in the table below⁷⁷ show that the benefit for each prevented crime of this type is high. If this measure could play a hand in preventing even a small number of crimes on the bus network, the economic and social benefits would likely be high.

Figure 9: Estimated costs of different types of crime

Crimes	Unit costs
<i>Individual</i>	
Homicide	£3,217,740
Violence with Injury	£14,050
Violence without Injury	£5,930
Rape	£39,360
Other sexual offences	£6,520
Robbery	£11,320

We have not monetised this benefit as we do not believe it would be possible to attribute any reduction in crimes against women and girls on buses directly to this measure. Furthermore, we do not have the appropriate data to be able to do so as crimes on buses are not recorded in a standardised way (i.e. robust statistical publication). However, the unit costs give good illustrative example of the potential benefits of this measure from any potential reduction in crimes on the bus network.

Benefits from mode shift and increased patronage

This policy is part of a large scheme and behaviour change on the topic. Women and girls and those who feel less safe on the bus (for whatever reason) may shift their transport mode to bus or take journeys by bus that they would otherwise have not taken if their perceptions of the safety of buses improve. Various benefits to households are expected to arise.

⁷⁶ [The economic and social costs of crime \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁷⁷ Unit costs are reported in 2015/16 prices

If households become aware of bus drivers being mandated to have training on preventing and responding to VAWG and ASB, and on disability assistance, it could increase their confidence in using bus services. This could be especially beneficial for nighttime journeys and leisure trips, or any trips made by disabled people. Also, any safety improvement for one social group is likely to benefit all. This could have various benefits:

- If households shift from travelling by less environmentally friendly transport modes (i.e. car) to bus, there could be environmental benefits.
- If households shift from more expensive modes of transport, there could be a cost saving to households.

This is an indirect benefit as the shift in demand is not immediate or directly attributable to the measure. It depends on:

- Current attitudes towards the bus.
- Whether households become aware of the measure and that have been upskilled and trained appropriately on VAWG & ASB and disability-related topics.
- How attractive an option the bus becomes compared to other transport modes.
- Which transport modes households would shift their travel from.

We would expect the scale of this benefit to be small. It is unlikely that households would become aware of the change in policy and that the knowledge of staff who deal directly with the travelling public have done additional training would be significant to influence their trip making decisions. The same logic applies to the addition of “disability-assistance” training. If staff are better trained on supporting disabled users, this may improve their transport experience and increase their travel on this mode but the extent to this benefit being realised is uncertain.

As before, we have not monetised these benefits as it is not possible to attribute these benefits directly to the measure – there are lots of factors that determine whether women, girls and disabled users get the bus and their perceptions of buses vs other modes.

Monitoring and evaluation of preferred option

The approach to evaluating this legislation will be considered as part of a wider monitoring and evaluation plan for the Bill. A five-year exemption period is proposed for this policy to allow enough time for stakeholders to familiarise, implement and fully comply with the legislation, therefore, a full assessment of the success of the policy is unlikely to be possible ahead of this time. However, monitoring and evaluation of the policy may commence ahead of this date, for example collecting baseline data where appropriate, undertaking process evaluation to share lessons learned to support ongoing implementation, and monitoring outputs and outcomes amongst early adopters. Depending on speed of adoption of the training, further review beyond the five years may be necessary to robustly assess the outcomes and impact of the measure.

Circumstances which could trigger earlier review of the policy measure include feedback from stakeholders or initial evaluation activities that identify significant barriers or blockers to implementation.

Summary of intervention including objectives and intended outcomes

This measure will set requirements for mandatory training for staff including drivers and those who deal directly with the travelling public or with issues related to the travelling public. This training will be on preventing and/or responding to incidents of violence against women and girls as well as anti-social behaviour incidents that potentially affect the personal safety of any passenger, member of the public, or staff.

The measure aims to improve staff and public perceptions and experience of personal safety and reduce incidents of VAWG and ASB on buses. Where incidents do occur, the training should ensure that staff feel empowered and equipped to recognise and deal with such incidents appropriately.

Evidence indicates that having trained staff on the bus network should help passengers and staff to feel safer, and be safer, when travelling on buses. For example, wave 8 of the National Travel Attitudes Study⁷⁸ (NTAS), showed that when presented with a series of options about what ‘personal safety’ means when travelling on public transport, 75% of females (compared with 60% of males) chose “Transport staff being able to deal with incidents which pose a threat to personal safety.”

Currently, disability-related training for bus staff is mandated through retained EU law. There is not the same requirement for training on VAWG and ASB and while the industry can currently choose to provide training on VAWG/ASB, the measure will ensure consistency across the bus industry on the overarching issues such training should cover. Furthermore, stakeholder engagement has shown a desire for government to provide such steers for consistency. Delivery and reporting of the training will also contribute to raising public awareness of the intervention.

An initial theory of change is shown in figure 10 below and visualises how the policy intervention intends to achieve the desired outcomes. The theory of change, and supporting monitoring and evaluation plan, will be further developed as the detail of the policy intervention is defined and implemented.

Using resources and skills from bus industry and VAWG and ASB subject matter expert stakeholders, in line with the legal requirement from the Better Bus Services Bill (inputs), training content and materials will be specified, developed and delivered to bus industry staff in how to identify, prevent, respond to VAWG/ASB and signpost to relevant support services. To support compliance, the measure will mandate a requirement to record and report that training has been undertaken by bus drivers and staff, with non-compliance mechanisms developed and implemented.

The intended first order outcomes are detailed in the diagram and include increasing awareness and capability of staff to identify, prevent and respond to VAWG/ASB, including appropriate signposting, alongside increased public awareness that bus industry staff are being upskilled. Expected second order outcomes are that public and staff confidence in personal safety on the bus network increases and the number of VAWG/ASB incidents reduces and reporting of VAWG/ASB incidents increases. It is acknowledged that these outcomes may work against each other in the short to medium term. In turn, expected third

⁷⁸ National Travel Attitudes Survey Wave 8, August 2023, <https://www.gov.uk/government/statistics/national-travel-attitudes-study-wave-8/national-travel-attitudes-study-wave-8#:~:text=Of%20the%20%2C018%20respondents%20to,incident%20of%20assault%20or%20harassment>

order outcomes are that bus patronage could increase because more passengers are more willing to take more journeys by bus who were previously unwilling to do so due to safety concerns. Evidence from NTAS Wave 8⁷⁹ supports this hypothesis and showed that 39% of males and 29% of females surveyed purposely avoid the bus, with 33% of these participants citing the 'behaviour of other passengers makes me feel unsafe' as a reason for doing so. Improved perceptions of personal safety working in the bus industry should result in a more diverse workforce (particularly in relation to gender as the bus industry may be more appealing to prospective and current female staff), resulting in an expanded pool of potential employees, as well as improved staff recruitment and retention.

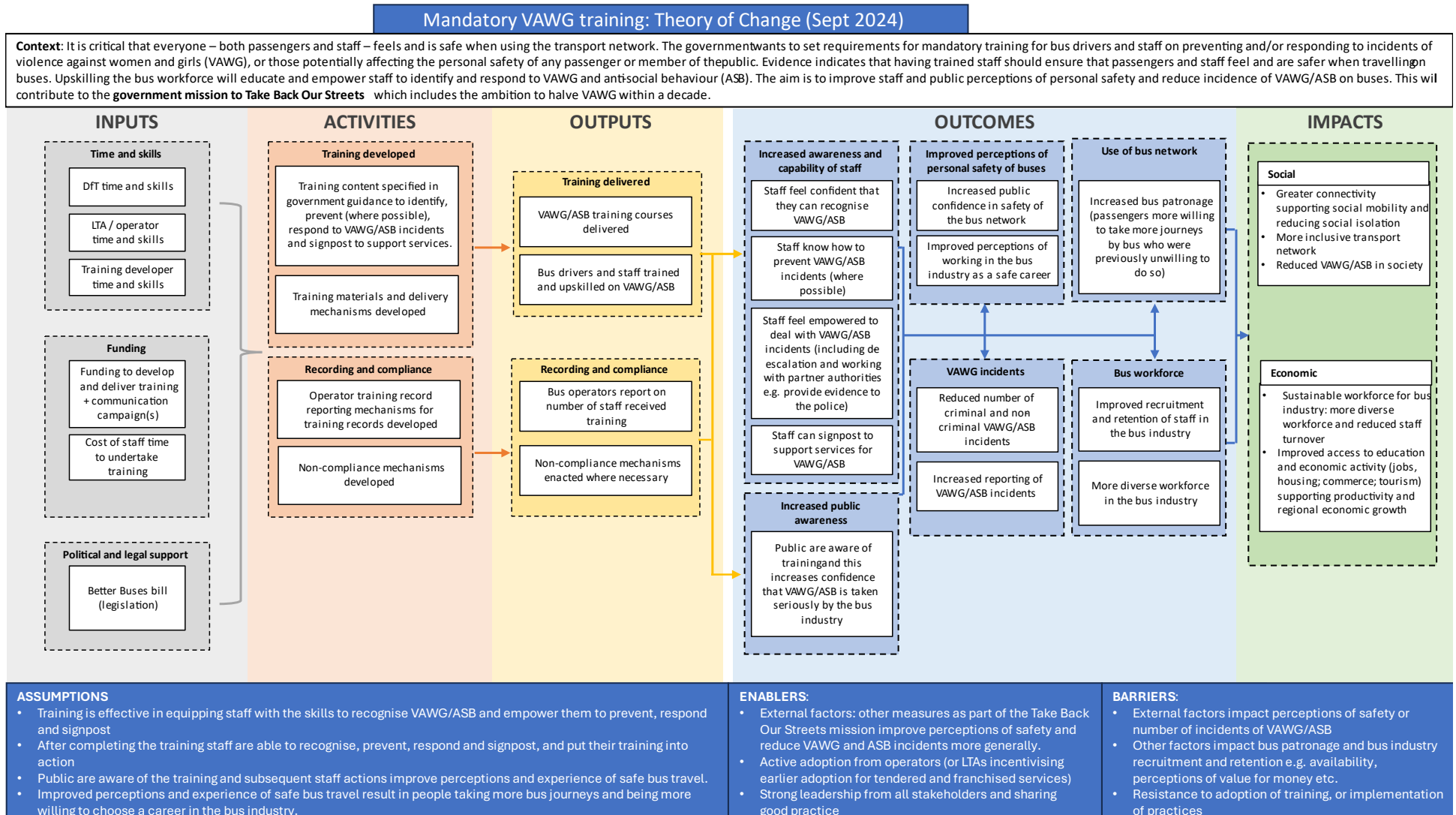
Intended resultant social impacts are reduced VAWG and ASB incidents and associated societal costs. In addition, bus travel may be opened up as a safe and credible option for more people resulting in a more inclusive transport network and associated benefits for connectivity, social mobility and reduced social isolation. Potential economic impacts include improvements in the sustainability of the bus industry workforce. More passengers travelling by bus may also improve access to education and economic activity.

External factors may act as enablers or barriers to the intervention achieving the intended objectives. For example, other measures undertaken by the Government as part of the Safer Streets mission may improve perceptions of safety or reduce incidents of VAWG/ASB more generally and have a positive impact specifically on bus travel too. Similarly, external factors like high profile incidents, or a rise in VAWG or ASB in wider society, could negatively impact the outcomes of this measure. Strong leadership of the policy intervention, sharing good practice, or incentivisation for early adoption, could accelerate the implementation, or extend the benefits. Conversely resistance, or slower adoption could act as a barrier. Bus patronage, or bus industry recruitment and retention might be affected by other changes to bus services – for example changes to fares, service levels or routes, or wages – which could affect some of the outcomes and impacts being realised. The final monitoring and evaluation plan would be designed to support understanding of the enablers and barriers.

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⁷⁹ National Travel Attitudes Survey Wave 8, August 2023, <https://www.gov.uk/government/statistics/national-travel-attitudes-study-wave-8/national-travel-attitudes-study-wave-8#:~:text=Of%20the%20%2C018%20respondents%20to,incident%20of%20assault%20or%20harassment>

Figure 10: Mandatory VAWG Training Theory of Change/Logic Model



In addition, the measure will mandate that drivers undertake “disability-assistance” training to ensure they are informed of the needs and experiences of disabled passengers. The expected outcomes and impact of the disability assistance training align closely with the improving bus and coach station accessibility measure and, therefore, to ensure proportionality, will be evaluated as part of that measure. Process evaluation, for example looking at the mechanisms of developing, delivering and reporting on the “disability-assistance” training will be done as part of the process evaluation of the VAWG/ASB measure.

Monitoring and evaluation

A full and proportionate monitoring and evaluation plan will be scoped and produced alongside the detailed policy development and implementation. A long list of options for monitoring and evaluation approaches have been developed after an initial assessment of the information available at this stage but the evaluation structure and activities will be refined and agreed as the policy is developed. This intervention will be evaluated as part of wider evaluation of other measures in the Bus Services Bill. Development of monitoring and evaluation plans for individual measures will be aligned to co-ordinate evaluation activities – particularly collection of new evidence – to ensure efficient use of resources and minimise stakeholder burden.

Evaluation questions

The evaluation will consider research questions relating to process, outputs, outcomes and impacts which will be refined as the policy and monitoring and evaluation plan are developed. A long-list from which evaluation questions could be drawn are outlined below.

Process related questions:

- What activities have been undertaken to implement the mandatory training requirement? Which stakeholders have been involved? How easy or difficult has this been and why? How has this differed for different groups of staff - e.g. drivers vs. other staff who deal directly with the travelling public or with issues related to the travelling public?
- How clear was the guidance for the mandatory training? How could it have been improved?
- To what extent is the training content guidance likely to result in the intended impacts on staff capability and staff and public perceptions and experiences of personal safety on buses?
- How clear were the requirements and processes for reporting and consequences of non-compliance?
- What went well and less well in the process of implementing the activities (training, recording mechanisms)? Why and how was this similar or different for the various stakeholder groups and different stages of delivery?
- What were the key enablers and barriers to implementing the activities? Were there any unintended positive consequences, or issues, delays or blockers? What were they?
- What, if any, additional costs have been incurred in meeting the mandatory training requirement? How have these been resourced? What impact has this had? Have there been any efficiencies, savings or cost benefits from implementation? What are these?

- To what extent, if at all, has a mandatory training requirement helped with the introduction of the training? What, if anything, was being delivered before and how, if at all, has it changed as a result of the mandatory requirement?
- How have staff in your organisations responded to the requirement for training? How do they think it will or will not support improvements to personal safety when travelling on buses and, in particular, impact on VAWG? How, if at all, does this vary by different staff groups?
- How have external factors affected delivery, for example, other crime reduction initiatives, policies to address VAWG/ASB, or local area bus service operating models? What, if any, influence have these had on the target groups?

Output related questions

- How many training courses have been delivered?
- How many, what proportion and profile of the workforce has received training? What groups, if any, have not received training?
- What reporting has been delivered? What non-compliance measures have been utilised?

Outcome and Impact related questions

- Has the training equipped staff with the intended skills? After receiving the training, do recipients:
 - Feel more confident that they can recognise VAWG/ASB?
 - Know how to prevent VAWG/ASB incidents (where possible)?
 - Feel empowered to deal with VAWG/ASB incidents and/or work with partner authorities to effectively do so?
 - Feel able to signpost to support services for VAWG/ASB?
- How, if at all, have bus industry staff put their training into action? What has helped or hindered doing this? How successful or unsuccessful were any actions taken and why? How is this recorded, measured or assessed?
- Are the public (including bus users) aware of the bus industry training? Does it make them feel VAWG/ASB is taken seriously? How does this impact on their perceptions of personal safety travelling by bus? Are public perceptions of the safety of working in the bus industry changed? Would they be more likely to consider it as a career?
- Do bus industry staff feel safer doing their jobs (or have they observed this for colleagues they work alongside) as a result of the training/mandate? Does it make them more positive about their job role/career? Does it make them want to stay working in the bus industry (does this differ for different groups of staff)?
- What impact has the training had on recruitment and retention of staff?
- What impact has the training had on the diversity of the workforce?
- What changes have there been to the number of criminal and non-criminal VAWG incidents on bus journeys?
- What changes have there been to the number of VAWG/ASB incidents on bus journeys that are reported?
- How have public (and bus user) perceptions of personal safety on buses changed? How has it impacted their willingness to travel by bus? Have they travelled by bus

more as a result? Are they more willing to travel by bus, for different journeys and/or at different times of the day (including existing bus users)?

- What impact has the training had on bus patronage (user numbers, profile and journeys)?

Value for money related questions

- How cost effective has the intervention been? What were the costs of delivering the intervention? How does it compare to the alternatives?
- What is the value for money of the intervention? What are the benefits? How do these relate to the costs?
- Why is the intervention a good use of resources, or why not?

Monitoring and evaluation approach

At this stage, it is envisaged that process and impact evaluation (possibly including value-for-money evaluation) will be required to answer the evaluation questions. Timing of evaluation activities will need to be in-step with timings for delivering the intervention. A five year exemption for the requirement to implement the training has been proposed and, therefore, it is unlikely to be possible to fully assess impacts until after that point. However, some local areas may choose earlier implementation and so monitoring of activities, outputs and outcomes could be possible for some within the five year exemption period. In any case, process evaluation focusing on pre-implementation, mobilisation and early implementation will be desirable to help identify enablers and barriers to successful policy delivery, with interim reporting and findings used to help shape ongoing delivery. Where possible, existing (or planned) monitoring processes, research and evaluation activities will be used. We anticipate collection of some new evidence will be required to assess the outcomes and assumptions in the causal pathways of the theory of change and, where feasible, will be aligned with evidence collection for other measures in the Bill. The final evaluation scope will be developed alongside the policy development to ensure activities are proportionate but could include:

- **Scoping work** to review the initial theory of change, refine the research questions and confirm the evaluation approach. This phase is likely to include evidence synthesis alongside stakeholders workshops or interviews. Feedback from women, girls and members of the public on training materials and approaches on their perceptions of safety could also be beneficial to support development of training content. A monitoring and evaluation plan would be the key output.
- **Process evaluation** to provide evidence on how the implementation mechanisms and contextual factors impact on successful delivery of the policy intervention (or not). Key process evaluation questions would be explored drawing upon some of the following approaches, possibly using a case study approach. Qualitative interviews could be undertaken with stakeholders involved in the design and delivery of the measure, including government officials, LTA officials, bus operator staff, bus drivers, police and staff and training developers or providers. Similarly, qualitative research with staff to assess the likely impact of the training materials on their own perceptions of safety and behaviour could support implementation. Evidence review

may also be required to identify relevant external and contextual factors impacting implementation, for example, review of other interventions aimed at reducing VAWG and improving personal safety on or beyond the transport system. Timing of evaluation activities and dissemination would be structured to ensure lessons learned can shape ongoing implementation. Once delivery of training has commenced, analysis of training records and interviews could take place to provide evidence on reach, engagement and consistency of delivery.

- **Impact evaluation** would be undertaken to assess the extent to which the policy achieved the intended objectives. The scoping phase and full monitoring and evaluation plan will identify the optimal impact evaluation approach, however, is likely to combine theory-based contribution analysis and, where possible, quantitative before and after analysis. The policy is mandatory for all operators and so identifying a credible counterfactual for a quasi-experimental design is unlikely to be possible using the staggered adoption of VAWG/ASB training could be explored to assist to potentially generate some comparator data to test assumptions. Developing an understanding of what was happening, or planned, before introduction of the mandatory requirement will support impact assessment. At this stage it is envisaged that a combination of monitoring data, surveys, qualitative interviews and data analysis would be required which could include all or some of the following activities:
 - Analysis of bus operator training records, e.g. numbers of sessions delivered, numbers and profile of staff trained. The mandatory reports required as part of the measure could be used for this depending on the specific reporting requirements.
 - Feedback from staff on the intended training outcomes. If possible, the training content guidance could recommend a standardised participant feedback process including key survey questions (for example questions before and after the training, or self-assessment of development at the end of training measuring each of the intended outcomes e.g. how confident they are in recognising VAWG/ASB, do they know how to prevent VAWG/ASB incidents, do they feel empowered to respond to VAWG/ASB incidents and can they signpost to appropriate support services?). Consideration could be given to including these feedback measures into reporting requirements if deemed proportionate.
 - It will be important to unpick whether the training results in the actions anticipated. A post-training staff survey and/or supplementary qualitative research could explore the assumptions in the theory of change that equipping staff with the knowledge will empower them to take action to prevent and respond to VAWG on the bus network. Impact of the training on staff perceptions of their own personal safety could also be explored using the same research activities.
 - Examine public perceptions of personal safety on buses and whether they have been impacted by the mandatory training requirement. There is limited evidence on perceptions and experience of personal safety on transport. DfT has undertaken preliminary research in the last few years and plans to build on this to create an evidence base on public perceptions and experience of personal safety on public transport and buses. For example, wave 8 of the National Travel Attitudes Survey explored perceptions of safety on public

transport and one option would be to add another question module to a future wave.⁸⁰ Separately, the Department is prioritising the scoping of a pilot survey in 2024/5 to collect time series data which could be used to baseline and track public perceptions of personal safety, and incidence of VAWG and ASB on buses, and could be used to contribute to evaluation of this policy measure. Findings from Transport Focus' Your Bus Journey can also be used to track how safe people feel on different stages of their bus journey. The final approach will need to take external factors into consideration, for example, other measures implemented across government as part of the Safer Streets mission, which will likely challenge impact attribution.

- Examine incidence of VAWG and ASB on buses. It is anticipated that incidence of VAWG and ASB would be monitored for the evaluation using the research sources described above. There are a number of limitations in using some other existing data sources. For example, the Crime Survey of England and Wales does not identify if an incident has taken place on public transport, or a bus. Crime statistics often do not record whether the incident has taken place on public transport and British Transport Police statistics are limited to incidents which occur on the rail network. Furthermore, crime statistics only identify incidents of VAWG which meet a criminal threshold and Departmental research has shown that personal safety incidents on transport extend beyond the Home Office definition of VAWG.⁸¹ Furthermore, there are several other well documented challenges to measuring the incidence of sexual and domestic violence in surveys and crime statistics which will need to be taken into account (ONS user guide to crime statistics for England and Wales: March 2024)⁸². Also measures of incidence can be affected by whether or not a person feels empowered to report. Therefore, it is possible that this measure might result in an increase in the number of recognised or reported incidents in the short to medium term. Contextual information will be key to interpreting findings on these measures.
- Bus workforce – examine vacancy rates/feedback on ease or difficulty with recruitment from operators.
- Bus patronage – use official annual statistics⁸³ on bus patronage and number of passenger journeys to track, alongside National Travel Survey⁸⁴ estimates (particularly for analysis of protected characteristic sub-groups) and regular DfT time series transport surveys like Our Changing Travel.⁸⁵ However, there

⁸⁰ National Travel Attitudes Survey Wave 8, August 2023, <https://www.gov.uk/government/statistics/national-travel-attitudes-study-wave-8/national-travel-attitudes-study-wave-8#:~:text=Of%20the%20%2C018%20respondents%20to,incident%20of%20assault%20or%20harassment>

⁸¹ 'Assessing how to grow the market for interventions to improve transport safety for women and girls' <https://www.gov.uk/government/publications/interventions-to-improve-transport-safety-for-women-and-girls>

⁸² ONS user guide to crime statistics for England and Wales: March 2024: <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/methodologies/userguidetocrimestatisticsforenglandandwales>

⁸³ Annual bus statistics: year ending March 2023 (revised). Department for Transport. March 2024: <https://www.gov.uk/government/statistics/annual-bus-statistics-year-ending-march-2023/annual-bus-statistics-year-ending-march-2023#things-you-need-to-know>. March 2024

⁸⁴ National Travel Survey. Department for Transport. July 2024: <https://www.gov.uk/government/collections/national-travel-survey-statistics>

⁸⁵ Our changing travel 2023: a study of post-pandemic transport trends and changing travel behaviour. Department for Transport. September 2024: <https://www.gov.uk/government/publications/our-changing-travel-2023>

are likely to be challenges quantitatively attributing any impact of the VAWG/ASB training on bus patronage because of the absence of a credible counterfactual and the confounding impact of concurrent bus service improvements and range of factors that affect transport mode choice. Whilst survey evidence shows that feeling unsafe can lead some users to avoid travelling by bus (Wave 8 NTAS),⁶ there tends to be a number of factors acting together to influence mode choice. For example, evidence across a number of studies (including Transport Focus publications: Your Bus Journey 2023,⁸⁶ Motivations and barriers to bus usage⁸⁷; and Bus passengers' priorities for improvement,⁸⁸ as well as DfT's Increasing bus patronage through an audience strategy⁸⁹ show that dominant factors in bus choice and drivers of satisfaction with bus journeys, include reliability, frequency, range of services, value for money and journey times. It is likely that contribution analysis, for example measurement of impacts of improved perceptions of bus travel safety, will be a more accurate and realistic approach to assess impact of this measure on bus patronage.

