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The Transport Economist

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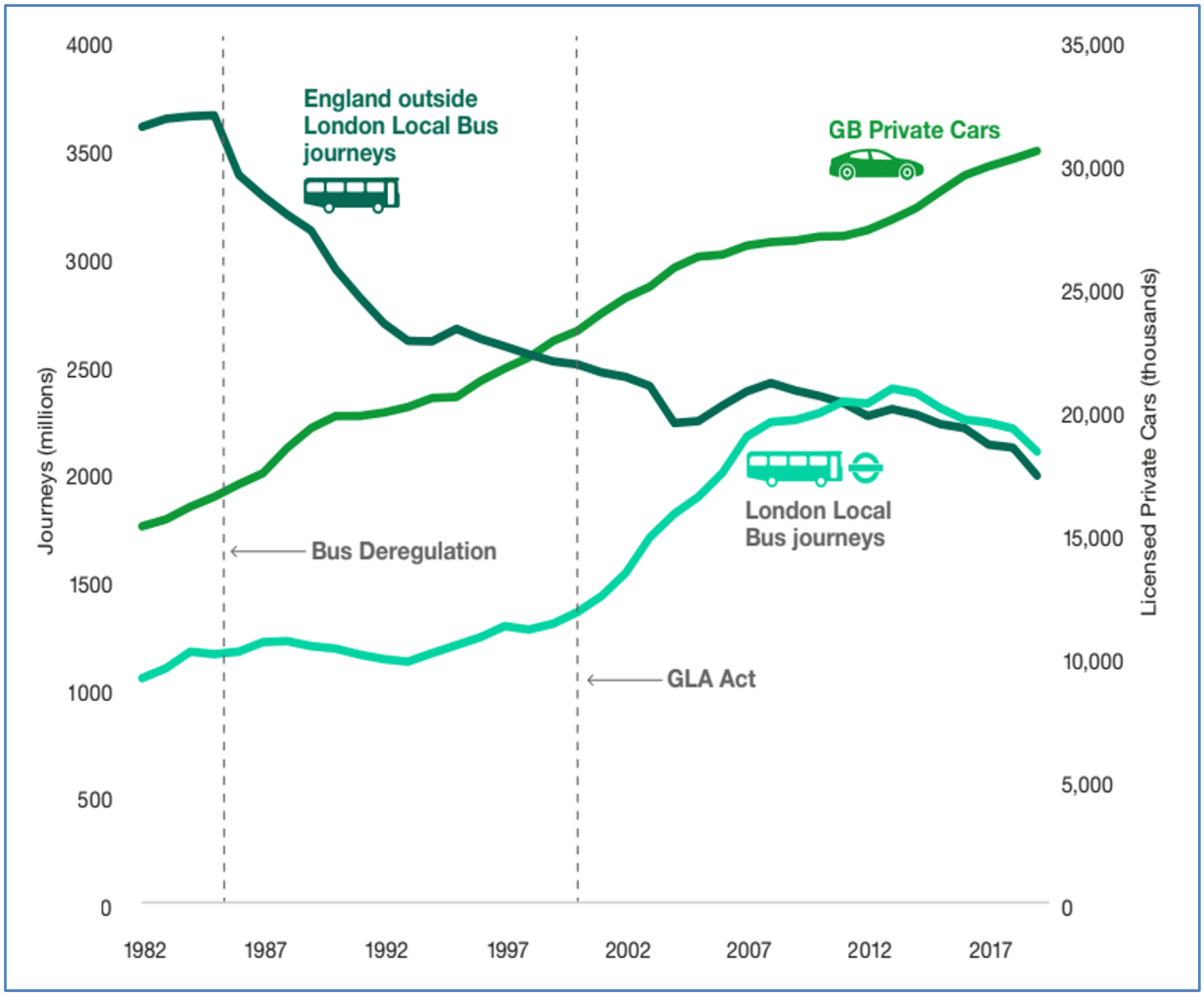

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The bus improvement economic tool

Mathew Howells
(AtkinsRéalis)

Online

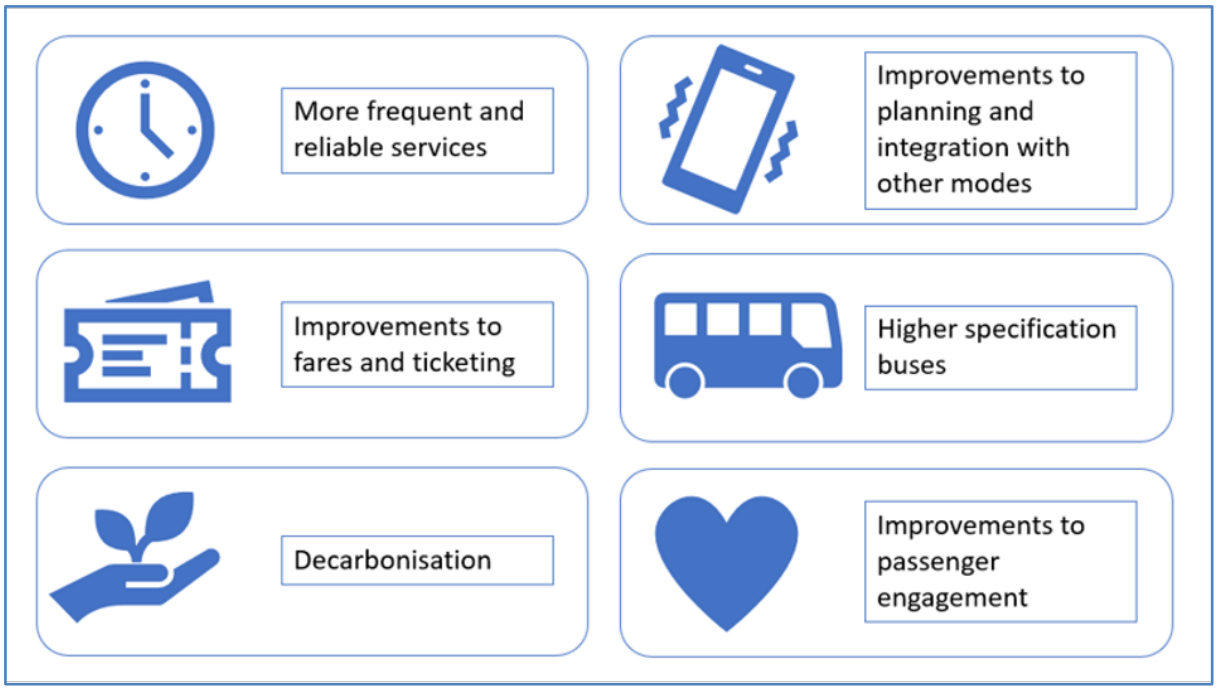
22 January 2025

Introduction

Mat Howells introduced himself as a Principal Transport Planner at AtkinsRéalis with a focus on modelling and economic appraisal but also experienced in evaluations and strategy development.

His talk would describe a tool developed rapidly for England's Economic Heartland (EEH) for their Regional Connectivity Bus Strategy, which set out key problems, objectives and ambitions to improve bus connectivity within the region.

Figure 1: EEH's Regional Connectivity Bus Strategy Objectives



A key problem was that "journey time can be uncompetitive with car travel" and a challenge was to see what economic benefits might emerge with improved bus journey times. The solution was to develop a spreadsheet-based tool to provide an easy corridor-to-corridor comparison of potential monetized benefits.

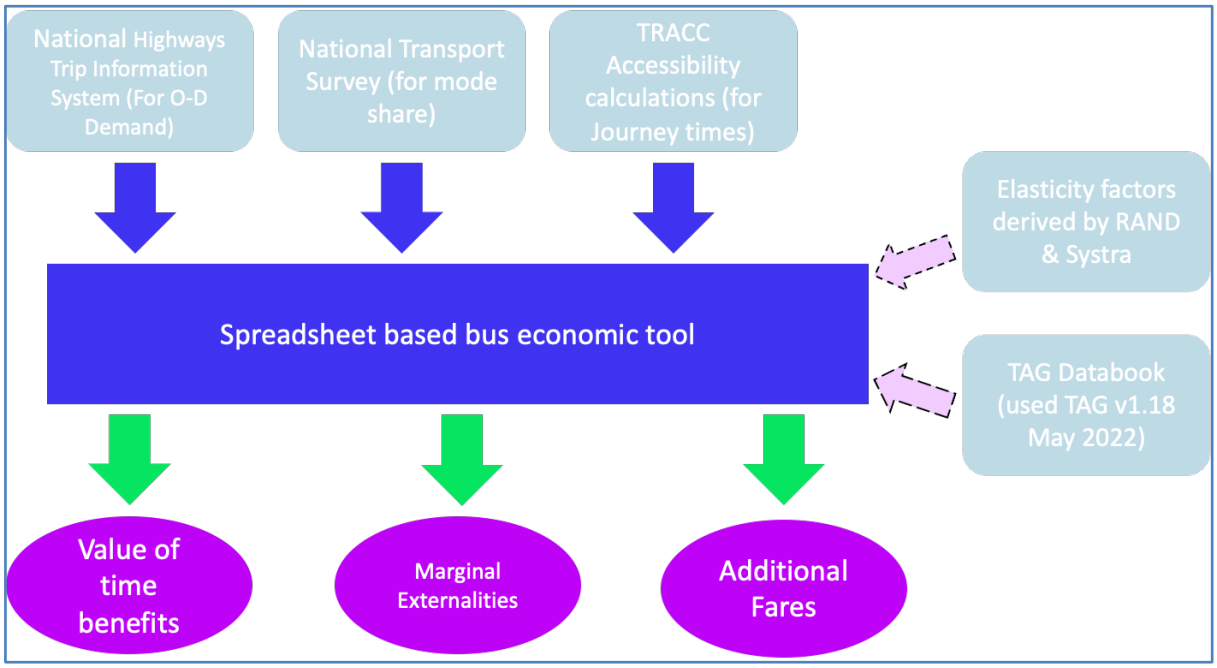
His talk would focus on the tool's background, development and use, with some commentary on its assumptions and limitations, a demonstration of its use, and thoughts on what could be done to improve it for the future.

Data inputs and tool development

With no time to collect new data, the tool had to work with what was already available, as shown in Figure 2 below:

- trip-end data derived from mobile phone movements from National Highways;
- mode share data from National Transport Survey (NTS);
- journey times from TRACC travel time analysis software;
- elasticities to in-vehicle time derived from a 2018 study by RAND and Systra[1]; and
- other assumptions and parameters from Transport Analysis Guidance (TAG) data book (version 1.18 of May 2022).

Figure 2: The structure of the tool



[1] https://assets.publishing.service.gov.uk/media/5b320789e5274a55d7a54aa0/bus-fare-journey-time-elasticities.pdf

From these were derived monetised value of time benefits, marginal externalities from bus users abstracted from car travel, and income from additional fares.

