

Divisions Affected – ALL

CABINET – 21 OCTOBER 2025

Future Bus Regulation Models

Report by Director for Environment & Highways

RECOMMENDATION

1. **The Cabinet is RECOMMENDED to**
 - (a) **approve the development of an Enhanced Partnership Plus (EP+) approach.**
 - (b) **delegate the development of the EP+ to the Director of Environment & Highways, including defining the desired and achievable outputs of the EP+, informed by passenger and resident feedback.**
 - (c) **delegate formal adoption of the EP+ agreement to the Cabinet Member for Transport through the Cabinet Member Decision process.**
 - (d) **elect not to undertake any further work on bus franchising or municipal operation at the current time.**

Executive Summary

2. The Council passed a motion in September 2023 to fund a study into the potential benefits for bus franchising in Oxfordshire, as well as the possible creation of a new municipal bus company.
3. In November 2024, a consultant was appointed to undertake a preliminary examination of bus regulation and ownership possibilities, as relevant to Oxfordshire. They were also asked to consider the effectiveness of the existing Oxfordshire Enhanced Partnership (EP). The consultant's report – herein known as the 'Bus Report' and attached as Annex 1 – was completed in April 2025 and sets out the options and their implications.
4. In considering the findings of the Bus Report, officers conclude that the most appropriate bus model to pursue at this time is an Enhanced Partnership Plus (EP+). However, further work is required to explore and negotiate the scope of the EP+, to ensure this delivers improvements and benefits in line with corporate priorities and available budgets. Once this has been scoped, a firm

EP+ proposal would then be brought for Cabinet Member Decision at a later date for approval.

5. Currently, provisions in the Bus Services Act 2017 prohibit the creation of a new municipal bus company and place restrictions on Local Transport Authorities wishing to pursue franchising. This is expected to be lifted in the emerging Buses Bill which is currently progressing through parliament.

Bus Regulation Options - summarised findings from the Bus Report

6. Four different regulatory models were considered in the Bus Report which are summarised below:

Enhanced Partnership (EP) – the existing model (do nothing)

7. The EP is a statutory agreement between the Council and bus operators that facilitates collaborative improvements to the bus network while retaining a deregulated market structure. It has enabled significant progress through joint working and funding, but its effectiveness is limited by the need for operator agreement and the lack of direct control over commercial services, which form the majority of the County's bus network.

Enhanced Partnership Plus (EP+)

8. EP+ builds on the existing EP by introducing more ambitious commitments, for example, joint network planning, (greater) interoperable ticketing, and unified branding. While it offers a pathway to greater integration without full regulation, its success depends on negotiation and voluntary cooperation, and it still operates within a deregulated framework.
9. Two examples of EP+ proposals in other areas have been provided in the Annex and 'other documents' for this report.

Bus Franchising

10. Franchising would give the Council full control over routes, timetables, fares, and service standards, allowing for a more cohesive and strategically aligned network. However, it involves significant upfront and ongoing costs, increased staffing, and operational risk, requiring a robust case for change and long-term commitment.

Municipal Bus Operation

11. This model involves the Council owning and operating its own bus services, potentially reinvesting profits into the network and enhancing social value. It carries high setup and operational costs, exposure to market competition, and financial risk, making it a complex and resource-intensive option, regardless of whether this is used in the context of a deregulated or franchised environment.

Rationale to pursue an EP+ as the preferred option

An EP+ can leverage bus improvements with comparably low risk

12. The Bus Report indicates that the top resident and passenger priorities, for example faster and more reliable buses, are feasible to achieve under all operational regulatory models.
13. An EP+ could leverage most of the benefits associated with franchising, for example consistent branding, without the significant additional financial and resource risks and responsibilities that are associated with franchising.
14. Bus operators believe that the EP+ is the best option for Oxfordshire residents and are keen for a commitment to pursue an EP+, and for franchising not to be progressed. In other areas, private sector investment has been put on hold in the absence of such a decision and as such, delaying this work may have negative implications for the Oxfordshire bus network and commitments made within the Bus Service Improvement Plan (BSIP) programme.

A change of model alone does not remove key challenges for bus

15. Some of the current barriers to bus service improvements lie beyond the remit of the Enhanced Partnership. Increasing bus journey times and poor reliability and punctuality are largely a result of growing traffic congestion, roadworks and road closures. A change of model alone would not address these challenges, nor alleviate revenue funding pressures for the future provision of bus services.