- Information on the costs and benefits of the intervention, and whether or how this differs by organisation characteristics such as size, could be collected via stakeholder consultation, likely in conjunction with assessments of other measures in the Bill.

Minimising administrative and compliance costs for preferred option

1. Mandating training on VAWG and ASB

The proposed approach aims to mandate training on how to recognise and respond to incidents of VAWG and ASB on buses for staff including drivers and those who deal directly with the travelling public or with issues related to the travelling public. The steps outlined below are being taken to reduce the burden on bus operators and individual staff members resulting from the introduction of mandatory training.

2. Mandating drivers and staff who deal directly with the travelling public or with issues related to the travelling public, to undertake "disability-assistance" training

In addition to mandating VAWG and ASB training, the Department is also mandating staff, including drivers and those who deal directly with the travelling public or with issues related to the travelling public, to undertake "disability-assistance" training, as outlined by REGULATION (EU) No 181/2011. Currently, EU regulation 181/2011 does not require staff, including drivers and those who deal directly with the travelling public or with issues related

⁸⁶ Your Bus Journey 2023. Transport Focus. 2024: <https://www.transportfocus.org.uk/insight/your-bus-journey/>

⁸⁷ Motivations and barriers to bus usage. Transport Focus. 2023: - Transport Focus: <https://www.transportfocus.org.uk/publication/motivations-and-barriers-to-bus-usage/>

⁸⁸ Bus passengers' priorities for improvement. Transport Focus. September 2020: [Motivations and barriers to bus usage - Transport Focus](https://www.transportfocus.org.uk/publication/bus-passengers-priorities-for-improvement/)

⁸⁹ Increasing bus patronage through an audience strategy. Department for Transport. 2023: <https://www.gov.uk/government/publications/increasing-bus-patronage-through-an-audience-strategy/increasing-bus-patronage-through-an-audience-strategy>

to the travelling public, to undertake such training; they are only required to undertake “disability-awareness” training.

Minimising the burdens for measures 1 and 2 listed above

In order to qualify to drive a bus, drivers are required to obtain the Driver Certificate of Professional Competence (DCPC). Drivers maintain the DCPC by completing 35 hours of periodic training every five years, thus allowing a driver to drive for commercial purposes for five years. Therefore, training on VAWG and ASB for existing bus drivers may be covered as part of this existing requirement and is not expected to add to the administrative or financial burden already in place for the DCPC.

It is assumed that “disability-awareness” training may be made available through the DCPC for drivers and therefore is not expected to add to the administrative or financial burden that is already in place for the DCPC. It is also possible that “disability-awareness” training will be combined with that of “disability-assistance” training.

It is possible for the same training materials to be used to train both drivers and other staff, or for driver training to be easily adapted for different audiences where necessary. Another potential option to reduce the burden is to combine the VAWG and ASB training with that of disability-related training for staff who already are mandated to do so under retained EU law, REGULATION (EU) No 181/2011. There is expected to be an impact on the business resulting from staff having to take time away from their roles to undertake the training. There will likely be costs associated with paying for the training and for covering the absence of staff from their roles in order to undertake the training. This measure is expected to disproportionately impact SMBs. They are less likely to create in-house training programmes and more likely to pay external providers to deliver their training. Any additional training is likely to come at a greater cost to SMBs as they will not benefit from bulk purchase discounts and the economies of scale when purchasing large quantities of training courses, which large operators will likely enjoy. The admin, familiarisation and reporting cost per person doing training may also be greater for SMBs as this administration time may work out higher per person doing training in smaller businesses than larger businesses. The Department will engage with operators to minimise the burden of the training, working with them to understand how to incorporate new training into existing training programmes, including disability-related (as the umbrella term used in the EU regulation for both “disability-assistance” and “disability-awareness”) training.

It is proposed that a five-year exemption is in place to allow all operators time to familiarise themselves and fully comply with the legislation. This should be sufficient time to enable operators to embed new processes to meet the new requirement and to ensure that all eligible staff undertake the training. This also aligns with the existing timeframe for DCPC training requirements.

3. Mandating publication of the take-up of VAWG, ASB and disability-related training

Bus operators will be required to publish data on how many of their drivers and staff who deal directly with the travelling public or with issues related to the travelling public have undertaken both the VAWG and ASB training and existing disability-related training, including those who take such training as a refresher. There will be time implications for familiarising themselves with the requirement and to develop appropriate data collection and reporting mechanisms. However, the Department intends to align the exemptions to

this requirement to that of the training, allowing businesses five years to fully comply with the legislation. The Department will work with operators to agree final requirements and format of the publication of this data, including looking at clear guidelines on minimum data requirements such as the number of staff and how often such training is required.

Traffic Commissioners will have the power to issue a financial penalty in the case of non-compliance.

Business environment

There is potential for investment for companies that provide training specialising on VAWG and/or ASB, and those that provide training for those in the bus industry. Courses on the DCPC are created by private companies and it is likely that they will create training that meets the requirements of this legislation. The legislation will not stipulate how the training is undertaken and therefore, there is room for innovation or investment in how the training is created and delivered.

The impact of this measure on the business environment is expected to be negligible as the resulting increase in costs to operators is low.

Trade implications

Not applicable as this measure does not impact on international trade or investment.

Environment: Natural capital impact and decarbonisation

Mandating additional training may improve perceptions of the safety of buses. This could create a modal shift for transport away from car or taxi/private hire vehicles and lead to an increased number of additional trips happening via bus.

The extent of this is uncertain and likely to be low, and therefore the impact is expected to be neutral.

Other wider impacts (consider the impacts of your proposals)

It is anticipated that the work will impact users with other protected characteristics in a positive manner as it considers the different needs of sexes and disabled people using the transport system.

This measure has strong ties to the Government's 'Safer Streets' Mission through ensuring all bus drivers and staff who deal directly with the travelling public or with issues related to the travelling public are trained to support passengers and have the confidence to intervene when required. The Government has committed to halving VAWG and therefore this measure is a key part of the Department's contribution to this goal.

We are currently considering the need for a Justice Impact Assessment and are in discussions with the Ministry of Justice on this.

Risks and assumptions

The risk and assumptions for the preferred shortlisted option are noted below. Differing assumptions for the do-minimum, most ambitious and least ambitious options have already been described in the relevant places of the NPSV section.

The key risk to the analysis is that as primary legislation, the costs and benefits of this measure are uncertain until further guidance, regulations and policy development is complete.

Assumption	Value	Source / Rationale	Caveats / Risks	Mitigation
Staff who deal directly with the public under scope of VAWG/ASB training	Central = 72,951	<p>The central value is taken directly from bus statistics 2023 platform staff category Table BUS07a.</p> <p>This category is mainly bus drivers, but there may be a small number of other on-board staff included, e.g. conductors who are also in scope of training.</p> <p>Source values are for Great Britain. Values have been adjusted for this as England and Wales accounts for 89% of total GB local operator staff – BUS07b.</p>	Some additional staff may be in scope of the training that are not captured within the category of platform staff. However, without further broken-down staff categories in the source data, it has not been possible to account for this.	None – platform staff numbers are the best proxy for staff who deal directly with the travelling public.
Total number of staff who deal with issues related to the travelling public under scope of VAWG/ASB training	<p>Administration staff: 845</p> <p>Managerial staff: 1,811</p> <p>Central Total: 2,656</p>	<p>These values are taken from the policy assumption that 10% of the administration staff category from bus statistics BUS07a 2023 are likely to deal with issues related to the travelling public. Then a further 10% of those classed under the All Other Occupations category to account for managerial staff who will likely deal with issues relating to the travelling public.</p> <p>Source values are for Great Britain. Values have been adjusted for this as</p>	Some additional staff numbers and occupations may be in scope of the training that are not captured within these assumptions. However, without further broken-down staff categories and information on how many staff within local bus operators deal with	None - assumed proportions of staff are the current best estimate and proxy for staff numbers that will be under scope of training.

		England and Wales accounts for 89% of total GB local operator staff – BUS07b.	issues relating with the travelling public, it has not been possible to better account for this.	through this route.
Total staff in scope of VAWG/ASB training	Central: 75,606	Staff who deal directly with the public under scope of training + Total number of staff who deal with issues related to the travelling public under scope of training 72,951 + 2,656 = 75,606 ⁹⁰	As above	As above
Staff who deal directly with the public under scope of disability related training	Central = 82,129	The central value is taken directly from bus statistics 2023 platform staff category Table BUS07a. This category is mainly bus drivers, but there may be a small number of other on-board staff included, e.g. conductors who are also in scope of training.	Some additional staff may be in scope of the training that are not captured within the category of platform staff. However, without further broken-down staff categories in the source data, it has not been possible to account for this.	None – platform staff numbers are the best proxy for staff who deal directly with the travelling public.
Total number of staff who deal with issues related to the travelling public under scope of disability-related training	Administration staff: 951 Managerial staff: 2,039 Central Total: 2,990	These values are taken from the policy assumption that 10% of the administration staff category from bus statistics BUS07a 2023 are likely to deal with issues related to the travelling public. Then a further 10% of those classed under the All Other Occupations category to account for managerial staff who will likely deal with issues relating to the travelling public.	Some additional staff numbers and occupations may be in scope of the training that are not captured within these assumptions. However, without further broken-down staff categories and information on how many staff within local bus operators deal with	None - assumed proportions of staff are the current best estimate and proxy for staff numbers that will be under scope of training.

⁹⁰ Values may not sum exactly due to rounding when the GB to England and Wales proportions were taken

			issues relating with the travelling public, it has not been possible to better account for this.	
Total staff in scope of disability-related training	Central: 85,118	Staff who deal directly with the public under scope of training + Total number of staff who deal with issues related to the travelling public under scope of training 82,129 + 2,990 = 85,118 ⁹¹	As above	As above
Front-line staff growth rate	None	Numbers of staff under scope have been assumed to remain constant over the 10-year appraisal period. This is a simplified assumption in absence of evidence to suggest staff numbers are certain to increase or decrease over the next 10 years.	There is a risk that staff numbers could either increase or decrease over the next 10 years. This is especially uncertain if franchising occurs at many LTAs.	No mitigation required as there is no evidence to suggest the number of front-line staff will change.
% bus drivers who already do VAWG/ASB training and disability related training.	Central for VAWG/ASB and disability assistance training = 0% Central Disability awareness for staff who deal directly with the travelling public = 96%	As VAWG/ASB training is a new topic and there are no instances where we are aware that bus operators already enforce this training, it has been assumed that 0% of staff under scope already do it. The same assumption has been made for disability-assistance training as it is being newly enforced. The policy will also enforce reporting of disability-related training which in turn will ensure that those who do not complete the training now do. Bus statistics states that 96% of local bus operators require on	This is the best and most likely policy assumptions available. Sourced information has been used where available for disability awareness training but isn't available for the other training topics in this measure. Some operators may already enforce their staff do training on the	No mitigation

⁹¹ Values may not sum exactly due to rounding when staff proportions were taken

		<p>board staff to undertake disability awareness training in Great Britain.</p> <p>It has been assumed that this legislation will uplift the current levels for VAWG/ASB/disability-assistance and disability-awareness training from 0% and 96% respectively to 100%.</p>	<p>topics of VAWG/ASB or disability assistance. We have no evidence of this, though if this is the case then cost of this training and staff time would not be additional and values presented may be overestimates.</p> <p>There is a risk that not all operators will comply and complete the training. The inclusion of an enforced reporting mechanism and £550 penalty within the policy will likely mitigate this. Therefore, it is appropriate to assume 100% compliance within 5 years.</p>	
<p>Median wage of those conducting admin, familiarisation and reporting tasks.</p>	<p>Median wage of all administrative occupations = £13.97.</p> <p>This is inflated from 2023 to 2024 prices.</p>	<p>We believe it is an appropriate assumption that administrators would do these tasks.</p> <p>The wage is taken from ONS ASHE statistics, table 14.6a. Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics (ons.gov.uk)</p>	<p>This is well evidenced.</p> <p>A risk is that this wage is not specific to bus operator admin costs, but we expect their wages to be in line with the national average.</p> <p>It has been assumed that these admin, familiarisation tasks will always be done by</p>	<p>Not proportionate to mitigate.</p>

			administration staff within the local bus operators, however it may be other occupations with differing wages doing this work especially in smaller bus companies e.g. the drivers themselves.	
Number of FTE to complete admin/familiarisation and reporting costs and time.	1 FTE taking 15 minutes per person in scope of each additional training type.	Most appropriate assumption. It should only take one person to book training and report back how many people in their organisation have completed the training for each member of staff in scope.	<p>This time is likely to differ slightly by operator, but the central assumptions has been deemed appropriate and the most likely average time it will take per additional training course and person.</p> <p>How the reporting element of the policy will work has not been finalised so it is uncertain how long this will take or how frequently this will occur.</p> <p>The time cost per member of staff at larger bus operators may be less than for smaller operators due to bulk booking training</p>	Not proportionate to mitigate.

			and economies of scale time savings.	
Median hourly wage of staff who deal directly with the public under scope of training	Central = £14.09 This is inflated from 2023 to 2024 prices.	When calculating the cost of time spent by frontline staff doing additional training rather than their regular roles, the median wage of bus and coach drivers ⁹² has been used. The wage is taken from ONS ASHE statistics, table 14.6a. Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics (ons.gov.uk)	Bus drivers will be the majority of those doing training and without more detailed splits of staff numbers and professions in the source data of Bus Statistics, this has been deemed appropriate.	Not proportionate to mitigate.
Median hourly wage of staff who deal with issues related to the travelling public under scope of training.	Administration staff: £13.97 Managerial staff: £24.21 This is inflated from 2023 to 2024 prices.	Administration staff wage = Average of all administrative occupations Managerial staff wage used: Managers, directors and senior officials The wage is taken from ONS ASHE statistics, table 14.6a. Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics (ons.gov.uk)	Some additional staff occupations may be in scope of the training that are not captured within these assumptions. However, without further broken-down staff categories and information on how many staff within local bus operators deal with issues relating with the travelling public, it has not been possible to better account for this.	Not proportionate to mitigate.
Non-wage labour cost uplift factor used to calculate hourly resource costs	1.1875	This is well evidenced. ONS statistics suggest that average labour costs, per hour, at economy level are £22.80. They suggest that wage costs	The calculation is based off economy level statistics, the uplift may be different for bus operators. However, it	None required.

⁹²<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14> Table 14.6a

		<p>make up £19.20 of this and non-wage costs make up £3.60 of it.</p> <p>Therefore, non-wage costs make up 16% of total labour costs and wage costs make up 84%.</p> <p>To calculate the uplift factor the calculation was: (1+ (non-wage cost % / wage cost%).</p> <p>ONS stats - Index of Labour Costs per Hour, UK - Office for National Statistics (ons.gov.uk)</p> <p>This is in line with RPC guidance on implementation costs. RPC short guidance note - Implementation costs August 2019.pdf (publishing.service.gov.uk)</p>	<p>is not possible to estimate this, and we expect it to be broadly similar.</p>	
Hours of additional training for VAWG/ASB and disability-related training separately	<p>Central = 0 Low = 2 High = 3</p>	<p>A specific number of hours of additional training will not be mandated. A range of course lengths and providers are likely to be created. Therefore, there is a low, central and high scenario for length and cost of training for those who do not already complete it.</p> <p>1) Low – Zero hours of additional training every 5 years. a. Under this scenario, all mandated staff will complete the training during their BAU training programmes.</p>	<p>Operators will be able to decide how their staff do the training, what course they do and the length of it. Without knowing how each operator will decide to conduct the training for their staff, a low, central and high scenario for length and cost of training for those who do not already complete it has been presented.</p>	<p>Presented a range of scenarios of hours of additional training that operators may choose for their staff to do.</p>

		<ul style="list-style-type: none"> b. For bus drivers this could be as part of their DVSA mandated DCPC 35 hours and for other staff it will be incorporated within or replace regular training modules they complete. c. There will be no additional costs under this scenario of training courses or time spent doing additional training as this will already be accounted for in current training plans. d. There will only be admin, familiarisation and reporting costs to operators under this scenario. <p>2) Central - Two hours of additional training.</p> <ul style="list-style-type: none"> a. 2 hours of VAWG/ASB b. 2 hours of each “disability-related” training for those who do not already complete it. c. Costs: Additional training costs, opportunity costs of the additional time spent training and admin, familiarisation and reporting costs to operators. <p>3) High – additional training types will each take 3 hours every 5 years.</p> <ul style="list-style-type: none"> a. 3 hours of VAWG/ASB b. 3 hours of each “disability-related” training for those who do not already complete it. 	<p>The costs and time of all different types of training may not be additional for some staff and operators. The new training may be done as one module or course and therefore shorter and at a lower cost than what’s assumed.</p>	
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		c. Costs: Additional training costs, opportunity costs of the additional time spent training and admin, familiarisation and reporting costs to operators.		
Cost of training	Central = £0 Low = £40 High = £60	Based on similar training course costs, training costs per additional hour of training are assumed to cost £20 per person per hour. VAWG/ASB and disability-related training have been assumed to have the same cost.	<p>It will be the choice of operators to decide how their staff do the training, which training provider they use or whether they develop training in house.</p> <p>Developing training in-house may be preferable for larger bus operators, many of whom already develop and deliver DCPC training themselves.</p> <p>Training costs may differ by training provider used and training type and whether training is held in person or online, but this is uncertain at this stage.</p>	Uncertainties covered by a range of hours of training and therefore cost are provided, however costs are likely to differ largely by operator.
Yearly split and frequency of training	Frequency of training = every 5 years	This is the most appropriate assumption.	There is a risk that the five-year grace period means most costs to	Assumed training is complete as

(VAWG/ASB and disability related)	Yearly split of staff doing training = 20%	The preferred option specifies that training must be complete every 5 years and therefore it is proportionate to assume that an even split of training will happen each year. This means the costs to operators will also fall evenly every five years starting in 2025.	operators fall in year five instead of operators being rational and factoring this into usual training plans. However, as training is most likely to be done within or in addition to usual training programmes, this assumption is expected to be a good reflection of what's likely to happen.	part of or in addition to BAU training programmes, so there is an even split across the appraisal period. Proportionate assumption.

Final stage impact assessment – Enhanced DBS Checks

Title:

Type of measure:

Department or agency:

IA number:

RPC reference number:

Contact for enquiries:

Date:

Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
		Note: Below are examples only
Description of overall expected impact	<p>The Net Present Social Value (NPSV) of the preferred measure is -£0.5m. The net impact of non-monetised costs/benefits are expected to be larger than this, making the overall impact positive. This is because:</p> <ul style="list-style-type: none"> The non-monetised costs are expected to have a low impact – this option should not place a great enough burden on local transport authorities, operators or the 	<p>Positive</p> <p>Based on all impacts (incl. non-monetised)</p>

	<p>Disclosure Barring Service (DBS) to see significant negative impacts.</p> <ul style="list-style-type: none"> • A small reduction in the number of children harmed on buses would have large benefits to society. • A small increase in children using buses instead of other transport modes would have large benefits to society. These include environmental (reduced carbon emissions) and distributional (cost savings for lower income households) benefits. 	
<p>Monetised impacts</p>	<p><u>Central estimate NPSV</u> = -£0.5m</p> <p><u>Low scenario NPSV</u> = -£0.2m</p> <p><u>High scenario NPSV</u> = -£0.9m</p> <p>Monetised costs are covered in detail in the costs and benefits to businesses calculations. No benefits have been monetised.</p> <p><u>Monetised costs</u></p> <ul style="list-style-type: none"> • Cost of enhanced DBS and barred list checks for operators. • Admin cost to operators submitting DBS checks. 	<p>Negative</p> <p>Based on likely £NPSV</p>
<p>Non-monetised impacts</p>	<p>Whilst it was not possible to monetise these, non-monetised impacts of the preferred option are expected to be positive. If able to monetise the benefit of reduced risk to children being harmed on buses, it would likely be much higher than the monetised impact of increased duplication of checks. This is because it only requires a small reduction in the number of children harmed and/or a small increase in mode shift to buses for very large benefits to be realised.</p> <p><u>Costs</u></p> <ul style="list-style-type: none"> • Increased duplication of checks between operators and local transport authorities <p><u>Benefits</u></p> <ul style="list-style-type: none"> • Increased revenue for umbrella bodies 	<p>Positive</p>

	<ul style="list-style-type: none"> • Reduced risk of children being harmed on buses. • Benefits from mode shift 	
Any significant or adverse distributional impacts?	Positive. There is a potential positive distributional impact for households if the measure leads to children moving from more expensive modes of transport to the bus. This would likely have a proportionately bigger impact on lower income households. It is worth noting that, the extent to which this measure will incentivise mode shift is unknown, but it is likely that this would occur, if only by a small amount.	Positive

(2) Expected impacts on businesses

Description of overall business impact	<p>Costs to business include paying for DBS checks and the admin cost of processing them. There may also be indirect costs from duplication of checks.</p> <p>There is a potential benefit – if the measure leads to an increased number of children taking the bus, this could increase bus operator’s profits. It is highly uncertain whether this will occur.</p>	Negative
Monetised impacts	<p><u>Central estimate NPV</u> = -£0.5m</p> <p><u>EANDCB</u> = £0.1m</p> <p>Pass through to households or businesses (from each other) has not been deducted from figures – this is not expected to happen. This is explained in the costs and benefits to households calculations.</p>	Negative Based on likely business £NPV
Non-monetised impacts	<p>Duplication of checks between operators and LAs.</p> <p>Increased revenue for umbrella DBS businesses</p>	Negative
Any significant or adverse distributional impacts?	<p>No</p> <p>This measure is not expected to have disproportionate impacts to specific business sectors. It will only impact bus operators, but this is proportionate as it is the only way to meet the objective of the measure.</p>	Neutral

	The measure is not expected to have disproportionate regional impacts. School services take place across the country and the measure will impact bus drivers equally across all regions.	
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(3) Expected impacts on households		
Description of overall household impact	This measure is not expected to impose any costs at all on households. The measure may generate benefits if fewer children are harmed on buses or households see benefits from increased mode shift towards buses. The extent to which both will be realised is uncertain.	Positive
Monetised impacts	No Household NPV or EANDCH available. No passthrough costs expected. This is explained in the costs and benefits to households calculations.	Uncertain Based on likely household £NPV
Non-monetised impacts	<u>Benefits</u> -Reduced risk of children being harmed on buses. -Benefits from mode shift to bus.	Positive
Any significant or adverse distributional impacts?	Positive. There is a potential positive distributional impact for households if the measure leads to children moving from more expensive modes of transport to the bus. This would likely have a proportionately bigger impact on lower income households. However, the extent to which this measure will incentivise mode shift is unknown.	Positive

Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
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<p>Business environment:</p> <p>Does the measure impact on the ease of doing business in the UK?</p>	<p>The impact of this measure on the business environment is expected to be negligible as the resulting increase in costs is low.</p>	<p>Neutral</p>
<p>International Considerations:</p> <p>Does the measure support international trade and investment?</p>	<p>This measure will not impact on international trade as the requirement for checks will only apply to home to school transport within England and Wales.</p>	<p>Neutral</p>
<p>Natural capital and Decarbonisation:</p> <p>Does the measure support commitments to improve the environment and decarbonise?</p>	<p>Mandating DBS checks for home to school bus drivers may improve perceptions of the safety of buses. This could create a modal shift for home to school transport away from car or taxi/private hire vehicles.</p>	<p>Neutral</p>

Summary: Analysis and evidence

The summary of the analysis and evidence is presented in the overarching Impact Assessment. A summary of the analysis for this measure is presented in the Net Present Social Value (NPSV) section.