Figure 3: The tool's landing page

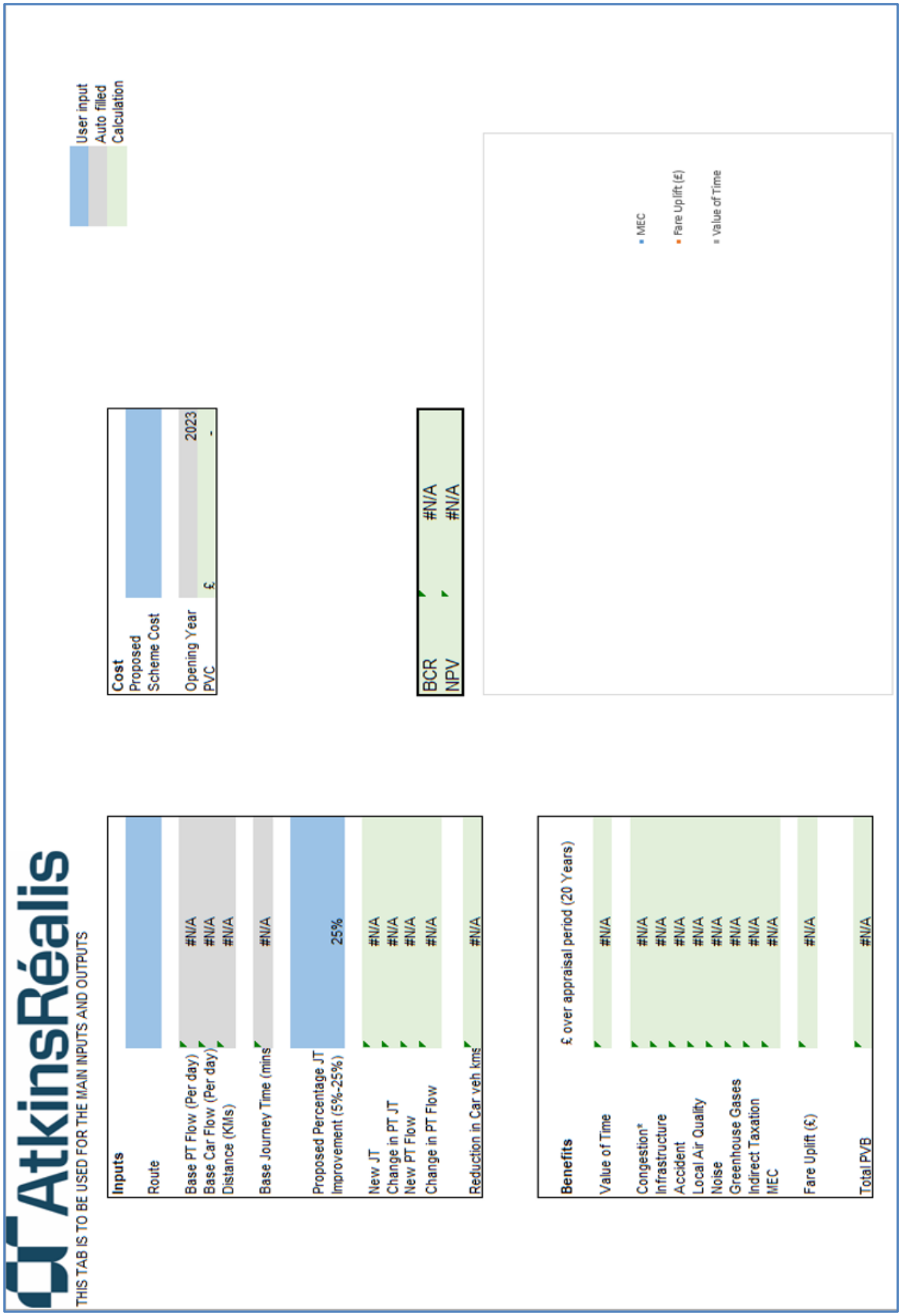


Figure 3 shows the tool's landing page. Outputs are in green boxes, and it is only necessary to populate three blue boxes:

- the route, stored in a dropdown list;
- the proposed percentage improvement in journey time; and
- the cost of the proposed scheme, if an estimate is available.

Table 1 lists the assumptions used as inputs to the tool.

Table 1: Assumptions used as inputs to the tool

Distances between localities based on Google Maps shortest Route by car.
Baseline movements from the National Highway Transport Information System (TIS) 2019.
Opening Year 2023.
'Other Urban' Marginal Externality Costs (MEC) values used.
MEC weighted average refers to the weighted average of congestion based on the MEC South-East (Core Scenario) Values in TAG data book Table 5.4.2.
260 working days per year.
No background passenger growth assumed for this tool.
24% of new bus users assumed to have mode shifted from car (TAG Databook Table A5.4.6).
Elasticity value of -0.6 applied to bus journey time improvements (Source: RAND & Systra, Bus fare and journey time elasticities and diversion factors for all modes).
20-year appraisal period applied.
Mode shares (car 59%, bus 2%) derived from 2021 NTS Table 9903 for trip rates for the region of South-East England.
Discounting rate is applied as per HM Treasury's Green Book (3.5% for 0-30 years and then 3% after).
Base fare of 348p per trip.
Additional operating costs are unknown, so were not included in calculations.

Table 2 lists some of the assumptions made in the calculations.

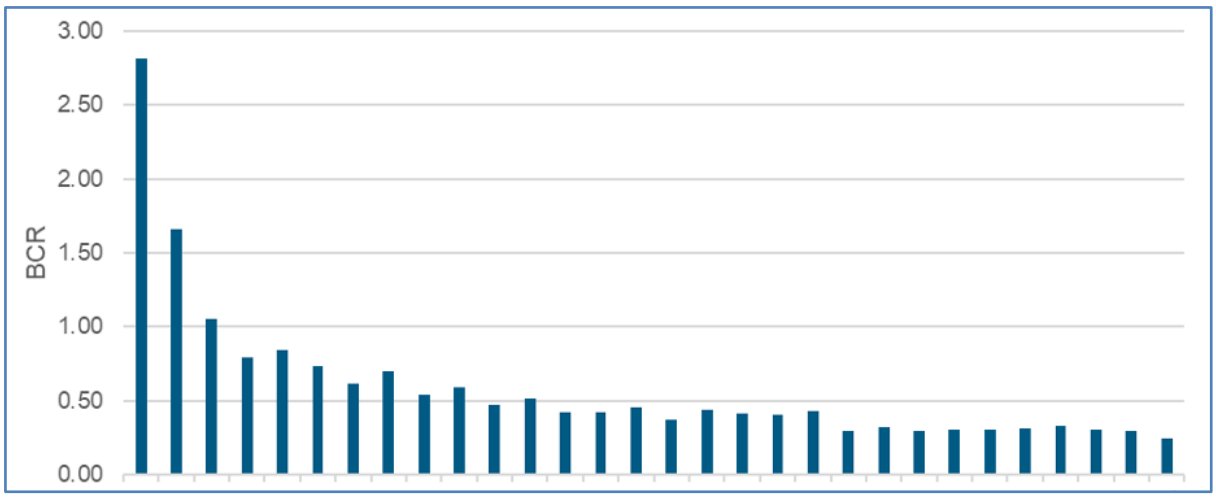
Table 2: Assumptions used in the calculations

Calculation	**Based on …**
New bus users	Change in journey time using in-vehicle time elasticities
Marginal Externality Costs	Weighted averages interpolated between 5-year costs
Deflated to 2010 base year prices and discounting	Transport Analysis Guidance (TAG)
Calculation of monetised benefits	Principles set out by the Department for Transport's Transport Appraisal Guidance

Mat gave a brief live demonstration of the tool, showing how when the blue input boxes in Figure 3 were populated the results were calculated, with a pie chart showing the proportions of each of the three types of benefits.

Figure 4 shows the emerging range of benefit-cost ratios (BCRs) for different routes with an illustrative set of assumptions. Only a small number of routes have a reasonable BCR, with a key driver being the number of passengers on the route benefitting from any scheme.

Figure 4: Calculated BCRs by route



Mat noted that the tool could also be used to specify a target time saving and then identify the scale of monetised benefits.

Benefits

The tool allows for quick calculations and comparison of differing bus corridors and potential monetised benefits of improving each of them.

It allows users to understand and compare the benefits of different corridors.

It is flexible in its approach and various levels of journey time improvement can be input.

It could be supportive of a Strategic Outline Business Case (SOBC) and optioneering process.

Limitations

The tool only picks up movements from start to end points and does not include demand to and from intermediate stopping points.

It does not include additional operating costs analysis, which would need to be carried out separately with a bus cost model.

It can only calculate impacts to journey times and not impacts to improved waiting and interchange facilities.

Further development opportunities

Mat suggested possible areas for further development:

- including intermediate stops;
- allowing a flexible approach to the appraisal period, which is currently fixed at 20 years;
- including bus stop and waiting facility enhancements to support modal shift calculations;
- improving operating cost models and allowing them to be included; and
- adding a greater degree of clarity and flexibility on fare assumptions.

On fares, Mat noted that in quick succession these had been market-based, then subject to a cap of £2, and then subject to a cap of £3. It would be useful to have the flexibility to explore possible future changes.

Summary

Mat noted that the development of the tool was timely, with a renewed interest in buses and proposals for moving to a franchised system.

Discussion

Dick Dunmore said that the talk had been fascinating and an illustration of the general point that, if you automate some processes, it creates time to focus on others which are important. He noted that a major finding is that the busiest routes performed best, but wondered, in the light of recently capping fares at £2 and then £3, whether inclusion of a price elasticity would be an important step. **Mat** agreed that price could be a key driver and it would be useful to know what effective elasticities could be inferred from the experience of the fare cap.

Tim Elliott said that the work was interesting and had phenomenal potential, but seemed to focus on corridors in which journeys could be accelerated, and that if this involved capital works these could be expensive. He also noted that, where services were hourly or less frequent, waiting time could be a larger component of Generalised Journey Time (GJT). Was maximising frequency not likely to be a more beneficial approach? **Mat** agreed that only in-vehicle time was considered, and that including full journey time would require further work. **John Cartledge** challenged Tim's view on waiting time, arguing that with infrequent services people can arrange to turn up just before the bus arrived, but agreed that excluding walking and waiting time was a major omission. He also suggested that the scope to reduce journey time would vary between corridors, and would be low in the Luton-Dunstable corridor. **Tim** accepted John's point about low frequency services, but stressed that a car always allowed immediate departure, and wondered how well car availability is taken into account. **John** also said that, for him, in-vehicle time was more valuable than time at home as he was not constrained by other demands. **Mat** agreed with Tim's point about the relative flexibility of car, although there was an egress time associated with finding parking. Other models he had been involved in had segmented demand to

distinguish car availability, parked car availability, and no car availability. **Dick Dunmore** noted the agreement that, ideally, all components of GJT would be considered, but some of the routes mentioned were interurban where in-vehicle time might be a larger proportion of GJT than on, for example, a local urban journey. What was the typical end-to-end journey time on the routes examined? **Mat** said that this could be as long as 90 minutes by train and connecting bus, but Luton to Dunstable, with bus priority, took only 9 minutes. One key metric was that in-vehicle time for public transport was typically double that for car.

Tim Yates asked whether the Google maps measure of the shortest or fastest car journey was consistent with the circuitous routes often taken by buses to pass through areas of demand. **Mat** confirmed that the public transport times were derived from TRACC accessibility software using timetabled journey time, but the car distances had been used to estimate marginal externalities based on a cost per kilometre. **Tim** was also concerned that, on rural buses in particular, there was often no real time information on bus arrivals. **Mat** agreed that this was an issue in some areas. **John Cartledge** said that even rural bus routes often had real time trackers, but Tim cautioned that in some cases these only reported the scheduled timetable.

Sandy Fong (NZ Transport Agency) asked in the chat "Do existing passengers get a value of travel time saving benefit using the rule of half?" **Mat** confirmed that this was the case.

David Starkie asked in the chat "If 76% of extra passengers do not transfer from car, where do they come from?" **Mat** said these passengers can from other modes including train, taxi, cycle and walk.

Graham James thought that this was in the fine tradition of tools that set out to do one job straightforwardly and understandably, and can be extended to do other things. On the issues of components of GJT, elasticities to in-vehicle time had been published, but varied according to the proportion of total time in a vehicle. Had Mat considered including elements other than in-vehicle time and using an elasticity to GJT? **Mat** said that this had not been done, as the immediate focus had been in-vehicle time, partly because supporting data on components

such as waiting time had not been available. If modelling proceeded to optioneering in one corridor, then it would be useful to have data on all components of GJT and to examine other options such as changes to frequency and waiting time.

Dick Dunmore noted that the presentation had not included a map, and wondered whether there were any relevant geographical patterns in the routes examined or the findings. **Mat** said that the tool had gone to EEH's constituent authorities but he had not yet had feedback on use or findings.

Gregory Marchant agreed that "quick and dirty" tools are extremely useful in setting out the scene. He noted that capital cost had been an input, but wondered whether the tool could be adapted to examine express or limited stop services with similar journey times but operational, rather than capital, costs. **Mat** said that the illustrative £0.5 million capital cost could, in principle, be replaced with a recurring operational cost. **Dick Dunmore** asked if this also meant that removal of detours to serve small communities could result in cost reductions. **Mat** agreed that more direct routes might offer big time savings and a good benefit-cost ratio for end-to-end markets, but this could miss other socially important markets. **Tim Elliott** noted that Gregory had described the tool as "quick and dirty" and very useful, and endorsed this view: the tool had two inputs per route which could be varied, enabling very quick examination of parameters, scenarios and options. In contrast, many models were so cumbersome that it was rarely practicable to do sufficient sensitivity tests to be confident that they were robust to assumptions. The tool could of course be expanded, but its current simplicity and useability was to be commended.

Dick Dunmore, closing the meeting, agreed that a simple tool made it easy to examine the materiality of any assumptions which were challenged. **Mat** was pleased that it was a good "starter for ten".

Report by Dick Dunmore

Bus franchising in Greater Manchester: economics of the case for franchising and early transport outcomes

Ian Palmer and Tom Sansom
(Transport for Greater Manchester)

Online

26 March 2025

Background

Table 1 summarises the historical context for bus franchising in Greater Manchester (GM) up to the introduction of franchising.

