

Consultation on a Proposed Bus Franchising Scheme for the West Midlands



Mayor of the
West Midlands



West Midlands
Combined Authority



Transport for
West Midlands

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1. Introduction

1.1 Overview

Buses are a vital part of our transport network, providing essential connections for people, linking communities, and supporting the local economy. However, evidence shows that passengers experience significant challenges, leading to low satisfaction and a long-term decline in bus ridership.

Under the current system, the West Midlands Combined Authority (WMCA) has limited ability to address these issues. Following a comprehensive review of options, we believe that Franchising is the most effective way to bring about the necessary changes and would like your views on our proposals. This document outlines our plans and provides information on how you can get involved.

1.1.1 About the West Midlands Combined Authority

The WMCA is made up of the seven local authority districts of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. It was set up in 2016 and is committed to a better connected, more prosperous, fairer, greener and healthier region, with powers including public transport, economic development, regeneration, spatial planning, and housing.

Transport for West Midlands (TfWM) is the public body responsible for co-ordinating transport services within the seven constituent districts and is part of the WMCA. TfWM works with bus operators to make sure that public transport is safe, reliable, affordable and accessible.

1.1.2 About the Mayor of the West Midlands

Richard Parker was elected as Mayor of the West Midlands in 2024. He is chair of the WMCA and currently in office until May 2028. The Mayor has specific powers and functions, with some of these relating to transport. The Mayor has the power under the Bus Services Act (2017), to decide whether to introduce bus Franchising.

1.1.3 About Bus Franchising

The Bus Services Act (2017) introduced the concept of bus Franchising. Under a Franchising system, instead of bus Operators determining routes, timetables, fares and service standards themselves, these would instead be set by WMCA and contracts awarded to operators on a competitive basis to run services in line with agreed performance standards. Fares revenue would be retained by WMCA to reinvest in the bus network and there would be a common look and feel across all public transport services. This is how the bus network is operated in London, and Greater Manchester is in the process of transitioning to a Franchised system too.

1.2 Introduction to the Assessment

Buses provide critical connectivity across the West Midlands; outside of London, the West Midlands Bus Network is **the busiest in England**, with **232 million boardings in 2023/2024**.¹ In 2022, around four out of every five public transport journeys made in the West Midlands were made by bus.

Despite the crucial role that bus plays in the West Midlands, the West Midlands Bus Network faces several key challenges which will impact its potential going forward. **WMCA believes it needs to change the way local buses are run to achieve its ambitions for better buses in the West Midlands.**

1. Transport for West Midlands. 2024. [Patronage - Travel Trends](#)

1.3 Buses in the West Midlands

The West Midlands public transport network is predominantly reliant on bus. With over 12,000 bus stops, most people have access to a frequent service within 400 metres.² Buses provide essential connectivity to almost all communities in the West Midlands.

1.3.1 Our local services

As well as being a cornerstone of regional connectivity, buses support the journeys of our diverse communities and service industries that depend on access to good quality bus services, most notably:

- Vulnerable groups, including low-income workers, or people out of work: a quarter of households in the West Midlands do not have access to a car and are therefore likely to rely on bus as one of their primary travel options
- Ethnic minority groups: Ethnic minority groups are less likely to have access to a car or van, and 11% of ethnic minority residents use the bus to access work compared to 6% of White British residents
- Students: over 50% of students in the region are frequent bus users and depend on bus travel to access training and education opportunities
- Rural communities: bus provides a critical option for residents in rural areas where other transport options are limited
- Evening services: play an important role in supporting West Midlands' nighttime economy

Bus also plays a significant role in supporting the West Midlands economy by providing access to jobs, education, and opportunities in its main economic centres. Modelling suggests that the West Midlands Bus Network has a total economic benefit of close to £4 billion.³ Recent local analysis has shown that the secondary bus network alone has economic benefits of more than £1 billion, with the bus industry itself contributing

2. Transport for West Midlands, [Bus Service Improvement Plan](#), 2024

3. KPMG: The Economic Impact of Local Bus Services (2024)

to close to £300 million of that figure.⁴ This highlights the importance of bus to the local, regional, and national economies.

1.4 Key challenges

There are several challenges facing the West Midlands Bus Network including long-term decline in bus patronage, low levels of passenger satisfaction, and increased operating costs, which have been exacerbated since the Covid-19 pandemic.

1.4.1 How buses are run now

Since the Transport Act (1985), bus services in England have been deregulated and largely privatised, except in London, and, since September 2023, Greater Manchester. This means that bus services are run by commercial bus companies who decide the routes, timetables, fares and service standards themselves. The bus companies receive the revenue from fares and retain the profits.

Although the bus operators design the routes and timetables they must register these with WMCA for services wholly within the region before they are allowed to run them.⁵ Bus operators are able to register and de-register services at relatively short notice and with very little consultation, highlighting the volatile position of bus services in a deregulated system.

The law restricts operators' ability to run non-profitable services because this could be considered anti-competitive. In areas or at times when no commercial service operates, WMCA considers whether subsidy should be provided in order to make sure residents have a service in line with locally agreed Access Standards. If a service is necessary, WMCA will competitively tender a service and award a contract to the lowest bidder. These subsidised services must be designed not to compete with any commercial services. Around 10% of the network is tendered in this way, there are no contracts in place for the other 90%.

WMCA is responsible for the on-street facilities needed for operators to run services such as bus stops, timetables displays and bus stations.

4. Transport for West Midlands/Steer: Economic Case for Bus (2024)

5. WMCA took on this responsibility for registration from the Traffic Commissioner in 2023

It also works with the Local Councils on schemes to reduce the impact of traffic congestion on bus services such as bus lanes, and co-ordinates provision of multi-operator ticketing schemes and information systems.

1.4.2 The role of the Traffic Commissioner

The Traffic Commissioner is responsible for the registration of local bus services that are not wholly within the region but is also responsible for licensing bus operators to run bus services. The Traffic Commissioner retains enforcement powers and can act against bus operators that pose a road safety risk or are not running reliable or punctual registered bus services on a regular basis. The Traffic Commissioner for the West Midlands is appointed by the Secretary of State for Transport.

1.4.3 Operators

Fourteen separate operators run bus services in the West Midlands. National Express has the largest market share, with 93% of bus patronage as of April 2024.

Although only 10% of services are formally tendered and operated under contract, the level of financial support provided to Commercial Services since the Covid-19 pandemic has significantly increased. This arises from reduced commercial viability of the network, with WMCA having to provide significant amounts of public sector funding to prevent cuts to the bus network.

1.4.4 Ticketing

Ticketing in the West Midlands is more integrated than in many other Combined Authorities in the UK, largely due to the significant market presence of National Express. However, to achieve its ticketing goals, such as contactless capping of fares across multiple operators, WMCA would need the power to specify the technology and systems used. This is not possible under the current system where operators can choose their own systems for commercial services.