Evidence base

Problem under consideration, with business as usual, and rationale for intervention

The DBS helps employers make safer recruitment decisions processing and issuing DBS checks for England, Wales, the Channel Islands and the Isle of Man. DBS also maintains the Adults' and Children's Barred Lists and makes considered decisions as to whether an individual should be included on one or both of these lists and barred from engaging in regulated activity.⁹³ Enhanced DBS checks show spent and unspent convictions and cautions. They may also show, if requested, inclusions on the children's and/or adults' barred lists. Local police forces may also release extra information about the applicant as part of the check. This information is only included when it is relevant to the post the applicant is applying for.

⁹³ [About us - Disclosure and Barring Service - GOV.UK \(www.gov.uk\)](https://www.gov.uk/about-us-disclosure-and-barring-service)

The existing legislation provides the eligibility for drivers of closed (not open to the public) school transport services to undertake enhanced Disclosure and Barring Service (DBS) and children's barred list checks (enhanced checks). However, this is not currently mandated so does not enforce that these checks are carried out by operators.

When a bus or coach operator is contracted by a school or LA, they will in almost all circumstances, require DBS checks as part of their contract. However, where a closed school service runs on a commercial basis, without any school or LA contract, there are no compulsory requirements to conduct DBS checks, and the operator decides independently whether or not to do them. This means contracted school services are currently being held to a higher standard than commercial school services.

As such, there is no explicit requirement for drivers on all types of school services to have DBS checks. This has resulted in 2 market failures:

1. Asymmetric information – when one party in a transaction possesses more information than the other. In this context, when an operator does not require an enhanced DBS check, the hired driver possesses more information than the operator. This could result in some operators unknowingly employing drivers who pose safeguarding concerns to young people which could have severe negative consequences.
2. Imperfect information - when consumers or suppliers have incomplete information about a good or service and this has a negative impact on their decision making. The potential school bus users or 'consumers' lack complete information about the services available to them; there is a risk that some operators are unknowingly employing drivers who pose safeguarding concerns to young people. This could act as a barrier to passengers using these services and lead to uncertainty in their relative value when making travel choices. Working with schools and LTAs to make parents aware that some drivers do not have DBS checks could reduce the risk of incidents to a small amount but would not to the extent of this measure and could have adverse unintended consequences such as reducing willingness of parents to send their children to school by bus, increasing congestion and pollution.

Mandating these checks closes a loophole that will address these 2 market failures and ensures the Government is being proactive at minimising the risk of any bus drivers working with children that are unfit to. Not being proactive at closing this loophole would allow drivers who are on the children's barred list closed access to children and could lead to child related crimes being committed on school buses.

This measure will affect bus operators that have not obtained enhanced DBS checks and children's barred list checks for their drivers of closed school bus services. It's most likely to be the smallest, family-run bus operators that are not fulfilling the current recommendation. It is understood that the larger operators have existing processes in place to conduct these checks via Registered Bodies and allocate drivers to routes accordingly. Bus operators that are currently carrying out these checks will also face additional costs if the proposed renewal period, is more regular than their existing update schedule, or if they do not currently use the DBS update service.

This loophole can only be closed through legislation, so only the Government is able to resolve the issue as all available non-legislative steps have been taken previously. In

August 2022, then Transport Minister Baroness Vere wrote to all bus operators in England to remind them that the Department for Transport expects all operators to apply for such checks where a role is eligible.

The Department for Education also have statutory guidance for local authorities who commission commercial operators to run bus services on behalf of schools. 'Travel to school for children of compulsory school age: statutory guidance for local authorities (Department for Education)' states:

'Local authorities should ensure that: an enhanced Disclosure and Barring Service (DBS) check, with a check of the children's barred list, has been carried out for drivers and passenger assistants involved in providing dedicated school transport.'

Operators that are running LTA organised services are likely to be implementing the same processes for closed school routes that they are organising without the involvement of the LTA. Other organisations involved in home-to-school travel (for example, transport operators) are also listed as a party who the DfE guidance may be of interest to. As such, it is expected that very few operators will not be complying already.

Policy objective

The intended outcome is for every child that uses a closed school bus service to do so with a driver that has a valid enhanced DBS and children's barred list check.

The policy objectives are as follows:

1. To improve the safety of young people on 'closed' home to school transport services by increasing the number of applications for enhanced DBS checks and children's barred list checks by bus operators that operate closed school bus services.
2. To improve confidence and perceptions of the safety on home to school transport for children of compulsory school age travelling to school on closed bus services with the continuation of no reports of prosecutions in this space.
3. To ensure all bus operators are fulfilling requirements with relation to the safety of children, regardless of whether they operate a commercial, LTA or school-tendered service, by maintaining low numbers of referrals from DVSA to the Office for the Traffic Commissioner when checking if bus operators are following protocols surrounding DBS checks.
4. To ensure consistency and proportionality of DBS checks in the bus sector with other transport modes.

Description of options considered

Improving accessible and inclusive travel on buses is a core objective of the Bus Services Bill. Various proposals have been considered and several are included elsewhere in the Bill. The scope of this measure is very narrow by its nature, seeking to close a loophole in home to school bus travel identified by a former Member of Parliament, Rosie Cooper. All non-legislative options such as letters to operators recommending they should do the checks and DfE publishing statutory guidance stating that drivers of school buses that are contracted by schools should have an enhanced DBS checks have already been implemented and thus the only way to close this loophole is with legislation.

The HMT Green Book Options Framework-Filter has been used to assess options at the longlisting stage. One intermediate option has been assessed for this measure for proportionality.

Business as usual	Project	Do minimum	Intermediate option	Do maximum
Drivers of closed home to school transport buses.	Scope	Drivers of closed school transport buses. SMBs exempt.	Drivers of closed school transport buses.	Drivers of open and closed school transport buses.
		Discounted	Preferred way forward	Discounted
Loophole exists - no explicit requirement on commercial services	Solution	Close the loophole for commercial 'closed' services. Preferred way forward		
Operator led monitoring by DVSA.	Delivery	Mandated but no enforcement.	Operator led enforced by DVSA. Option to apply for re-checks or use DBS Update Service.	Operator led enforced by DVSA and the Traffic Commissioner. Option to apply for re-checks or use DBS Update Service.
		Discounted	Carried forward	Preferred way forward
-	Implementation	Checks mandated for drivers of closed services in 5-year intervals.	Checks mandated for drivers of closed services in 3-year intervals.	All bus drivers operating all school bus services checked every year.
		Carried forward	Preferred way forward	Discounted
-	Funding	N/A		

Based on this, the following options have been shortlisted:

- 1) **Business as usual** – keep existing legislation and statutory guidance the same. This is to say that enhanced DBS checks should be applied for but does not mandate or enforce this. For closed school services run on a commercial basis, operators decide independently whether to do checks, whilst those services contracted by LAs or schools are held to a higher standard.

This option will likely meet objective 2 as we would hope there would be a continuation of the previous 2.5 years, and no prosecutions would occur in this space. We would hope it would also meet objective 3. As DBS checks are not mandated in the business-as-usual scenario, DVSA checks of DBS' form part of a wider scoring criteria in which

referral rates of operators to the OTC are low. As this option does not meet objectives one or 4 this is not advised to be implemented.

- 2) **Do minimum** – require drivers of **closed** home to school transport buses to have an enhanced DBS and barred list check every **5 years**. **Exempt SMBs** from having to do the checks.

This option will only partially meet objective one as we expect that it is mainly SMBs that are not currently carrying out the recommended DBS checks. Exempting SMBs from mandatory requirements will likely result in a much smaller increase in the number of checks than if they are mandated across all operators. We would hope that objectives 2 and 3 would continue to be met by this measure but it would not be a wholly proactive approach to maintaining these low levels of prosecution. Objective 4 would not be met as all taxi license holders require an enhanced DBS regardless of business size.

- 3) **Preferred** – require all drivers of **closed** home to school transport buses to have an enhanced DBS and barred list check every **3 years**.

The preferred option fully meets all the objectives. Mandating checks on all operators will ensure an increase in applications for enhanced DBS checks which will improve the safety of children accessing home to school transport. It will also ensure the Government are proactive in ensuring that there is a continuation of no prosecutions relating to drivers of school buses. Mandating the checks for all operators, solely on closed home to school transport routes also provides very clear boundaries on which routes are in and out of scope. This will ensure ease of understanding for the bus industry and that the necessary requirements are met by operators. It will also allow for ease of enforcement by the DVSA and in turn OTC. This clarity across the industry will maintain the low number of referrals of operators to OTC for not holding the correct DBS checks for their drivers. This also ensures consistency and proportionality with other transport modes as taxi drivers are re-checked annually. Mandating re-checks of school bus drivers every 3 years is proportionate to this as the ratios of passenger to driver are much higher on home to school transport but still ensure that convictions that may occur whilst a bus driver is employed are captured.

- 4) **More ambitious** – require drivers of **open and closed** home to school transport buses to have an enhanced DBS and barred list check **every year**.

This option will meet objectives one to 3 as there will be an increase in the number of checks and has a proactive approach at maintaining low numbers of prosecutions and referrals. However, it does not meet objective 4 as the eligibility criteria for bus drivers of open school transport to have enhanced DBS checks does not exist as this is not considered regulated activity. This would therefore not be proportionate with other transport modes.

- 5) **Less ambitious** – require drivers of closed home to school transport buses to have an enhanced DBS and barred list check **every 5 years**.

This option will meet objectives one and 3 as there will be an increase in the number of checks and has a proactive approach at maintaining low numbers of referrals to the OTC. However, it does not meet objective 4 as only mandating 5 years between re-checks would not be proportionate with other transport modes. It poses a higher risk of convictions not being captured whilst school bus drivers are employed. This in turn does

not allow for objective 2 of maintaining no prosecutions in this space to be met as well as the preferred option.

Summary and preferred option with description of implementation plan

The preferred option, that all drivers who drive closed school transport services more than 3 times in a 30-day period, on a public service vehicle for a bus or coach company, undergo an enhanced DBS check and children's barred list check at the point of employment and every 3 years following, will be delivered by primary legislation. This will be implemented by adding a new clause to the Public Passenger Vehicles Act 1981. Existing statutory guidance will also be amended to reflect this change.

The scope of the preferred option is for the legislation to apply to drivers of closed school transport services for all bus operators. We believe that most large operators are already carrying out DBS checks on eligible drivers, as they likely engage in contracts with schools thus are aware of the guidance. In contrast SMB operators are likely to not be completing checks so exempting them from the legislation would not meet the policy objectives.

Further to this the preferred option is to mandate checks solely for closed school bus services as the eligibility criteria does not exist for drivers of open school bus services to have an enhanced DBS check. As open school bus services are not considered regulated activity it would require the addition of the job role to the Exemptions Order, which lists the job roles that are eligible for an enhanced DBS check. As the bus route is open to the public as well as school children it is not proportionate to request the eligibility criteria to be amended by the Ministry of Justice as the risk of harm is considered much lower and it would likely be refused.

The implementation of this policy will mean that all bus drivers carrying out home to school transport will be DBS checked which will remove the potential for children being alone with persons with criminal convictions related to children. This will meet the policy's main objective to improve both the confidence and perceptions of safety and actual safety of children using buses to get to school.

All operators will have 6 months to have drivers checked who are currently driving closed services but do not currently hold a DBS check. The same will apply to drivers who already hold a check but will need to have this renewed, because the check was carried out more than 3 years ago. By mandating both an initial check for bus drivers and a 3-year renewal, this meets the objective of bringing bus drivers checks in line with other modes of transport. Current recommendations for taxi drivers are 6 monthly renewals. Given the passenger to driver ratios of buses, it is considered that 3 years is a proportionate renewal time period. Operators can also choose for their drivers to sign up to the DBS Update Service which will mean the DBS check is continuously up to date.

The 6-month deadline allows for sufficient flexibility as DBS checks can take a maximum of 3 months to be completed. There is no scope for experimentation or piloting, but these checks are already being carried out by both bus operators and local authorities on bus services commissioned by schools, so this time frame is proportionate to the policy being implemented.

The DVSA carry out random checks of operators which includes a check of operators' compliance with DBS check criteria. If operators are found to not be carrying out the required DBS checks this will be a breach of legislation which they will report to the Office of the Traffic Commissioner (OTC). As breaching legislation is also a breach of operators' licensing agreements OTC will deliver a proportionate consequence. This will meet the policy objective of ensuring operators are adhering to necessary obligations in relation to the safety of children.

NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

Shortlisted options

- 1) **Business as usual** – keep existing legislation and statutory guidance the same. This is the counterfactual all other options will be assessed against. This is to say that enhanced DBS checks should be applied for but does not mandate or enforce this. For closed school services run on a commercial basis, operators decide independently whether to do checks, whilst those services contracted by LAs or schools are held to a higher standard.
- 2) **Do minimum** – require drivers of **closed** home to school transport buses to have an enhanced DBS and barred list check every **5 years**. **Exempt SMBs** from having to do the checks.
- 3) **Preferred** – require all drivers of **closed** home to school transport buses to have an enhanced DBS and barred list check every **3 years**.
- 4) **More ambitious** – require drivers of **open and closed** home to school transport buses to have an enhanced DBS and barred list check **every year**.
- 5) **Less ambitious** – require drivers of **closed** home to school transport buses to have an enhanced DBS and barred list check every **5 years**.

Our central scenario is our best estimate of impacts based on the evidence available to us. Low/High scenarios reflect the lowest/highest impact scenarios. For instance, the low scenario represents the lowest expected costs **and** benefits and vice versa for the high scenario. No consultation has been conducted into options for this measure or similar measures, therefore we cannot compare our NPV findings to these.

The appraisal of shortlisted options showed that, ranked by NPSV, the preferred option (3) ranked behind options 2 and 5. Option 3 remained our preferred option – once considering the non-monetised impacts and strategic case for intervention this option best met the objectives of the measure. Had it been possible to monetise these impacts, we expect that our preferred option would have had the highest NPSV.

Price base year: 2024

PV base year: 2026

	2. Do-minimum Option	3. Preferred way forward	4. More ambitious preferred way forward	5. Less ambitious preferred way forward
Net present social value	<p>-£0.2m (central)</p> <p>-£0.1m (low)</p> <p>-£0.4m (high)</p> <p>Monetised costs and benefits in the costs and benefits to business calculations.</p>	<p>-£0.5m (central)</p> <p>-£0.2m (low)</p> <p>-£0.9m (high)</p> <p>Monetised costs and benefits in the costs and benefits to business calculations.</p>	<p>-£3.2m (central)</p> <p>-£1.1m (low)</p> <p>-£7.6m (high)</p> <p>Monetised costs and benefits in the costs and benefits to businesses calculations.</p>	<p>-£0.3m (central)</p> <p>-£0.1m (low)</p> <p>-£0.5m (high)</p> <p>Monetised costs and benefits in the costs and benefits to business calculations.</p>
Public sector financial costs	No costs to public sector. Cost burden on operators, even under franchised bus system	No costs to public sector. Cost burden on operators, even under franchised bus system	No costs to public sector. Cost burden on operators, even under franchised bus system	No costs to public sector. Cost burden on operators, even under franchised bus system
Significant un-quantified benefits and costs	<p>Expected to have similar types of impacts as the preferred option, with a significantly lower impact.</p> <p>Impacts of the preferred option are explained in greater detail in the costs and benefits to business calculations.</p>	<p>These will be explained in greater detail in the costs and benefits to business and households calculations sections, with a scale.</p> <p><i>Duplication of checks between operators and local authorities = indirect cost to operators.</i></p> <p><i>Increased revenue for umbrella bodies = direct benefit to business.</i></p>	<p>Expected to have similar types of impacts as the preferred option, but to a significantly greater extent.</p>	<p>Expected to have similar types of impacts as the preferred option to but to a slightly smaller extent.</p> <p>Impacts of the preferred option are explained in greater detail in the costs and</p>

		<p><i>Reduced risk of children being harmed</i> = indirect benefit to households</p> <p><i>Benefits from mode shift</i> = indirect benefit to households</p>		benefits to business calculations.
Key risks	No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.	No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.	No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.	No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.
Results of sensitivity analysis	<p>Central, high and low-cost estimates have been produced for uncertain inputs / assumptions.</p> <p>These have been used to run central, high and low scenarios for each option.</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> -The number of bus drivers -The cost of the DBS check -The % of drivers currently checked who 	<p>Central, high and low-cost estimates have been produced for uncertain inputs / assumptions.</p> <p>These have been used to run central, high and low scenarios for each option.</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> -The number of bus drivers -The cost of the DBS check -The % of drivers currently checked who need to renew, each year. 	<p>Central, high and low-cost estimates have been produced for uncertain inputs / assumptions.</p> <p>These have been used to run central, high and low scenarios for each option.</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> -The number of bus drivers -The cost of the DBS check 	<p>Central, high and low-cost estimates have been produced for uncertain inputs / assumptions.</p> <p>These have been used to run central, high and low scenarios for each option.</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> -The number of bus drivers -The cost of the DBS check

	<p>need to renew, each year.</p> <p>-The % of the market operated by SMBs.</p>		<p>-The % of drivers currently checked who need to renew, each year.</p> <p>-The number of closed school bus drivers.</p>	<p>-The % of drivers currently checked who need to renew, each year.</p>
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Option 1: Business As Usual – Do nothing

Option 1 is the baseline against which the cost and benefits of other options are assessed. Under this option, would remain no mandatory requirement for drivers of closed school transport drivers to have enhanced DBS and barred list checks. There would therefore be no additional costs or benefits under this option. Key assumptions made under this option in the central scenario are:

- There are currently 4013 closed school bus drivers.
- 90% of these drivers already have enhanced DBS and barred list checks.
- 33% of drivers that are currently checked, were checked more than 3 years ago.

This analysis relies on the simplifying assumption that the workforce (closed school bus drivers) is static and that any exists/new entrants to the job market will cancel each other out. We do not have any appropriate evidence to assume a turnover rate for closed school bus drivers, therefore this assumption was deemed proportionate.

These assumptions will be explained in more detail in the risks and assumptions section.

Preferred option - Option 3: Require drivers of closed school transport services to have an enhanced DBS and barred list check.

Summary

Option 3 would see all bus drivers who carry out “closed” school transport services more than 3 times in a 30-day period mandated to have an enhanced DBS and children’s barred list check at the point of employment and every 3 years.

LTA’s deciding to run franchised bus networks in the future does not impact the costs and benefits of this option – the cost burden would still fall on the operators in that LTA and the benefits would remain the same.

Monetised Costs

- Additional cost of requesting enhanced DBS and barred list checks for operators (direct).
- Administrative cost to operators submitting DBS checks (direct).

Unmonetised Costs

- Duplication of checks between operators and local authorities (indirect).

Monetised Benefits

None. It was not possible to monetise any of the benefits for 3 reasons:

7. They are too difficult to attribute directly to the measure.
8. The appropriate data is not available.

9. It was not deemed proportionate.

Unmonetised Benefits

- Increased revenue for umbrella bodies (direct).
- Reduced risk of children being harmed on school buses (indirect).
- Benefits from mode shift (indirect).
- Cost saving to parents switching to bus from more expensive transport (indirect).

Costs and benefits to business calculations

All assumptions are explained in detail in the risks and assumptions section.

Monetised Costs

Cost of enhanced DBS and barred list checks for operators – *direct impact on business.*

Government guidance requires organisations carrying out less than 100 checks per year to use the services of an umbrella body.⁹⁴ Umbrella bodies are third party companies licensed to process DBS checks on behalf of individuals. A simplified assumption that all organisations in scope of this measure will use these umbrella bodies has been made. It has assumed that most organisations carrying out checks would be SMB operators and that larger operators would also use umbrella bodies to save on time and hassle. Different umbrella bodies charge different fees for checks; therefore, we have flexed this cost assumption. Our central assumption is the cost of a check through these organisations is £53.50. The high and low assumptions are £63 and £45 per check respectively.

The DBS also provide an update service. This costs £13 annually and automatically rechecks the Police National Computer and barred lists every week and local police intel every 9 months. This keeps the certificate valid indefinitely. The update service must start with a full application.

Our central assumption is that 90% of drivers do currently have these checks. The high and low-cost assumptions are 85% and 95% respectively, as a lower % of checks in the baseline means higher costs and vice versa.

Figures from calculations explained below may differ *slightly* from the spreadsheet figures. This is due to rounding.

Drivers not currently checked

Year 1

⁹⁴ [DBS checks: guidance for employers - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/db-checks-for-employers)

For each driver not currently checked, this measure would impose an additional cost of the DBS check in year 1, whether they also sign up to the update service or not. Central assumptions are:

-401 drivers not currently checked in counterfactual.

-DBS check costs £53.50.

-Update service costs £13 per year.

-32% of drivers would sign up to the update service and pay yearly.

*note that a) and c) do not sum to the original 401 drivers. This is due to rounding, for presentational purposes.

(a) drivers not checked who would use update service = $401 * 32\% = 128$

(b) cost for drivers who use update service = $£53.50 + £13 = £66.50$

(c) drivers not checked who would not use update service = $401 * 68\% = 274$

(d) cost for drivers who would not use update service = **£53.50**

Total cost of drivers not current checked, in year 1 =

$(a*b) + (c*d) =$

$(128*£66.50) + (274*£53.50) =$

£23,171

Year 4,7,10 (3-year renewal point)

After 3 years, all drivers not currently checked in the counterfactual would need to ensure their certificate was up to date. Those who have been paying for update service do not have to pay for another full check.

Total cost of drivers not currently checked in years 4,7,10 =

$a*(b - \text{cost of full check}) + (c*d) =$

$(128*£13) + (274*£53.50) = £16,323$

Cost in all other years

Drivers not checked in the counterfactual who pay for the update service, continue to pay £13 each year. Those not checked in the counterfactual, who don't use the update service, pay nothing- they only need to renew every 3 years.

Total cost of drivers not currently checked in all other years =

$a*(b - \text{cost of full check}) =$

$(128*13) =$

£1,664

Drivers currently checked

Although some drivers are assumed to have already been checked in the counter-factual, some of these will not use the update service **and** have not had their check renewed in the last 3 years.

There will be an additional cost for this group of drivers to get a new check to comply with this measure. Those using update service will have no additional cost – their DBS check automatically stays renewed. It is assumed that 33% of drivers who currently have checks, will need to renew their checks each year. This is a simplifying assumption – there is no available data to better inform this. It is assumed again that 32% use the update service.

(a) Total drivers currently getting checks, past renewal = $3,612 * 33\% = 1,204$

(b) proportion not using update service = $(100\%-32\%) = 68\%$

(c) cost of DBS check = **£53.50**

Total cost to drivers with checks in counterfactual, each year =

$a*b*c =$

$1,204 * 68\% * £53.50 =$

£43,801

Total cost by year

Year	Costs summed	Total
1	£23,171 + £43,801	£66 972
2	£1,664 + £43, 801	£45,465
3	£1,664 + £43, 801	£45,465
4	£16,323 + £43,801	£60,124
5	£1,664 + £43,801	£45,465
6	£1,664 + £43,801	£45,465
7	£16,323 + £43,801	£45,465
8	£1,664 + £43,801	£45,465
9	£1,664 + £43,801	£45,465
10	£16,323 + £43,801	£45,465

Total cost of additional DBS checks = **£520,134** (in spreadsheet is £521,051 - difference is due to rounding).

Admin cost to operators (submitting details for checks) – direct cost

For every check made that would not have been in the counter-factual, there is a cost to the operator to submit the details in the form. If the check was submitted by the driver, it is expected they would claim the time back from the operator, so the

cost is still a cost to business. It is assumed this would take 15 minutes per application, which is fairly certain due to the required details of the form being very straightforward and readily available. It is assumed that the form would be completed by an administrator with an average hourly wage of £13.62 (inflated to 2024 prices). Accounting for non-wage labour costs takes the hourly resource cost to £16.18.

The admin cost per form is therefore 0.25 hours * £16.18 = **£4.04**.

Total admin cost to operators in years 1, 4, 7, 10

In years 1,4,7,10, all drivers not currently checked in the counter-factual and ~11%⁹⁵ of drivers who are currently checked but are past their renewal date (3 years) will need to be checked again. Operators will incur an admin cost to process the applications for each of these drivers.