Table 1: A brief history of Greater Manchester buses

Year	Event
1824	First regular (horse drawn) bus service in the UK
1969	South East Lancashire North East Cheshire (SELNEC) created
1974	The Greater Manchester County Council (GMC) created
1986	GMC abolished, bus services deregulated, AGMA created
1992	The Queen officially opened Metrolink on 17 July
1996	GM Buses South bought by Stagecoach, GM Buses North bought by First Bus
2006	GM bus wars, suspension of UK North
2008	Congestion charging referendum
2011	Greater Manchester Combined Authority created
2014	Metrolink Phase 3 completed with the opening of the Airport line
2015	Traffic Commission rejects Nexus Quality Contract Scheme
2016	Leigh Guided Busway opened
2017	Bus Services Act, first Greater Manchester Mayor elected (this was needed to enable bus franchising)
2023	Bus franchising in three tranches from 24 September

The case for franchising

Boris Johnson has said *"I love buses, and I have never quite understood why so few governments before mine have felt the same way. A couple of years ago, I unintentionally broke the internet with the widely mocked, but true, statement that one of my hobbies is making models of buses."*.

In 2012 Mackie, Laird and Johnson said that bus services can influence the growth of an economy by improving labour market efficiency and participation and by supporting the vitality of city centres.

Within the Greater Manchester Strategy is the Greater Manchester Local Transport Plan 2040. The Vision for Bus has four themes.

Table 2: Themes of the Vision for Bus

1	Network integration
2	Simplified and integrated fares
3	Customer experience
4	Value for money

These four themes were used to structure the Franchising Assessment and are therefore used in this presentation.

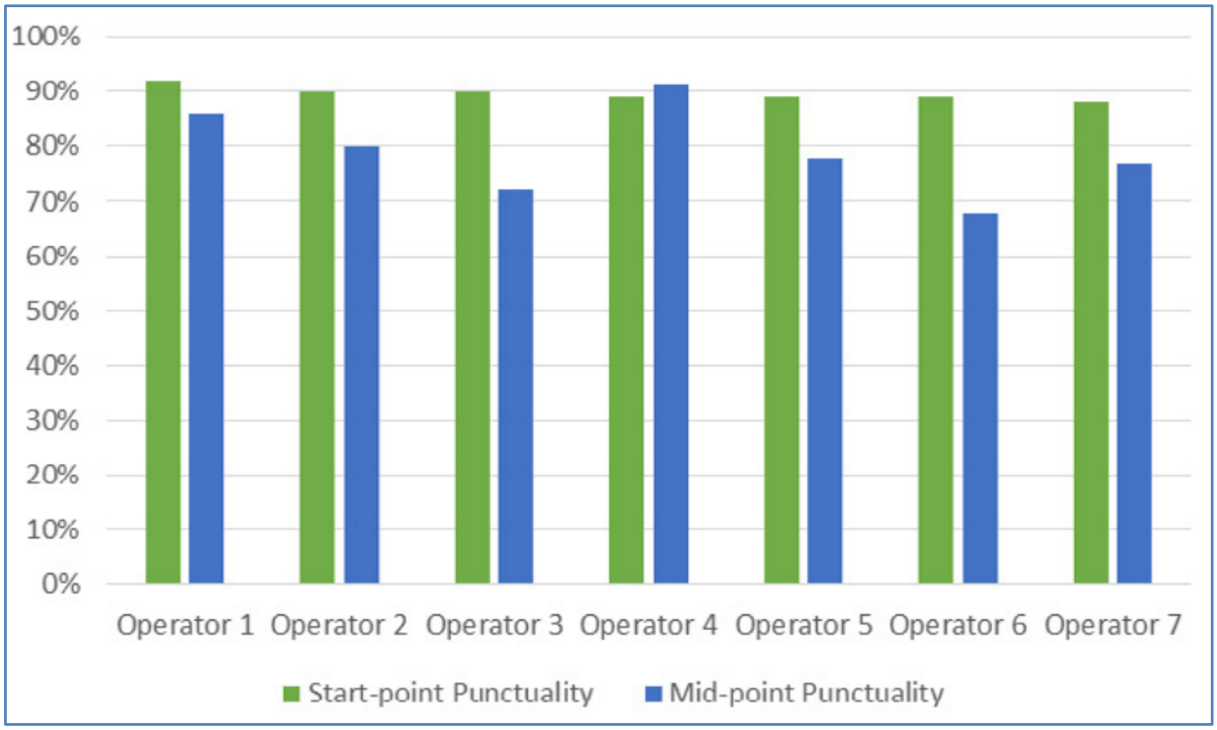
Network punctuality

Monitoring was introduced as part of a voluntary partnership involving many, but not all, operators in GM, and included a Code of Conduct that set targets for reliability and punctuality.

To maintain commercial confidentiality, the data sharing agreement stated that individual operators could not be disclosed, so the results were anonymised.

Figure 1 shows how levels of reliability, regularity and start-point punctuality had been maintained for several years, above or close to the Code of Conduct standards. Mid-point punctuality was notably lower, and below the Code of Conduct standards, but had improved through the 2010s.

Figure 1: Punctuality of operators (April 2016 – March 2017)



Source: TfGM Punctuality and Reliability Monitoring System (PRMS), 2017[2]

Fares

Figure 2 compares trends in day bus ticket prices and Retail Price Index (RPI) relative to a base of 100 in 2003:

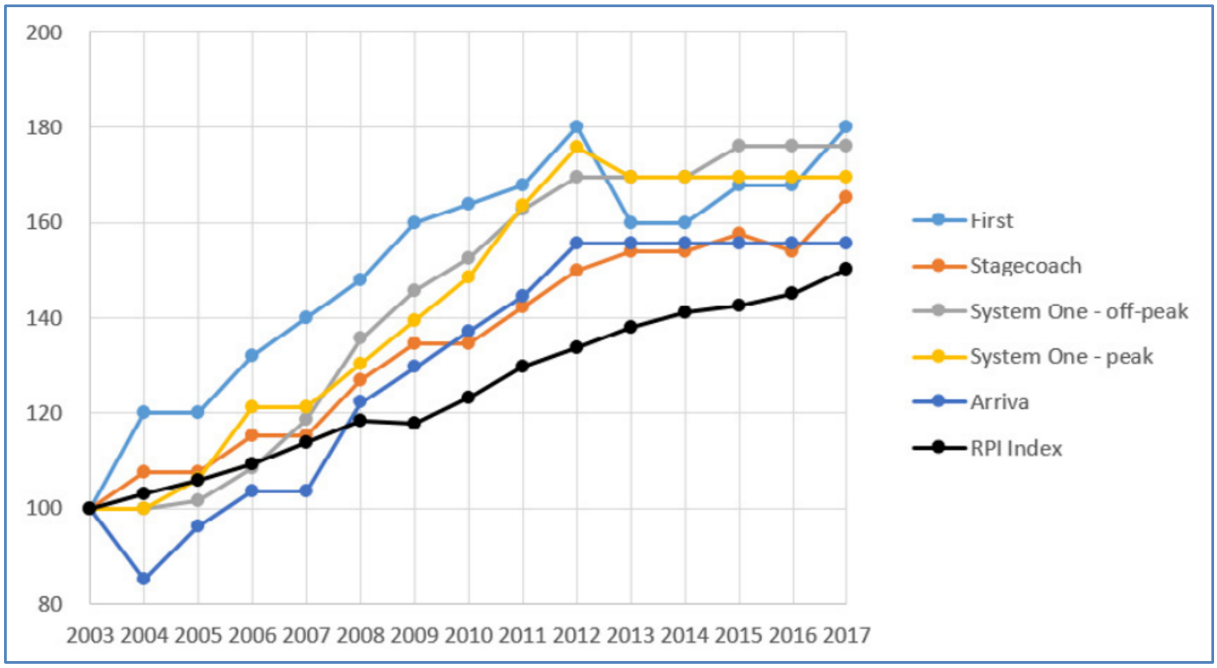
- From 2003 to 2008, day ticket prices for some operators rose slower than the RPI Index.
- From 2008 to 2017, day ticket prices had all grown by more than RPI from the 2003 base.
- From 2003 to 2017 as a whole, daily ticket prices grew by more than inflation.

The Local Authorities felt that they could not control fares.

In addition, fares in GM tended to be higher than in comparator areas.

[2] See Bus Market in Greater Manchester Supporting Paper, September 2019, (https://greatermanchester-ca.gov.uk/media/2391/02-bus-market-in-greater-manchester-supporting-paper-web.pdf)

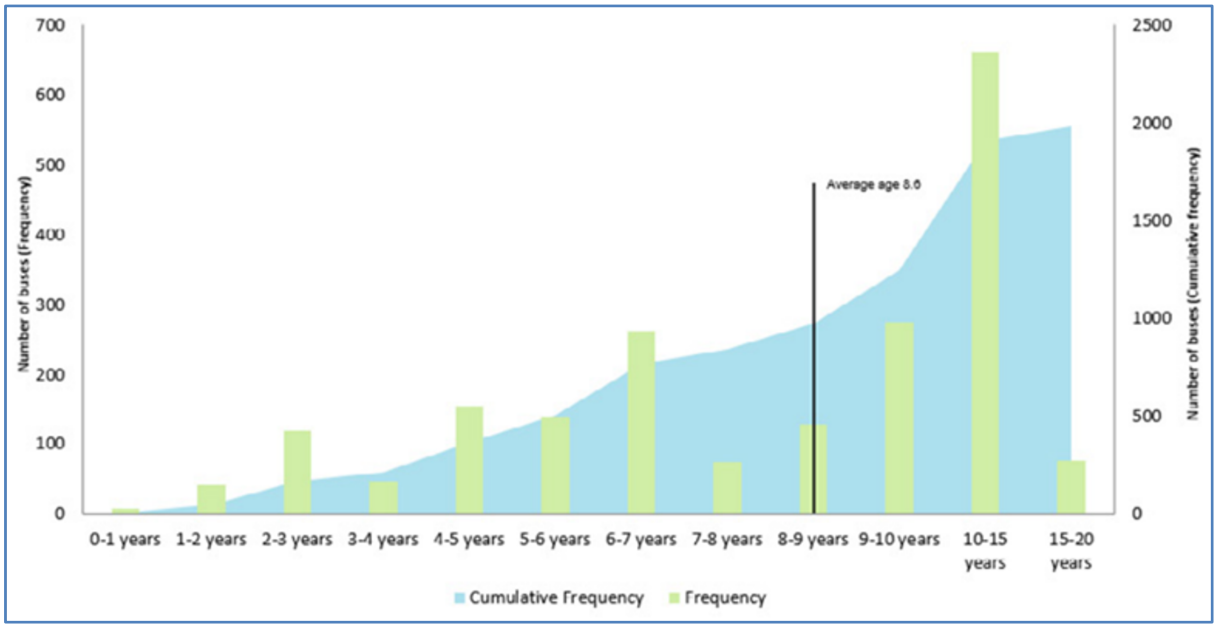
Figure 2: Day ticket price indices relative to RPI



Customer experience

Figure 3 shows the age profile of the fleet by September 2018.

Figure 3: fleet age profile in September 2018



Source: TfGM internal data, September 2018

The bus fleet was old, with an average age of 8.6 years, compared to 7.8 years for Great Britain as a whole and 5.9 years in London. The average age continued to grow in the years from 2018 to franchising from 2023.