1.4.5 History of partnership working in the West Midlands

Bus operators and the WMCA currently work together to improve local buses through an Enhanced Partnership (EP).

WMCA, and its predecessor Centro, have a long history of working in partnership with operators to deliver positive outcomes for passengers dating back to the mid-1990s. The latest iteration of this is embodied by the West Midlands Bus Alliance, a voluntary partnership formed in 2015 consisting of operators, Local Authorities, WMCA, and other stakeholders, used to coordinate the West Midlands Bus Network.

The Bus Alliance is underpinned by the EP, the current version of the EP Scheme having been introduced in September 2023. The current EP Scheme is the mechanism for working with bus operators to influence and improve the delivery of the local bus system. The EP functions through imposing mutual obligations on WMCA and bus operators to improve services for the West Midlands, with a board managing the delivery of these commitments. The EP covers matters such as:

- the type of bus an operator uses;
- payment options;
- on-board facilities and technology;
- journey time performance; and
- which stops the services use.

All commitments within the EP must be agreed through negotiation, and it is not possible to compel operators to deliver initiatives that they do not wish to participate in – they could simply withdraw services if they did not wish, or if it was not commercially viable, to meet commitments. There are also constraints around what can be included within the EP where these could be considered anti-competitive, such as having a common branding across all operators' services or a consistent suite of fares. Despite this agreement, and some non-binding improvements in the network, the West Midlands Bus Network remains essentially deregulated with significant challenges and complexities for passengers. This means that WMCA cannot provide a fully integrated, effective, and efficient transport network that supports its long-term vision for improved connectivity across the region.

1.5 WMCA's Vision for Buses

WMCA is working to deliver a transport system that the region will be proud of, connecting its communities to opportunities in employment, education, housing and leisure. Setting our vision for buses is necessary to enable us to assess the opportunities presented to us now and in the future.

Our objectives for bus reform support our vision to deliver and operate a safe, accessible, affordable, reliable and sustainable transport system. Our objectives include:

- Better Network Planning and Integration
- Integrated Fares and Ticketing
- Control of fares and concessions
- Improved vehicles
- Value for Money (VfM)

1.5.1 Proposals to change the way buses in the West Midlands are run

The Bus Services Act requires that, where a Local Transport Authority decides to consider Franchising of services in its area, an Assessment needs to be developed to determine whether Franchising is the most suitable Delivery Option to achieve its objectives and aims.

The Assessment:

- Sets out the options which have been considered to determine the Franchising Scheme put forward, including ‘non-Franchising’ options, and the current status quo (the Reference Case).
- Identifies and addresses necessary trade-offs, which are considered central to WMCA’s decision about which Delivery Option to pursue.

This Assessment sets out the information necessary for WMCA to make a decision as to how Franchising compares with available alternatives for delivering its strategy and objectives, and against the Reference Case. The Assessment sets out how the Proposed Franchising Scheme would be paid for and how it would work. To ensure that the Delivery Options support the objectives, WMCA has undertaken a qualitative assessment. Based on these considerations the Assessment concludes that Franchising is the best option for the future of the West Midlands’ Bus Network. This is because this Delivery Option demonstrates the greatest benefits for the strategic objectives; especially those relating to Fares and Ticketing, and Stability.

The Assessment has undergone an independent audit to ensure that the information it relies on is of sufficient quality, is unbiased, and is appropriately recent. The audit also considered the mathematical accuracy of the modelling, and of the analytical methods used to calculate the impacts of options.

1.6 Assessment summary

1.6.1 Delivery Options

As outlined above the Assessment considers options for bus reform, called Delivery Options. In this Assessment, two Delivery Options are considered which represent change from the current operation of buses in the region. These are considered against a 'do nothing' option, the 'Reference Case'. The nature of these options is described below:

- The Reference Case: continued partnership with operators as per current arrangements
- Future Partnership: continued partnership with operators, with alterations to the existing arrangements
- Franchising: suspension of the current deregulated system and powers taken by WMCA to move to a model in which all services within the region are operated under contract to WMCA, or allowed to operate under a permit from WMCA.

1.7 The Assessment

This document summarises the full Assessment and follows the structure recommended in the Franchising Guidance. It contains:

- The Strategic Case – the case for change and intervention, the objectives for bus reform and the options for achieving this
- The Economic Case – a comparison of the options' impacts on demand, costs, benefits and economic value for money (VfM)
- The Commercial Case – what the commercial arrangements for the options would be
- The Financial Case – the public sector affordability of the different options
- The Management Case – how the different options would be managed and implemented, including management of risk and transition
- Assessment Conclusion – the findings of the Assessment

1.7.1 Also covered in this Consultation Document

As well as summarising the Assessment and the cases above, this document also includes the following:

- Description of the Proposed Franchising Scheme
- Health and Equity Assessment summary
- Audit Summary
- Appendix A: Consultation Questions
- Appendix B: Draft Franchising Scheme

2. About the Consultation

2.1 Introduction to the consultation

The Transport Act (2000), as amended by the Bus Services Act and the supporting Franchising Scheme Guidance, has given the Authority greater powers to improve bus services. The options available include Franchising – the system used in London, and now being implemented in Greater Manchester and by other Combined Authorities – or an ‘Enhanced Partnership’ with existing operators. This is a formal consultation as required by the Act and Guidance, that will inform the decision made by the Mayor as to whether to introduce the Proposed Franchising Scheme as set out in this Assessment.

2.1.1 Who can take part?

Anyone can take part in this consultation. You do not have to live in the West Midlands or be a current bus user. We want to hear from everyone. You can answer as a member of the public or in an official capacity. Please be aware that responses from organisations may be published. Responses from members of the public will not be published with personal information. Decision makers will have access to all responses.

Whilst we have tried to make this consultation as clear as possible there are certain aspects that the law requires us to ask about which are quite technical in nature. We do not expect all respondents to have a comprehensive understanding of the technical elements of the scheme. All questions in the questionnaire are optional.

2.1.2 How can I respond?

The consultation is open between 6th January 2025 and 30th March 2025. We suggest following two steps in order to provide feedback:

- Step 1: Read the information in this Consultation Document
- Step 2: Tell us what you think by using one of the methods described below

You can respond in the following ways:

Complete and submit a questionnaire

- Online at <http://www.busreform.commonplace.is>
- Email a completed questionnaire to: busreform@tfwm.org.uk
- Post a completed questionnaire using the Freepost envelope included in the consultation pack.

We also accept written responses from those who may not be able to complete the questionnaire. You can submit these in the following ways:

- Via email to busreform@tfwm.org.uk
- By posting your response to: Bus Reform Consultation, 16 Summer Lane, Birmingham, B19 3SD

2.1.3 Summary of Consultation Events

During the consultation period, the WMCA will be hosting events to spread awareness and understanding of this consultation. These will be pop up events across the West Midlands metropolitan area.