- a) Number of drivers not currently checked = **401**
- b) Number of drivers currently checked but past renewal date = **1204**
- c) % drivers not using update service = 68%
- d) Admin cost per application = £4.04

Total admin cost to operators in these years =

$$[a+(b*c)] * d =$$

$$[401+(1204*0.68)] * £4.04 =$$

£4,928

Total admin cost to operators in other years

In all other years, the only costs would be to currently checked drivers past renewal date (as drivers without checks all get checked in years 1,4,7,10). Only checked drivers not signed up to the update service would be checked and generate admin costs to business.

- a) Number of drivers currently checked but past renewal = 1204
- b) % drivers not using update service = 68%
- c) Admin cost per application = £4.04

Total admin cost to operators in these years =

$$(a*b*c) =$$

$$(1204 * 0.68 * £4.04) =$$

£3307

⁹⁵ 33% of drivers each year were fully checked 3 years ago. 32% use the update service. 0.33 * 0.32 = ~11%

Non-monetised Costs

Duplication of checks between operators and local authorities - *indirect*

local authorities and/or schools are likely to conduct their own checks on school bus drivers as it is included in “Keeping children safe in education” guidance. They cannot access any checks done by operators, therefore there may be duplications of checks between operators and schools/local authorities. The cost is likely to be the admin burden of requesting, submitting and processing forms. This occurs in the counter-factual, however this option could see the duplication become more frequent as more drivers will be required to be checked.

Non-monetised benefits

Increased revenue for umbrella bodies - *direct*

Government guidance requires organisations carrying out less than 100 checks per year to use the services of an umbrella body. Umbrella bodies are third party companies licensed to process DBS checks on behalf of individuals. Therefore, most operators are expected to use these organisations to process checks. This option would see more checks processed. Umbrella bodies charge an admin fee of the cost of the DBS check. Therefore, an increase in checks would see an increase in the revenue of umbrella bodies. This is a direct benefit for businesses, as it is an immediate and unavoidable benefit from the measure.

This benefit has not been monetised as it is a benefit to a service provider. RPC guidance⁹⁶ clearly states that this should not be included. Impacts to businesses should only be included if they are to the business subject to the regulatory requirement. This is a pure administrative cost, so it is not proportionate to monetise it.

The scale is expected to be small. This would generate a relatively small number of additional checks for umbrella bodies to process compared to the large amount they do throughout the whole year (covering lots of different industries).

Impact on medium, small and micro businesses

According to ONS data on UK business counts (2023)⁹⁷ there are 960 small, medium and micro bus and coach operators in England and Wales. They represent 96% of the market (total of 1000 operators). These would all be in scope of this measure.

⁹⁶

https://assets.publishing.service.gov.uk/media/5c9b7f59ed915d07a9736a1e/RPC_case_histories_others_BIT_specific_issues_March_2019.pdf

⁹⁷ UK Business Counts - enterprises by industry and employment size band. Industry = 49319 : Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground, metro and similar systems

We believe there are no significant differences in the scale of impacts, between SMBs and medium operators as they operate in a similar fashion and the vast majority of the market is actually controlled by large operators.

The policy objective is to ensure that *all* drivers of closed school transport services undergo an enhanced DBS and barred list check at every point of employment and every 3 years. Expected benefits of this measure are largely focussed on the reduced risk of children being harmed on school buses, as well as benefits from children shifting their transport mode to buses.

We do not have any evidence/data to suggest the average number of drivers employed by medium sized operators or SMBs. Therefore, it has not been possible to estimate the level of cost the typical medium sized operator or SMB would face as a result of this policy.

Exempting medium operators and SMBs would lead to the objectives and majority of the intended benefits from the regulation not being realised. Industry engagement suggests that medium operators and SMBs are much more likely to be employing drivers without these checks. Therefore, exempting medium operators and SMBs would significantly reduce the uptake in drivers being checked, reducing the benefits heavily. Exemption would not meet the policy objectives therefore it has not been deemed suitable.

This measure is expected to disproportionately impact SMBs; as explained they are much more likely to be employing drivers without these checks. Therefore, this measure would be more likely to impose *a new cost burden* on these SMB's than larger businesses.

Mitigations were considered to reduce the impact on SMBs:

- (1) Funding all checks made by SMB operators for closed school bus drivers.
- (2) Extending the grace period for SMB operators from 6 to 12 months.

After careful consideration it was decided that neither exemption nor mitigation were suitable because it is anticipated that most, if not all operators that are not currently doing enhanced checks on the necessary bus drivers will be SMBs. Carrying out these checks is already in statutory guidance and all operators were reminded in a letter, so they have been forewarned that this is something they should already be doing.

Costs and benefits to households' calculations

Costs

There are no direct costs to households from this option – it imposes a direct cost to businesses to pay for the checks and process them as well as potential costs from duplicated checks with local authorities.

A potential way this measure could impose a cost on households is if the cost to operators were to pass through into higher fares or worse bus services for

passengers. This is highly unlikely, as the increase in costs would be miniscule as a proportion of bus operators' cost base. The latest Confederation of Passenger Transport Survey (2024) report⁹⁸ suggests that a combination of labour, fuel and overheads costs make up 86.6% of bus operators' costs. This measure should not significantly impact any of these costs, therefore would be expected to lead to a minimal impact on overall bus operating costs. Total bus operating costs in England outside of London were £3.3bn⁹⁹ in 2023 – our central estimate EADNCB is £0.1m, therefore it is insignificant compared to bus operating costs. This minimal increase in operators' costs is not expected to lead to any fare increases or worsening of services (reduced frequency/punctuality). Therefore, it is unlikely any costs to households will be passed on from this measure.

For further context, the total cost to operators per application is calculated to be up to £70. This comprises of an admin cost of ~£4, a DBS cost of ~£53 and an update service cost of £13. Most large operators already do checks, so this cost would not be additional. Smaller operators have a much smaller pool of drivers who may require checks, therefore the overall cost of getting additional checks for drivers would be small.

Non-monetised benefits

Reduced risk of children being harmed on school buses - *indirect*

Enhanced DBS checks show spent and unspent convictions and cautions. Barred list checks show whether the individual has been banned from working with children due to past behaviour or offences.

Under the counter-factual, it is possible that there are drivers operating school buses who are not suitable to be working with children. This measure would see these drivers banned from operating school buses. This could prevent acts of harm being committed against children on the school bus, representing a benefit to society.

This is indirect – it depends on whether there are any drivers (not currently checked) who are unsuitable to be working with children and would commit an act of harm against children on the bus. Therefore, in accordance with RPC guidance¹⁰⁰, this impact is indirect as it depends on many factors so is not immediate and unavoidable.

It is important to note that the Department for Transport have not been made aware of any such incidents on school buses since this issue was brought to the department's attention 2.5 years ago. Therefore, the scale of this benefit under this option may be small. However, the benefit for each prevented crime of this type is high, so even preventing a small number of crimes could be a medium/large benefit.

This benefit has not been monetised as its not believed that it would be possible to attribute any reduction in crimes against children on school buses directly to this

⁹⁸ [CPT Cost Monitor \(cpt-uk.org\)](https://www.cpt-uk.org/)

⁹⁹ [Annual bus statistics: year ending March 2023 \(revised\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/annual-bus-statistics-year-ending-march-2023-revised)

¹⁰⁰ [RPC case histories - direct and indirect impacts March 2019 1 .pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800000/rpc-case-histories-direct-and-indirect-impacts-march-2019-1.pdf)

measure. Furthermore, the appropriate data is not available to be able to do so as crimes on buses are not recorded in a standardised way (i.e. robust statistical publication).

Benefits from mode shift - *indirect*

If children shift their transport mode to bus as a result of this measure, various benefits to households are expected to arise.

If parents become aware of it being mandated for school bus drivers to have these checks regularly, it could increase their confidence in their children using the bus services. This could see more parents encourage their children to use school buses, boosting demand for services. This could have various benefits:

- This would increase the revenue of school bus operators.
- If children shift from travelling by less environmentally friendly transport modes (i.e. car) to bus, there could be environmental benefits.
- If children shift from more expensive modes of transport, there could be a cost saving to households.

This is an indirect benefit as the shift in demand is not immediate or directly attributable to the measure. It depends on:

- Parents attitudes towards the school buses.
- Whether parents become aware of the measure.
- How attractive an option the bus becomes compared to other transport modes.
- Which transport modes children would shift their travel from.

The scale of this benefit is expected to be small. It is unlikely that parents would become aware of the change in policy and that it would be significant to influence their decisions.

These benefits have not been monetised as it is not possible to attribute these benefits directly to the measure – there are lots of factors that determine whether children take school buses or other modes of transport.

Monitoring and evaluation of preferred option

The following section provides a high-level description of when and how the post-implementation review (PIR) of the ‘Enhanced DBS checks’ measure in the Bus Services Bill will be carried out.

Timing of post-implementation review

A post implementation review of this measure is recommended to take place 5 years after its implementation. This is proposed as the Monitoring and Evaluation activities that run as part of any wider evaluation of the Bus Services Bill may produce earlier interim insights or learnings which can be used as part of the PIR.

Summary of intervention

Objectives

The measure will set requirements for 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. Currently, there is no explicit requirement for drivers of school services to have DBS checks. There is therefore a risk that some operators are unknowingly employing drivers who pose safeguarding concerns to young people. Although there is no evidence of prosecutions of drivers, the objective of mandating enhanced DBS checks is to close a loophole that will minimise the risk of any future harm from bus operators unknowingly employing bus drivers unfit to drive school bus services.

No evidence from previous PIRs for existing legislation is available.

The policy objectives are as follows:

1. To improve the safety of young people on 'closed' home to school transport services.
2. To improve confidence and perceptions of the safety on home to school transport for children of compulsory school age travelling to school on closed bus services.
3. To ensure all bus operators are fulfilling requirements with relation to the safety of children, regardless of whether they operate a commercial, LTA or school-tendered service.
4. To ensure consistency and proportionality of DBS checks in the bus sector with other transport modes.

Intended outputs and outcomes

An initial logic model for this measure is shown in figure 12 and depicts how the policy intervention intends to achieve the desired outcomes. As shown in the logic model from left to right, the requirement for all drivers carrying out closed school transport to have enhanced DBS checks and children's barred list checks ('input' in the logic model below) will eventually lead to all such drivers holding these enhanced checks. It is expected that this activity will lead to the following outputs:

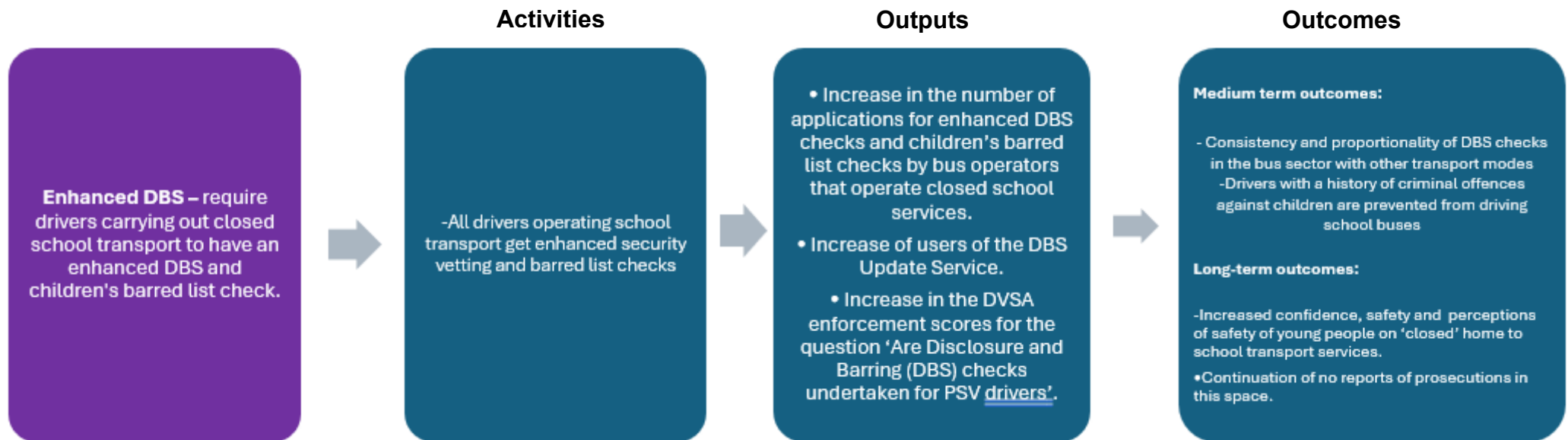
- increase in the number of applications for enhanced DBS checks and children's barred list checks by bus operators that operate closed school services
- increase of users of the DBS Update Service
- increase in the DVSA enforcement scores for the question '*Are Disclosure and Barring (DBS) checks undertaken for PSV drivers*'

In the medium term, an 'outcome' of these enhanced background checks would be consistency and proportionality of DBS checks in the bus sector with other transport

modes, and drivers with a history of criminal offences against children being prevented from driving school buses. These outcomes will consequently lead to the following longer-term outcomes:

- Increased confidence, safety and perceptions of safety of young people on 'closed' home to school transport services.
- Continuation of no reports of prosecutions for child safeguarding incidents on school transport.

Figure 12: Enhanced DBS Checks Theory of Change/Logic Model



This logic model will be further developed as the detail of the policy intervention is further developed.

Monitoring and evaluation approach

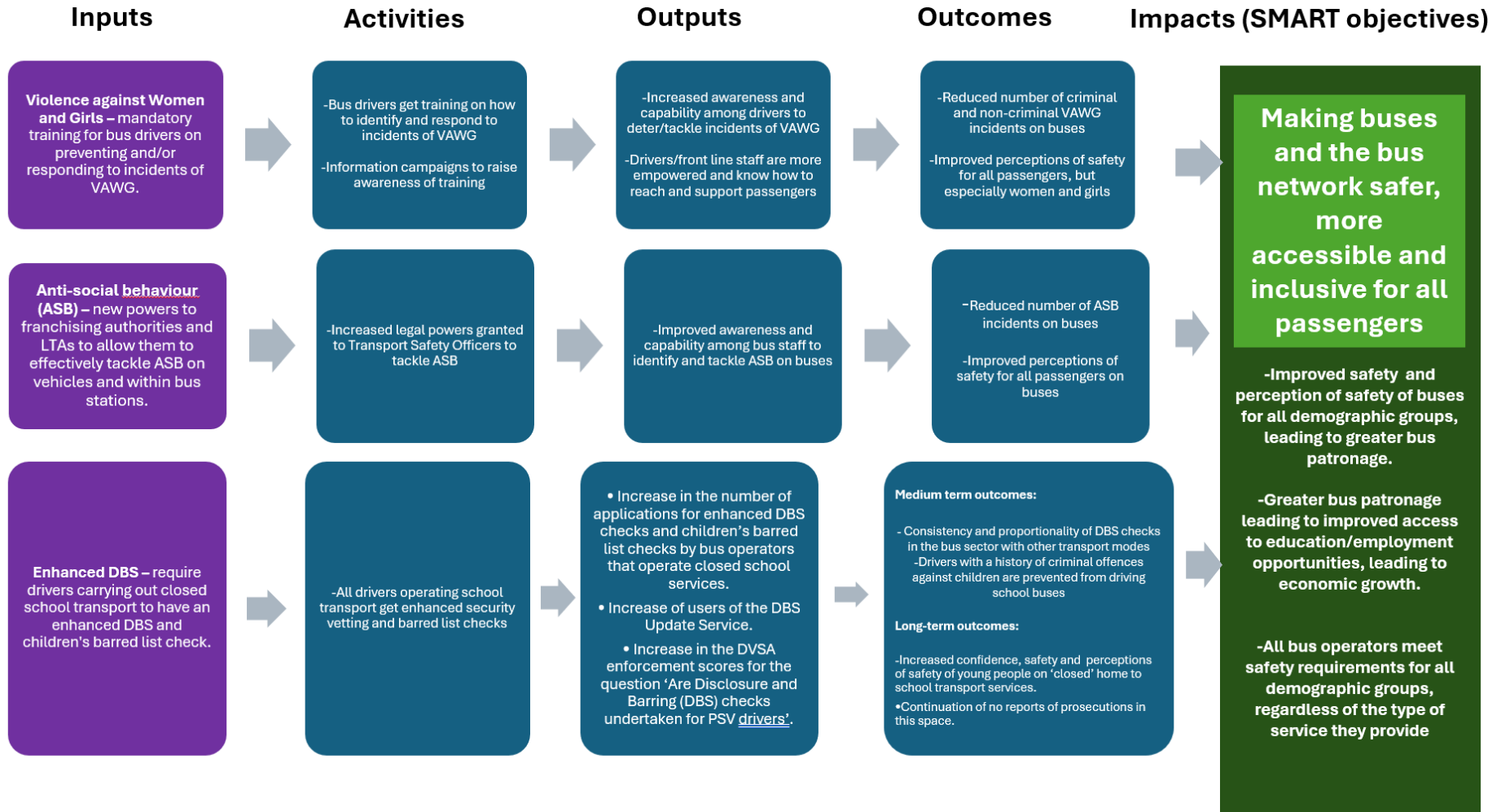
The following is a monitoring and evaluation approach that has been developed after an initial assessment of the information available at this stage, but the evaluation structure and activities will be refined and agreed as the policy is developed.

A light touch evaluation approach is proportionate for this policy as:

- The measure is relatively small
- The impacts are interlinked with other policies and will be measured as part of a wider evaluation of measures aiming to improve safety within the Bus Services Bill, particularly those designed to tackle Violence against Women and Girls and Anti-Social Behaviour

The logic model shown in figure 13 depicts how the outputs and outcomes of the individual measures are expected to produce the overarching impact of making buses and the bus network (including school transport buses), safer for all passengers. Not captured in this logic model however are the external factors which impact safety, which may act as enablers or barriers to these measures achieving the intended objectives. For example, other measures undertaken by the Government as part of the Take Back Our Streets mission may improve perceptions of safety or reduce incidents of VAWG/ASB more generally and have a positive impact specifically on bus travel too. Similarly, external factors such as high-profile incidents, or a rise in VAWG or ASB in wider society could negatively impact the outcomes of these measures. Therefore, impacts on safety of the wider bus network (not limited to school transport) will be dependent on several measures, including external factors not considered in figure 13. Nevertheless, these external factors and assumptions will be fully captured in a full Theory of Change once details of the policy intervention are fully developed, so it will be possible to see all the contributing and interlinking factors which lead to the impact of greater safety on the bus network.

Figure 13: Combined Theory of Change/Logic Model across VAWG, ASB and Enhanced DBS measures



Evaluation questions

The evaluation questions for this measure will feed into the wider evaluation of the Violence against Women and Girls measure. The evaluation will be refined as the policy is developed, but potential evaluation questions include:

Output questions:

- To what extent has the measure caused an increase to the number of applications for enhanced DBS checks and children's barred list checks by bus operators that operate closed school services?
- To what extent has the measure caused an increase of users of the DBS Update Service?
- To what extent has the measure caused an increase in the DVSA enforcement scores for the question '*Are Disclosure and Barring (DBS) checks undertaken for PSV drivers?*'?
-

Impact questions:

What impact, whether positive or negative, has the measure had on operators of school transport buses? Were there any financial impacts of the measure, i.e., costs?

Proposed Methods

As previously stated, this measure is relatively small-scale, therefore, it warrants a proportionate monitoring and evaluation plan. Therefore, a mixed methods approach is proposed in alignment with the evaluation of the Violence against Women and Girls measure, due to the shared themes of safety in both:

1. Feedback from operators

Data should be collected from operators including

the number of school transport bus drivers with enhanced background checks in the UK. This will give an indication of the extent to which bus operators are abiding by the new measure and give a reflection of the safety of school buses. Operator feedback should also be sought on any challenges they have faced in requiring their drivers to undergo these checks and any unintended outcomes/impacts. For example, some unintended impacts could be undue delays from DVSA to conduct these checks, and any corresponding retention issues that arise as a result of these delays (for example, it may cause some drivers to leave their jobs if the delay is preventing them from working and earning an income). Where possible, this feedback should be sought through existing channels to reduce the burden on operators, however if this is not possible a bespoke survey should be conducted.

- 2. Comparison of post-measure data to the baseline:** Secondly, a data collection exercise could be conducted by gathering pre-intervention data on the number of drivers carrying out closed school transport with enhanced DBS checks and children's barred list checks before the measure is implemented. This data will be the baseline data. This baseline data will be compared to the post-intervention data. This is the number of drivers carrying out closed school transport with enhanced DBS checks and children's barred list checks after the measure is implemented. This official data will be acquired from DVSA. Complimenting this could be data on the number of users of the DBS Update Service pre- and post-implementation, and the number of DVSA enforcement scores for the question '*Are Disclosure and Barring (DBS) checks undertaken for PSV drivers*' pre and post-implementation. Success of this measure will partly be reflected in the post-implementation data showing an increase from the baseline.

Minimising administrative and compliance costs for preferred option

Whilst this measure will impose an additional administrative burden on bus operators, it is mandating a well-established procedure that most operators are already undertaking. It has already been strongly advised through multiple non-legislative measures that enhanced DBS checks and children's barred list checks (described together as 'enhanced checks' for brevity) should be undertaken for drivers of closed school transport services, so there should be minimal familiarisation costs even for firms who are not currently carrying out the checks. For firms that already ensuring their drivers have the checks completed at the point of employment, this measure is only requiring an increase in the frequency of these checks being carried out. There also multiple companies that already exist to facilitate the checks between the DBS service and bus operators. The long establishment of these companies also reduces the administrative burden on operators keeping the assumed time for operators to apply to 15 minutes.

Currently we believe that the operators that are carrying out enhanced DBS checks for eligible drivers, are only doing so once and their drivers are not being re-checked throughout their employment. The renewal period of 3 years has been selected as it is proportionate to other modes of transport and industries that carry out DBS checks. Taxi drivers are required to renew their checks every 6 months and due to the passenger to driver ratios of home to school transport it is deemed that 3 years is a reasonable renewal period. There is also the option for drivers to sign up to the Update Service provided by the DBS which keeps drivers' checks up to date. This has a lower total cost than if operators were to pay for a new enhanced check every 3 years and removes the administrative cost of having to submit a new application.

Business environment

The impact on the bus operator business environment is likely to be negligible as costs to operators from the increased quantity of DBS checks will be minimal. However, the increased number of checks could lead to an increase in business activity for companies who facilitate DBS checks for bus operators. Due to the low cost of the DBS checks this measure is unlikely to create barriers to entry to the market for operators who wish to provide closed home to school transport services.

Trade implications

Trade implications of this policy have been considered and it's been deemed that the measure will not impact on international trade or investment due to the requirement for checks only applying to home to school transport within England.

Environment: Natural capital impact and decarbonisation

Mandating DBS checks for home to school bus drivers may improve perceptions of the safety of buses. This could improve perceptions of buses compared to other public transport modes creating mode shift and increasing bus patronage for home to school transport. Therefore, benefiting the environment through contributing to a reduction in car use for this activity away from car or taxi/private hire vehicles. **A full EPPS will also be completed before Bill introduction alongside other Bill products.**

Other wider impacts (consider the impacts of your proposals)

Ex convicts are likely to be negatively impacted by the mandating of Enhanced DBS checks and children's barred list checks, as The Exception Order 1975 applies to this job role. This means operators can decide whether an applicant's unspent and spent convictions would impact their suitability for the role. It could mean they choose to not employ candidates based on their criminal history, even if their crimes are not related to activity with children. Government guidance on the Rehabilitation of Offenders Act 1974 and the Exceptions Order 1975 states each employer is best placed to consider whether a person's convictions make them unsuitable for a particular job and encourages employers to consider factors such as:

- the person's age at the time of the offence;
- how long ago the offence took place;
- whether it was an isolated offence or part of a pattern of offending;
- the nature of the offence;
- its relevance to the post or position in question; and
- what else is known about the person's conduct before and since the offence.

As this measure will lead to an increase in the number of checks, the DBS will also be impacted. If their capacity remains constant there will be an increase in turnaround times for checks and this could cause a delay to drivers starting employment and a disruption of services.

Risks and assumptions

The key risks and assumptions made for this IA are:

- It is assumed that drivers that are currently checked, can be split evenly between those who have been checked 1 year, 2 years, or 3+ years ago.
- It is assumed that drivers that are currently checked would not get their checked renewed in the counterfactual.
- It is assumed that there is no increase in the uptake of the DBS update service.