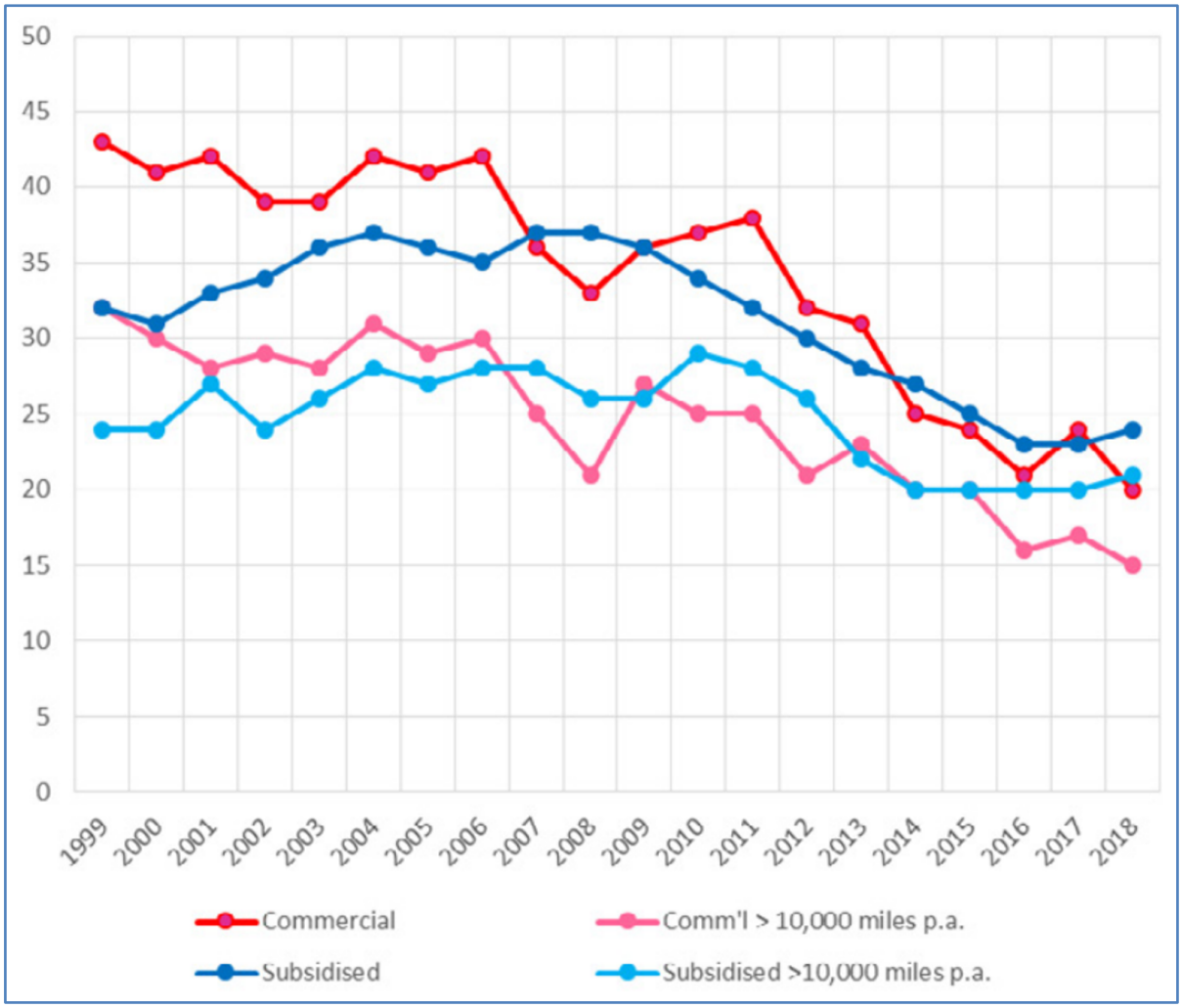
A TravelWatch Northwest submission to GM Mayoral candidates in 2017 set out their priorities, which included improvements in:

- real time information;
- information about fares; and
- information covering all operators, rather than a single operator's network, at stops and stations.

Value for money for the public purse

Figure 4 shows how, since 1999, there was a reduction in the number of operators running both commercial services (red) and supported services (blue).

Figure 4: Number of bus operators in Manchester 1999-2018



The lower lines omit operators marginal to the GM bus network:

- Operators running commercial services fell from 32 to 15.
- Operators of subsidised services fell from 24 to 21.

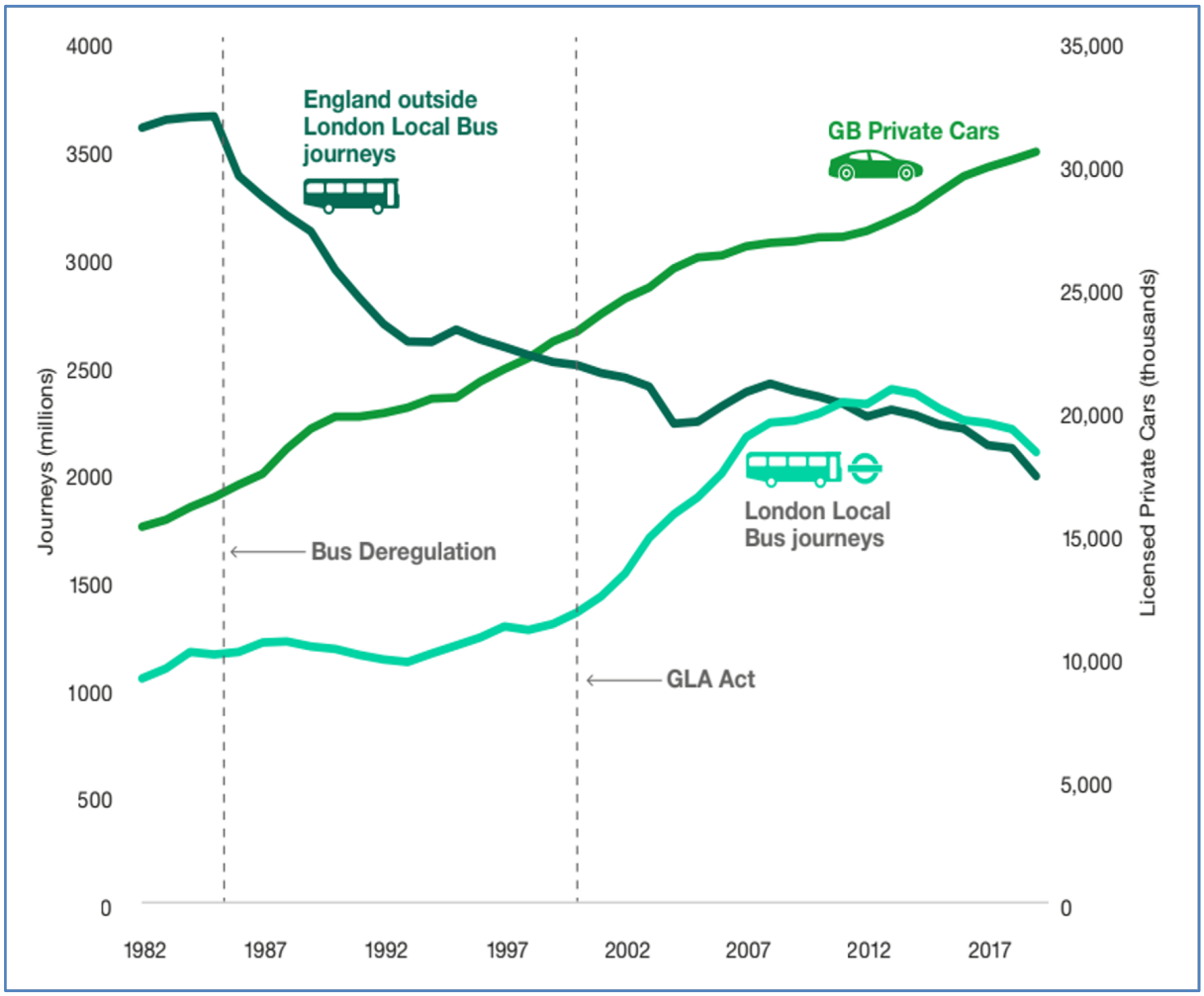
The total amount of subsidy was around 40% prior to tendering.

The number of bids for tenders fell over time, with an increasing likelihood of only the incumbent bidding.

Decline in bus services and patronage

Figure 5, from Bus Back Better (2021)[3], shows the rise of the private car and the decline in bus use outside London.

Figure 5: Bus use and car ownership 1982-2019



Source: Bus Back Better, National Bus Strategy for England

There was limited cooperation between operators, a lack of evening services, complex ticketing and poor integration. There was also a continuing growth of car ownership and, in recent years, competition from Uber and most recently e-scooters.

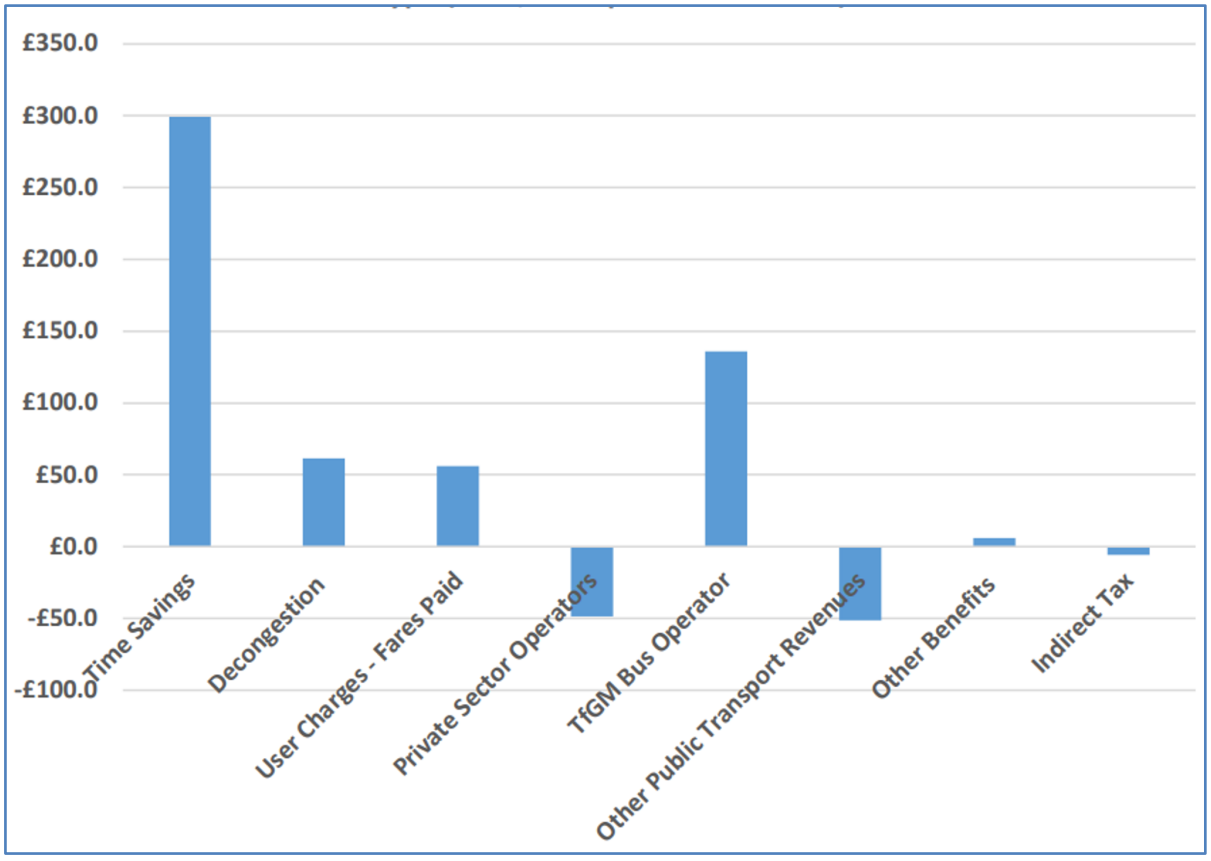
[3] https://assets.publishing.service.gov.uk/media/6086912fd3bf7f013c8f4510/DfT-Bus-Back-Better-national-bus-strategy-for-England.pdf

In the 2019 Bus Franchising in Greater Manchester Assessment[4], the baseline assumptions were for a declining market. There had been 201 million trips in 2017, but it was assumed that this would fall to 140 million in 2040 and 130 million in 2050.

Franchising Economic Appraisal

The Franchising Economic Appraisal derived the main benefits from soft factors, but valued them as if they were time savings[5]. There was also some decongestion from mode shift, and a series of financial transfers between bus users paying fares, operators receiving revenues, revenues transferring to Transport for Greater Manchester (TfGM), and a loss of Metrolink revenues.

Figure 6: Distribution of core economic impacts for franchising

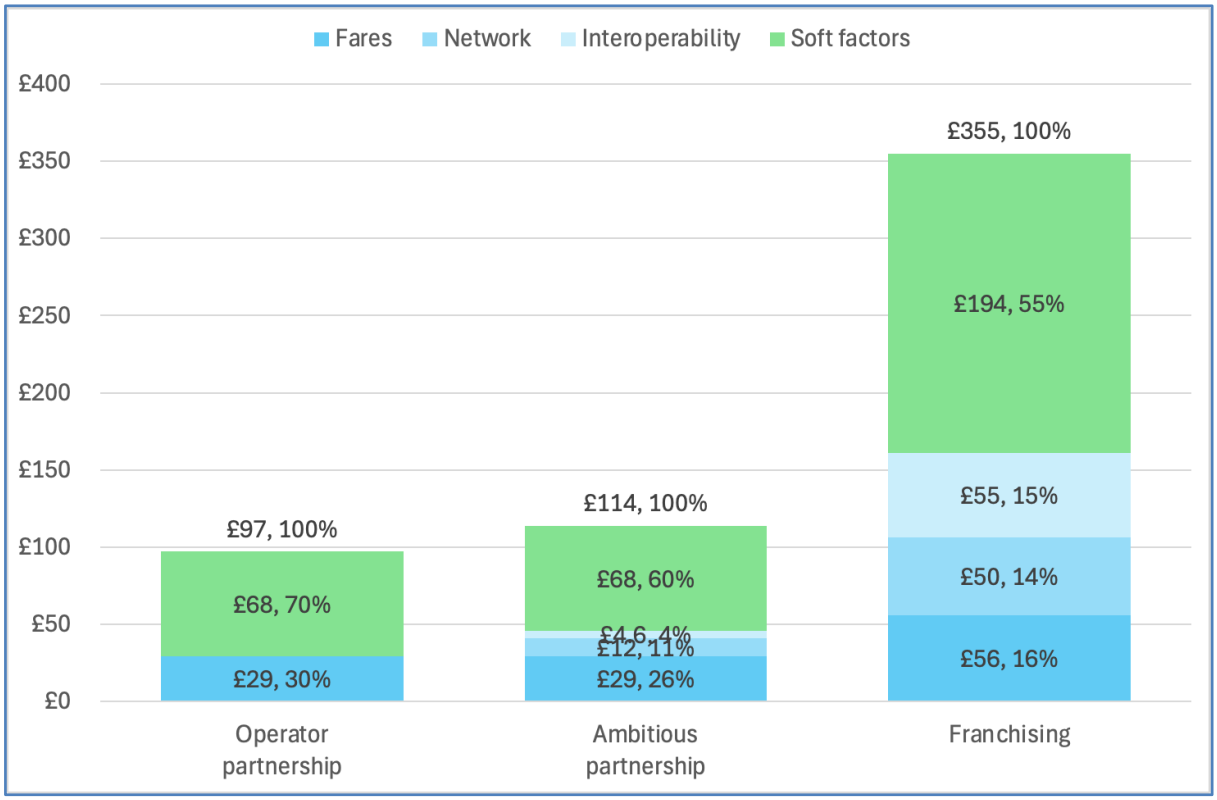


Note: values are in millions at 2010 prices and values.