We will also host online webinars for those who find it easier to attend online events. An 'on demand' webinar recording will also be available.

We will provide further details of events:

- Online at our website: <http://www.tfwm.org.uk/bus-reform>
- Online on Commonplace⁶: <http://www.busreform.commonplace.is>
- On posters in libraries and public buildings around the West Midlands

You can also contact us on the details below to find out more.

2.1.4 The consultation questions

There are two versions of the consultation questionnaire:

- The short version contains 9 questions
- The long version contains 43 questions

You are welcome to fill out whichever questionnaire you wish, and you don't have to answer all of the questions.

2.1.5 Where do I get more information?

The consultation document summarises the Assessment, the Franchising Scheme, and the Audit outcome.

In each relevant section, you can also see the questions that we are asking as part of the consultation.

Printed versions of this document, a questionnaire and a freepost envelope to return your response will be available in public buildings across the West Midlands. This includes libraries and local authority owned community centres. A full list is available on our website or for those who are unable to access the website, can be obtained by contacting us on the details below.

2.1.6 Accessibility and contact information

Printed versions of all key documents will be made available in public buildings across the West Midlands, this includes libraries and local authority owned community centres.

6. Commonplace is a citizen engagement platform used by WMCA to run public consultations.

If you would like this document in an additional format or language, please contact us on the details below. Requests will be considered in accordance with TfWM's working practices on inclusive communication.

You can contact us by:

- Calling customer services on **0345 303 6760**
- Email busreform@tfwm.org.uk
- Write to us at: Bus Reform Consultation, 16 Summer Lane, Birmingham, B19 3SD

2.2 What happens next?

All responses will be received and processed by the WMCA and analysed as part of the consultation process. Once the responses are analysed and a consultation report has been prepared, it will then be considered by the WMCA and the Mayor. The WMCA will publish a report setting out its response to the consultation and the Mayor's decision on whether to implement the Proposed Franchising Scheme.

3. Strategic Case

3.1 Background and introduction

3.1.1 Purpose of the Strategic Case

The purpose of the Strategic Case is to outline the case for change, which establishes the need to reform bus service delivery in the West Midlands. The case outlines the Delivery Options, the alternative approaches which could be taken to reform services, which are compared against the Reference Case, representing the present situation.

3.1.2 Geographic scope

This Assessment considers the case for reforming bus service delivery in the region, which covers the seven Local Authorities with full voting rights on any combined authority decision:

- Birmingham City Council
- City of Wolverhampton Council
- Coventry City Council
- Dudley Metropolitan Borough Council
- Sandwell Metropolitan Borough Council
- Solihull Metropolitan Borough Council
- Walsall Metropolitan Borough Council

A number of councils have reduced voting rights and the geographic area within these councils are not covered within this Assessment:

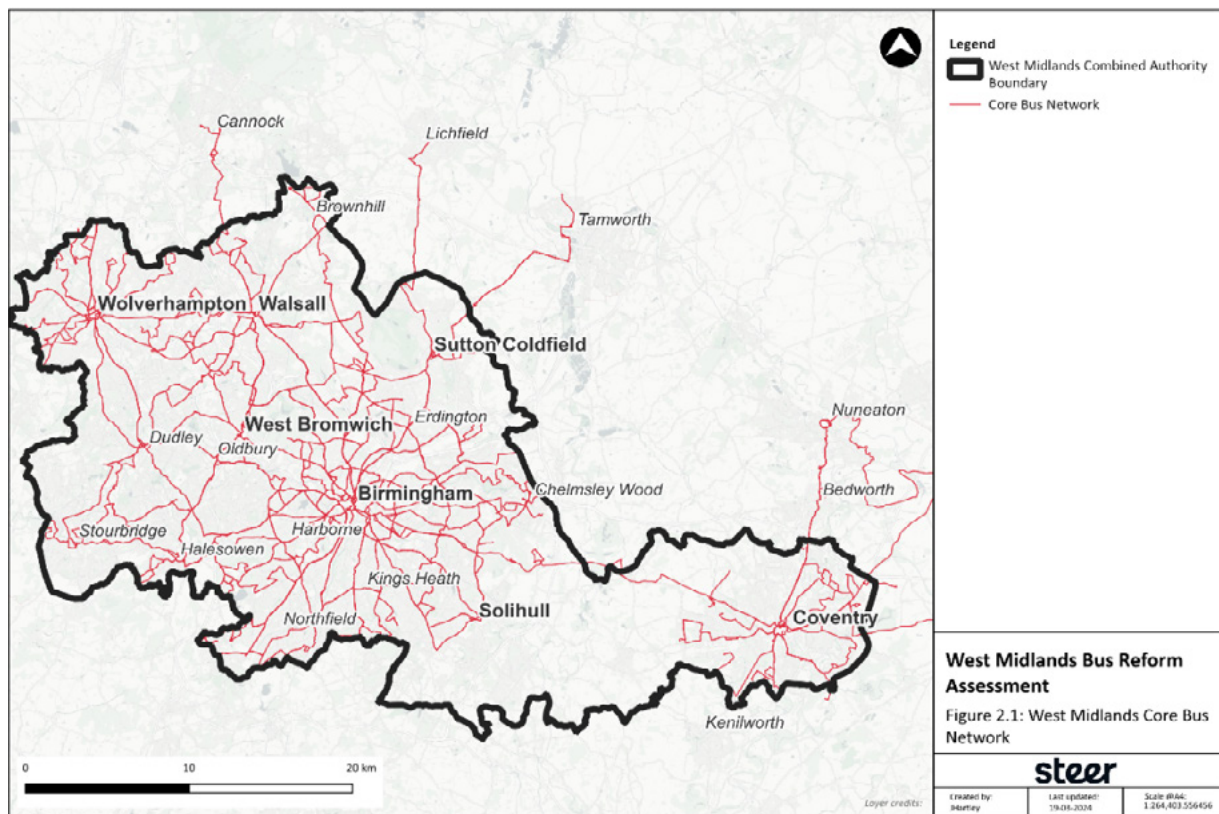
- Cannock Chase District Council
- North Warwickshire Borough Council
- Nuneaton and Bedworth Borough Council
- Redditch Borough Council
- Rugby Borough Council
- Shropshire Council
- Stratford-on-Avon District Council
- Tamworth Borough Council
- Telford and Wrekin Council
- Warwickshire County Council
- Warwick District Council

3.2 West Midlands Bus Network

3.2.1 Context

The West Midlands Bus Network is the busiest in England (outside of London) with over 232 million boardings in FY 2023/2024.⁷ The Network consists of over 300 routes and 12 managed bus stations. The West Midlands Bus Network is formed of a core network illustrated in Figure 3.1 (which operates high frequency, turn up and go services), alongside lower frequency, local services connecting the vast majority of areas in the region. Alongside the traditional bus network, WMCA has also been developing a series of Sprint corridors which will prioritise the movement of buses and bus passengers over other vehicles.