Unintended consequences of the policy include:

- Lags to DBS checks for drivers could lead to potential costs to operators and/or impact bus operators' abilities to run services, resulting in less frequent or cancelled services:

The preferred option could see a large number of checks submitted to the DBS at the same time. DBS checks usually take up to 14 days to be completed, however can take longer, particularly if there are a large number submitted at the same time. Delays to checks could see drivers unable to operate school buses for an extended period of time, potentially impacting the operation of services and imposing a cost on operators to continue running the service:

- They may have to pay drivers with checks overtime to cover the services that those being checked cannot drive.
- They may have to hire new drivers (with checks) to cover the services, at a higher rate of pay.
- They may be unable to run the service as intended, leading to financial penalties and loss of revenue.

This risk depends on whether the DBS can effectively anticipate an increase in checks submitted and efficiently allocate resource to process them quickly. If the DBS are able to effectively process the increase in applications (which is highly plausible) there would be no significant time lag on checks and no impacts on operators. This risk is lowered by the 6-month grace period for bus drivers to pass DBS checks.

- Similarly, a large increase in drivers being banned for failing DBS checks, could lead to a shortage in drivers for closed school bus services. This could lead to services being reduced in frequency or cancelled.
- Perceptions of safety could be damaged if drivers are found to be driving school buses when they have criminal convictions that prevent them from legally being able to do so.

Specific assumptions, risks and mitigations are listed below.

Assumption	Value	Source / Rationale	Caveats / Risks	Mitigation
Number of closed school service bus drivers	<p>Central = 4,013 Low = 2,007 High = 6,020</p>	<p>The central value is taken directly from DBS analysts. They queried their database for enhanced DBS checks done for “closed school bus drivers” for July 2024 which produced 301 results. To scale to a year, this value was multiplied by 12 to get 3,612 checks. It has been assumed that 10% of closed school bus drivers do not currently receive checks – this is consistent with the central assumption.</p> <p>$(301 * 12) / 0.9 = 4,013.$</p> <p>To capture uncertainty, low and high estimates of +/-50% have been assumed.</p>	<p>The DBS query may not have captured all closed school bus drivers – they may have referenced their application without using the search terms.</p> <p>Seasonality- the sample month (July) may have received an above or below average number of applications. Therefore, scaling it up to a year may not be accurate.</p> <p>We know that all drivers do not get checked every year, therefore equating the number of checks made per year with the number of drivers is not robust. In the</p>	<p>To mitigate these risks, a large higher and lower range of +/-50% has been presented. We considered using a higher share for the high sensitivity to reflect the uncertainty but decided to use even sensitivities for consistency with other sensitivities that have been calculated.</p> <p>Furthermore, we have modelled the number of closed school bus drivers using a bottom-up approach. This involved calculating the number of 11-16 year old students taking the bus based of DfE and National Travel Survey statistics, and then calculating the number of drivers by applying assumptions of 40 passengers per bus, 2 school runs per driver, and 50% of students taking “closed services”. This provided a central</p>

			<p>column to the right, mitigations are explained.</p> <p>Not all school bus drivers get checks – our assumption of 10% is not strongly evidenced.</p>	<p>figure of 3,289. This is only 18% out from our central figure, providing reassurance that the central figure is relatively justified and that the +/- 50% sensitivities are reasonable.</p>
% of closed school bus drivers currently checked	<p>Central = 90%</p> <p>Low cost = 95%</p> <p>High cost = 85%</p>	<p>The central assumption is based on evidence from stakeholder engagement that all large bus operators already have their drivers checked.</p> <p>Large bus operators operate have a market share of ~80%. It's assumed that they also employ 80% of drivers. This is not evidenced.</p> <p>Of the remaining 20% of drivers, it's assumed that half of medium, small and micro-operators have their drivers checked. This is not evidenced – it is a simplifying assumption.</p>	<p>This is not based on strong evidence – it relies on multiple assumptions.</p>	<p>To mitigate uncertainty, a lower and higher range of +/-5% on the central value has been presented.</p>
Non-wage labour cost uplift factor	1.1875	<p>This is well evidenced.</p> <p>ONS statistics suggest that average labour costs, per hour, at economy level are £22.80. They suggest that wage costs make up £19.20 of this and non-wage costs make up £3.60 of it.</p> <p>Therefore, non-wage costs make up 16% of total labour costs and wage costs make up 84%.</p> <p>To calculate the uplift factor the calculation was: (1+ (non-wage cost % / wage cost%)).</p>	<p>This is well evidenced. The calculation is based off economy level statistics, the uplift may be different for bus operators. However, it is not possible to estimate this, and it is expected to be broadly similar.</p>	None required.

		<p>ONS stats - Index of Labour Costs per Hour, UK - Office for National Statistics (ons.gov.uk)</p> <p>This is in line with RPC guidance on implementation costs. RPC short guidance note - Implementation costs August 2019.pdf (publishing.service.gov.uk)</p>		
Closed school bus drivers as a % of total school bus drivers (used to uplift number of drivers in scope to include open school bus drivers)	<p>Central = 40%</p> <p>Low = 50%</p> <p>High = 30%</p>	<p>This is a simplifying assumption due to a lack of evidence. It only impacts the do-max scenario of mandating open school bus drivers to do checks every year. It is applied to the central, high and low assumptions for the number of closed school bus drivers.</p> <p>Number of drivers in scope (open and closed): Central = $\sim 4000 / 0.4 = \sim 10,000$ Low = $\sim 2000 / 0.5 = 4000$ High = $\sim 6000 / 0.3 = 20,000$</p>	This is highly uncertain. It was not possible to estimate the number of open school bus drivers from DBS checks.	To capture this uncertainty a high and low sensitivity was ran.
% of total market operated by SMBs	<p>Central = 10%</p> <p>Low = 15%</p> <p>High = 5%</p>	<p>This is a simplifying assumption due to lack of appropriate evidence. It only applies to the do-min scenario when SMB's are exempt.</p> <p>It's assumed that large operators operate 80% of the market (evidenced anecdotally).</p> <p>Of the remaining 20% of the market, it is assumed that half, or 10% are SMBs in the central scenario. Sensitivities of +/-5% for high and low scenarios have been ran.</p>	This is highly uncertain – there is not robust evidence readily available on the % of the school bus market operated by SMB bus operators.	To capture this uncertainty, high and low sensitivities have been presented.
Median wage of those submitting	Median wage of all administrative	It has been deemed an appropriate assumption that administrators would process applications, from engagement with operators.	This is well evidenced. A risk is that it is not specific to bus operator	None required.

DBS check applications	occupations = £13.62 . This is inflated from 2023 to 2024 prices.	The wage is taken from ONS ASHE statistics, table 14.6a. Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics (ons.gov.uk) Wages are UK level. This measure applies to England and Wales therefore wages may differ slightly from the UK level; however, England and Wales specific wages have not been found.	admin costs, but their wages are expected to be in line with the national average.	
Number of FTE to submit DBS check applications	1	Common sense assumption – should only take one person to fill in a form.	Proportionate assumption.	Not proportionate to mitigate.
Time to fill in DBS form	0.25	The DBS form requires details of previous addresses over the last five years, your full name, national insurance number, debit card, passport, driving license. These details are all straightforward to input. Therefore, it is assumed that 15 minutes would be enough to complete the form in nearly all cases.	Proportionate assumption.	Not proportionate to mitigate.
Cost of DBS enhanced and barred list check	Central = £53.50 Low = £45 High = £63	According to guidance, if an organisation has a requirement to carry out fewer than 100 checks per year they should use an umbrella body. Umbrella bodies process checks but charge handling fees. https://www.gov.uk/guidance/dbs-check-requests-guidance-for-employers#using-umbrella-body-services-to-submit-dbs-checks Even if not required, it is assumed all operators would use umbrella bodies to save time and hassle. Quotes were obtained from 10 umbrella bodies to complete DBS checks. These ranged from £45 to £63 per application.	This is well evidenced – an accurate reflection of costs. There may be bulk discounts available to organisations processing lots of checks at once. The price may not remain stable over the 10-year appraisal period. We do not have any	Any uncertainties mitigated by range provided.

		The central is the mean of these 10 quotes. The low is the minimum and the high is the maximum.	evidence to suggest how prices will increase/decrease in the future.	
Cost of DBS update service	£13 per year.	DBS Update Service - GOV.UK (www.gov.uk) Well evidenced.	Cost may increase in future.	Not proportionate to reflect uncertainty, costs rarely change for the DBS update service.
% of DBS checks that also use update service	32%	Well evidenced by DBS statistics. 2022-23 DBS Annual Report and Accounts.pdf (publishing.service.gov.uk) DBS report indicated 2.4 million update service subscribers and 7.5 million checks. This suggests around 32% of those with checks use the update service.	Uptake in the update service may increase in the future, particularly in bus industry.	Not proportionate to capture uncertainty as it is well evidenced and does not have a large impact on total costs.
% of drivers currently checked, that are past renewal date each year	3-year renewal = 33% 5-year renewal = 20% 1 year renewal = 100%	For 1 year renewal it is common sense – 100% of drivers will need to be checked every year. For 3 and 5 years, it is uncertain. The same approach was taken for both. For 3-year renewals, it's assumed that an even proportion of drivers last got checked 1, 2 and 3+ years ago (33% for each). Each year, drivers checked 3+ years ago need a new check.	This is a simplifying assumption. There was no available evidence to more robustly estimate this.	It would not be proportionate to run sensitivities on this – it would only impact the spread of costs between years, not the total costs.

Final stage impact assessment – Bus Registrations

Title: **Bus Registrations**

Type of measure: Primary legislation

Department or agency: Department for Transport

IA number: **DfT00480i**

RPC reference number: ...

Contact for enquiries: buses.bill@dft.gov.uk

Date: 21/10/2024

Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
		Note: Below are examples only
Description of overall impact	The Net Present Social Value (NPSV) of the preferred measure is -£2.7m (central estimate). The net impact of the non-monetised costs and benefits is very uncertain. It depends largely on the extent to which the Office of the Traffic Commissioner (OTC) and Department for Transport (DfT) see time savings, the improved	Uncertain Based on all impacts (incl.

<p>ed impact</p>	<p>data quality for bus users and time savings for operators not submitting data twice. If these benefits exceed -£2.7m and the value of the non-monetised costs, the overall impact would be positive. If the non-monetised benefits are smaller, the overall impact could be neutral or negative. We were not able to ask the 900 operators in scope the value of time savings or to consult with passengers to understand how much data is missing/unreliable or how long they spend seeking accurate information. While it is expected that some benefits will be accrued, there is significant uncertainty around whether the benefits will exceed the costs for the central scenario. The overall rating is therefore judged as uncertain since it could be positive, negative or neutral.</p>	<p>non-monetised)</p>
<p>Monetised impacts</p>	<p>Central estimate NPSV = -£2.7m Low estimate NPSV = -£1.1m High estimate NPSV = -£4.5m</p> <p>Monetised costs are covered in detail in costs and benefits to business calculations. No benefits have been monetised. We considered conducting break-even analysis to show the scale of benefits required to generate a positive NPSV. However, we did not deem it appropriate/proportionate because:</p> <ul style="list-style-type: none"> • The number of hours saved chasing missing data, to breakeven, would not be informative without the context of how many employee hours are currently spent making these checks. We do not have and cannot find out this information. • We expect a large amount of benefits to be to households from better data availability. It is not possible to conduct break even analysis on this – we do not have the available data or assumptions. <p>Monetised costs:</p> <ul style="list-style-type: none"> -Cost of developing new registration database – direct cost to government -Familiarisation and admin costs for LTAs with registration functions and for franchised LTAs to use the new database – direct cost to public sector -Familiarisation and admin costs for operators to use the new database – direct cost to Business 	<p>Negative Based on likely £NPSV</p>

<p>Non-monetised impacts</p>	<p>It was not possible to monetise various impacts. We cannot comment on the expected net impact of these non-monetised impacts, as both the costs and benefits are uncertain.</p> <p>The non-monetised costs of running the new system and increased enforcement cases are uncertain as the specifics of the new database and data standards have not been developed yet. The non-monetised benefits of time savings to OTC and DfT as well as improved data quality for bus users is highly uncertain. Therefore, the direction of non-monetised impacts is uncertain.</p> <p><u>Costs</u></p> <p>Admin cost of running new system – direct cost to public sector</p> <p>Cost to operators/LTAs of increased enforcement cases – indirect cost to public sector and Business</p> <p><u>Benefits</u></p> <p>Time saved chasing missing data – indirect benefit to government</p> <p>Reduced duplication time submitting data – indirect benefit to Business</p> <p>Improved data quality for users of bus data – indirect benefit to households</p> <p>Time savings for enforcement operators – indirect benefit to public sector</p>	<p>Uncertain</p>
<p>Any significant or adverse distributional impacts?</p>	<p>No – this measure is expected to impact <i>all</i> operators therefore does not have a specific regional or rural/urban impact. Evidence suggests that urban LTAs are slightly more likely to franchise in the future, however not significantly more likely. We expect a large number of rural LTAs to franchise as well, and for any franchises that are set up to be across different regions.</p>	<p>Neutral</p>

(2) Expected impacts on businesses

<p>Description of overall</p>	<p>The impact on businesses (bus operators) depends on the scale of net impact of non-monetised costs and benefits. These are all uncertain and largely</p>	<p>Uncertain</p>
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business impact	depend on the specifics of how the policy develops – this is explained in more detail in the costs and benefits to business calculations.	
Monetised impacts	<p>Central estimate NPV = -£0.2m</p> <p>Estimated Annual Net Direct Cost to Business (EANDCB) = £0.02m</p> <p>Pass through to households or businesses (from each other) has not been deducted from figures – we do not expect this to happen. This has been explained in the costs and benefits to households calculations.</p>	Negative Based on likely business £NPV
Non-monetised impacts	<p>Cost to operators of increased enforcement cases – if these occur due to non-compliant data being provided/spotted more frequently.</p> <p>Benefit of reduced duplication time for operators submitting Bus Service Operators Grant (BSOG)/Bus Open Data Service (BODS) compliant data only once.</p> <p>Both of these impacts are highly uncertain and depend on various factors, most importantly how the details of the database and policy are developed in secondary legislation.</p>	Uncertain
Any significant or adverse distributional impacts?	<p>Yes.</p> <p>One of the main costs to businesses is the admin cost associated with adjusting to using the new database. This will impose a higher cost on businesses using paper systems to register services as they will need to learn how to switch to digital systems. Small and Medium Businesses (SMBs) are more likely to use paper systems therefore they are likely to be disproportionately impacted.</p> <p>We do not expect a regional impact. Newly franchised LTAs are expected to be dispersed across the country (if they are set up) and all</p>	Negative

	operators are impacted equally in all regions.	
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(3) Expected impacts on households		
Description of overall household impact	This measure is not expected to impose any costs at all on households. It may generate benefits if the improved accessibility of data leads to bus users being able to make more informed decisions. Therefore, the impact on households is expected to be positive.	Positive
Monetised impacts	No household NPV or Estimated Annual Net Direct Cost to Households (EANDCH) available. No passthrough costs expected. This is explained in the costs and benefits to households calculations.	Uncertain Based on likely household £NPV
Non-monetised impacts	The only expected non-monetised impact is the benefit of improved data availability for bus users allowing them to make better informed decisions.	Positive
Any significant or adverse distributional impacts?	There is a potential for this policy to positive impact lower income households as they are more likely to use buses. Therefore, if this measure sees improved data seeing bus users able to make better informed decisions- this would be a positive distributional impact on lower income households	Positive

Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
Business environment: Does the measure impact on the ease of doing business in the UK?	The measure is not expected to have significant impacts, either positive or negative, on the ease of doing business in the UK. Bus registration and data input/access is expected to become easier, as a result of having one central database. This may encourage operators (who are the only users considered as “businesses” in this context) to register more bus services,	Neutral

	<p>although it is mostly expected to simply lower the administrative burden on them. The requirements imposed by this measure are not expected to deter new entrants to the market for three reasons:</p> <ol style="list-style-type: none"> 1) The fees cost the same to register a service digitally or using paper systems. 2) New entrants will not incur direct familiarisation and admin costs from this measure – they do not have to change their way of registering services as they don't do this currently. 3) New entrants are more likely to use digital solutions as they do not have a sunk cost associated with being familiar with paper registrations. 	
<p>International Considerations:</p> <p>Does the measure support international trade and investment?</p>	<p>This measure does not impact international trade or international investment</p>	<p>Neutral</p>
<p>Natural capital and Decarbonisation:</p> <p>Does the measure support commitments to improve the environment and decarbonise?</p>	<p>This measure does not improve the state of UK natural capital or decarbonisation of the economy.</p>	<p>Neutral</p>

Summary: Analysis and evidence

The summary of the analysis and evidence is presented in the overarching Impact Assessment. A summary of the analysis for this measure is presented in the Net Present Social Value (NPSV) section.

Evidence base

Problem under consideration, with business as usual, and rationale for intervention

The issue being addressed is inconsistency in registration data, and data on franchised services, provision by operators, LTAs and franchising authorities. The provision of such data is important for the proper functioning of BODS, which provides a centralised source of information about bus times, routes, real time vehicle location, and fares to passengers. Registration data is used as the reference data, which is compared to the operators' published data to measure compliance with their legal obligation. If registration data is incomplete, this reduces the effectiveness of DfT's ability to take action against non-compliant operators.

Improving the performance of BODS helps address issues of information failure in the current market, which may deter potential passengers from travelling by bus, and be associated with time costs for current users. If potential passengers are not confident in the reliability of their local bus services, they are more likely use other modes instead. Improving information on services, may encourage more people to switch to using bus, over other modes such as cars. This mode shift can be associated with additional benefits such as reduced emissions and congestion.

Engagement with DfT's BODS team showed that a new registration system is required for multiple reasons. Firstly, operators are required to register their services separately for the registration and BODS platforms. This results in significant duplication of effort for operators as they are providing similar information multiple times. One input location for BODS and registration data, as proposed in the measure, would remedy this.

Secondly, due to speed issues with the OTCs current registration system, registrations are not always on BODS by the time they start operating, leading to inaccurate/missing information on services in the public domain. If this process was fully digitalised and improved, this could be made faster.

Thirdly, the paper registrations LTAs currently receive can be of varying quality, which requires going back to the operator to request more information/corrections.

The DfT's Bus Service Operators Grant (BSOG) team were also approached to assess the current issue with registrations. The BSOG team rely on registration data to assure the information provided on grant claims meets grant terms and conditions before payment is made. This is resource intensive and engagement with the BSOG team suggests this is one of the tasks they spend the most time on. Full analysis of the burden on the BSOG team is included in the costs and benefits to business calculations. In summary, up to 65% of parts of the BSOG's team time could be freed up if the checking of registrations became easier or automated as a result of the development of a new registration system. Engagement with the OTC suggests they have an increasingly less full picture of registrations across England, Wales and Scotland. This is as a result of increased franchising and EPs, where registration is either not required at all or can be devolved to the LTA – removing the OTC from the process. Consistent and complete registration data is important to enable analysis of registrations across England and Wales and use of the data by the DVSA for enforcement purposes against underperforming operators. The issue of cross-boundary

services being registered in two parts has also arisen as an unintended consequence of franchising. We do not wish to reverse the registration functions devolved to/removed from LTAs under franchising or EPs, but the resulting gap in data provision has led to issues as discussed in this impact assessment.

At present, only operators are statutorily required to provide bus registration data to the OTC when registering, varying or cancelling a local bus service.

Traffic Commissioners (TCs) have responsibility for the registration of local services in England, Wales and Scotland. The legislation is devolved in Scotland, but the TC remains the registration authority.

There are eight TCs appointed by the Secretary of State who are each a non-departmental public body. Part of their statutory function is responsibility for the registration of most local bus services and maintenance of the register of such services in England, Wales and Scotland. They are provided with administrative support by staff employed by the DVSA but who are deployed to the OTC.

Applications for bus registrations can be submitted on paper (the majority of applications are made via paper) or through the electronic bus service registration system (EBSR). DVSA is responsible for the maintenance of the relevant IT provision.

The fact that there are two options (paper and digital) for the provision of bus registration data is inefficient for the OTC. The OTC told us that they would benefit from one digital solution in place of the current paper and digital options, which results in vast amounts of paperwork which the OTC must store, sort and which can be harder to refer to quickly than a searchable online database would. The OTC also told us that the removal of the paper registration route would result in easier access of data for the public, as it is burdensome for someone to present in person to the OTC to view a registration. With a new digital system, anyone could view the data from any location using a computer.

Under EPs, LTAs may choose to take on registration responsibility for local bus services. Three LTAs with EPs currently undertake registration. There is no statutory requirement for LTAs to report their registration data to any organisation. Engagement with the OTC and DfT teams showed that this has caused fragmentation in the availability of bus registration data, which sees DfT teams and anyone with a need to view bus registration data potentially needing to request it from multiple different locations.

Engagement with LTAs also suggested that they would find it beneficial for registration data to be stored in one place, and to expand the data requested to include BODS-compliant data, to save them from having to input often overlapping data in multiple locations, as is currently the case. LTAs were also receptive to removing the paper registration option.

Registration is not required at all where franchising is in place. Section 6 of the Transport Act 1985 does not apply in a franchised area (s.123J of the Transport Act 2000). Where franchising is in place, local bus services in these areas are operated under the franchise agreement or a Service Permit. There is no equivalent registration requirement in legislation for franchised areas, to that for non-franchised areas. Franchising operators determine which routes they wish to operate, in a system in which the franchising authority is able to specify the local services to be delivered, and bus operators bid to provide those services.

For example, a franchised area we consulted told us they have an internal system where franchise agreements and service permits are processed and stored. They do not have to provide any registration data to any organisation at this time.

When consulting with the OTC they suggested it would be useful for franchised services to be published for downstream users and so that data users have a complete picture of services across the country.

Another issue with the current registration system is when services cross a franchising area boundary. Services which do this have their data stored in two locations. The service is registered with the OTC/LTA up to the point of the boundary, and then a record is kept of the section entering the franchised area by the franchising authority. This means services have two records and again this adds to the fragmentation in data storage and accessibility.

Consultation with LTAs suggested it would be preferable to have data for such services all in one location, so that passengers and LTAs/operators have a clearer view of the services in and around their areas and can assess the approach others are taking in relation to cross boundary services if they wish.

London local services are specifically excluded from the registration requirement under Section 6 of the Transport Act 1985, and instead are regulated elsewhere. The proposed intervention will therefore not apply to London local services.

An improved, richer source of registration data will ensure the future transparency of LTA and operator service delivery particularly in relation to punctuality. It will be easier to compare registered service data to real time performance, resulting in benefits for passengers as better performance will be encouraged and passengers will be able to assess if a service is underperforming, and decide whether to use that or an alternative method of transport.

Consideration was given as to whether the issue of inconsistencies in data and its storage could be resolved without government intervention.

Franchising authorities are currently under no obligation to provide data about their services to the OTC, and there is no equivalent registration requirement in legislation which is comparable to that which is in place for operators. We therefore are of the view that government intervention is required to ensure franchising authorities are also statutorily required to provide data about their services to the same central location as operators and LTAs in EPs will be. If we do not place a statutory requirement on franchising authorities, then it could be argued that the different types of "operator" are being treated differently. Franchising authorities may also be less likely to comply if there is no requirement in law placed upon them.

Existing legislation allows for the registration function to be delegated from the TCs to LTAs, and where that happens there is no obligation on the LTA to provide registration data to a central source. For this reason, it was also concluded that government intervention is required, as opposed to stakeholder-led change, the market or innovation, as we need to place a requirement on LTAs to fill the gap in data provision that has inadvertently been created by EPs. As the new system is likely to be owned by a government organisation/department, and a similar requirement already exists in law for operators, government intervention by way of the preferred option has been deemed to be most appropriate.

In addition, the current paper and digital methods of registration are not sufficiently advanced to act as both an actual method of registering a bus service (which is what operators will use the new system for) and solely data input without registration (which is what franchising authorities and LTAs in EP areas will use it for). Therefore, a new system is required which can deal with both uses, and government is best placed to intervene as the existing system is owned by the OTC and operators are compelled in legislation to provide registration data to them already.