[4] See Bus Market in Greater Manchester Supporting Paper, September 2019 (https://greatermanchester-ca.gov.uk/media/2391/02-bus-market-in-greater-manchester-supporting-paper-web.pdf)

[5] See Economic Case Supporting Paper, September 2019 (https://greatermanchester-ca.gov.uk/media/2390/01-economic-case-supporting-paper-web.pdf)

Figure 7: Franchising Economic Appraisal, option comparison



Note: values are in millions at 2010 prices and values.

The Franchising Economic Appraisal examined soft factors, especially from common branding, which is the major benefit from franchising. Other benefits were spread fairly evenly from relatively marginal changes.

Compared to franchising, partnership options were assumed to have:

- significantly lower levels of fares and quality benefits; and
- negligible improvements in network efficiency or interoperability.

Franchising in three tranches, 2023-2025

Figures 8 to 10 show how franchising was introduced in three tranches over a period of 16 months in 2023 to 2025[6].

[6] Maps from https://democracy.greatermanchester-ca.gov.uk/documents/s31419/Bus%20Franchising%20Final.pdf

Figure 8: Tranche 1, 24 September 2023

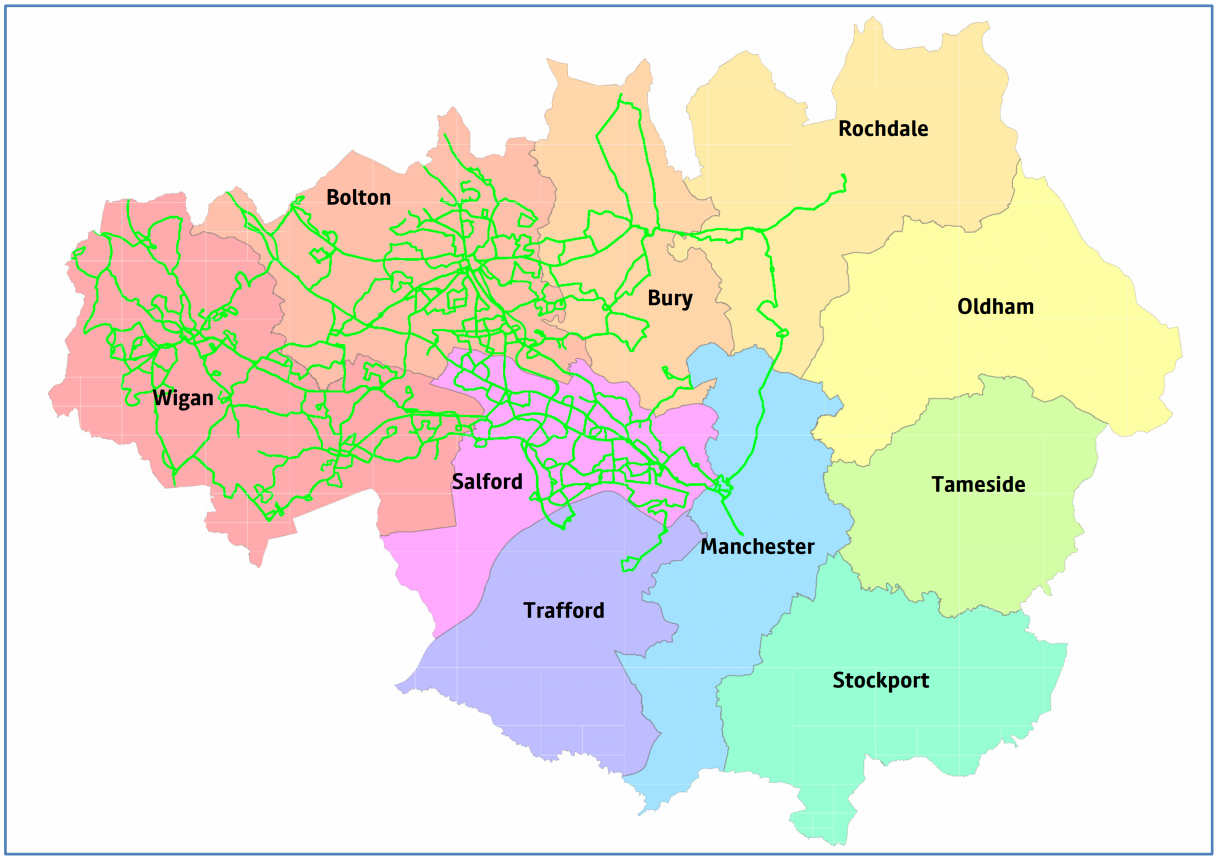


Figure 9: Tranche 2, 24 March 2024

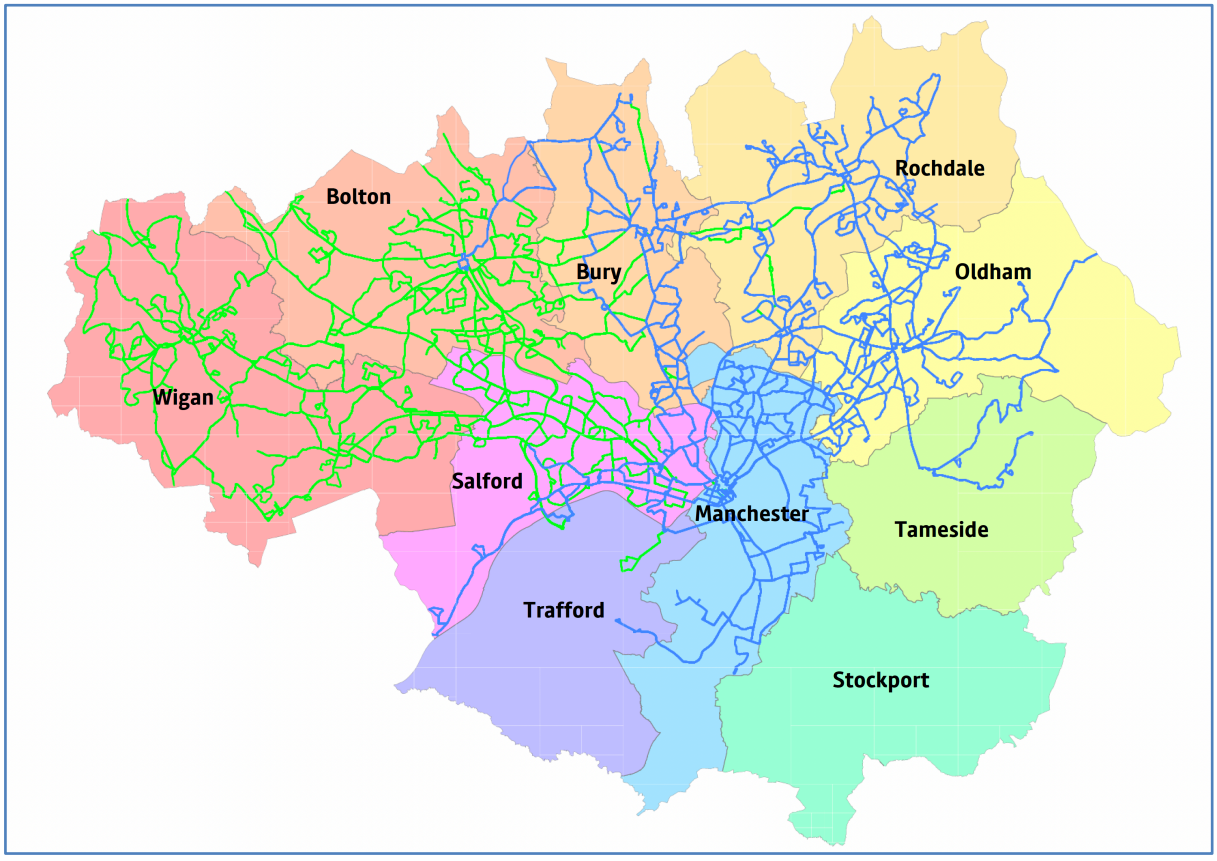
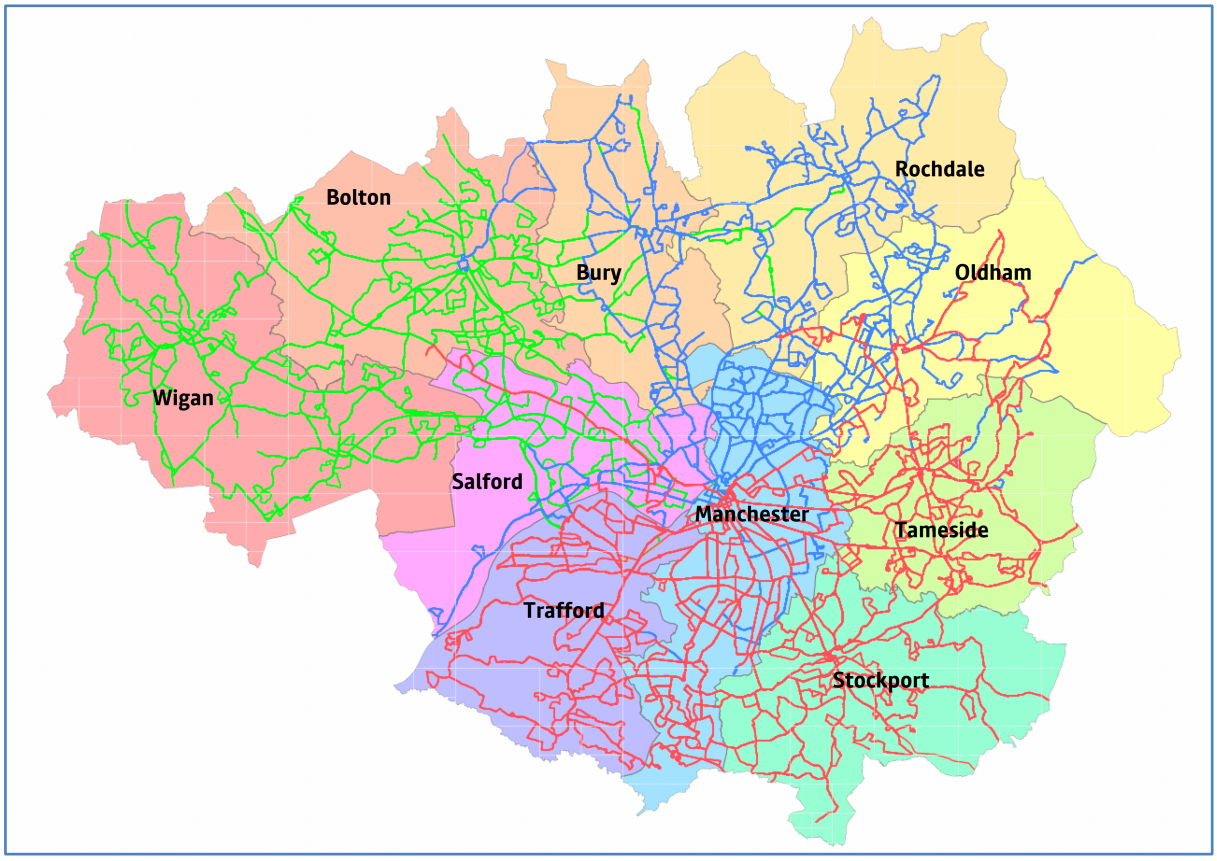


Figure 10: Tranche 3, 5 January 2025



Comparison of events with appraisal assumptions

Figure 11 overleaf show the logic underlying the franchising intervention.