Figure 3.1: Core bus network for West Midlands



7. Transport for West Midlands. 2024. [Patronage - Travel Trends](#)

3.2.2 History of Bus Partnership in the West Midlands

The intention for the bus network in the current, deregulated market, is that operators compete for passengers ‘on street’, seeking to differentiate themselves by the timetable, quality of service and fare structure they offer.

Since deregulation of the bus market in 1985, the WMCA (and its predecessor Centro) have worked closely with operators to deliver positive outcomes for passengers. The latest iteration of this is embodied by the West Midlands Bus Alliance, which is a voluntary partnership formed in 2015, which consists of operators, Local Authorities, WMCA, and other stakeholders with the intention to ‘deliver high levels of passenger satisfaction and drive forward investment in our buses’.

The Bus Alliance partnership is underpinned by the West Midlands Enhanced Partnership (EP) Scheme which WMCA is using to secure passenger benefits and build a more sustainable bus network in the region. The EP was designed to improve bus services for the West Midlands and give WMCA greater control through formal and binding partnerships with operators, with influence over measures such as:

- The type of bus an operator uses
- Payment options
- On-board facilities and technology
- Journey time performance
- Which stops the services use.

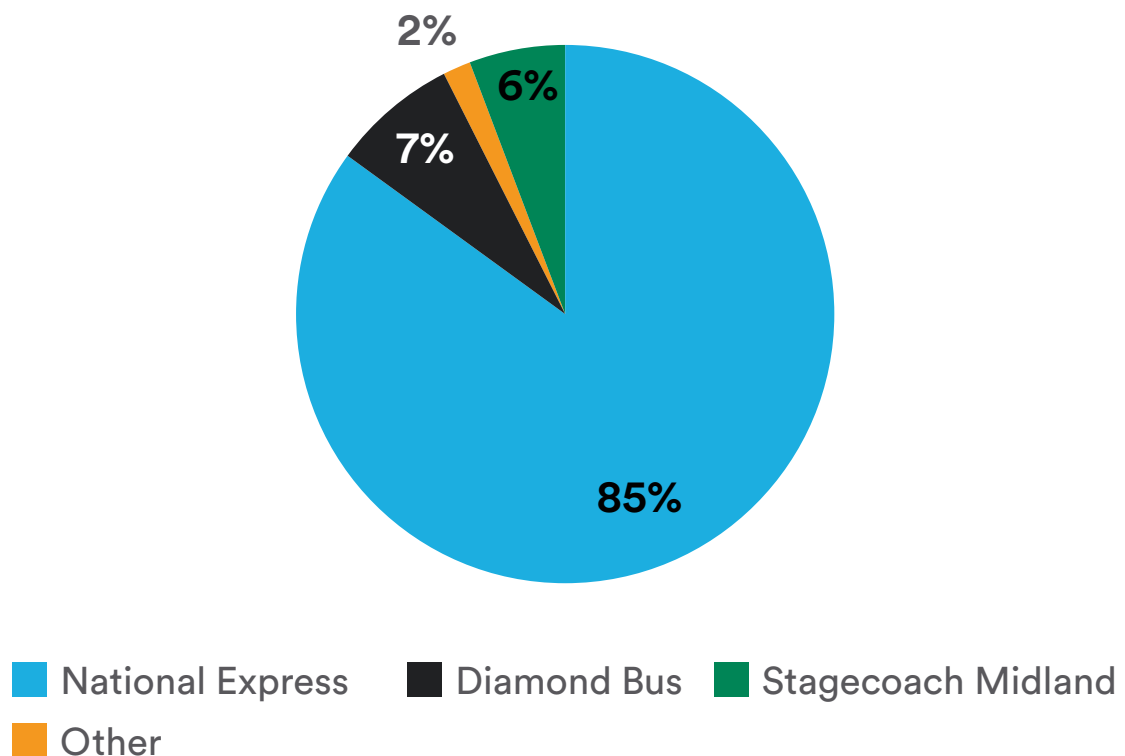
Notwithstanding this agreement, and some non-binding improvements in the network (i.e. outside the scope of the EP), the West Midlands Bus Network remains essentially deregulated with significant challenges and complexities for passengers.

3.2.3 Operating the West Midlands Bus Network

The present West Midlands Bus Network is provided by a number of private operators running cross-area and cross-boundary services due to depot locations and companies operating across a wide area. The network is made up of a mixture of commercially operated services (i.e. services that make a profit for operators) and supported services (i.e. services that are not profitable and are therefore funded through public subsidies).

As of April 2024, there were 14 operators providing services in the West Midlands. Of these, National Express has the largest market share and the largest amount of bus kilometrage with 85% in FY 2021/2022. The scale of bus operations by operator is presented in Figure 3.2.

Figure 3.2: Share of Vehicle Kilometrage by Operator across West Midlands Bus Network (2021/22)



Source: WMCA Data Insight Annual Bus Service Kilometres by Operator

3.3 The Role of Local Buses in the West Midlands

3.3.1 The West Midlands context

The West Midlands region has approximately three million residents, almost 100,000 businesses, and over 1.3 million workers.⁸ Despite the high number of businesses and the large labour market, the region has several key challenges including a skills gap and high levels of deprivation with 60% of residents living in communities ranked in the 30% most deprived areas of the country in 2019.^{9 10} Although deprivation is found throughout the region, there are concentrations around urban centres, with lower levels of deprivation typically found in the more rural parts of the region.