Finally, government intervention was deemed necessary as engagement with stakeholders suggests that LTAs and operators tend to already closely follow the requirements placed on them in legislation. It was felt this should be an effective way to ensure compliance with our requirements, and the resulting benefits to government, passengers and the operators/LTAs/franchising authorities themselves. The existing registration process is managed by a government body, through a process laid out in legislation.

One single database for bus registration data, which is made viewable in the public domain, will contribute to the Government's wider objectives around data transparency, as well as addressing the issues listed above.

The Public Service Vehicles (Registration of Local Services) Regulations 1986 specify the particulars about a local bus service which must be registered with the TCs.

There is no post-implementation review (PIR) requirement for The Public Service Vehicles (Registration of Local Services) Regulations 1986 as a whole, but there is for certain provisions.

The Public Service Vehicles (Registration of Local Services) (Amendment) Regulations 2018 have a statutory review clause, which requires the regulations to be reviewed every 5 years. This PIR was only in respect of certain provisions as required by Reg. 16 of the 1986 Regulations.

The PIR concluded that the Regulations should be renewed. This was because the objectives of the Regulations, to some extent, were considered to have been achieved and were thought to remain appropriate by the responses provided by the stakeholders that took part in the survey.

Policy objective

The intended outcome of the policy is to compel in legislation franchising authorities and LTAs in EP areas with a devolved registration function to use the same, central database to upload registration data or data about their services, to a set data standard which will ensure consistency and the ability for various stakeholders with a need for the data to access it easily.

The intervention will place a statutory requirement on all LTAs in EP areas with a devolved registration function, and franchising authorities, to use the new system. Currently, only operators are compelled to provide registration data to the OTC in legislation.

The intervention will mean that the current fragmented system for bus registrations is brought under one "roof" and all data is available to stakeholders who need it, without them having to manually chase up various authorities for it.

The aim is not for LTAs and franchising authorities to need to start actually registering services with the OTC for a fee, but rather to ensure consistent data is available for all local bus services via the input of data onto this one system.

DfT will fund the development of the new system. A supplier is likely to be on board and ready to commence work on the new system from 2025, with the build of the system expected to be complete by end 2025 earliest.

An indicator of success will be seeing all registration authorities and franchising authorities using the new system to upload consistent data, which is published online by the owner of the new system and can be drawn from by anyone with a need for the data, rather than the current fragmented approach which sees data users having to make multiple enquiries for data which could be easily accessible from one location.

Another success indicator will be efficiencies for DfT teams and LTAs who should no longer have to manually follow up with registration authorities for missing data and therefore should see efficiency increase in their ability to carry out compliance and grant functions.

Another indicator of success will be a reduced burden for registration and franchising authorities, who will no longer need to input overlapping data onto multiple systems (i.e. for registration and BODS), in favour of one central location.

Passengers will have access to more accurate real time bus information as a result of richer registration data which will increase the effectiveness of BODS and ABODS. Passengers will have increased transparency as to LTA and franchising authority service performance. This should encourage not only better performance from those services, but also, empower the passenger to hold operators, LTAs and franchising authorities to account.

The final indicator of success will be the removal of the current paper registration system and associated administrative burden on the OTC.

SMART objectives:

1. Consolidate bus registrations and data on LTA in EPs with devolved registration and franchised services into one location, by way of a new registration database to be built by end 2025. No alternative methods for registration to be available. One data source will contain all registrations across the country.
2. Data to be provided in a consistent format by operators, LTAs in Enhanced Partnerships and franchising authorities. To be achieved by likely follow up regulations in 2025 specifying data requirements. DfT teams will no longer have to manually follow up with registration/franchising authorities for missing data, reducing the burden on all. More consistent data will facilitate effective operation of BODS and real time information delivery to passengers.
3. Reduce administrative burden on OTC by eradicating paper registrations in favour of new digital system which will be the only registration/data input method available. To be measured via a survey in 2026 asking if OTC have seen a lowered administrative burden.
4. Ensure future transparency of LTA and operator service delivery, particularly in relation to punctuality, to encourage better performance and enforcement where this does not improve, resulting in benefits to passengers who should see more efficient services. A new registration system which contains all registrations across the country will enable greater oversight of services to anyone using the data i.e. LTAs,

the Government and provision of bus open data and passengers who can see how LTAs, franchised services and operators are performing.

5. Reduce burden on operators, LTAs and franchising authorities who must input sometimes overlapping data onto multiple databases, by having one database onto which all data can be uploaded by end 2025. To be measured via a survey in 2026 asking users of the new system if they have seen a lowered burden through using one central system.
6. Enable LTAs to have a more consistent view of services across their areas and therefore make more robust decisions about services. Currently, services which cross boundaries into/out from franchise areas are not registered in whole in one place, resulting in two registrations for one actual service. A new system showing all registrations would remedy this.

These SMART objectives align with HMG's objectives, namely improving bus services and kickstarting economic growth by:

- Increasing transparency around performance, resulting in benefits for passengers.
- Improving the functionality of the registration system and BODS, resulting in benefits for operators.
- Making data easier to access, resulting in benefits for anyone wishing to view or use it – data transparency.
- Reducing red tape and simplifying the registration and BODS processes. Time freed up for operators and LTAs to be used elsewhere.

Description of options considered

Longlist:

Option 1 (preferred): Primary legislation will be required to deliver the preferred option. This will place an obligation on franchising authorities and LTAs in EP areas with a devolved registration function to provide the registration data and data on franchised services to the new registration system. Further regulations will then be made via secondary legislation to provide more detail on the obligation on both franchising authorities and LTAs in EP areas with delegated registration. The regulations are likely to include aspects such as the data points to be provided and any other data protection and updating requirements. The detail of the regulations will be determined through consultation with stakeholders.

We continue to finalise whether/which amendments will be required to BODS legislation, to enable the input of such data onto the new registration system, and to ensure this can be shared as needed with the Department for Transport.

Only by changing the law can we compel LTAs in EP areas carrying out a bus registration function and franchising authorities to input registration data onto the same system, in a consistent way, as such an obligation does not currently exist.

The Bus Services Bill will contain enabling powers as the level of detail required in regulations is not appropriate for primary legislation.

This option will ensure that the Government has oversight of all registration data and data on franchised services and can use it for BODS compliance and BSOG administration

purposes. As the data will be published online, this is also in line with government's data transparency aims, and the data will be available to anyone who wishes to view/use it from one source. The data will be able to be used by LTAs/franchising authorities/operators and passengers to view all registrations across the country including those entering, exiting and passing through different areas. The data can also be used by passengers to view the services in their area and beyond - we expect to include route maps as part of the new registration data. The data will also be used by the BODS and BSOG teams in their compliance checks and grant administration respectively, resulting in benefits for passengers. Finally, the data may be referred to by businesses with a need to view it for purposes such as mapping services, timetabling etc.

A digital system will make it easier to obtain data on registrations, much of which (in the case of operators in OTC administered areas) is currently in paper format stored at the OTC's offices. The ability to access this digitally could encourage more people to access it, rather than having to seek physical paper copies.

This option will bring with it benefits for registration authorities as they will only need to input data once, rather than multiple times. There will be a burden on franchising authorities who will need to start uploading data on their services, but from engaging with stakeholders we know that franchising authorities already gather and store data about their services i.e. route start and finish, stops and the type of service it is, so the overall burden is not expected to be high.

Further benefits will be seen by those who require registration data for a variety of uses. One central reference point for all registration data will mean data users do not have to seek data from multiple sources, of sometimes differing quality/completeness.

One such organisation is the DVSA, who use registration data for enforcement purposes, and currently must request this from the OTC. A central location for all registration data will reduce or negate the need for this process and enable DVSA to locate the data themselves. DVSA also currently have to conduct some of their enforcement investigation in person, due to gaps in BODS data which feeds from registration data. If registration data and therefore BODS data was made fuller, DVSA could reduce or forgo the need to conduct in-person enforcement checks.

Benefits will also be seen by the OTC who own the current paper and digital registration system. A clearer picture of registrations will enable greater analytical opportunities for the OTC, who will be able to see more clearly where services are being provided and what type of service they are. The paper registration method would also be removed, reducing the administrative burden on the OTC to hold vast amounts of paper records. A digital database will be easier to store and search than paper records and increased richness of data can be utilised for more purposes than the current mix of predominantly paper and some digital records.

LTAs exercising a registration function were welcoming of the proposed policy option, stating benefits of only having to input data once rather than on multiple systems which they felt overlap, being able to point passengers to one single source of "truth" on bus registrations, and a more accurate picture of cross boundary services. Cross boundary services are currently only registered with the OTC until they reach the boundary of a franchise area. They are then separately registered with the franchising authority within its boundary, and the OTC do not always have sight of this. By storing all registration data in

one location, it will be possible to see a cross-boundary service in full which brings benefits to passenger, LTAs, operators and the OTC.

Another LTA exercising a registration function mentioned potential benefits for LTAs and operators who would benefit from being able to compare the approach other LTAs/operators are taking with regards to cross boundary services.

Engagement with a franchising authority also showed that they are receptive to such a system being built. They told us that in their case, greater bus performance data transparency has led to more accountability for operators and therefore improvements in service. The Bus Services Bill registration measure intends to achieve this same end, by facilitating the more effective operation of BODS.

Benefits to passengers include more freely available bus data on an online portal which will improve the user experience for the passenger by giving them a more accurate picture of the routes in their area, timetables and fares. We intend to consult with the various groups who will be able to access the data, including passengers, to ensure that it is accessible. There will also be increased transparency from operators, LTAs and franchising authorities regarding performance due to the data being fuller and publicly available which should encourage improved, more efficient services.

Improved BODS functionality, and therefore ABODS functionality which relies on BODS, should also bring with it benefits for passengers due to the availability of more transparent and richer data.

Burdens associated with this option will mostly be felt by operators who currently only use the paper registration route, and by franchising authorities who do not currently have to register bus services. The OTC report that the majority of bus registration applications are currently undertaken using the paper route. Analysis around how many operators are using the paper route and how many are using the digital route has been undertaken in the risks and assumptions section. Both groups will need to familiarise themselves with the new system to a greater extent than those who already use the OTCs digital system, or LTAs who have their own local, similar equivalents. During engagement with an LTA which exercises a registration function, they felt the burden on them would be low, as they already collect, store and publish similar registration data and use BODS. They felt one, central system would be a more efficient way of inputting this data and a simpler way for anyone who needs to access it, to access it.

A cost burden will be placed on DfT to fund the creation of the system which is expected to cost £1-4 million. This funding has been factored into budgets for FY 2024/2025.

The current legislative framework for the provision of bus registration data is Section 6 of the Transport Act 1985 and subsequent Statutory Instrument "The Public Service Vehicles (Registration of Local Services) Regulations 1986".

This option meets all of the SMART objectives by creating one location for bus registration data and franchised service data, mandating so that it is provided in a consistent manner and thereby reducing the burden on registration and franchising authorities to input the same data in multiple locations. Ensuring all data are in one place and recorded consistently will also enable the more effective functioning of the BODS system and reduce the burden on the BSOG team in administering their grant, as well as making it easier for stakeholders to access registration data should they have a need to view it.

It is not expected that this option will have any targeted place-based effects, collateral effects on places and groups within the UK, equality and family effects or income distribution effects.

No market creation will be involved so no competition effects or market imperfections expected.

Option 2 (do maximum): This option builds on option 1 by additionally creating powers to enforce against LTAs and franchising authorities who do not use the new registration system and/or do not keep their data up to date in light of any changes to a bus service.

Primary legislation would be required for this as in option 1, and this would be expanded so that any registration authority or franchising authority who does not use the new registration system or fails to keep their data up to date may be subject to enforcement action.

This option was ultimately disregarded because of these additional burdens; there is no clear enforcement route against LTAs and franchising authorities – the OTC can only take action against individual operators, this option has the potential to damage the relationship between LTAs/franchising authorities and government because it constitutes new enforcement opportunities, this option may discourage registration and therefore running of certain services if operators are concerned about the financial impact of potential fines, and because the general view from stakeholders is that compliance by LTAs and franchising authorities with legislation is high and consultation with such organisations during the development of the new system should ensure they are aware and ready to use the system.

The benefits and burdens of this option are as in option 1 with the addition of:

- Benefits: a stronger way of compelling LTAs and franchising authorities to provide the correct data, with associated benefits of correct and full use of the system for all who require the data.
- This option would meet the SMART objectives as in option 1 as the central database element of it is the same.

As in option 1, it is not expected that option 2 would have any targeted place-based effects, collateral effects on places and groups within the UK, equality and family effects or income distribution effects.

No market creation would be involved so no competition effects or market imperfections expected.

Option 3 (do minimum): Option 3 would see no legislative requirement on LTAs and franchising authorities to use one, central registration system, and would therefore forgo the need for the build of a new registration system.

Instead, registration and franchising authorities would continue to store the data in whichever way they do currently (franchising authorities would need to start), and they would be compelled in legislation to ensure it is consistent and publish it online at regular intervals.

Primary legislation would likely be required to place a requirement on franchising authorities to publish registration data. Secondary legislation would then likely be used, similarly to

options 1 and 2, to outline the specific data points franchising authorities, “normal” operators, and LTAs in EP areas with devolved registration must be storing/providing. The specific legal mechanism for delivering this option was not explored as options 1 and 2 were prioritised in the time available.

In the case of some franchising authorities (including those who are looking to become franchising authorities), they may have to start collecting and storing this data for the first time – it was not possible to ascertain due to time constraints the data each separate existing and potential franchising authority holds with regards to bus registrations related data. Franchised bus services are not registered with a TC. Local bus services in franchised areas are operated under a franchise agreement or a Service Permit.

This option would be less costly for government than options 1 and 2 which both require the build of a new registration system which the Department for Transport will be funding. This option would also not require as much familiarisation as options 1 and 2, as there would be no new system. There would however still be additional data provision requirements as a result of secondary legislation, and so some familiarisation with that would be necessary, with its associated burdens. This option was also disregarded as it does not meet the majority of the SMART objectives.

Option 3 only partly meets the SMART objectives. Option 3 would not see a new registration system being built, instead continuing with the current status quo of multiple locations of storage and publishing. Therefore, most of the benefits outlined in the SMART objectives would not be realised. Option 3 would not meet objectives 1, 3, 4, 5 and 6. The only way these objectives can be met is by creating a new system which can be used by all services/organisations who need to view registration data. Option 3 would however meet objective 2 by outlining in legislation the data points each registration/franchising authority must publish and ensuring this is BODS compliant. This would hopefully mean the DfT BODS team would no longer experience missing data, but they might still have to consult multiple sources to access it.

As in the above options, it is not expected that option 3 would have any targeted place-based effects, collateral effects on places and groups within the UK, equality and family effects or income distribution effects.

No market creation would be involved so no competition effects or market imperfections expected.

Option 4: This option would be to create the new registration system and produce non-statutory guidance for operators on how to use it. There would be no requirement in legislation for LTAs in EP areas with devolved registration or franchising authorities to use the new system. Their data would continue to be stored and published locally (in the case of EPs) or not at all in the case of franchising LTAs who would continue to be under no obligation to register services or provide data on their services to a central location.

No primary legislation would be required as there is already a requirement on “normal” operators to provide registration data to the OTC, this option would simply see the method via which they do this changed. As we would not be creating a new requirement on LTAs in EP areas with devolved registration nor on franchising authorities, this would also forgo the need for primary.

Option 4 would not meet the SMART objectives as there would not be one central source for all registration data (LTAs in EPs and franchising authorities would not be compelled to use it), and so all of the resulting issues which are being faced now would continue, and the benefits in the SMART objectives would not be realised. Option 4 would go some way to improving BODS efficacy if operators followed guidance and uploaded the additional required data points to the new system, leading to a richer data source. However, ultimately there would still be multiple sources for registration data, and no requirement for franchising authorities to provide any data on their services to a central source, meaning objectives 1, 2, 4, 5 and 6 could not be fully met. Objective 3 is the only one which could be met as the paper registration route would be no longer available. For this reason, option 4 is not shortlisted.

Option 5 (Business as Usual (BAU)): The BAU option would see the continuation of the current status quo which is as follows. Individual operators of local bus services are required through the Transport Act 1985 and subsequent Statutory Instrument -The Public Service Vehicles (Registration of Local Services) Regulations 1986 to provide registration data to the OTC in order to register and run their service. If a service is not registered it cannot run.

The specific data points required upon registration are outlined in the 1986 Statutory Instrument. If these are not provided, the service cannot be registered and cannot run.

LTAs may take on responsibility for bus registration under EPs. Where this happens, there is no legal requirement at all for them to report these registrations back to the OTC. Franchised services do not have to be registered at all and so data on these can be difficult to obtain. This inconsistency in data provision for various local bus services means that getting a full picture of the bus registration landscape may not be possible without contacting various authorities not using the central OTC system – this is time consuming and costly.

The other key issue is the reliance of DfT teams (and any other stakeholder with an interest in the data) on registration data. Where this data is inconsistent, incomplete or difficult to obtain, it places a greater burden on interested parties to seek out the data, take appropriate compliance action against underperforming operators, and significantly slows down the process of making grant payments.

Option 5 does not meet any of the SMART objectives as no changes would take place, and therefore present issues would continue. For this reason, option 5 is not shortlisted.

International comparisons

High-level consultation with colleagues at the British Embassy in Spain (selected as they are existing contacts, and Spain has a system similar to franchising) was undertaken.

Embassy colleagues advised that all companies wishing to carry out bus transportation services in Spain must have an authorisation issued by the Spanish Ministry of Transport.

In Spain, some bus services are operated through concession contracts. This appears to be a similar system to that of franchising. Concession contracts are when private bus companies provide transport services as a legal monopoly after obtaining an administrative concession that grants them exclusive operation rights over certain routes. This system allows operators to compete for the market, through the tendering of concessions, so

contracts are awarded to the company offering the best terms for users and public administrations.

We were unable to identify an equivalent system to that of Enhanced Partnerships in Spain.

We could not identify a difference in the way authorisations for the operation of bus services in Spain are issued, for the different types of bus services (concessions or otherwise) in the time available. It was therefore deemed that this would not be an appropriate comparison. We also could not identify a similar process of devolution of registration as that in England and Wales, for all the different types of bus services.

Other international comparisons were not possible in the timeframe for preparation of the impact assessment.

Shortlist appraisal:

His Majesty's Treasury's (HMT) Green Book Options Framework-Filter was used to narrow the longlist down to the following shortlist: options 1, 2 and 3. Assessment was undertaken through consideration of how each of the long list measures met the objectives.

All three shortlisted options meet the SMART objectives at least partially, with options 1 and 2 meeting them in full, and option 3 meeting the second objective by mandating for consistent data provision albeit with storage in multiple locations. It was deemed that because option 3 meets the objective of mandating for consistent data provision, with resulting benefits for BODS and consequently passengers in terms of live performance data, the option would be taken forward for further consideration.

While option 4 also met one of the objectives (3) it was assessed that the eradication of paper registrations itself would not make it a suitable solution. Option 3 would at least see data being stored in a *consistent format* (just not in one location).

Option	1 - Consolidates registrations into one location?	2 - Mandates for consistent data provision and therefore increased BODS efficacy?	3 - Eradicates paper registrations?	4 - Greater oversight of services and transparency?	5 - Reduced admin burden on operators/LTAs?	6 - More consistent view of services for LTAs?	Taken forward or discounted?
1	Yes – new database created with obligation placed on EP LTAs and franchising authorities to use it.	Yes – obligation on all registration and franchising authorities to supply consistent data to central location.	Yes - new system created and so eradication of paper registrations.	Yes – one central system.	Yes – one data entry point for BODS and registration data.	Yes – one central system for use by all.	Taken forward
2	Yes – new database created with obligation placed on EP LTAs and franchising authorities to use it.	Yes – obligation on all registration and franchising authorities to supply consistent data to central location.	Yes - new system created and so eradication of paper registrations.	Yes – one central system.	Yes – one data entry point for BODS and registration data.	Yes – one central system for use by all.	Taken forward
3	No – no new system created nor obligation to use it for EP LTAs or franchising authorities.	Yes - obligation on all registration and franchising authorities to record consistent data which would be BODS compliant.	No – data storage continues as per current status quo.	No – some registrations not stored on central OTC system.	No - no new system <u>created</u> and so data entry could be required multiple times.	No – EP LTA and franchising data not stored on central OTC system.	Taken forward
4	No – EP LTA and franchising data not stored on central OTC system.	No - obligation on just operators to record consistent data, but no common location for storage and LTAs in EPs and franchising areas still excluded.	Yes – new system created and so eradication of paper registrations.	No – some registrations not stored on central OTC system.	No – one data entry point for BODS and registration data but only for operators, not EP or franchising LTAs.	No – EP LTA and franchising data not stored on central OTC system.	Discounted
BAU	No	No	No	No	No	No	Discounted

Careful consideration of the value costs and benefits, the financial cost to the public sector, non-monetised costs and benefits, and NPSVs of the shortlisted options were also used to draw the shortlist from the longlist.

Option 1 was shortlisted and is the preferred option as it most closely meets each of the SMART objectives, without some of the additional burdens placed on LTAs exercising a registration function in EPs and franchising authorities by option 2. While it is expected that there will be some burden on all three registration authorities, it was concluded that building a new system to be used as a central database for all registration and franchised service data across the country is the only feasible way of meeting the objective to consolidate bus registrations into one location and benefit from the consequential benefits to operators, passengers and data users. The net positive impact of option 1 is thought to outweigh the burdens placed on operators, franchising authorities and LTAs, and the three types of authorities have all expressed a desire for a new system themselves. It is hoped that with extensive consultation on the technical aspects of the new system, notice that the changeover is going to take place, as well as thorough guidance on how to use the new system, the burdens on registration authorities can be reduced. The benefits for passengers of option 1 are also substantial, with increased data transparency and ease of access which will benefit the passenger directly (if they wish to view the data) and indirectly (by encouraging greater compliance with registered service standards).

Option 2 was also shortlisted as it similarly meets all SMART objectives, with the only difference being that an enforcement route for non-compliance with the new system would have to be developed. The additional benefit of this option (having a stronger means by which to encourage use of the new system) was not thought to outweigh the additional disbenefits. Firstly, anecdotal evidence from the OTC and the Association of Transport Coordinating Officers (ATCO) suggests that LTAs and franchising authorities tend to comply with requirements placed on them in law already. Secondly, creating additional enforcement routes brings with it the risk of damaging the relationship between registration authorities and the Government. Thirdly, enforcement would be likely to include fines as a last resort, which would place a much greater potential burden on authorities. The enforcement route was also not clear in existing legislation, and so would likely involve either an existing or new body taking such responsibility on – again, creating a new burden and potentially prolonging the timing of this intervention while that question was resolved. As the enforcement mechanism would likely be stepped, with the aim of financial penalties being a last resort, it was assessed that this option could create more burdens than any financial or compliance benefit. There would also be no increased benefit for passengers with option 2 as opposed to option 1 (the data provision and access aspect is identical), and the enforcement mechanism would only be likely to potentially negatively impact registration authorities financially, which could lead to passenger disbenefits. Finally, option 3 was placed on the shortlist as it partially meets the SMART objectives. Objective 2 would be met as there would still be a set, consistent data standard in legislation. However, the remaining objectives could not be met through option 3, as one central system would not be built, and registration and franchising authorities would not be required in law to use it. Consequently, none of the benefits outlined in SMART objectives 1, 3, 4, 5 and 6 would be met. This option could prove least burdensome of the three, as familiarisation with a new system would not be required for registration authorities as in options 1 and 2. But as above, it is thought that the other benefits of options 1 and 2, which would not be realised in option 3,

would outweigh the administrative and cost burdens resulting from the development on a new system.

Under option 3, registration authorities would still have to provide potentially overlapping data in multiple places, franchising authorities would still have to potentially start storing data they do not already, all authorities may have to change the kind of data they do already store (to meet the new standard) and no benefits would be realised to any authority or data user seeking to get a complete view of registration across the country in one place which can be useful for a number of reasons outlined earlier in this document. Passenger benefits would be only partially realised, as more consistent data would be being stored, but passengers would still be required to access multiple sources to see it, and the passenger benefits that could be realised through the more effective operation of BODS would also likely not come to fruition in option 3 (because BODS would not be made more effective as the data would still be fragmented).