Figure 12 highlights how the intervention logic shown in Figure 11 identifies expected early changes in observable metrics which can be used for monitoring and evaluation (M&E).

Figure 11: The franchising intervention logic

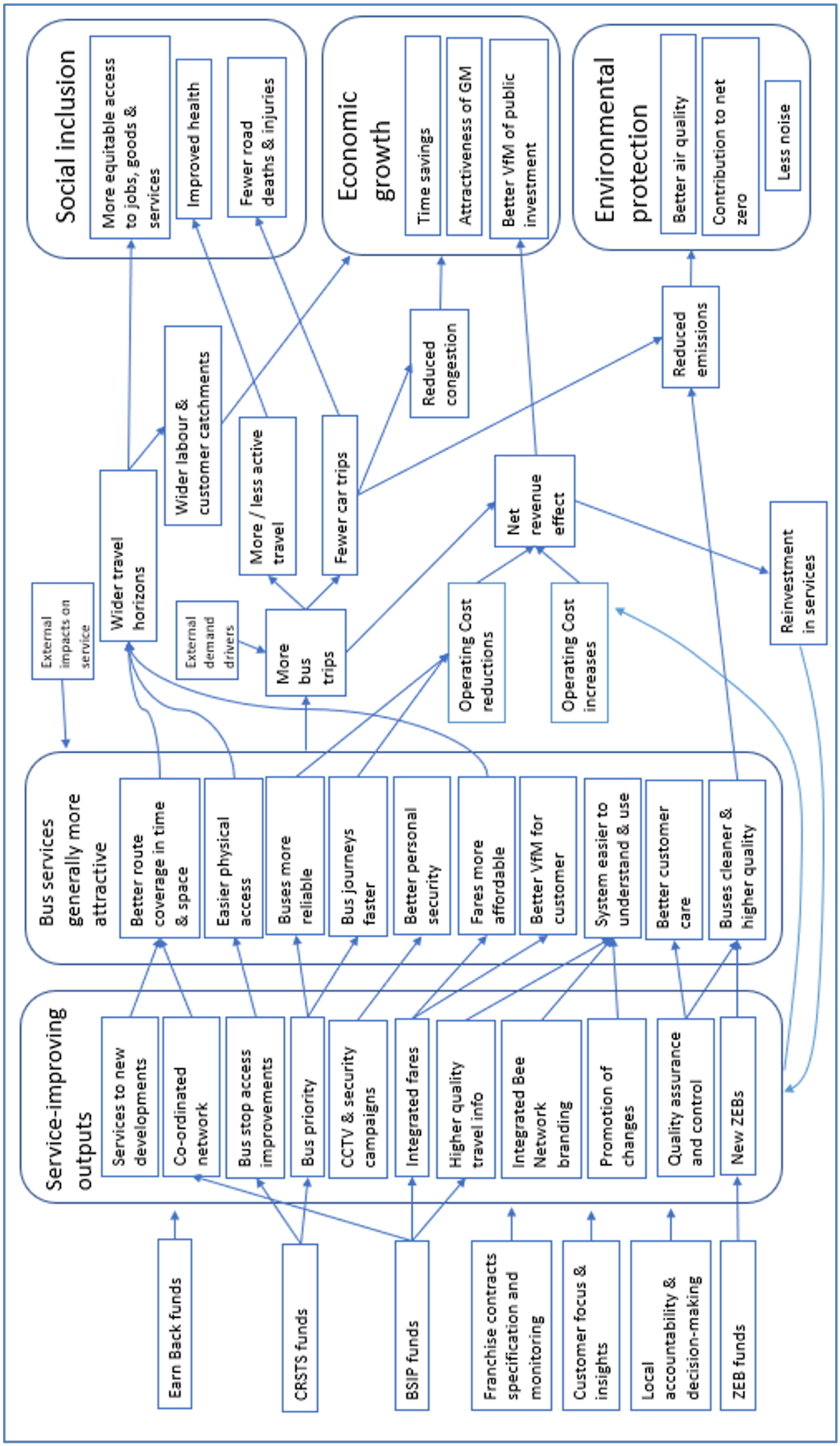
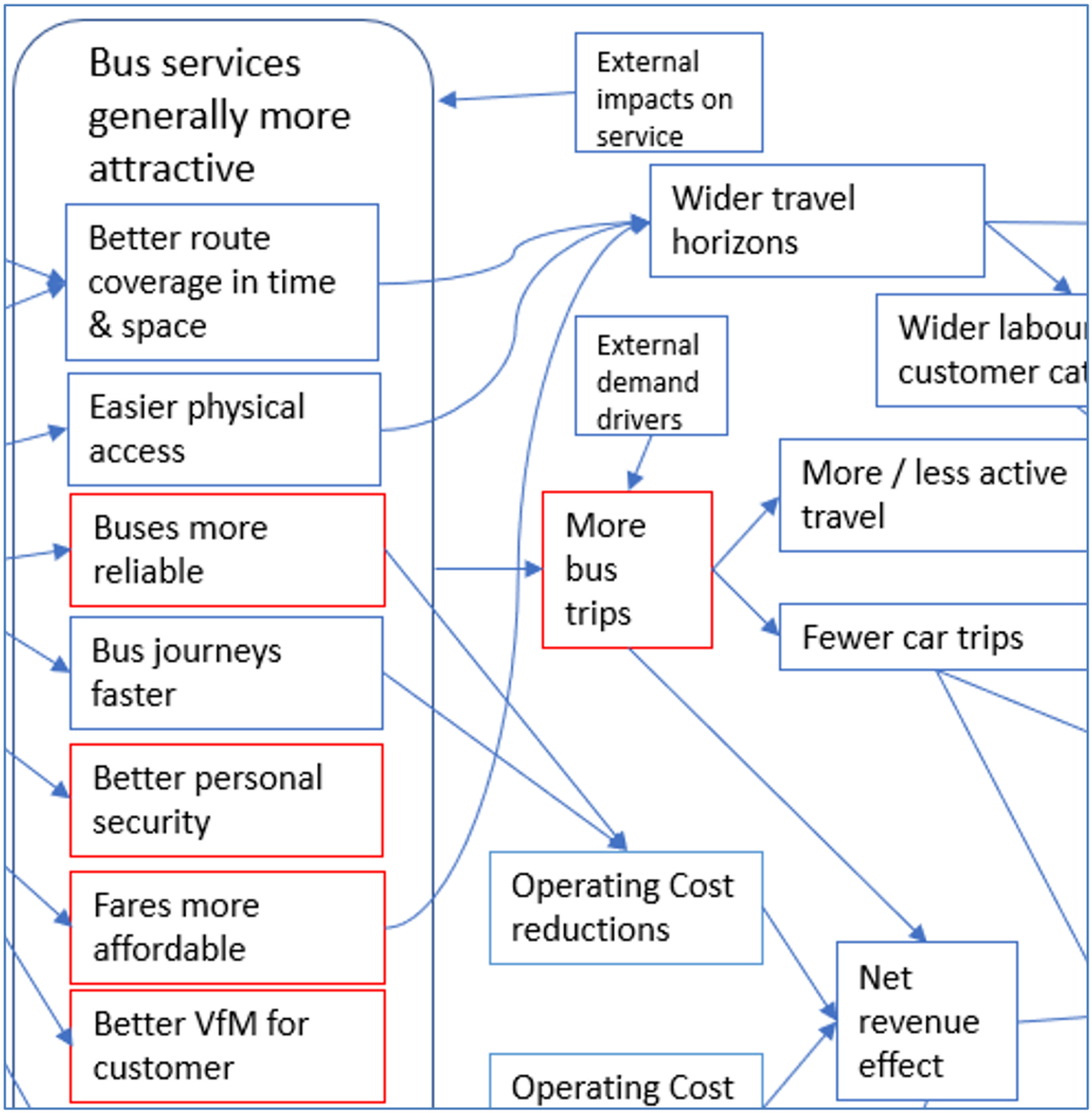


Figure 12: Expected early changes in metrics from Figure 11



Tables 3 to 6 compare details of the assumptions in the Franchise Economic Appraisal and actual developments to date.

In practice, many things were happening at the same time, making it difficult to distinguish the effect of franchising as implied in Figure 12.

For example, it had been planned to run an unchanged network on day one, but COVID resulted in changes, more money was put into the network, and a £2 cap fares was introduced before being rolled out nationally.

Table 3: assumptions on network design

Spending Objectives	**Franchising Assessment**	**Where are we now?**
Accessibility and reach of the bus network	Assumed similar network on Day 1 to Day -1	Public funding to maintain reach of network through COVID, and now undertaking Network Reviews. Piloting Night Buses on new corridors.
Integration and efficiency	The opportunity initially proposed dwindled between 2017 and 2020	Minor improvements.
Reliability and speed of the bus service	Focus on reliability via contract management	Significant management resource focused on reliability and additional peak vehicle requirement (PVR) added.
Clean air and reduced CO_2 emissions	Gradual fleet replacement programme to Euro 6 standard	Massive fleet programme: 20% electric plus new Euro 6s, funded via Zero Emission Bus Regional Areas (ZEBRA) and City Region Sustainable Transport Settlement (CRSTS), and operating expenditure savings.

Table 4: assumptions on fares unification

Spending Objectives	**Franchising Assessment**	**Where are we now?**
Integrated and simple fares	Single operator fares Removal of service specific fares	Single operator fares, retention of service specific fares in the short term.
Fares should offer value for money	Lowest price of current major operators	£2 fare cap, funded via Bus Service Improvement Plan (BSIP), plus £5 daily cap, and £20 weekly cap. Contactless Tap and Go on bus and tram from 23 March 2025.
Account-based ticketing (ABT) introduced	Not in proposal	Digital passes. ABT under development as part of CRSTS.

Table 5: assumptions on quality and soft factors

Spending Objectives	**Franchising Assessment**	**Where are we now?**
Bus service easy to understand	Unified system and common brand: for example, buses are the same colour	Extensive implementation and recognition of the Bee Network brand, including the Secretary of State in Parliament. Launch of the Bee Network App (Real time passenger information, disruption information, ticketing).
Safety of travel is improved	Improved driver standards Additional ticket inspectors	Over 100 TravelSafe officers on bus network.
Improvement in on-bus experience	WiFi on buses	Massive fleet programme: improvements in quality (such as AVA, USB chargers, two disabled spaces, etc), funded via CRSTS.

Table 6: assumptions on Value for Money (VfM)

Spending Objectives	**Franchising Assessment**	**Where are we now?**
VfM for public investment	Social Cost-Benefit of transition spent over a 30-year appraisal period	Too early to reassess and potentially too complex due to confounding changes.
Market intervention is feasible and sustainable over the long term	Commercial proposition for operators that is sustainable over the long term	Healthy number of bids received for each franchise, including one significant new entrant, though limited success for Small and Medium-sized Enterprise (SMEs).
Market intervention is affordable	Franchising is affordable to GMCA over the long term	Transition to franchising delivered within the original budget, including risk layer. Annual budgets currently supported by BSIP and non-recurrent sources.

Changes to network performance

On outputs, comparing November 24 with November 23:

- Routes with no change in peak vehicle requirement (PVR) **improved their punctuality by 13% year-on-year**.
- Routes with an increase in PVR saw punctuality improve eight percentage points more (21% v 13%) than other routes.

An increase in timely services was reported with the introduction of franchising in Tranche 1, but it was difficult to show a causal effect, as the data source/systems were changed at the same time, and did not include services that had been cancelled.

On outcomes, comparing Spring 2024 with Spring 2023, customer satisfaction with "punctuality of the bus arriving at the bus stop":

- across GM as a whole **declined by 12%**; and
- in Tranche 1 areas **declined by 10%**.

The network-wide decline echoes interim findings from Transport Focus' Your Bus Journey survey for GM.

Changes to personal safety

TfGM deployed dedicated TravelSafe Support and Enforcement Officers across the network, starting with around 30 for Tranche 1. The outcome was a perception that personal security improved generally between 2023 and 2024. For example, across GM:

- "Personal security waiting at the bus stop at night" rose from 61% to 66%.
- "Personal security while travelling on the bus at night" rose from 65% to 70%.

Changes to affordability and value for money

From September 2022, TfGM introduced £2 single and £5 day fares offer for adults, reducing the effective average fare for bus users by about 20%. The outcome was that it had contributed to around half of the 10% increase in bus use around the time of the change, although in the short term this was not enough to cover the loss in revenue from the reduction in the cost of fares.

Significant improvements have been seen in customer perceptions of affordability and perceived value for money. Between 2022 and 2024, across the GM network:

- Agreement with the statement "you can afford to travel by public transport as much as you like" rose from 56% to 77%.
- Consideration of "fare to be good value for money" increasing dramatically from 52% to 73%.

Changes to patronage

Figure 13 illustrates the difficulty of identifying the causes of patronage changes. The increase in demand since 2021 is due to various factors including COVID recovery and lower fares as well as changes as part of franchising.