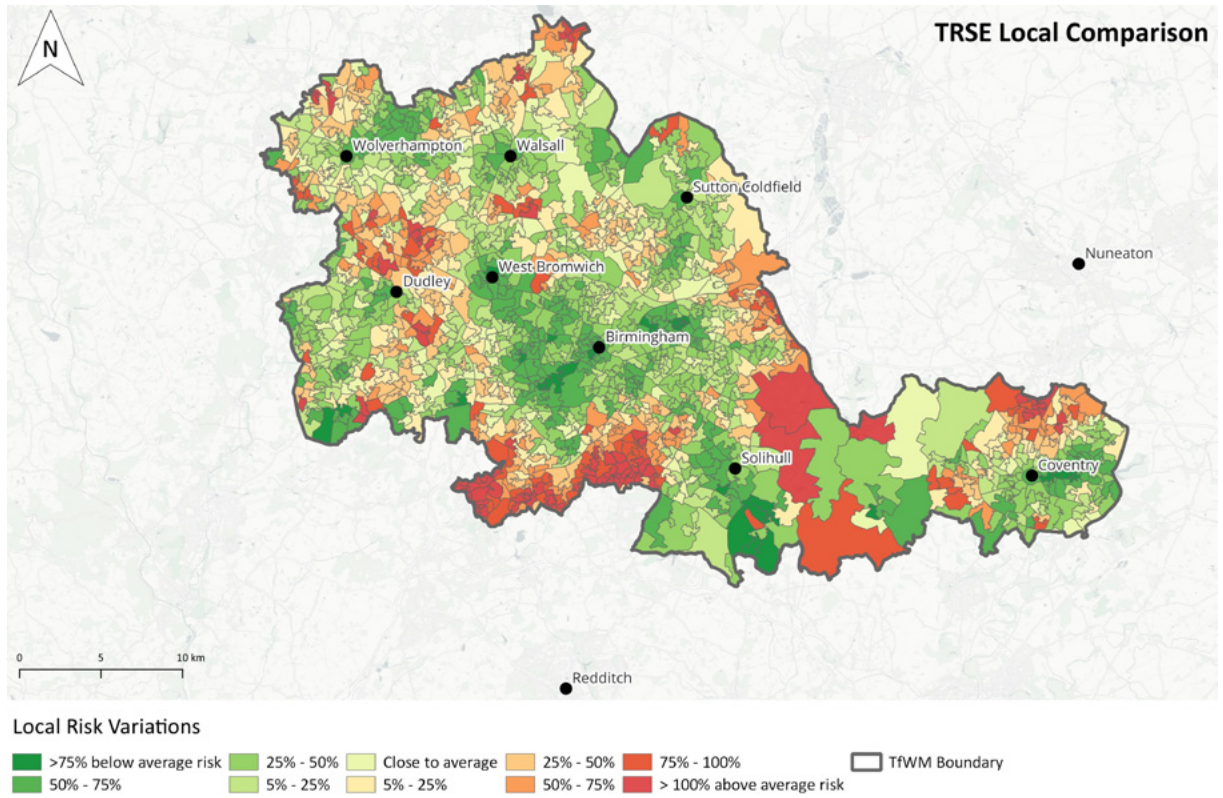
Transport is critical for a prosperous society and tackling deprivation. Figure 3.3 shows the risk of transport related social exclusion (TRSE) in the region and illustrates that several areas have an above average risk of TRSE, meaning that they have poor accessibility and high vulnerability relative to other areas of the region. Recommendations for tackling TRSE include ensuring that transport is affordable to those on low incomes, those out of work, and those unable to access work and social welfare.

8. West Midlands Combined Authority. 2021. West Midlands Bus Service Improvement Plan

9. West Midlands Combined Authority. 2021. West Midlands Local Skills Report https://www.wmca.org.uk/media/4815/wm-local-skills-report_evidence-base.pdf

10. Indices of Multiple Deprivation (IMD). 2019

Figure 3.3: Transport Related Social Exclusion in the West Midlands: Local Comparison



Source: Transport for the North

3.3.2 The transport network

The West Midlands benefits from a large multi-modal public transport network, including an expanding light rail, and rail network. Despite the development to the rail and metro network, bus remains the predominant mode of choice accounting for approximately 4 out of 5 journeys undertaken by public transport in 2022.¹¹ As a proportion of total trips across all forms of transport, bus only accounted for 5% of trips in 2022/23.¹²

Overall, car is the dominant mode of transport in the West Midlands, accounting for two thirds of residents' main mode trips. The relatively low cost of owning and operating a car has resulted in significant increase in car ownership and usage, whilst public transport fares have continued to rise proportionately more over time. Increased car ownership and usage has resulted in a steady increase in congestion in the region, with a study by WMCA finding that average weekday traffic speeds are less than 18 mph.¹³

Increased congestion on the road network has a direct impact on bus services due to the competition for road space. For example, comparing 2008 and 2018, over 200,000 fewer residents were able to access Birmingham City Centre by bus within 45 minutes because of congestion,¹⁴ increased levels of on-street parking, and other factors. When surveyed, four in five residents stated that bus journeys take too long.¹⁵

11. WMCA collected boarding data. Mode share analysis from pre Covid-19 local (metropolitan area) National Travel Survey (NTS) data, adjusted using ticket sales and on-street sensor data to calculate main mode statistics

12. WMCA

13. https://wmca.org.uk/media/oxfyfpvz/WMCA_cm-plan-aw_v3_lr_spreads.pdf

14. <https://centreforcities.org/reader/getting-moving/what-role-does-transport-play-in-densifying-city-centres/>

15. Birmingham City Council. 2019. Birmingham Bus Survey

3.3.3 The importance of local services

The West Midlands Bus Network plays a critical role in connecting the region, providing vital access to employment, education, health and social opportunities. Outside of London, the region has the highest number of passenger journeys per head of population (42.5 in 2023) demonstrating the important role that bus plays in the lives of people in the West Midlands.¹⁶

Whilst accommodating the majority of public transport journeys in the region, bus also operates alongside the more limited rail and light rail networks to ensure that most of the region has public transport coverage. Bus is therefore key to achieving WMCA's vision of creating 'a 45-minute region' whereby all residents can access a good range of work, leisure, and social opportunities within a 45-minute journey.

Achieving this vision is particularly important to the 28% of residents in the region (73% of whom are working age and 80% who are from an ethnic minority background) who do not have access to a car and are therefore reliant on alternative modes of travel. It is also important to WMCA's vision to decarbonise transport through encouraging modal shift away from car.

3.4 Key challenges

Despite the crucial role that bus plays in the West Midlands, the West Midlands Bus Network faces several key challenges which will impact its potential going forward. Table 3.1 summarises the key challenges that the West Midlands Bus Network is facing and what bus reform in seeking to achieve in order to address these challenges.

16. DfT Public Service Vehicle Survey, TfL, Office for National Statistics population estimates (Table BUS01f)

Table 3.1: Key challenges

What are the key challenges?	What is Bus Reform seeking to achieve?
<p>Long-term Decline in Bus Patronage</p> <p>Bus patronage within the West Midlands has been declining since the 1950s, decreasing at approximately 2% per year.¹⁷ Despite aspirations for patronage growth, it can be assumed that without a large-scale change to the attractiveness of Services, bus patronage will continue to decline.</p> <p>A continued reduction in patronage will result in reduced revenue which may result in network cuts and/or increased requirement for public sector funding.</p>	<p>Better Network Planning and Integration</p> <p>Bus reform will give WMCA the power to plan the public transport in the West Midlands through better integration of all public transport modes including bus, rail, and tram. Bus reform can also provide opportunities for WMCA to make unilateral changes to the network to address inefficiencies and respond swiftly to other challenges such as changing demand or the need for better integration.</p> <p>Bus reform will give WMCA greater ability to shape the network in response to their policies and the changing needs of West Midlands residents.</p>
<p>Increased Operating Costs</p> <p>Bus operating costs have increased faster than general inflation, with a 35% above inflation increase per mile observed between 2005 and 2022. This is due to a number of factors including increased congestion, slower journey times, increased labour costs, and general cost pressures since the Covid-19 pandemic.¹⁸</p> <p>As bus patronage is expected to decrease further, it can be assumed that operating costs per vehicle mile will increase for Operators which may result in them increasing fares for passengers.</p>	<p>Better Network Planning and Integration</p> <p>Bus reform will give WMCA the power to plan the public transport in the West Midlands through better integration of all public transport modes including bus, rail, and tram.</p> <p>Bus reform can also provide opportunities for WMCA to make unilateral changes to the network to address inefficiencies and respond swiftly to other challenges such as changing demand or the need for better integration.</p> <p>Bus reform will give WMCA greater ability to shape the network in response to their policies and the changing needs of West Midlands residents.</p>