Summary and preferred option with description of implementation plan

The preferred option will be given effect through primary legislation, likely by placing an obligation on franchising authorities to provide the data about their services to the new registration system, which will also be used by LTAs in an EP area with a devolved registration function, and “normal” operators in OTC administered areas. Further regulations will then be made via secondary legislation to provide more detail on the obligation on franchise areas, likely to include aspects such as the data points which must be provided and any other data protection and updating requirements. These will be determined through consultation with stakeholders during the development of the statutory instrument.

An obligation will also be created on LTAs in EP areas with a devolved registration function. The obligation will be for such LTAs to provide registration data to the same new system. This is likely to be delivered through a primary amendment to require data provision, with secondary legislation to follow specifying timeframes for this and in which format data is to be provided.

We continue to finalise whether/which amendments will be required to BODS legislation, to enable the input of such data onto the new registration system, and to ensure this can be shared as needed with the Secretary of State for Transport (DfT).

By creating overarching powers in primary legislation, we can create requirements for authorities to provide data which do not currently exist, while also having space to ensure we consult with those who will be using new system and technical experts who will be creating it during development of the secondary legislation.

The arrangements are expected to come into effect before 2028. The build of the new system is expected to complete in 2025 at the earliest.

The follow-up regulations will begin to be developed as soon as is practicable.

Responsibility for the ongoing operation of the new arrangements will be a decision for government to take, with the OTC/DVSA the likely “owner” of the new system. The OTC already manage the current registration system and so could be well placed to own the new

system. If DVSA or any other organisation were to host the new system, there will be a greater burden on them to resource and upskill for this.

The implementation approach of creating an overarching power in the Bus Services Bill, with subsequent regulations made to finalise the technical details of the new database following consultation with stakeholders, will enable flexibility and the opportunity to test models with those who will be using the system in various capacities.

While extensive engagement with stakeholders on the underpinning policy of creating a central database and compelling LTAs/franchising authorities to use it was done, due to the timeframe within which the policy has had to be developed and finalised to make it into the Bus Services Bill, making regulations later allows us the space to consult on the technical details which would not have been possible in time for the Bill otherwise.

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NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

Price base year: 2024

PV base year: 2025

Option 1 (do min): No new database system. Franchising authorities and LTAs exercising a registration function compelled to collect and store registration data. Data inputted into system to be BODS compliant. LTAs and franchising authorities compelled to publish.

Option 2 (preferred): Develop a new database system. Compel LTAs exercising a registration function and franchising authorities to use new system. Data inputted into system to be BODS compliant.

Option 3 (more ambitious): Develop a new database system. Compel LTAs exercising a registration function and franchising authorities to use new system. Data inputted into system to be BODS compliant. Increased enforcement options against non-compliant LTAs and operators.

Our central scenario is our best estimate of impacts based on the evidence available to us. Low/High scenarios reflect the lowest/highest impact scenarios. For instance, the low scenario represents the lowest expected costs **and** benefits and vice versa for the high scenario. No consultation has been conducted into options for this measure or similar measures, therefore we cannot compare our NPV findings to these.

	1. Do-minimum Option	2. Preferred way forward (if not do-minimum)	3. More ambitious preferred way forward
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<p>Net present social value (with brief description, including ranges, of individual costs and benefits)</p>	<p>Central = -£0.2m Low = -£0.1m High = -£0.5m</p> <p><u>Central costs</u></p> <p>Familiarisation cost for LTAs = ~£1200</p> <p>Admin cost for LTAs= ~£1200</p> <p>Familiarisation cost for operators = ~£60,000</p> <p>Admin cost for operators = ~£150,000</p>	<p>Central = -£2.7m Low = -£1.1m High = -£4.5m</p> <p>All individual costs and benefits are monetised and presented in the costs and benefits to business calculations.</p>	<p>Central = -£2.7m Low = -£1.1m High = -£4.5m</p> <p>The same as the preferred option – the increased enforcement costs could not be monetised.</p>
<p>Public sector financial costs (with brief description, including ranges)</p>	<p>There are familiarisation and admin costs to LTAs.</p> <p>Central = ~£2400 Low = ~£600 High = ~£12,200</p> <p>There would also be some costs to the LTAs and franchising authorities to publish registration data, however these are not monetised as we do not have the available evidence/assumptions to do so. We have not had a chance to consult on the measure to gain better evidence and there are no other similar policies we can use to benchmark costs.</p>	<p>Central = £2.5m Low = £1.0m High = £4.0m</p> <p>The vast majority of this is the cost to government for building the new database. There are also familiarisation and admin costs to LTAs and franchising authorities.</p>	<p>Central = £2.5m Low = £1.0m High = £4.0m</p> <p>The same as the preferred option – the increased enforcement costs could not be monetised.</p>

<p>Significant un-quantified benefits and costs (description, with scale where possible)</p>	<p>The un-quantified costs and benefits are expected to be the same as the preferred but to a lesser extent. This is because the data would not be captured in a centralised database, reducing the potential of optimising benefits.</p> <p>There would be an additional cost to LTAs and franchised LTAs to publish registration data.</p>	<p>Admin cost of running the database – direct cost to public sector.</p> <p>Cost to operators/LTAs of increased enforcement levels – indirect cost to public sector and Business.</p> <p>Time saved chasing missing data – indirect benefit to government.</p> <p>Reduced duplication of time submitting BSOG and BODS data – indirect benefit to Business.</p> <p>Improved accessibility of data for users of registration data – indirect benefit to households.</p> <p>Time savings for enforcement operators – indirect benefit to public sector.</p>	<p>The unquantified costs and benefits of this measure are expected to be the same as the preferred option, however there may be additional indirect costs to businesses and public sector from increased enforcement powers. On the contrary, increased enforcement powers could increase the quality and compliance of data, increasing the benefits of the measure</p>
<p>Key risks (and risk costs, and optimism bias, where relevant)</p>	<p>No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.</p> <p>Data users still required to request data from multiple sources to obtain full picture of registrations across the country - labour and cost intensive.</p> <p>Does not align with Ministerial objective to have all registration data stored centrally.</p>	<p>No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.</p> <p>Extensive consultation with stakeholders will be required to ensure new system has suitable scope - this could be lengthy/complicated.</p> <p>Ownership of new system still to be decided.</p>	<p>No specific risk costs have been monetised. Further detail is provided in the risks and assumptions section.</p>

	While there will be a requirement in primary to collect and store consistent data, by virtue of it still being stored in multiple locations there could be inconsistencies – who would oversee this?	While build of new system is expected to complete in 2025, it is possible it could take longer.	
Results of sensitivity analysis	<p>Central, high and low-cost estimates have been produced for uncertain inputs / assumptions.</p> <p>These have been used to run central, high and low scenarios for each option.</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> -The number of franchised LTAs. -The number of staff required for familiarisation and admin costs. -The amount of time required for familiarisation and admin costs. 	<p>Central, high and low-cost estimates have been produced for uncertain inputs / assumptions.</p> <p>These have been used to run central, high and low scenarios for each option.</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> -The cost of creating the database. -The number of franchised LTAs. -The number of staff required for familiarisation and admin costs. -The amount of time required for familiarisation and admin costs. -The proportion of operators using paper-based registration systems. 	<p>Central, high and low-cost estimates have been produced for uncertain inputs / assumptions.</p> <p>These have been used to run central, high and low scenarios for each option.</p> <p>Sensitivities were run on:</p> <ul style="list-style-type: none"> -The cost of creating the database. -The number of franchised LTAs. -The number of staff required for familiarisation and admin costs. -The amount of time required for familiarisation and admin costs. -The proportion of operators using paper-based registration systems.

Costs and benefits to business calculations

This section examines the costs and benefits to business of the preferred option. All assumptions are explained in detail in the risks and assumptions section.

Monetised Costs

- **Cost of developing the new registrations system – *direct cost to government***

A new central database would need to be developed to enable LTAs exercising a registration function and franchised LTAs to record registrations. The latest cost estimates provided to the DfT are that this would cost between **£1m-£4m** to build. The exact details of the system have not yet been developed, hence the large range. The cost of this system will become more certain as the details are developed.

These costs would be incurred in 2025. The system is expected to be built in 2025 and operational in 2026.

- **Familiarisation cost for LTAs with registration function and franchising authorities - *direct cost to public sector***

LTAs with registration functions and franchised LTAs would have an additional cost to familiarise themselves with the policy change – having to record all registrations in the new central database. As new franchised LTAs are created in future years, a new cost burden would arise.

Familiarisation in LTAs would be done by **government administrators**. The median hourly wage for this profession is £13.97 (inflated to 2024 prices). We updated this to **£16.59** to capture non-wage labour costs (explained in risks and assumptions). In the central scenario we have assumed **2 Full-time equivalent (FTE) administrators** would need to familiarise themselves in each organisation and each administrator would require **2 hours** to familiarise themselves. This is uncertain because we do not have data to support the assumption, so we have included a high and low scenario where we flex these assumptions. In the absence of any appropriate data to inform how we flexed these assumptions

Therefore, in the central scenario the familiarisation cost per organisation is **£66**. Calculated as $£16.59 * 2 * 2$.

Familiarisation cost per LTA (scenarios)

	Low	Central	High
Government administrator hourly resource cost	£16.59	£16.59	£16.59
Number of administrators	1	2	4
Hours required per administrator	1	2	3

Familiarisation cost per organisation	£16.59	£66.36	£199.07
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Centrally, we have assumed there are **3 LTAs exercising registration functions** and that by 2030 there will be **15 franchised LTAs**. This means **18 organisations** incurring the familiarisation costs. The 15 franchised LTAs by 2030 includes Greater Manchester (already franchised) and estimates forecasts the number of franchises that could be created due to the opening up and speeding up of franchising enabled by other Bill measures. These figures are based on results from a DfT survey of all LTAs asking whether they intended to setup franchises. For more details on this assumption, see the risks and assumptions section below.

Total familiarisation costs for LTAs (figures may differ slightly to spreadsheets due to rounding)

	Low	Central	High
Number of LTAs	14	18	34
Familiarisation cost per LTA	£16.59	£66.36	£199.07
Total familiarisation cost	£232	£1,194	£6,768

Therefore, the central estimate for direct familiarisation costs to LTAs is **£1,194**.

- **Familiarisation cost for operators – *direct cost to Business*.**

Operators would incur a direct cost as they would require a small amount of time to read the policy change and work out what it means for their registrations processes and the data they provide. It is assumed that this requires the same number of administrative staff, each spending the same amount of time to familiarise themselves as in LTAs and paid the same amount.

According to Office for National Statistics (ONS) figures ¹⁰¹ on UK business counts there are **900** bus operators in England outside of London, as of 2023 (the latest available data). We have not flexed this assumption despite a reduction in the number of bus operators over the last 3 years. This is because we believe that the bus market has stabilized to a post-COVID-19 equilibrium. This is evidenced by (i) a slowdown in the fall of bus operators from 2022 to 2023 (ii) the consistent number of operators before COVID-19. Each of these operators would incur the familiarisation costs. It is a transitional cost only incurred in 2026.

Total familiarisation costs for operators (figures may differ slightly to spreadsheets due to rounding)

	Low	Central	High
Number of operators	900	900	900

¹⁰¹ <https://www.nomisweb.co.uk/> ONS data on number of enterprises by employment size band. Bus and coach operators defined by the Standard Industrial Classification 49319: Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground, metro and similar systems

Familiarisation cost per operator	£16.59	£66.36	£199.07
Total familiarisation cost	£14,930	£59,721	£179,162

Therefore, the central estimate for direct familiarisation costs to bus operators is **£59,721**.

- **Admin cost to LTAs with registration function and franchising authorities – direct cost to public sector**

LTAs with registration function and franchising authorities would incur a direct cost involved in changing their administrative processes to get used to using the new system. The same number of LTAs would be in scope of these changes as outlined for familiarisation costs.

It is assumed this would be done by a government administrator – therefore the same hourly resource cost as for familiarisation costs has been assumed.

In the central scenario it is assumed that **2 FTE** government administrators would be required to make the administrative changes. Each of these would require **2 hours** to learn how to use the new system. These assumptions are uncertain and have been flexed in the high and low scenarios.

Admin cost per LTA

	Low	Central	High
Government administrator hourly resource cost	£16.59	£16.59	£16.59
Number of administrators	1	2	4
Hours required per administrator	1.6	2	2.4
Admin cost per LTA	£26.54	£66.36	£159.26

Total admin costs for LTAs (figures may differ slightly to spreadsheets due to rounding)

	Low	Central	High
Number of LTAs	14	18	34
Admin cost per LTA	£26.54	£66.36	£159.26
Total familiarisation cost	£372	£1,194	£5,415

Therefore, the central estimate for admin costs to LTAs is **£1,194**.

- **Admin cost to operators – direct cost to Business**

Operators would incur admin costs to update their processes. This would include ensuring that the data they provide is compliant with the new data standards, and some operators would need to move over from a paper-based system to the new digital system. This is a direct cost to business. It is a transitional cost that would occur in 2026.

According to ONS figures on UK business counts there are **900** bus operators in England outside of London. Each of these would incur the admin costs. The cost would be higher for operators who need to move from a paper to digital system as they would require more hours to change their processes and move to using the digital system. The number of admin staff required to make the changes is **2** in the central case, for both paper and digital-based operators. In the central case, we have assumed that it would take a paper-based operator administrator 5 hours to complete the changes. Whereas it would only take a digital based operator administrator 2 hours. This is because operators moving from paper systems would require additional time to adapt to moving from paper registrations to a new digital system. These assumptions are uncertain and have been adjusted in the high and low scenarios.

The OTC explained that “the majority” of operators still use paper systems. To capture this uncertainty, we have run a high (70%), low (50%) and central (60%) scenario on the % of operators using paper systems

The changes would be made by administrators – it is assumed they would be paid the same amount as the assumption made for LTAs.

Number of operators using paper vs digital.

	Low	Central	High
Paper	450	540	630
Digital	450	360	270

Admin cost per operator (paper based).

	Low	Central	High
Administrator hourly resource cost	£16.59	£16.59	£16.59
Number of administrators	1	2	4
Hours required per administrator	4	5	6
Admin cost per organisation	£66.36	£165.90	£398.16

Admin cost per operator (digital based).

	Low	Central	High
Administrator hourly resource cost	£16.59	£16.59	£16.59
Number of administrators	1	2	4

Hours required per administrator	1.6	2	2.4
Admin cost per organisation	£26.54	£66.36	£159.26

Total admin cost of operators (figures may differ slightly to spreadsheets due to rounding)

	Low	Central	High
<u>Paper based</u>			
Number of organisations	450	540	630
Admin cost per organisation	£66.36	£165.90	£398.16
Sub-Total admin cost	£29,862	£89,586	£250,840
<u>Digital based</u>			
Number of organisations	450	360	270
Admin cost per organisation	£26.54	£66.36	£159.26
Sub-Total admin cost	£11,943	£23,889	£43,000
Total admin cost	£41,805	£113,475	£293,840

Therefore, in the central scenario the admin cost to operators is **£113,475**.

Total costs for LTAs and operators (figures may differ slightly to spreadsheets due to rounding)

	Low	Central	High
LTAs	£604	£2,388	£12,183
Operators	<u>£56,735</u>	<u>£173,396</u>	<u>£473,002</u>

Unmonetised Costs

- **Admin cost of running the system - direct cost to public sector**

These costs would be direct to the OTC or DVSA, depending on who took ownership of the database. There would be IT costs associated with maintaining and running the database – the database may have to be tested for bugs regularly and upgraded to improve usability.

It has not been possible to monetise these costs as there is not any robust evidence on the cost to run the database of this type. There are some figures available for running other databases, but these are commercially sensitive so could not be included. The cost would

depend on the scope, scale and design of the database – both details which have not been confirmed yet.

It is expected that the scale of this cost would be **low**. It would likely be annual costs from year 2-10, including a small resource cost for an IT technician to test the database semi-regularly and fix any minor bugs.

- **Cost to operators/LTAs of increased enforcement costs - *indirect cost to local authorities (LAs) and operators***

The preferred measure would see a Statutory Instrument specifying the BODS compliant data that LTAs and operators must record in the new database. This could see an increased level of enforcement if the data is better used to check compliance with BODS requirements. If this occurred there would be an increased cost in the form of higher enforcement costs to LAs and operators.

This cost would be indirect – it depends on the level of non-compliant data that LAs and operators provide and the extent to which it is enforced against.

It was not possible to monetise this cost as we do not know the extent to which non-compliant data would be recorded and it would be enforced against.

We expect this cost to be **low**. Most operators and LAs already hold BODS compliant data so the provision of non-compliant data would likely be low.

Unmonetised Benefits

- **Time saved chasing missing data by OTC and DfT teams and improved data quality - *direct to government***

Internal DfT teams check the eligibility of service registrations against certain claims forms. The BSOG team use registration data to assure the information provided on grant claims meets grant terms and conditions before payment is made. In past years this was done through the OTC however this has become less reliable due to paper errors and not all operators signing up to the electronic system. The creation and use of a new digital database would lessen the burden on the DfT teams to chase missing information. It would also likely improve the data quality enabling higher quality checks to be made.

It was not possible to monetise these benefits. We do not have robust evidence on how much time it takes DfT teams to chase missing data or how large the data quality improvements would be. We also do not know exactly how much time the database would save as it depends on how easy it would be for DfT to access and use.

We expect the benefits of this to be **medium**. Anecdotal evidence from the BSOG team suggests that one of the tasks they spend most time on is checking registrations for eligibility. The BSOG team is made up of 5.5 FTE case officers and 2.8 FTE authorisers, all of whom are involved in checking registrations. The case officers spend on average 65% of their time checking registrations, while the authorisers spend approximately 25% of their time doing the same. We expect this measure to reduce this time significantly.

- **Reduced duplication time submitting overlapping data to BODS and BSOG - indirect benefit to Business**

There are potential future benefits to operators/LTAs if inputting the data onto the new registration system means they do not also have to submit it again in other locations, such as in BSOG claims and BODS.

These benefits will depend on how the database is designed and its compatibility with other databases. It was not possible to monetise these benefits as the details of how the database will be created are not detailed yet. The scale of the benefits is expected to be **medium** – depending on how effectively the database integrates with others there could be significant time savings for LTAs and operators.

- **Time savings for enforcement operators - indirect benefit to public sector**

Currently, the DVSA deploy enforcement officers in person to verify that registered services are being operated as they should be. This imposes a resource cost on the DVSA. This measure could lead to registrations being better recorded and the higher data standards could enable BODS to operate more effectively. DVSA could use the improved BODS data to verify services are being run appropriately. Therefore, there is a possibility that the DVSA could reduce the number of or the frequency of times they send enforcement officers out to make checks. This would represent a benefit to the public sector as it would be a cost saving.

This benefit depends on how the database is designed and how effectively the improved data standards enable improved BODS data. It was not possible to monetise this benefit as the exact details of what the new data standards will be is not clear yet. Furthermore, we do not have evidence on how much time the DVSA spend on sending enforcement officers out to make checks or how much time could be saved from an improvement in BODS data.

Impact on medium, small and micro businesses

According to ONS data on UK business counts (2023)¹⁰² there are 800 small and micro bus and coach operators in England outside of London. There are 60 medium sized bus and coach operators. All of these would be in scope of this measure.

The policy objective is to compel in legislation LTAs in EP areas with devolved registration and franchising authorities, to use the same, central database to upload registration data and franchised service data. The aim is to a set data standard which will ensure consistency and the ability for various stakeholders with a need for the data, to use it efficiently.

¹⁰² UK Business Counts - enterprises by industry and employment size band. Industry = 49319 : Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground, metro and similar systems

The expected benefits of this measure are largely focussed on saving the DfT time chasing missing data, get a more complete picture of bus services being provided and reduced duplication of time inputting data for operators.

Exempting medium, small and micro businesses (SMBs) from using the new database would mean the policy would significantly reduce all of the above benefits and mean the SMART objectives are not met.

Objective 1 would not be met as all bus registration data would not be consolidated into one location, medium and SMBs would store it locally or on the existing OTC system, which would have to be kept running and would place a burden on the OTC to continue maintaining it, alongside their potential new responsibilities for maintaining the new system. Paper registrations would also remain. Data would be likely to continue to be inconsistent if medium and SMBs are not required to comply with new regulations outlining the additional data points required.

Objective 2 would not be met as the current issues experienced by DfT teams and anyone else needing to access registration data would remain - registration data would continue to be stored in multiple places and in a potentially inconsistent format.

Objective 3 would not be met as paper registrations would continue to be used, as is the current status quo.

Objectives 4 and 6 would not be met as there would still be multiple sources of registration data and so the increased transparency and consistency benefits as a result of a complete picture of registrations available in one location would not be realised.

Objective 5 would not be met as the burden on operators to input overlapping data onto both the old registration system, or however they would wish to store it in this instance, and onto BODS and any other systems requiring similar inputs, would continue. Medium and SMBs would not benefit from inputting the data once, onto a central database

After considering the extent to which the SMART objectives would not be met by exempting medium and SMBs from using the new database, it was deemed to not be a suitable option to exempt them.

This measure is expected to disproportionately impact SMBs and medium sized operators. They are more likely to be currently using paper systems for registrations as they are less likely to have the resource required for upskilling and familiarisation on a new system. Therefore, this measure would likely impose a higher cost on SMBs and medium sized businesses than larger businesses.

We considered mitigation measures to reduce the impact on SMBs:

- (3) Temporary exemption - we could create a temporary exemption for operators which fall into the medium and SMB category, to enable them to continue storing registration data as they do now and consequently allow them more time to transition over to the new system and complete the required familiarisation and/or upskilling.
- (4) Financial aid - government could offer financial aid to operators qualifying as medium and SMBs if proof is provided that they do not have the resources to transition over to the new system but could do so with financial support.

After careful consideration we decided that neither exemption nor mitigation were suitable. The temporary exemption would not be suitable as the aim is for the new system to replace the existing system, and so keeping both “live” at the same time would be labour and cost intensive for the OTC and would further fragment the storage of registration data which is the issue we are trying to remedy with this intervention. It is hoped that through thorough consultation with operators prior to the introduction to the new system, they will be able to start preparing for the transition in advance. The new system will also be based on the existing system, meaning the transition should not be too onerous.

The financial aid mitigation was also not deemed as suitable. It would be very resource intensive to ascertain which of the 900 operators qualify as medium and SMBs, to assess their applications for funding and to determine what a suitable amount of financial support would be. The relationship between government and operators who are denied funding could be damaged. Similarly to above, it is hoped that with enough consultation, notice and guidance, all operators will be able to transition over to the new system with minimal cost incurred.

Costs and benefits to households’ calculations

Unmonetised Costs

There are no direct costs to households from the preferred option – it imposes a direct cost to LTAs and businesses to familiarise themselves with the policy change and make administrative changes to the way they register bus services. It is highly unlikely any of these costs would pass through to passengers.

Our central estimate is that the total direct cost to business is £164,232. There are 900 operators in England outside of London. Therefore, the average direct cost to each business is £182.48. This is incredibly small compared to the cost base of operators – it would not translate into higher fares or worsened services for passengers; therefore, we **expect no passthrough to households from the costs imposed on businesses.**

Unmonetised Benefits

Improved accessibility of data for users of registration data

There is a potential benefit to households if the improved data quality and availability facilitated by this measure would lead to a more effective operation of BODS. This would improve the real-time information available to passengers. This would allow passengers to better plan their journeys, leading to journey time savings.

It was not possible to monetise this benefit as we cannot quantify how much of an improvement in BODS this measure could lead to. Even if we could, we do not have the available evidence to quantify the scale of benefits this would lead to for passengers as we do not know how much it would improve their ability to plan journeys and make time savings.

Monitoring and evaluation of preferred option

Timing of the Post Implementation Review

A post-implementation review (PIR) of the implementation of the secondary legislation on bus registrations would be undertaken five years after the policy has been implemented. The rationale for this is to allow enough time for the development of the centralised digital database for recording bus registrations, as well as for all stakeholders and users of the database to familiarise themselves with it. Like in the development of any new digital platform, iterations of the database may first have to be piloted in a staggered way for testing, before a full roll-out. A five-year period would ensure that the database has been fully developed, rolled out, and in use for a reasonable amount of time for the outcomes to materialise.

