CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY

PAUL BRISTOW
MAYOR OF
CAMBRIDGESHIRE
& PETERBOROUGH

Transport Committee

15 September 2025

Title:	Franchising Update and Transitional Notice Proposed Changes
Report of:	Judith Barker, Executive Director Place and Connectivity
Lead Member:	TBC
Public Report:	Yes
Key Decision:	Yes KD2025/053
Voting Arrangements:	Recommendations: **A, B & E:** No vote required **C & D**: Vote by consensus otherwise a vote in favour by at least two thirds of the members present including the Cambridgeshire County Council and Peterborough City Council members or their substitutes

Recommendations:	
A	To note the update on the Independent Review into Bus Franchising Implementation (A)
B	To note the update on activities that will continue for bus franchising during the independent review (A)
C	To recommend the CA Board approve the use of the bus franchising professional costs budget for the independent review
D	To recommend to the CA Board to delegate authority to the Executive Director, Place and Connectivity to enter into contracts with consultants following the outcome of the procurement exercise.
E	To note the proposed policies around when a shorter timescale for notices may be set for changes under the Transitional Notice (A)

Strategic Objective(s):	
The proposals within this report fit under the following strategic objective(s):	
X	Increased connectivity: Implement bus franchising and ensure a resilient bus network
X	Achieving best value and high performance: Funding to allow competitive tendering for consultancy work to proceed

1. Purpose	
1.1	To update the Transport Committee on the Independent Review into Bus Franchising Implementation, including the appointment of a Chair, its timeline for consultancy procurement and target for reporting.

1.2	To update the Transport Committee on the progress of the independent review and actions to advance franchising implementation.
1.3	To seek approval from the Combined Authority to approve the use of the bus franchising professional costs budget for the independent review.
1.4	To seek a delegation for the Executive Director, Place and Connectivity, to enter into contracts with successful consultants following the completion of the procurement exercise
1.5	To note the proposed policies around when a shorter timescale for notices may be set for changes under the Transitional Notice when achieving optimal outcomes for passengers

2. Proposal

2.1

Update on the Independent Review into Bus Franchising Implementation

The Independent Review ('the review') into Bus Franchising Implementation Pathways has been commissioned by the Mayor. It will review how the CPCA Bus Franchising Scheme can be implemented going forward, given the changes in fiscal envelope under the new Mayor and the opportunities and obligations presented by the Procurement Act 2023 and Bus Services (No. 2) Bill.

As previously noted, the scope of the review sits around the following seven points:

1. Review, assess and propose viable implementation pathways of a franchised model with new information (fiscal envelope, revenue risks, mass transit, financial models for customer services)
2. Detailed pathway for revenue modelling
3. Detailed pathway for fleet specifications
4. Detailed pathway for the CPCA depot strategy
5. Detailed pathway for the network design
6. Future-proofing and maximising integration of future transport developments
7. Legal and financial considerations as per the original business case

On 3 September 2025, the appointment of the Chair of the review was announced as Leon Daniels OBE. Please see announcement here. Procurement is underway, using a framework, to appoint consultants to undertake the project. The Chair will attend events such as a Bus Operators Forum and will present recommendations to the Mayor and Combined Authority Board.

The Chair will shape, check and challenge consultants' work, and will provide updates and a report, with recommendations to the Mayor.

Specification for the Chair included:

- credibility with both the passenger transport sector and politicians
- senior experience in a strategic role in a passenger transport authority
- knowledge and demonstrable understanding of bus franchising strategy, implementation and operation
- an individual with evidenced credibility in the public transport sector
- knowledge of existing and emerging legislation and the implications for Mayoral Combined Authorities.

Once consultants are appointed, the review is planned to last three months, meaning recommendations are planned to be presented in early 2026.

2.2

Update on bus franchising implementation activities that continue during the review period

The officer led Programme Board for Bus Franchising will continue to meet to oversee the review and continue preparation for franchising. This is chaired by the Executive Director - Place and Connectivity.