17. Transport for West Midlands. [Travel Trends](#)

18. DfT. September 2023. Costs, fares and revenue (BUS04)

What are the key challenges?	What is Bus Reform seeking to achieve?
<p>Network Inefficiencies & Lack of Integration</p> <p>The bus network in the West Midlands is not fully integrated which results in a number of inefficiencies such as over-bussing (where provision exceeds demand on some routes), inefficient use of resources (such as vehicles and drivers), a lack of timetable integration resulting in irregular gaps between services, overlapping of routes but different end destinations, and inconsistent information for passengers.</p> <p>These efficiencies not only waste resources and funding, but also lead to a negative perceptions of bus provision for both existing and potential passengers.</p>	<p>Better Network Planning and Integration</p> <p>Bus reform will give WMCA the power to plan the public transport in the West Midlands through better integration of all public transport modes including bus, rail, and tram.</p> <p>Bus reform can also provide opportunities for WMCA to make unilateral changes to the network to address inefficiencies and respond swiftly to other challenges such as changing demand or the need for better integration.</p> <p>Bus reform will give WMCA greater ability to shape the network in response to their policies and the changing needs of West Midlands residents.</p>
<p>Contactless Capping and Different Ticketing Offer across Different Platforms</p> <p>The West Midlands does not have a fully unified fares and ticketing system, including a common set of bus fares and fare capping technology. This creates confusion for passengers and does not support them in working out the cheapest fare option. For example, National Express has suggested that it will be increasing adult single fares to £3 from 2025</p>	<p>Integrated Fares and Ticketing</p> <p>Bus reform would give WMCA the power to deliver a simpler ticketing system that works better for passengers. For example, bus reform would allow WMCA to specify the systems used to enable fare capping.</p> <p>Bus reform would also allow WMCA to control fares and concessions allowing them to set prices and make large scale changes if required. This could include setting local fare caps as has been done in other Combined Authority areas such as Greater Manchester and West Yorkshire.</p>

What are the key challenges?	What is Bus Reform seeking to achieve?
<p>Lack of Competition & Implications for VfM</p> <p>The West Midlands Bus Network is dominated by a single operator: National Express. This dominant position has resulted in a lack of competition in the market which means that the benefits of competition (such as improved VfM of public subsidies) cannot be realised.</p> <p>The monopolistic position of National Express allows it to potentially make higher margins on services which results in increased profits. Operators are not obliged to re-invest profits into the bus network.</p>	<p>Realising the Benefits of Competition</p> <p>Bus reform would allow WMCA to increase competition in the bus market which would create an environment for innovation and efficiencies. This would allow the benefits of competition to be realised such as reduced operating costs and greater levels of service for passengers.</p>

What are the key challenges?	What is Bus Reform seeking to achieve?
<p>Reduced Viability of the Commercial Network</p> <p>The proportion of the bus network that is commercially viable is continuing to decline. In November 2023, only around 50% of pre-Covid-19 bus service distance in the West Midlands Bus Network could be considered commercially sustainable.¹⁹ WMCA are therefore having to provide significant amounts of public sector funding in order to fund non-profitable services in order to prevent cuts to the bus network.</p> <p>As operating costs are forecast to increase and revenue is expecting to decline, WMCA may have to make the difficult decision to either significantly increase public subsidy to maintain the network or consider implement access standard policies that could cut the bus network.</p>	<p>Realising the Benefits of Competition</p> <p>Bus reform would allow WMCA to increase competition in the bus market which would create an environment for innovation and efficiencies. This would allow the benefits of competition to be realised such as reduced operating costs and greater levels of service for passengers.</p>

19. [gov.uk/cma-cases/referral-of-the-proposed-west-midlands-bus-recovery-grant-by-the-west-midlands-combined-authority](https://www.gov.uk/cma-cases/referral-of-the-proposed-west-midlands-bus-recovery-grant-by-the-west-midlands-combined-authority)

What are the key challenges?	What is Bus Reform seeking to achieve?
<p>Public Subsidy Inefficiency</p> <p>The reduced viability of the commercial network has resulted in an increased need for public sector support to keep Services operating. WMCA has therefore had to divert funding from other programmes (such as bus priority improvements) to fund this.</p> <p>However, as the majority of the funding goes to one Operator (National Express), WMCA cannot demonstrate the VfM of this funding.</p>	<p>Public Subsidy Efficiency and Benefit</p> <p>Bus reform would create competitive pressure which would reduce the ability of one Operator to dominate the market, by allowing WMCA to negotiate with other Operators to achieve the greatest VfM.</p> <p>Bus reform would also give WMCA control over the re-allocation of profits to ensure that they are reinvested in a way that best suits the whole public transport network.</p>
<p>Reduction in the West Midlands Bus Network</p> <p>As the commerciality of the bus network continues to decline, it is likely that the size of the West Midlands bus network and the frequency of services will become dependent on the level of funding provided by WMCA to Operators. If Services are not commercially viable and WMCA cannot subsidise their running costs, it is likely that their frequency will need to be cut.</p> <p>If the size of the network reduces as the same pace of demand, there will likely be an even larger decrease in passenger demand described as a ‘spiral of decline.’</p>	<p>Fit for Purpose West Midlands Bus Network</p> <p>Bus reform will give WMCA the power to make transformational changes to the West Midlands Bus Network to end the spiral of decline and ensure that the West Midlands Bus Network expands over the coming years, rather than contracts.</p> <p>For example, bus reform would give WMCA the power to introduce new Services or increase frequencies in order to better serve areas in need of better bus provision.</p>

L1. There are several challenges facing the West Midlands Bus Network which means that it is not performing as well as it could. Do you have any comments on this?

L2. Reform is considered to be the right thing to do to address the challenges facing the local bus market. Do you have any comments on this?

3.5 Objectives

WMCA has developed a set of objectives relating to what it is seeking to achieve through reform, which have been grouped for this Assessment into strategic categories: **Operational**, **Efficiency**, and **Visionary** objectives.