Figure 14 shows monthly patronage data in the three tranches of franchises as they were introduced in:

- October 2023;
- March 2024; and
- January 2025.

Figure 13: Changes in bus patronage in Metropolitan areas

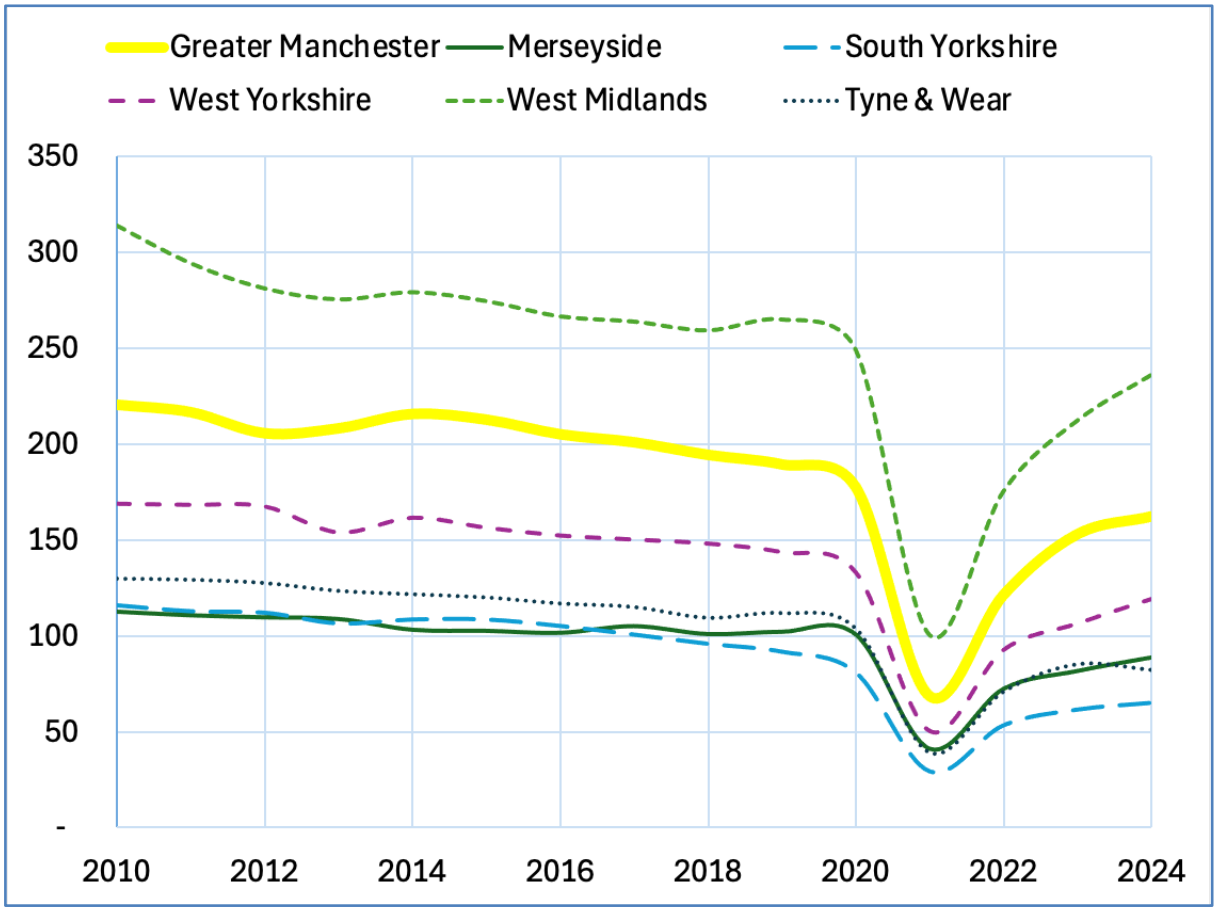


Figure 14: Build-up of patronage with franchise tranches

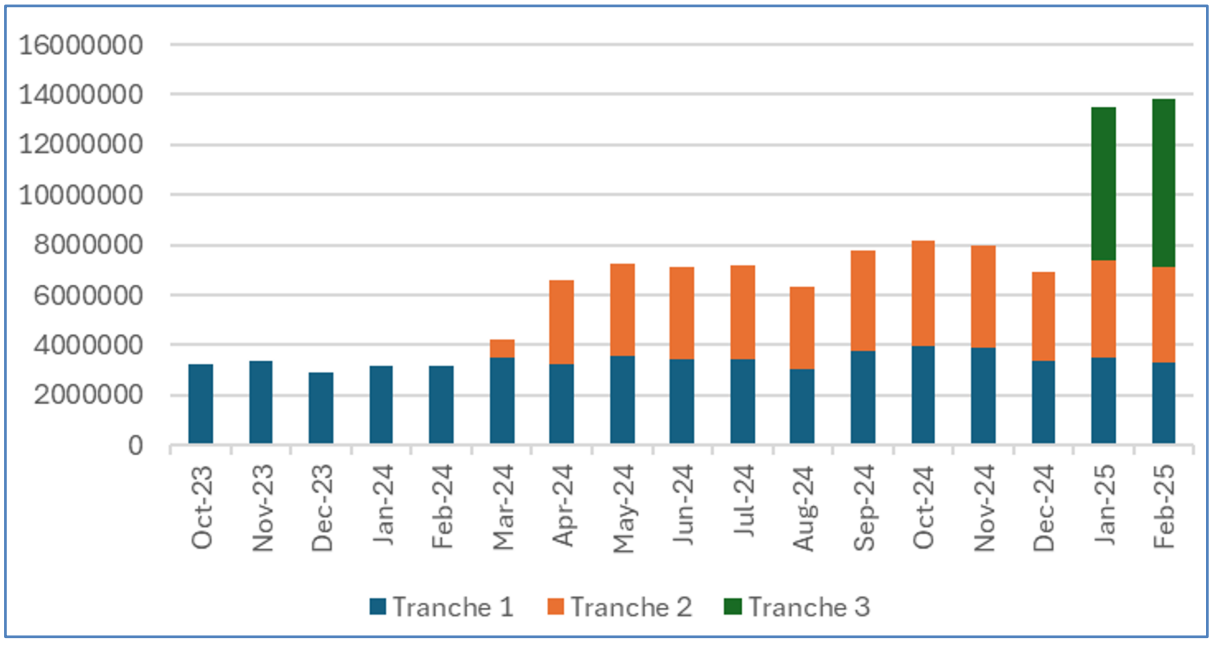
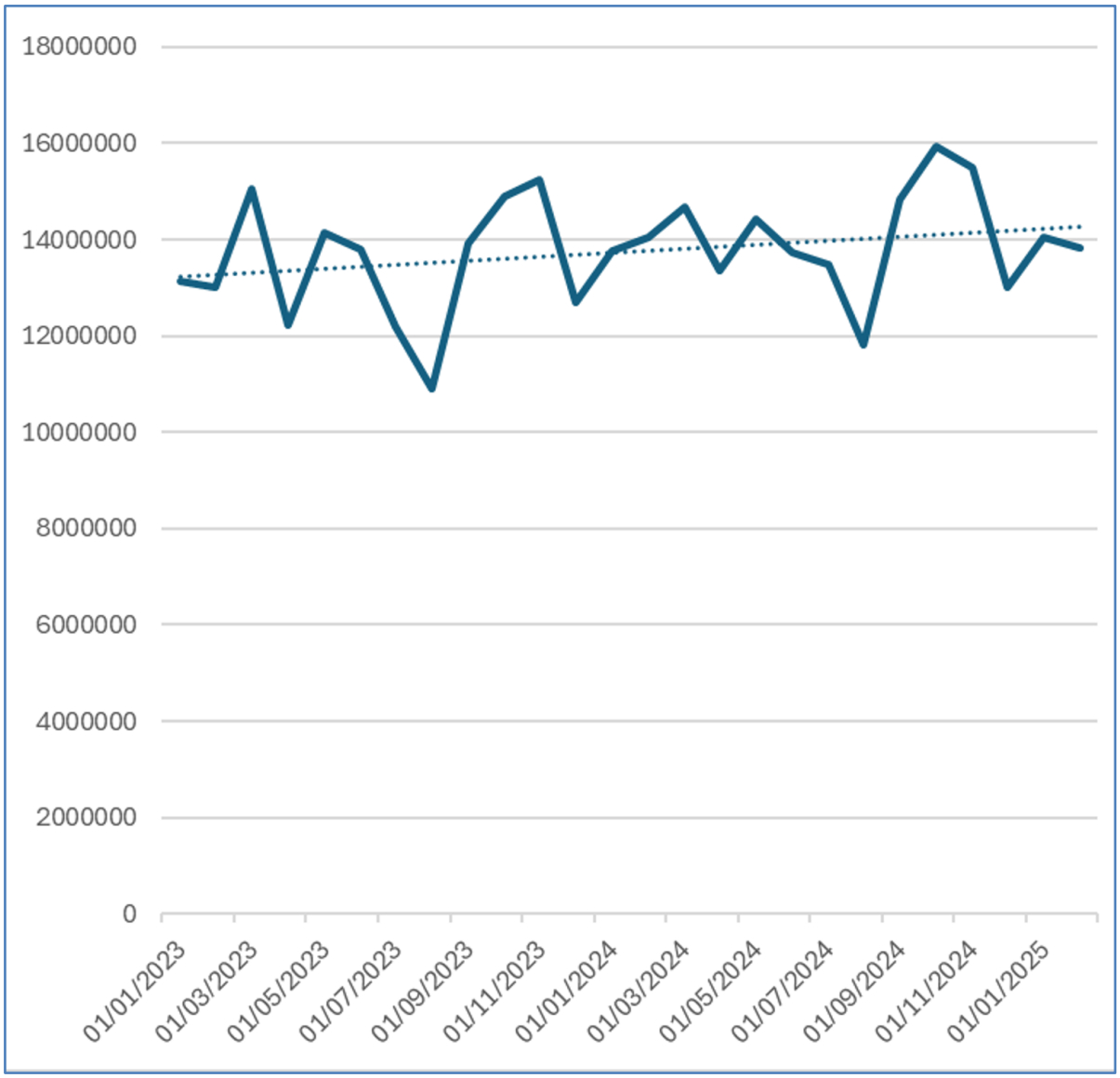


Figure 15 shows the combined effects on patronage of resulting from covid recovery, the £2 adult fare cap from September 2022, the influence of bus franchising changes from September 2023, and other factors.

Figure 15: Monthly bus patronage in Greater Manchester

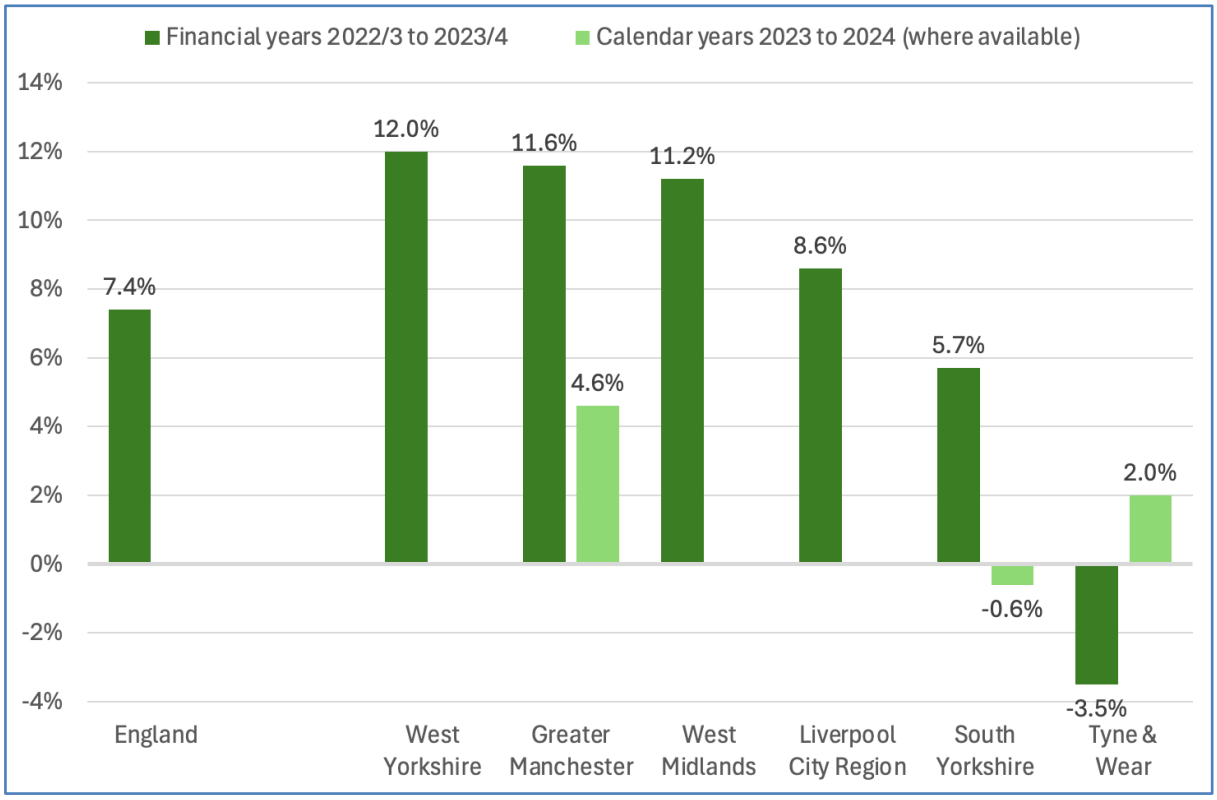


Note that there are some data gaps, and that full franchising was only in place from January 2025.