To ensure proportionality, the monitoring and evaluation of this measure would be covered within the wider evaluation plans for the Bus Services Bill, and any findings could feed into the PIR process. It could, for example, involve collecting baseline data where appropriate, undertaking process evaluation to share lessons learned to support ongoing roll-out of the database, as well as monitoring uptake of the database itself.

Circumstances which could trigger earlier review of the policy measure include feedback from stakeholders/users of the database, as well as findings from process evaluation activities that identify challenges or learnings that could improve the database and its usage.

Summary of the intervention, including intended and outcomes

This measure would require any LTA which exercises a bus registration function, and franchising authorities, to record bus registrations and franchised services in a central database. The measure thus aims to remove paper registrations which are often completed inconsistently and are hard to store and track. Instead, the measure would enable consolidation of bus registrations into one digital platform in a consistent way. This in turn would support the effective operation of BODS and the provision of the BSOG and generate better insights including provision of real time information to passengers. The data would be available publicly, which would also ensure transparency of LTA and operator service delivery. Additionally, a centralised database would also give the OTC an overarching picture of bus registrations across the country.

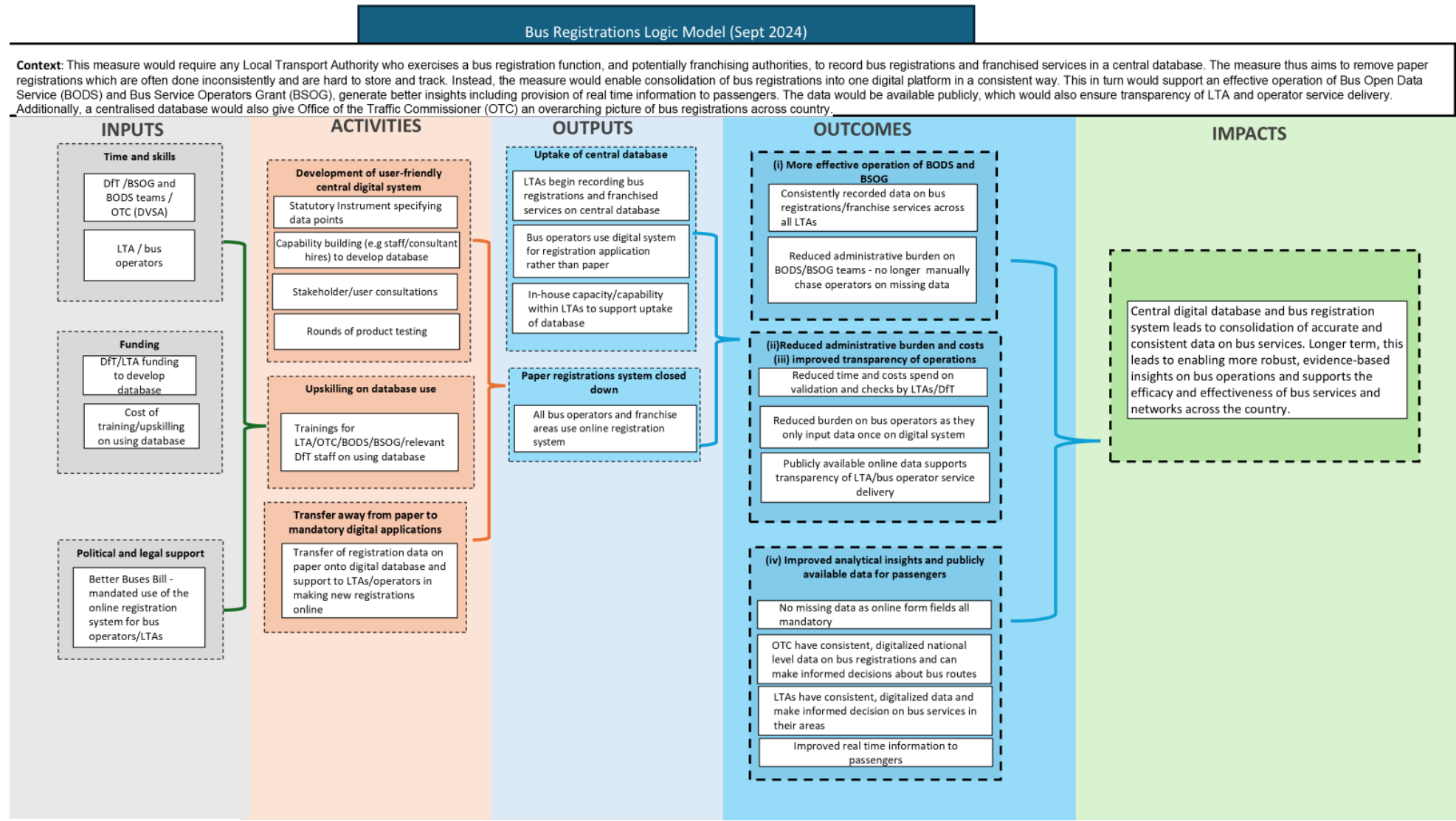
SMART objectives of the policy are below:

7. Consolidate bus registrations and data on LTA in EPs with devolved registration and franchised services into one location, by way of a new registration database to be built by end 2025. No alternative methods for registration to be available. One data source will contain all registrations across the country.
8. Data to be provided in a consistent format by operators, LTAs in EPs and franchising authorities. To be achieved by likely follow up regulations in 2025 specifying data requirements. DfT teams will no longer have to manually follow up with registration/franchising authorities for missing data, reducing the burden on all. More consistent data will facilitate effective operation of BODS and real time information delivery to passengers.
9. Reduce administrative burden on OTC by eradicating paper registrations in favour of new digital system which will be the only registration/data input method available. To be measured via a survey in 2026 asking if OTC have seen a lowered administrative burden.

10. Ensure future transparency of LTA and operator service delivery, particularly in relation to punctuality, to encourage better performance and enforcement where this does not improve, resulting in benefits to passengers who should see more efficient services. A new registration system which contains all registrations across the country will enable greater oversight of services to anyone using the data i.e. LTAs, the Government and provision of bus open data and passengers who can see how LTAs, franchised services and operators are performing.
11. Reduce burden on operators, LTAs and franchising authorities who must input sometimes overlapping data onto multiple databases, by having one database onto which all data can be uploaded by end 2025. To be measured via a survey in 2026 asking users of the new system if they have seen a lowered burden through using one central system.
12. Enable LTAs to have a more consistent view of services across their areas and therefore make more robust decisions about services. Currently, services which cross boundaries into/out from franchise areas are not registered in whole in one place, resulting in two registrations for one actual service. A new system showing all registrations would remedy this.

The logic model below visually demonstrates how the above SMART objectives would be achieved, by detailing the different activities that will be undertaken to implement the measure, the resultant outputs in the short term, as well as the intended outcomes and impacts longer term. It is worth noting that the logic model is subject to change as the associated policy intervention is further developed.

Figure 14: Bus Registrations Theory of Change/Logic Model



Monitoring and evaluation approach

A full and proportionate monitoring and evaluation plan will be scoped and produced alongside the detailed policy development and implementation. For now, high-level, indicative evaluation questions have been developed and an evaluation approach identified accordingly.

Evaluation approach and questions

The evaluation will consider research questions relating to process, outcomes/impacts, and value for money which will be refined as the policy and monitoring and evaluation plan are developed.

Process Questions

While the process questions relate to all activities undertaken in the implementation of the measure, they specifically focus on the development of the central database.

- What activities were undertaken to inform the development of the central database?
 - Which stakeholders have been involved in the process? How has stakeholder experience of the process been?
 - How has a user perspective informed the development of the central database?
 - What were the key challenges and opportunities faced during the development of the database?
- Training/Upskilling on database usage:
 - What kind of training/capability building activities were undertaken to familiarise stakeholders and users with the digital database?
 - Was there guidance developed for training purposes? If so, how clear and helpful was the guidance for stakeholders/users?
 - To what extent is the training and guidance likely to result in the intended outputs on uptake of the central database and replacement/closing of the paper registration system?
- Uptake of digital database: How were the experiences of users of registering bus/franchised services on the new online system vs the previous paper registration system? According to users, what were the barriers and opportunities in using the new online system?
- What were the key enablers and barriers to implementing the activities for this measure? Were there any unintended positive consequences, or issues, delays or blockers? What were they?

Outcome and Impact Questions

- Compared to the baseline, how has the uptake of the digital system for bus registration/franchised services by LTAs and bus operators been?
- Compared to the baseline, has the digital registration system had led an increase in the number of bus registrations overall? To what extent?
- Compared to the baseline, has the implementation of the digital system had to a decrease in bus registrations through the paper system? To what extent?

- Has the implementation of the digital bus registration system led to the following intended outcomes?
 - More effective operation of BODS and BSOG data
 - Has it reduced administrative burdens for the BODS and BSOG teams?
 - Has it led to standardisation in bus registration data received?
 - Reduced administrative burdens and improved transparency of operations for LTAs and bus operators
 - Has the implementation of the digital registration system reduced the amount of time spent of validation and checks by LTAs?
 - Has the implementation of the digital registration system improved the experience of bus operators in registering bus services?
 - Has the implementation of the digital registration system led to improved transparency in LTA/bus operations?
 - Improved analytical insights and publicly available data for passengers
 - Has the implementation of the digital system led to improved and standardised data for OTC? To what extent, if at all, has it enabled OTC to make better informed decisions about bus routes nationally?
 - To what extent, if at all, has the implementation of the digital system led to more informed decision making by LTAs?
 - To what extent, if at all, has the implementation of the digital system improved real time information provided to passengers?
 - To what extent, if at all, has the implementation of the digital system improved accessibility of bus data to the public (and wider/other relevant) stakeholders?

Value for Money

It is likely that this measure may not need to undergo a value for money evaluation given its scale. This would again be decided as part of scoping the monitoring and evaluation of the wider Bus Services Bill and all its measures. Nevertheless, a value for money evaluation would help generate insights on questions such as:

- Was the intervention (focus on development of database and training/capability building) cost-effective and a good use of public money?
- What, if any, additional costs have been incurred in the implementation activities of this measure? Have there been any efficiencies, savings or cost benefits from implementation?

Evaluation Approach

An appropriate evaluation approach will be scoped once the policy has been fully developed and will have to align with the evaluation of the wider Bus Services Bill. However, to answer the above identified evaluation questions, the following indicative evaluation approach is proposed:

(i) Process Evaluation

A process evaluation would be useful in assessing how the process of implementing the program activities led to achievement of intended outcomes. It would help answer the identified process questions and generate an understanding of what is

working well, less well, and why. Given that the development of the online registration system and database, along with activities on database familiarisation/training and phasing away of the paper might occur in a phased manner, the process evaluation could be initiated at early stage (e.g. at the time of system development) to capture enablers, challenges, and stakeholder experiences. The findings of the process evaluation could inform the ongoing development and delivery of the intervention activities. The process evaluation could also provide early evidence of progress towards the outcomes.

In terms of **methods**, the process evaluation is likely to involve extensive engagement with key stakeholders and users through qualitative interviews and/or focus groups. Key stakeholders would include DfT officials (policy teams, BSOG and BODS teams, DVSA officials), LTA officials, OTC officials, while bus operators would provide a user perspective. A secondary data analysis, possibly through an evidence review, of the existing bus registration system, any relevant evaluations, OTC statistics, BODS/BSOG data on bus registrations/operations so far, could provide insights into how the context that may be influencing the delivery of this intervention.

(ii) Impact evaluation

To answer the identified questions on outcomes and impact, an impact evaluation that assesses whether and to what extent the intervention works, would have to be undertaken. Given the focus on digital database development as the primary intervention, it is unlikely that outcomes would be realised before a five-year period. To that end, a theory-based impact evaluation is proposed at the five-year mark. A theory-based approach that tests the validity of the programme theory (i.e. the logic model above) would enable insights into both contribution and attribution of the activities in this measure towards the outcomes/impact.

The impact evaluation would thus likely be **mixed method** and involve:

- Primary research through methods such as qualitative interviews/focus group and surveys with key stakeholders and bus operators.
- Collection of baseline data on bus and paper registrations from OTC. This would enable pre- and post- intervention comparison on number of online vs paper registrations and could be disaggregated by LTAs.
- Primary research with wider users of the digital database, such as mapping services (Google) to understand the broader impact of the intervention.

It is worth noting that there could be issues accessing some of the data held by BSOG, as these are collected by the case officers outside of the BSOG system. Furthermore, as BSOG is an old grant, which was previously paper based, old bus registration data may be hard to track. Where this happens, the evaluation would have to rely on primary research with BSOG officials.

Minimising administrative and compliance costs for preferred option

The regulation will see the current paper bus registration method for operators removed, in favour of a solely digital system. This is expected to be the greatest administrative burden of the regulation, as operators will have to familiarise themselves with a new online system, and potentially upskill where digital skills require building. The system will be developed in consultation with those who will end up using it. Through that process it is hoped operators can begin to prepare for the move over to the new system, and LTAs in EP areas with devolved registration and franchising authorities can familiarise themselves with the new requirements placed on them. Consultation with system users should also mean that the new system is developed in as user-friendly a manner as possible. Guidance will be produced to aid all users with familiarisation. Familiarisation is expected to take approximately 2 hours.

The removal of the paper option for the provision of bus registration data will lower the administrative burden on the OTC, who currently own the system and who would benefit from a digital solution in place of vast amounts of paperwork which must be stored, sorted and can be harder to refer to quickly than a searchable online database.

The new registration system will be designed based on the existing one, which some operators already use, and some LTAs may have used before the registration function was devolved to them under EPs.

An EP is a statutory partnership between one or more LTAs and their local bus operators that sets out how they will work together to deliver Bus Service Improvement Plan (BSIP) outcomes in the defined geographical area(s) set out in the EP. The BSIP is a strategic document that outlines how LTAs and bus operators in a given area will work together to achieve the goals of the National Bus Strategy

Franchising authorities, who do not currently have to register their services anywhere, will need to familiarise themselves with the system as they will be required to record franchised services. As above, detailed guidance will be provided to aid all registration authorities with this.

The aim is to keep the new system as simple as possible, with clearly defined data fields. The data which will be requested is not expected to go far beyond what operators and LTAs already collect for registration. LTAs also already publish their data online themselves so this burden would also likely not increase. Simultaneously collecting data which will enable the efficient operation of BODS and BSOG means any further data operators need to input will likely have already been required via the BODS system and in BSOG applications. The use of a new central system means that data will only need to be provided once, in one location, rather than multiple times. Therefore, the burden in that sense is likely to reduce.

In the current bus registration space, DfT teams and LTAs must manually chase up missing registration data with operators. This is burdensome both for the teams and for the operators. The introduction of one central system which enables the effective operation of BODS and BSOG, and a legal requirement to use it via the Bus Services Bill, should reduce this burden on all as data should no longer be missing and the central system can be referred to by anyone with a need to view/use registration data.

The new system will also be developed to be simple to access and use for anyone with a need to access the data, including passengers. Passengers already have access to the existing registration service on gov.uk, and the ambition is for the new system to be based on this.

Business environment

Only individual operators are considered “businesses” in the context of this intervention. The intervention is expected to place a relatively lower burden on operators (compared to LTAs and franchising authorities) because operators are the only group which are already required to provide registration data to the OTC, and already have the option of using the existing digital database.

The intervention will however mean that some operators have to switch from a paper application route to the digital route, but they will also only have to input data in one place, as opposed to multiple locations as is the case now. Therefore, while a burden may be introduced (moving to digital), another is expected to be simultaneously removed (only inputting data once, rather than multiple times).

A bus service will not be able to be registered unless the data is provided.

The attractiveness of the business environment therefore is not expected to change substantially for operators as the same bus services which need to be registered now, will still need to be registered. It should become easier for operators to upload data, after some upskilling which will be required for operators unfamiliar with digital systems, and LTAs/franchising authorities who do not use any OTC registration method at present. The system should make it more straightforward to apply for BSOG grants and to upload data which proves compliance with BODS requirements. Generally, bus registration should eventually become more straightforward for operators, resulting in a more attractive business environment which could encourage investment into additional routes.

The intervention does not change the requirements placed on operators, it simply changes the data they need to provide and the location they provide it to, meaning minimal impacts are expected.

Trade implications

This intervention is not expected to have any trade impacts, nor any adverse effect on international businesses when compared with domestic businesses.

Environment: Natural capital impact and decarbonisation

The Environment Act has been considered and this intervention is not expected to have any environmental impacts. An overarching Environmental Principles Policy Statement is being drafted for the Bill.

Other wider impacts (consider the impacts of your proposals)

This intervention is not expected to have any impacts on public health, defence, national security, animal welfare, systemic risk or market resilience.

Risks and assumptions

Unintended consequences could be:

- The familiarisation and admin costs could disproportionately impact SMBs leading to their costs rising significantly. This is discussed in more detail in the impact on medium, small and micro businesses section above.
- There could be issues running the database. This could impose large costs on the body that operates it and lead to delays/issues in registering services.
- There could be delays to the build of the database. This could damage the relationship with franchising and registration authorities who will have been preparing to switch over to the new database. This could also cause issues for the OTC who may begin redeploying staff ahead of the delivery of the new system in preparation for a certain date.
- The database could exceed its original scope and/or cost. This could lead to increased costs for government and delays/issues in registering services.

Operators, LTAs and franchising authorities may not adapt well to the new database. They may not be familiar with using online systems and need to upskill/bring in resource to be able to use the new database. This could cause delays/issues with registering services.

Assumption	Value	Source / Rationale	Caveats / Risks	Mitigation
<u>Overarching assumptions</u>				
Non-wage labour cost uplift	1.1875	<p>This is well evidenced.</p> <p>ONS statistics suggest that average labour costs, per hour, at economy level are £22.80. They suggest that wage costs make up £19.20 of this and non-wage costs make up £3.60 of it.</p> <p>Therefore, non-wage costs make up 16% of total labour costs and wage costs make up 84%.</p> <p>To calculate the uplift factor the calculation was: (1+ (non-wage cost % / wage cost%).</p> <p>ONS stats - Index of Labour Costs per Hour, UK - Office for National Statistics (ons.gov.uk)</p> <p>This is in line with RPC guidance on implementation costs. RPC short guidance note - Implementation costs August 2019.pdf (publishing.service.gov.uk)</p>	<p>This is well evidenced. The calculation is based off economy level statistics, the uplift may be different for bus operators. However, it is not possible to estimate this, and we expect it to be broadly similar.</p>	None required.
Number of bus operators in England outside of London	900	<p>IDBR – UK Business Counts.</p> <p>Industry = 49319: Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground metro and similar systems.</p> <p>Extracted from Nomis.</p>	<p>This is well evidenced. However, the category may include some non-bus operators, for instance it could include coach operators. It may therefore be an overestimate.</p> <p>However, we checked this figure with the Bus Service Operator Grant database which</p>	Not proportionate to mitigate – we have checked this figure against other sources.

		UK Business Counts - Data Sources - home - Nomis - Official Census and Labour Market Statistics (nomisweb.co.uk)	had figures of 816 and is likely a slight underestimate. There has been a reduction in the number of bus operators over the last 3 years. However, we believe the figure used is appropriate as the bus market has reached a post-COVID-19 equilibrium. This is evidenced by (i) a slowdown in the fall of bus operators from 2022 to 2023 (ii) the consistent number of operators before COVID-19.	
Number of LTAs	75	As of September 2024.	Bus service improvement plans: local transport authority final allocations 2022 to 2025 - GOV.UK (www.gov.uk) Derby, Derbyshire, Nottingham, Nottinghamshire have since combined into one LTA – East Midlands.	None required.
<u>Registrations</u>				
Number of LTAs currently exercising a registration function	3	West Midlands, WECA and Hertfordshire	This number could increase in the future; however, this is a low risk as the DfT are not aware of any new LTAs interested in doing this.	None required
Number of franchises	2025 = 1 As of 2030:	Greater Manchester is the only LTA we expect to be franchised as of 2025. Our forecasts of number of franchises is based off a DfT survey of all LTAs.	There is a lot of uncertainty around the number of	We have provided lower and

	<p>-Central = 15 -High = 31 -Low = 11</p>	<p>As of 2030 we expect 11/15/31 (low, central, high) franchised LTAs including Manchester. We expect a combination of rural and urban LTAs to franchise, across different regions. A larger proportion of franchises may be more urban LTAs. Each of these scenarios assume that North East Combined Authority (NECA) will franchise – the Mayor has committed to franchising in her first term which would mean in 2026. Between 2025 and 2030 we assume that that the number of newly created franchises equally spread across the 5 years.</p> <p>The high scenario is calculated based off the share of LTAs considering franchising from the DfT survey to LTAs in August. This has been applied to the number of eligible LTAs (LTAs who have not yet produced franchising assessments) to calculated projected number of LTAs who might franchise. These calculations excluded NECA, who we added to the final figures since we know they will franchise.</p> <p>The central and low scenarios are 1/3rd and 1/6th of the high scenario respectively. This reflects the uncertainty – that LTAs may have responded stating an interest in franchising but may not actually franchise without additional government funding.</p> <p>The split of LTAs franchising by year assumed that 1/5 LTA's franchising (other than NECA) would do so over 5 years from 2026 to 2030 in an even split.</p>	<p>franchises that will be set up, particularly from 2027 onwards.</p>	<p>upper ranges to mitigate this uncertainty. Our central assumptions are well evidenced.</p>
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Administrator – hourly resource cost	Median wage of all administrative occupations (inflated to 2024) = £13.97. Uplifted by non-wage labour cost uplift = £16.59	We believe it is an appropriate assumption that administrators would have to familiarise themselves with the changes and make administrative changes. The wage is taken from ONS ASHE statistics, table 14.6a. Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics (ons.gov.uk)	This is well evidenced. A risk is that it is not specific to LTA/bus operator admin costs, but we expect their wages to be in line with the national average. Wages are UK level, therefore may differ for England but it is not possible to obtain figures for England specifically.	None required.
FTE administrators required for familiarisation	Central = 2 Low = 1 High = 4	This is a policy assumption based on limited evidence. From engagement with the OTC we believe that around 2 people per LTA and operator would need to familiarise themselves with changes.	This is not well evidenced. It could be an over/underestimate.	To mitigate this uncertainty, we have run high and low sensitivities on this.
Hours required per administrator to familiarise with changes	Central = 2 Low = 1 High = 3	This is a policy assumption based on limited evidence. From engagement with the OTC we believe that it would take a short amount of time to familiarise with changes as it is a relatively straightforward policy.	This is not well evidenced. It could be an over/underestimate.	To mitigate this uncertainty, we have run high and low sensitivities on this.
Number operators currently using paper systems. Number of operators currently	Paper: Central = 540 Low = 450 High = 630 Digital: Central = 360 Low = 450	Of the 900 operators, we assumed that 60% (central), 50% (low) or 70% (high) would use paper systems. The remaining operators in each scenario would use digital systems. This is based on engagement with the OTC who said that “the majority” of operators still use paper systems.	This is based on anecdotal evidence from the OTC, who are well placed to comment on this assumption.	No mitigation required.

using digital systems	High = 270			
FTE administrators required for admin changes	Central = 2 Low = 1 High = 4	This is a policy assumption based on limited evidence. From engagement with the OTC we believe that around 2 people per LTA and operator would need to make the admin changes.	This is based on anecdotal evidence from the OTC, who are well placed to comment on this assumption. However, it is not robust.	To mitigate this uncertainty, we have run high and low sensitivities on this.
Hours required to make admin changes for new system	Operators using paper systems: Central = 5 hours Low = 4 hours High = 6 hours Operators using digital systems: Central = 2 hours Low = 1.6 hours High 2.4 hours	For operators using digital systems - this is a policy assumption based on limited evidence. From engagement with the OTC we believe that it would take a short amount of time to make the admin changes if already using digital systems. It would take a longer time for operators to change from paper to digital. This is because they not only need to spend time getting used to the new data standards and new database, but also adjust their processes to get used to using digital systems.	This is based on anecdotal evidence from the OTC, who are well placed to comment on this assumption. However, it is not robust.	To mitigate this uncertainty, we have run high and low sensitivities on this.
Cost of building a new registration system	Central = £2.5m Low = £1m High = £4	This is the latest set of quotes that the DfT have received from potential suppliers to build this system.	The range is large; however, this is appropriate given the model details have not been fully decided upon yet.	No mitigation required