Franchising is a lengthy and expensive process

16. The Bus Report is a preliminary examination of bus regulation and ownership possibilities, as relevant to Oxfordshire. It draws on insights from other regions—which may not be directly comparable—and incorporates a range of assumptions to generate indicative, high-level estimates. To fully understand the costs and implications of franchising requires a full franchising assessment at an estimated timescale of 2 years and at an estimated cost of £530k.
17. If the authority then decided to franchise, there could be additional procurement and mobilisation costs estimated at £350k dependant on the nature of the scheme. Further costs could then be incurred in largely capital expenditure related to depot and vehicle purchases.
18. Once established, it is estimated that there would be additional staffing costs of £420k per annum.
19. Although the Bus Report estimates that network efficiencies from franchising could release up to £2.25 million per annum (£1.83 million after accounting for staff costs), this is based on a highly simplified scenario—namely, a network identical in patronage and fares to the current one. In practice, this is an unrealistic assumption. Under a franchising model, passengers are likely to expect tangible improvements such as lower fares and expanded services,

both of which would require additional investment beyond the £1.83 million. Moreover, when factoring in the time needed to recoup the initial setup costs, it becomes clear that any financial return would take several years to realise—if at all.

20. Network efficiencies may be achieved if the structuring of contract packages, or the specification of services, eliminates any route duplication which may exist and encourages strong competition for contracts. Conversely, if the contract arrangements introduce operational inefficiencies compared to the current system, costs could increase.
21. Whilst the Council provides approximately £9m of funding for bus services annually, it must be recognised that the majority of this is ringfenced for specific purposes and locations. Therefore, even if savings were theoretically achieved, these funds could not automatically be redirected to other areas of expenditure.
22. Bus franchising would lead to greater financial risk on the Council in the case of changes to variables such as levels of patronage, revenue, and competitiveness for contracts. All the authorities engaged with via the study emphasised the need to generate competition in the market through franchising to keep pricing keen.
23. Given the estimated timeline of 45 months between commencement of a franchising assessment and delivery of any scheme, it is anticipated that this will become a Combined Authority function within the delivery period - therefore, initial costs would be borne by the Council but savings could potentially accrue to the Combined Authority.

National multi-operator ticketing is already in development

24. The Government is currently developing a national multi-operator ticketing solution (Project Coral) using contactless pay-as-you-go. Local transport authorities will be expected to adopt this national system rather than implementing local solutions. This negates the need for using franchising as a way of achieving integrated ticketing.
25. In the meantime, the Council has already instigated a 'light-touch' multi-operator ticketing scheme known as MyBus Oxfordshire, which is proving popular amongst passengers, and the SmartZone scheme, which has provided multi-operator ticketing benefits in the Oxford area since 2011. This could be further strengthened through the proposed EP+.

Corporate Policies and Priorities

26. Investing in an EP+ model, when compared with the do-nothing option, will mean further improvements to bus for passengers and residents, this therefore directly supports the Council's priorities for fostering an inclusive,

integrated, and sustainable transportation network, contributing to making Oxfordshire a greener, fairer, and healthier county.

27. The impact on corporate policies and priorities of adopting the EP+ model versus franchising are not considered to be significantly different.

Financial Implications

28. The direct cost for approving the recommendation as set out in the report is minimal. It is likely that external consultancy support will be required to carry out the development of a proposal for an EP+ model, and funding for this of c.£30k will be made available from an expected underspend in the 2025/26 Bus Service Improvement Plan (BSIP) revenue programme subject to approval by the DfT.
29. The Bus Report suggested that the financial implications for implementation of an EP+ could be up to £240k for additional staffing, however this is dependent on what additional commitments could be imposed and at what scale. Should the recommendation be agreed, provision will be made for this in the BSIP programme from 2026/27 onwards.
30. The financial implications of alternative delivery models, in particular franchising, could be potentially significant. Moreover, the financial contribution currently provided by the Council serves as a critical lever in securing additional funding from external sources, including the private sector. A transition to an alternative delivery model could place this supplementary investment at risk, as such funding is often contingent upon the stability and continuity of the existing arrangements.
31. Franchising and municipal bus operating models would require significant upfront and ongoing investment, including staffing, infrastructure, and procurement costs – estimated at £880k for franchising assessment and setup alone as well as an indicative £420k annually for additional staff. Further costs could then be incurred in largely capital expenditure related to depot and vehicle purchases. There is currently no finance budget allocation for this.
32. While franchising offers greater control, it also transfers more financial risk and responsibility to the authority, requiring substantial resources to manage effectively. A franchising assessment would identify these in more detail, but due to complexity and additional financial cost it is proposed not to allocate resource to further explore franchising options at this time.