Figure 16 compares data for GM with data for England as a whole and other areas:

- Financial year data are taken from Department for Transport operator returns (Table bus01e).
- Calendar year data are from locally derived sources.

Figure 16: Bus patronage changes in recent years



Again, the data are incomplete:

- for 2023, due to smaller operators' commercial services not reporting data to TfGM;
- for 2024 data, due to non-franchised service operation; and
- for 2025, when the third tranche of franchising was completed, no data was yet available.

Nonetheless, early indications are that GM is bucking the long-term bus patronage decline expected in the baseline.

For future monitoring and evaluation (M&E) activity, there is a need to flesh out the relationships in the intervention logic including, over time:

- exploring transport outcomes in greater depth; and
- examining the extent of broader economic, societal and environmental impacts.

Issues for building a case for franchising

Table 7 lists the speakers' observations on the issues of developing a case for other areas considering franchising.

Table 7: data and evidence issues in cases for franchising

A	Ensure that data ownership, validation, and cleaning is well-defined in your organisation.
B	Ensure that your baseline data, on all aspects on which you intend to track evidence over time, is sufficiently robust, such as on bus patronage at an area-wide or detailed level.
C	Check for possible gaps in patronage data, such as permitted services that are non-franchised services.
D	Take care if data sources change post-implementation: consider parallel running.
E	Ensure that your technology providers can offer the full range of services that you need for performance monitoring and subsequence evidencing of progress, such as punctuality and reliability metrics.
F	Keep a comprehensive log or diary of all output delivery and external factors that may affect bus patronage, such as seasonality, weather, rail strike issues and school holidays.
G	On performance, from day one consider alignment between data for evidence gathering and monitoring and evaluation (M&E) and data for effective performance management. Check exactly what the incentive regimes measure, to ensure that data will reflect the outcomes you are looking for in the logic. There can be huge volumes of real time and historic data: ensure high volume retention, and check you have the capacity to analyse and offer clear insight.
H	Make sure your evidence has strong explanatory power, for example if used in performance management.

Summary

The speakers had explored the history and evolution of the economic case for bus franchising in Greater Manchester, set out the measures taken, and presented early findings on transport outcomes. Nonetheless, it was still early days, and there would be more innovations, developments and evidence to come.

Discussion

Peter Gordon (Editor, The Transport Economist) asked what the level of subsidies was as a proportion of costs, both as assumed in the assessment (2019) and currently (2025). **Ian** replied that, from memory and in terms of orders of magnitude:

- Revenues rose from £150 million in 2019, before franchising, to £160 million in 2025.
- Cost base rose from £350 million in 2019 to £400 million in 2025.
- Subsidy rose from £70-80 million to around £200 million.

Some of the additional subsidy is transient, largely due to COVID and transition costs, and there is now a programme underway to rebalance costs. There were around 170 million journeys in 2024/25, with a gross farebox cost recovery ratio of 45%, down from about 66% before COVID.

Dominic Walley (Connected Economics) asked how information flows from the people on the ground to the decision-makers: do they know what is happening on the ground? **Ian** replied that:

- Previously, commercial operators were running their services and hence had the relationship with customers.
- Now, with the franchised network, TfGM has that relationship and is actively listening to customers.

For example, TfGM receives information from social media, and travellers have been asked to rate their journey via the App. TfGM are gearing up to receive data in real time: TfGM's Managing Director asks what daily revenue is. The organisation is slowly learning to cope with this. **Tom** noted that, compared to the situation in the deregulated market, TfGM is now awash with data.

Sandy Fong (Principal Advisor, New Zealand Transport) wondered how well the intervention logic is aligned with the appraisal model. **Ian** said that some of the changes were anticipated, but others were not. Devolution has moved on apace and, for example, significant numbers of electric buses are being bought, at a rate that was not expected at the time of the Assessment. There was no allowance in the business case appraisal for new investment such as this. While there was an

expectation that the quality of the bus "product" would be improved, this wasn't included in the Assessment: it was seen as being disingenuous in the decision-making process, which could only assume what it was known could be funded and delivered at the time, before City Region Sustainable Transport Settlement (CRSTS) and Bus Service Improvement Plan (BSIP) were invented. TfGM now want to reset the baseline in line with the three-year settlement via the ongoing Spending Review.

John Cartledge said that he lived close to a boundary between franchised and non-franchised services, which leads to cross boundary issues such as different technologies, and one route was lost as the buck was passed between authorities. Has TfGM encountered the same problems? **Ian** replied yes: there have always been communities just outside the Greater Manchester boundary, which were treated as the "islands", and as around 95% of bus trips are internal to GM, these have been looked at with bespoke arrangements, and these remain. Now that franchising in GM has been delivered, these issues are being re-examined. For example, TfGM is talking to East Midlands Combined Authority (EMCA) about the issues with travel to and from Glossop. However, as TfGM's ambitions are now turning to rail, and as only around a third of the rail trips are internal to GM, TfGM is starting to think about a roughly 10-15-mile hinterland or labour market around GM. It is hoped that Great British Railways is moving in this direction, thinking about the role of MCAs, similar to the role of the old PTEs in 1980s, and that the process would feed through to buses.

Alex McPhie (South Yorkshire Mayoral Combined Authority) said that South Yorkshire were starting their franchising journey and wondered what could be learnt from Greater Manchester. Had any thought been given of integrated ticketing with Metrolink? How did they assess new routes? **Ian** replied that integrated tickets had always existed via arrangements with bus operators, and improvements to the bus-tram products were introduced over twelve months ago. From the previous Sunday (23 March 2025) there had been contactless daily and weekly fare caps on bus and Metrolink, which included multimodal bus+tram journeys. For bus, the original plans for franchising assumed that TfGM could make efficiencies in the network by removing wasteful on-road competition between operators or

"over-bussing". However, around 15-20% of the network mileage in Greater Manchester was lost between 2017 and 2019, so these opportunities disappeared and there was no "surplus" capacity to reallocate. Now that the network has been franchised, there is a clamour for additional services from many groups and individuals, not least local politicians. While some changes have been made on a case-by-case basis, including adding in additional peak vehicle requirement (PVR), TfGM is setting up a formal Network Review process, which is considering potential changes consistent with financial resources and equity. Ian noted that Greater Manchester has been affected by driver shortages through the transition, and there are still teething issues, such as a lack of familiarity with vehicles, Electronic Ticket Machines (ETMs) and routes, when the new network began.

Jack Rodgers (Policy Manager, West Yorkshire Combined Authority) noted that the range of interventions delivered is over and above those in the original plan. When was the decision made to broaden things out? **Ian** quoted Harold Macmillan "Events, dear boy, events". At the time, everything was responding to events through COVID and responding to government initiatives such as the National Bus Strategy, BSIP and CRSTS. TfGM had not set out to make everything more complicated. The initial plan, given the short-term chaos at deregulation, was to de-risk the introduction of franchising, with the director at the time saying, "If no one notices franchising on day one then it was a success". The finalisation of the franchising happened as new funding sources came along, so there was no real opportunity to examine things analytically. **Jack** said that the same was true for West Yorkshire, where the main objective was just to slow the decline in patronage.

Chris Nash (University of Leeds) noted that there was plenty of competition for franchises. Why was this? **Ian** replied that Greater Manchester's deregulated market prior to franchising had been dominated by two large operators, one in the north and one in the south of the city region. Then in the lead up to franchising, First Bus split their business into three, which helped bring new entrants into Greater Manchester from the larger national companies. Stagecoach also expanded operations into the north of the city. While it is not certain that this was due to

franchising, the commercial market was changing, including the loss of Small and Medium-sized Enterprise (SMEs) from the commercial market. Meanwhile, the number of bids TfGM were receiving for tendered services had been falling. As for the reasonable number of bids for franchised contracts, Ian thought that maybe operators wanted to apply for tenders to see how things worked out. **Tom** said the process had been designed to attract smaller operators, but that there had been procurement capacity issues for SMEs, and none had won any of the franchised. Some of the smaller franchises will be relet at the end of 2026, and it will be interesting to see if there are still a large number of bids.

John Preston (University of Southampton) asked about franchise design. How much scope is there for joint design? **Ian** said that TfGM had begun a Network Review process, which is about bringing in end users as well as Councillors to gather a wide range of views, and was employing some former bus operating staff to input to the process to provide advice. Relationships with bus operators haven't always been very good in Greater Manchester, but it was hoped that they will improve through the operation of the new franchised contracts, for both former commercial operators and the new incumbents. TfGM was learning to use the automatic data to manage contracts, though new IT always takes time to implement, and so there have been difficulties getting consistent data.

David van Rest asked if any thought had been given to carrying bicycles: in Vancouver cycles are carried on the front of a bus. **Ian** said that, almost since Metrolink began in 1992, there were many calls for bicycles (and dogs) to be allowed on trams. There is now more emphasis on active travel, so there has been trials of both bicycles and dogs on trams, with the result that dogs are now allowed, and TfGM has committed to working up a business case to modify the trams to accommodate bicycles. For buses, the emphasis has been more on provision for prams and the disabled: the new standard is two disabled places. He suggested a study tour to Vancouver to discover more.

Dick Dunmore noted that, with large rail capital projects, vehicle numbers are fixed and timetables and routes can only be changed with long lead times and at infrequent intervals. The

lead time with buses is much shorter. **Ian** agreed, and said that ideally changes would be run like randomised controlled trials, but in practice changes had been becoming thick and fast. Compared to larger capital schemes, bus operations are a system, and more of a learning culture is needed, feeding back learning into future decisions. Lots of data was coming through, but different people use different data released on different timescales and that doesn't always fit together: there is no structure. However, some things do get implemented on their own. For example, TfGM was able to examine the impact of lower fares in the first three months, before anything else changed. **Dick** also asked about the role and use of social media. **Ian** saw it as a brand benefit: the media presence on social media and managing the brand is at the heart of what Andy Burnham does, it is now the "Bee Network", not just the tram or the bus network. Marketing changes perceptions, and the Bee Network brand was already changing perceptions about public transport in Greater Manchester.

Matthew Page asked if TfGM had been afraid of a legal challenge to the franchising proposals. **Ian** said that they spent ten years preparing for a legal challenge, and it influenced the overall development process. The legal challenge came at the end, after the Mayor had made the decision to franchise. The judicial review looked at whether, given the impact of the pandemic, the Mayor's decision was both legal and rational, and concluded that the Mayor was legally able to make the decision during the pandemic and that the decision itself was "not irrational". **Matthew** added that The West Yorkshire franchising proposition assumed declining patronage and there would not be much extra financial support. What of Greater Manchester? **Ian** said that the Greater Manchester Assessment assumed that, without franchising, as the demand trend continued to fall, operators would continue to raise fares above Retail Price Index (RPI) and cut mileage to balance their books. There was not much modelling of consolidation of bus operators, which had not occurred much before franchising.

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The Transport Economists' Group, formed in 1973, provides a forum for people involved in transport economics to meet regularly and discuss matters of mutual interest. Membership is open to economists working in transport and others whose work is connected with transport economics.

The aim of the Group is to improve the quality of transport management, planning and decision-making by promoting lectures, discussions and publications related to the economics of transport and of the environment within which the industry functions.

Meetings, online or at Arup's Central London HQ, from September to June (except December), consist of short papers presented by speakers, drawn from both within the Group's membership and elsewhere, followed by discussion.

The Group's Journal, "The Transport Economist", is published three times a year reporting on meetings and other activities of the Group. It reviews recent publications of interest and contains papers or short articles from members. The Editor welcomes contributions for inclusion in the journal, and can be contacted at petersgordon@blueyonder.co.uk.

The current membership of over 150 covers a wide range of transport modes and types of organisation. Members are drawn from transport operators, consultants, universities, local and central government and manufacturing industry. All members are provided with a full membership list, updated annually, which serves as a useful source of contacts within the profession. Applications from people in all sectors are welcome.

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