	The options appraisal of operational data systems is underway. Operation of large-scale bus services under contract (as per any franchise model) requires an agreed and robust set of data as to the performance of an operator. These options are also relevant to the current contracted regime that the CPCA operate. The report will be shared with the consultants working on the review. Work is underway on the business case for a new bus depot for Peterborough. Updates related to the bus depot and a business case will be brought forward to the Funding Committee and Transport Committee later in 2025/26. Further work planned for this calendar year, is focused primarily on the existing model of delivering buses, but with synergy to the review, and includes: • Bus network related communications (with an increased focus on engagement and stakeholder mapping) • Benchmarking against other authorities at different stages of bus reform • Evaluation of existing ticketing schemes (Such as the Tiger pass and the fare cap) to inform future proposals and schemes • Development of our framework for decision making on supported bus services. • Bus safety strategy development • CPCA contracted on-bus specifications, including safety, equality and branding / marketing considerations, incorporating lessons learnt from bus branding
2.3	**Delegated Authority** The budget for the review can be met by the budget for professional fees to support implementation in 2025/26. A decision was made at the July CPCA Board meeting for the 2025/26 franchising system costs budget to be reallocated to support routes 9 and 31; this is being calculated and a proportion of the £515k will be removed from 25/26 bus franchising budgets. The work on the new bus depot for Peterborough is a capital project budgeted separately; while it is a key part of delivering bus service improvements under any model, it has some specific MHCLG funding allocated before the decision was made to deliver franchising.
2.4	**The Transitional Notice** The Transitional Notice for bus franchising was published by the CPCA in February 2025 and increased the length of notice a bus operator must give to the CPCA and Traffic Commissioner before changing or withdrawing local bus services from 70 days to 140 days (the documents are in the Background Papers section below). This formed part of the 2024 consultation documentation. The notice increased the notice period the bus operator and CPCA must give related to existing contracted services that fall under the CPCA Bus Franchising Scheme. <u>Change sought</u> Subsequently, bus operators have requested variations to the Transitional Notice, stating that it limits their ability to respond to opportunities or developments in the market, citing school day changes or to change timetables quickly because of roadworks or congestion. The Cambridge and Peterborough Bus Alliance proposed an amended Transitional Notice in late June 2025. This proposed reinstating the previous 42 days' notice period for the Traffic Commissioner in many situations, although retaining 112 days' notice for the full cancellation of existing commercial bus services. <u>Legal advice</u> Following this, CPCA officers sought external legal advice on amending a Transitional Notice. Officers were informed that there is no method under current legislation to amend a Transitional Notice. The option proposed by the Cambridge and Peterborough Bus Alliance was therefore not viable.

	However, legal advice did highlight that it is within the powers under the Franchising Schemes Transitional Provisions and Amendments (England) Regulations 2018 for a franchising authority to specify different periods in a Transitional Notice for different cases, although consistency in decisions on similar matters is advised. On this basis, officers will continue to work with local bus operators and the Traffic Commissioner with further proposals and discussion to take place at the Bus Operator Forum in September 2025, with an aim to achieve a positive outcome. The CPCA's officer key criteria have been allowing flexibility where it is in the interests of passengers. Therefore, the main categories that officers will continue to engage with bus operators on, to reach a resolution are: • Bus operators request the ability to introduce new services to the market with a shorter notice period. This will also benefit CPCA, with a shorter registration period for when the CPCA needs to step in to replace a previously commercial service. • If a positive variation to a commercial service is proposed, for example measures to improve the reliability of a consistently unreliable service. Positive variations are to be consulted on and agreed by CPCA in advance and if agreed positive this exemption applies. • Non-material variations permitted under the Procurement Act 2023 (and any related legislation) to contracted services. Legal advice is that requests for minor change for service of more than 10 minutes (for example where a school, college or major employer amends its opening or closing times or shift patterns at relatively short notice) falls within category 7(b) of the Public Service Vehicles (Registration of Local Services) Regulations 1986 and is covered. More general changes for variations over 10 minutes would need to fall under the list of circumstances in the 1986 Regulations to have a reason for a short notice change. Officers are carefully considering any local discretion/guidance to ensure it does not cause any negative consequences to passengers. For example where reducing the notice period may lead to less notice to passengers and potentially negative outcomes or a potential gap in service. Subject to engagement with the Traffic Commissioner, it is proposed that CPCA establishes the following guidance around when a shorter timescale for notices may be set, to provide guidance to operators. It should be noted that these policies are guidance for operators and do not replace the transitional notice and every application to shorten the timescale for notice shall be an individual decision by CPCA officers, who will look to maintain consistency in such decision making.