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Legal Implications

33. The Enhanced Partnership is a statutory arrangement under the Bus Services Act 2017 (the Act) and sets out legally binding commitments between the Council as the Local Transport Authority and the Bus Operators.
34. An alternative operating model introduced by the Act was franchising. Authorities, other than Mayoral Combined Authorities, can only obtain franchising powers by applying to the Secretary of State and must be able to demonstrate a good track record in delivering transport improvements and that they can deliver a bus franchise. Authorities are not allowed to provide the bus services themselves (for example by setting up a new municipal bus company to “win” the bus franchise). Once franchising powers are obtained, a business case must be prepared, consultation must be undertaken, and a transition period (6 months minimum) is required.
35. Local Transport Authorities are currently banned from establishing and running their own municipal bus companies, but the Bus Services (No. 2) Bill (the Bill) aims to repeal this ban. The Bill also aims to remove the requirement for LTAs to obtain franchising powers by application to the Secretary of State.
36. The adoption of an EP+ model, being an extension of the pre-existing EP scheme, will place additional legal responsibilities on the Council when compared with the do-nothing option, but significantly less than franchising or municipal bus operation, although the detailed legal implications in respect of franchising and the establishment of a municipal bus company have not been explored at this stage.
37. The nature of any legal implications arising from an EP+ model will be dependent on the outcomes sought through the EP+ and will therefore be examined in more detail during the proposed work to scope out the EP+ option.
38. The procurement of any external consultancy support will be carried out in accordance with the Council's Contract Procedure Rules.

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Staff Implications

39. It is likely that consultancy support will be required to develop an EP+ model proposal, which will be overseen by existing staff.
40. The Bus Report estimated that the on-going requirement for staffing an EP+ model could be up to £240k per annum, however this will be dependent on the outcomes sought through the EP+ and will therefore be examined in more detail during the proposed work to scope out the EP+ option.

41. There would be significant staffing implications for the potential adoption of franchising or municipal bus operation, including consideration of TUPE. TUPE would not apply under an EP+ model.

Equality & Inclusion Implications

42. The choice of bus operating model can influence the Council's ability to set and enforce standards that support equality and inclusion—for example, in areas such as vehicle accessibility, driver recruitment, retention and training as well as service coverage. However, the actual impact on different user groups will depend less on the model itself and more on the specific decisions, priorities, and investments made under each model's governance and delivery framework.
43. An EP+ may enable greater leverage in this area when compared with the do-nothing option, but less than franchising or municipal bus operation.
44. Oxfordshire's community transport services - designed to meet the needs of people who cannot easily access conventional public transport - do not form part of the Enhanced Partnership and are therefore unaffected by the options and recommendations in this report.
45. An EQIA assessing the potential impacts of implementing an EP+ is contained at Annex 2.

Sustainability Implications

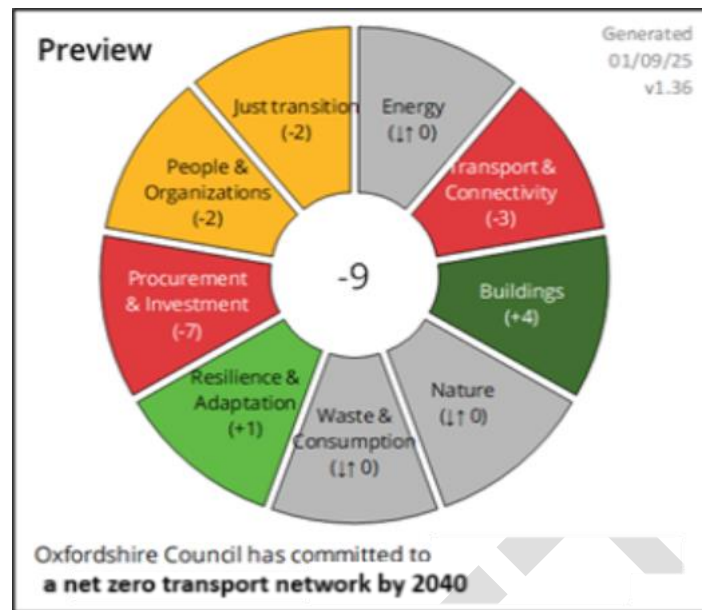
46. The commissioned Bus Report and the Cabinet Recommendation resulting from it, do not focus on assessing how the proposed EP+ delivery model would contribute to achieve the climate and broader sustainability targets established in the Local Transport and Connectivity Plan (LTCP).
47. The Climate Impact Assessment (CIA) at Annex 3 outlines the case for change, highlighting that current transport carbon emissions trends are deviating from LTCP targets. Rather than prescribing a particular bus delivery model, it focuses on areas of improvement in the existing EP bus delivery model. In doing so, the CIA highlights uneven distribution of risks and rewards in the existing EP model, that are hindering the achievement of LTCP climate targets. The EP+ proposed model seems to be an incremental change from the existing arrangements. Whether the EP+ can address the areas of improvement and better distribution of risks and rewards highlighted in the CIA, depends on the feasibility of reaching the required agreements with bus operators within such a framework. Given the existing good relation between the Council and bus operators, it is worth testing the limits of an EP+ proposal in the interim period before the bus delivery model may be revisited again as a result of Local Government Reorganisation and Devolution.