The **Operational** objectives address the challenges the current system creates for passengers, as follows:

- Objective 1: Network: Ensure public transport is inclusive and meets the changing needs of diverse West Midlands communities, by all modes working together
- Objective 2: Customer Experience: Improve customer experience when planning and making journeys
- Objective 3: Fares and Ticketing: Increase traveller understanding and confidence through simple, and affordable, fares
- Objective 4: Environment: Reduce the climate, air quality, and other environmental impacts of the bus fleet

The **Efficiency** objective addresses the financial and managerial challenges that WMCA faces in procuring and delivering services in the region as follows:

- Objective 5: Stability: Ensure that on a long-term basis, West Midlands services are financially stable and affordable

The **Visionary** objective addresses the ability of bus reform to support WMCA in maximising the value of the West Midlands Bus Network in achieving wider policy goals, as follows:

- Objective 6: Transformation and Change: Enable WMCA to secure ambitious, transformational public transport improvements to deliver wider policy goals

L3. Do you have any comments on West Midlands Combined Authority's (WMCA) six objectives for the future of bus services?

3.6 Option development and assessment

3.6.1 Delivery Options development

In response to the key challenges that the bus network in the West Midlands is facing and the objectives that WMCA is seeking to achieve through reform, several delivery options were developed and considered. These were shortlisted to two Delivery Options for bus reform which are taken forward in this assessment. These two Delivery Options are Future Partnership and Franchising, outlined below (alongside the Reference Case):

- The Reference Case: continued partnership with operators as per current arrangements
- Future Partnership: based on the Reference Case albeit with several alterations,²⁰ the changes for this option includes:

20. [Enhanced Partnership | Transport for West Midlands \(wmca.org.uk\)](https://www.wmca.org.uk)

- Contracting – a shift in approach for the contracting structure of Supported Services, such that on this proportion of the network (around 10%), WMCA would retain fares revenue. This would reduce the risk for operators bidding for contracts and so may increase competition for these services.
- Depot Provision by WMCA – introduction of additional depots to be let along with Supported Services Contracts. The lack of depots has been identified as a barrier for operators competing for Supported Service Contracts, so this is intended to facilitate greater competition
- Ticketing – WMCA and Operators would establish a jointly owned ticketing company to provide a single team focused on maximising ticket sales across the region, ensuring this activity is more focused and more efficient. Competition laws would prevent this entity from setting fares, which would remain the responsibility of individual operators.
- Franchising: provides full control of the West Midlands Bus Network to WMCA. Instead of the bus companies setting routes, timetables, fares and other service attributes, companies would be required to enter a tender process in order to win a contract to operate services specified by WMCA, or get a service permit from WMCA for the right to provide services.

All options considered are summarised in Table 3.2, in terms of the level of control and responsibility that WMCA has over key elements of the West Midlands Bus Network.

Table 3.2: Summary of the Reference Case and Delivery Options for Bus Reform

Area	The Reference Case	Future Partnership	Franchising ²¹
Operating Margin and profit sharing	Potential to share profit in the future to reinvest in the West Midlands Bus Network	Potential to share profit in the future to reinvest in the West Midlands Bus Network	Ability to reduce profit margin from transferring revenue risk away from the operators
Fares and ticketing	Collaboration with the operators but controlled by the operators	Sales function shared with operators.	Full control of services by WMCA under Franchise Contracts
Customer experience		Shared ownership with the operators	Full control of WMCA
Fleet vehicles	Owned by the operators	Owned by the operators	Full control and ownership of WMCA
Depot ownership	Full control and ownership by operators (with the exception of Walsall garage, owned by WMCA)	Part ownership with lend lease agreements	Full control and ownership by WMCA
Network planning	WMCA ability to specify maximum frequency along corridors. WMCA design services to fill gaps in the commercial network left by operators.	WMCA ability to specify maximum frequency along corridors. WMCA design services to fill gaps in the commercial network left by operators.	Full control by WMCA
Network enhancements	Shared responsibility with the operators	Shared responsibility with the operators	Full control of WMCA
Bus priority ²²	Controlled by local highway authorities, often supported by WMCA	Controlled by local highway authorities, often supported by WMCA	Controlled by local highway authorities, often supported by WMCA

21. Full control refers to WMCA having full power and ability to implement changes assuming the budget is available. Under Franchising, the operators would still be responsible for the day-to-day delivery of the service.

22. Relevant Local Highway Authorities have overall control of bus priority measures in the region across all three options.

A key element of the Franchising option is the desire to increase competition across the West Midlands Bus Network. This would help to drive down costs for WMCA and allow more services to be delivered for the same cost, providing better value for public money.

L4. Do you have any comments on the Delivery Options we have identified?

3.7 Strategic fit of the Reference Case and Delivery Options against objectives

To ensure that the Delivery Options support the objectives, WMCA has undertaken a qualitative assessment to understand the strategic fit of each option (see Table 3.3).

Table 3.3: Strategic fit of the Reference Case and Delivery Options against objectives

Objective	The Reference Case	The Future Partnership	Franchising	Justification
Objective 1: Network	Low level	Low level	High level	Under Future Partnership the network will continue to be designed around operators' commercial considerations. Franchising would provide WMCA with the greatest opportunity to create a more inclusive and integrated network.
Objective 2: Customer Experience	Low level	Medium level	High level	Future Partnership would seek to increase competition, however, Franchising would provide WMCA with the power to achieve a higher quality and more consistent offer to passengers across their entire journey.
Objective 3: Fares and Ticketing	Low level	Medium level	High level	Future Partnership will deliver a joint sales function which would improve the ticketing offer. However, Franchising will give WMCA the power to completely overhaul ticketing and create a simpler system in which customers can trust they are getting best value, including introducing contactless capping.

Objective	The Reference Case	The Future Partnership	Franchising	Justification
Objective 4: Environment	Medium level	Medium level	High level	Future Partnership will allow WMCA to reduce fleet's impact on the environment through the provision of new depots. However, Franchising will give WMCA the power to specify fleet, which could accelerate the transition to zero emissions.
Objective 5: Stability	Low level	Low level	High level	Under Future Partnership, WMCA will continue to have limited influence over network stability, with operators able to withdraw services when they are no longer profitable. Franchising will give WMCA the power to stabilise the bus market in the long-term with increased competition and commerciality.
Objective 6: Transformation and Change	Low level	Low level	High level	Future Partnership will deliver some alterations to current arrangements. However, Franchising will give WMCA the power to deliver the transformational changes that meet the transport outcomes in its LTP and better enable alignment between investment and customer outcomes.

3.8 Preferred Delivery Option

Based on the considerations presented in Table 3.3, Franchising is considered to be the preferred Delivery Option on grounds of strategic rationale. This is because this Delivery Option demonstrates the greatest strategic benefits against the bus reform objectives.