3. Background

3.1	**Background to Independent Review** As reported to Transport Committee on 8 July 2025, officers have developed a scope for an independent review into bus franchising implementation pathways in the region, working within relevant legal frameworks as per the Transport Act 2000 (amended by the Bus Services Act 2017). This is in response to the request by Mayor Paul Bristow for an independently chaired review of how the Cambridgeshire and Peterborough Bus Franchising Scheme should best be delivered taking into account policy changes since the Mayoral election, including a commitment to no increase in the Mayoral Council Tax levy and no extra borrowing by CPCA, but a continued Mayoral commitment to bus franchising. The wider context of the Procurement Act 2023 coming into force and the Bus Services (No. 2) Bill are also to be considered. This review means there are implications for the timescales of franchising, but these will only be clear when the review is complete.
3.2	**Background to the Proposed Change to the Transitional Notice** The previous Mayor published the Cambridgeshire and Peterborough Franchising Scheme for Buses on 17 February 2025.

	A Transitional Notice was also issued, which increased the amount of notice a bus operator is required to give the Traffic Commissioner before amending a commercial bus service in the CPCA region from 42 days (after 28 days' notice to CPCA) to 112 days (after 28 days' notice to CPCA). Both documents are in the Background Papers section. A draft of the Transitional Notice was consulted on as part of the Bus Franchising consultation in autumn 2024. No substantial objections were noted as part of the consultation review. Therefore, no significant changes were made in the Transitional Notice from the draft Transitional Notice. The Transitional Notice applies to local bus services that are covered under the CPCA Bus Franchising Scheme. Services excluded from the Transitional Notice are listed in Annex 2 and Annex 3 of the CPCA Bus Franchising Scheme and include the following: • Services running over 95% of their mileage outside the CPCA area • The Cambridge University 'U' bus service • Community bus services operated under Section 22 Permits not under contract to CPCA • Dedicated schools or works registered local bus services that are not eligible for BSOG • Tourist sightseeing tours • Rail replacement bus services The Transitional Notice approach was pursued as a means of securing bus services in the transitional period to bus franchising implementation, by disincentivising the withdrawal of services from the bus network and where services were withdrawn, by providing extra time for the Combined Authority to consider a response and potentially procure replacement services. The Transitional Notice approach has been pursued by all Mayoral Combined Authorities who have reached this stage in a bus franchising programme in England. In addition to those services excluded through being listed in Annex 2 and Annex 3 of the CPCA Bus Franchising Scheme, additional exceptions to the 112 day time limit are provided under paragraphs 5 and 6 of the Transitional Notice. In the case of paragraph 6, officers are able to determine shorter time periods as they consider appropriate, while maintaining consistency within the process of applications.

4. Appendices	
4.1	None

5. Implications	
Financial Implications	
5.1	The independent review of bus franchising implementation pathways can be funded from the existing franchising budget as the scope of the review includes outputs that will be required to deliver franchising. The current 2025/26 budget allocated for franchising implementation includes professional fees of £772k and the review costs will be met from within this budget.
Legal Implications	
6.1	The previous Mayor issued the original Transitional notice on 17th February 2025, on behalf of CPCA under regulation 4 of Public Service Vehicles (Registration of Local Services) (Franchising Schemes Transitional Provisions and Amendments) (England) Regulations 2018. The clarifications of the Transitional Notice and issuance of non-statutory guidance as to when short timescales will be appropriate will be published and comply in accordance with this legislation. Legal Services will continue to work with officers at the CPCA to ensure the operation of the Transitional Notice and use of shorter timescales where applicable fully complies with the required legislation The independent review into bus franchising implementation pathways in the region will continue to work within relevant legal frameworks as per the Transport Act 2000 (amended by the Bus Services Act 2017), and any other applicable legislation.

Public Health Implications	
7.1	There are no direct implications arising from this report.
Environmental & Climate Change Implications	
8.1	There are no direct implications arising from this report.
Other Significant Implications	
9.1	There are no other significant implications arising from this report.
Background Papers	
10.1	CPCA-Franchising-Scheme-4.3 CPCA-Bus-Franchising-Transitional-Notice