48. As part of supporting Local Transport Authority decisions to engage in alternative bus delivery models, best practices on EP+ models will be published by government later in the year and should be considered in the negotiation process for an EP+ delivery model.
49. Any future negotiations with bus operators for an EP+ bus delivery model should focus on the challenges highlighted in the CIA:
- Reverse the existing trend in local transport greenhouse gas reductions deviating from LTCP target of achieving a net zero transport network by 2040.
 - Tackle the affordability challenge that remains an obstacle for further adoption of bus transport. Part of addressing this challenge depends on a revision of distribution of risks and rewards (para 50 below), focusing on translating value created in the partnership towards making fares more affordable.
 - Better integration of Council transport planning and infrastructure delivery with bus operation planning, particularly focusing on integrated transport systems, in preparation for the future publication of UK's Integrated National Transport Strategy.
50. The EP+ model will enhance the Council's capabilities for improved ways of working in the future. Officers should aim to negotiate and test how an EP+ model can address the uneven distribution of risks and rewards in the existing EP partnership which are highlighted in the CIA namely:
- innovation risk mitigated by central government,
 - de facto monopolies in dedicated routes,
 - value of public funded efficiencies not directed towards affordable fares.

This uneven distribution of risks and rewards may prevent the existing partnership from addressing the social and climate challenges detailed in the CIA.

51. A summary of CIA scoring is presented below (full detailed scoring can be found in Annex 3). This scoring is based on:
- The recommendation to Cabinet to develop a proposal for an Enhanced Partnership Plus (EP+) model, which is based on the existing EP model.
 - uncertainties of EP+ outcomes which depend on bus operator negotiations which have not taken place yet, and
 - whether or not these may be sufficient to achieve LTCP climate targets.

It is recommended that this CIA is revisited and reviewed once EP+ conditions have been negotiated with bus operators and final agreements achieved.



Risk Management

52. The risks in conducting further scoping work as recommended in this report are minimal.
53. An EP+ represents a medium level of risk when compared with the do nothing option (low risk) and franchising or municipal bus operation (high risk).
54. The potential risks arising from the additional commitments placed on the Council are thought to be manageable and reasonable for the additional benefits gained. Such risks will be dependent on the outcomes sought through the EP+ and will therefore be examined in more detail during the proposed work to scope out the EP+ option, including mitigations.
55. Bus operators believe that the EP+ is the best option for Oxfordshire residents and are keen for a commitment to pursue an EP+, and for franchising not to be progressed. In other areas, private sector investment has been put on hold in the absence of such a decision and as such, delaying this work may have negative implications for the Oxfordshire bus network and commitments made within the Bus Service Improvement Plan (BSIP) programme.

Consultations

56. Consultation and stakeholder engagement was undertaken during March and April 2024 in developing the latest version of the Oxfordshire BSIP to determine bus improvement priorities. Similar priorities for bus-related improvements were received from stakeholders and the public, which supports the data from existing surveys. The top 5 priorities for improvements were identified as follows: 1) Faster or more direct buses, 2) more reliable buses, 3) more buses/

services in general, 4) better value fares and 5) better information before you travel.

57. The Citizens' Assembly convened by the Council aimed to gather public perspectives on improving the county's transport system. Participants expressed a desire for a transport network that is affordable, reliable, inclusive, and environmentally responsible. Key outcomes they hoped for included better integration of services, improved access for underserved communities, safer travel especially at night and more consistent and transparent communication about available services. These are all things that could be pursued through strengthened collaboration with operators, strategic investment and policy alignment - without needing to franchise the network.
58. The choice of bus operating model can influence the Council's ability to set and enforce standards to make improvements such as identified above—for example, in setting timetables and fares. However, the actual impact on these items will depend less on the model itself and more on the specific decisions, priorities, and investments made under each model's governance and delivery framework.
59. An EP+ may enable greater leverage in this area when compared with the do-nothing option, but less than franchising or municipal bus operation.

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Annex 1:	Oxfordshire Bus Delivery Options (Bus Report)
Annex 2:	Equalities Impact Assessment (EQIA)
Annex 3:	Climate Impact Assessment (CIA)
Annex 4:	Example: Leicester Buses EP+ proposal

Other Documents: [West Yorkshire EP+ proposal](#)

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