L5. Do you have any comments on how the Proposed Franchising Scheme might help the WMCA achieve these objectives for bus services?

L6. Do you have any comments on how a Future Partnership Option might help the WMCA achieve these objectives for bus services?

3.8.1 Neighbouring Authorities

In line with Franchising Guidance, WMCA has engaged with its neighbouring Local Authorities to understand whether, and the extent to which, Franchising would contribute to their policies and plans. To understand the impacts of Franchising WMCA has engaged with Neighbouring Authorities, Table 3.4 summarises the themes of feedback received.

Table 3.4: Neighbouring Authority’s Feedback

Theme	Feedback
How the Delivery Options may help meet WMCA’s plans and policies	<ul style="list-style-type: none"> • Franchising is seen as positive creating huge opportunities, especially for residents traveling into the West Midlands • Concerns exist about resource transfer and increased contract costs in neighbouring area • Franchising considered to give more control and ‘make life easier’.
Cross-boundary Services relating to Franchising in the West Midlands	<ul style="list-style-type: none"> • Potential services that could be included in a franchised network were flagged. • There is concern that franchising some cross-boundary routes could impact wider network and local budgets. • Recommendations were made on what could be included in a Service Permit regime.
Any other comments or feedback	<ul style="list-style-type: none"> • Providing passengers with a seamless experience for cross border travel is considered priority • If Future Partnership increases competition for contracts in the West Midlands Metropolitan area, this may also benefit neighbouring authorities as operators could potentially use these depots to run service in other areas.

It has been concluded that the Proposed Franchising Scheme is likely to have some impacts on the neighbouring Local Authorities’ policies and strategies which as a whole; are expected to be positive with improvements to passenger experience through better integration and improved quality of services. There may be some minor negative impacts which WMCA will seek to mitigate, and WMCA will continue to engage with neighbouring authorities throughout the process.

L7. Do you have any comments on the impacts of the Proposed Franchising Scheme on neighbouring transport authorities?

4. Economic Case

4.1 Background and introduction

This Economic Case focuses on establishing whether the benefits of reforming bus service delivery outweigh the costs of delivering that change, and if these changes represent VfM for WMCA and meet the objectives set out in the Strategic Case. The Economic Case follows and refers to HM Treasury's Green Book Guidance (Green Book),²³ the Franchising Guidance,²⁴ and DfT's Transport Analysis Guidance (TAG).²⁵

The Economic Case, and supporting economic appraisal and forecasting, are a key part of establishing which is preferable of the two Delivery Options: Future Partnership and Franchising. The Green Book states that the preferred option must represent an acceptable balance between costs, benefits and risks to society and the public sector, allowing for any unquantifiable factors which could affect a decision.

The Green Book requires that impacts are valued in monetary terms, unless it is not possible or not appropriate to do so, and sets out key VfM measures. These include the Net Present Value (NPV), which is the total economic benefits of an option we can estimate in money terms, minus total costs (future year estimates are discounted to 'present values' by standard Green Book rates in the totals, so focusing results on the most immediate benefits and costs of the option).²⁶ Benefit Cost Ratio (BCR) is another metric used in the assessment to build up an overall picture of VfM, presenting the benefits of options for each pound spent, dividing total present value benefits by total present value costs.

23. [The Green Book. HM Treasury](#)

24. [The Bus Services Act 2017: Franchising Scheme Guidance](#)

25. [TAG. DfT](#)

26. The convention is for benefits (or savings) to be expressed as positive numbers and costs (or disbenefits) as negative numbers, with a positive NPV showing that benefits exceed the costs, and negative the opposite

It should be noted that the Franchising Guidance states that “the legislation does not require WMCA ... to pass a particular test or prove that Franchising will deliver particular outcomes”. In terms of this Economic Case, this means that there is no threshold requirement for any of the Delivery Options to be considered acceptable options, nor a suggestion that the option which performs best in this assessment must be selected.

4.2 Role of the Economic Case

In producing this Economic Case, attention has been given to the requirements of the Franchising Guidance and the relevant sections of the Green Book. Section 123B of the Transport Act requires authorities to consider, as part of their assessment for Franchising, whether the Franchising Scheme would represent VfM, that is the positive impacts – however represented – can be described as exceeding its costs.

4.3 Summary of Delivery Options

When referring to impacts of the Delivery Options, they are in comparison to the Reference Case, which represents the situation without intervention. All options have the same broad budget to ensure a fair comparison between options. The Delivery Options are discussed in detail in the Strategic Case, but can be summarised as:

- The Reference Case: continued partnership with operators as per current arrangements
- Future Partnership: based on the Reference Case with several changes including contract arrangements for Supported Services, ticketing and depot arrangements.
- Franchising: providing full control of the West Midlands Bus Network to WMCA.

4.4 Forecasting approach

4.4.1 Overview

Demand has been forecast using an elasticity²⁷ model which estimates the changes in bus demand caused by the behavioural change of passengers as a result of the following two drivers:

- Exogenous drivers – Factors that can be influenced by a policy decision such as bus routeing, ticketing, fares and timetables
- Endogenous drivers – External impacts that can affect an outcome but are not influenced by it. Examples may be the wider economic impacts or supply chain conditions.

This approach allows for forecasting and analysis on an individual-bus-service level. The approach to forecasting has been developed using industry good practice.

In the context of the current broadly deregulated system, around 90% of services are operated commercially with the rest subsidised by WMCA.²⁸ As demand, revenue, and costs change, the total level of bus service and balance between commercial and supported services will change, with some services becoming uncommercial if the demand for bus travel declines, and ultimately cease to run if WMCA cannot support them. For the purposes of this Assessment, grant funding that would be used to support the commercial network is not taken into account.

Under the current regulatory system, where supported services cannot directly compete with commercial services, the modelled transfer of commercial to supported services follows a two-stage process:

1. Operators decide which of their existing services continue to run on a commercial basis – either through ‘trimming’ parts of routes which are not commercially viable, such as unprofitable days or time periods, or dropping whole services

27. Elasticity in this use, refers to the measure of how responsive one variable is to change to another variable.

28. There are some services which are partially supported where only particular days or periods are operated on a supported basis

2. WMCA decides which of the uncommercial services it will support based on the gaps in the West Midlands Bus Network and its available budget – ‘cutting’ routes which are not affordable.

This process is repeated for each modelled year and can be summarised in three key stages, discussed in more detail below:

- Forecasting of ‘unconstrained’ demand, revenue and cost;
- Portfolio assessment of all services to determine which services and periods would be commercially operated, and which will be trimmed or dropped from the commercial bus network
- An assessment of which uncommercial services can be supported and which will be cut, based on the budget available.

4.4.2 Unconstrained demand and revenue forecasting approach

Unconstrained demand, and revenue forecasts are projections if the 2022/2023 financial year West Midlands Bus Network were retained.²⁹

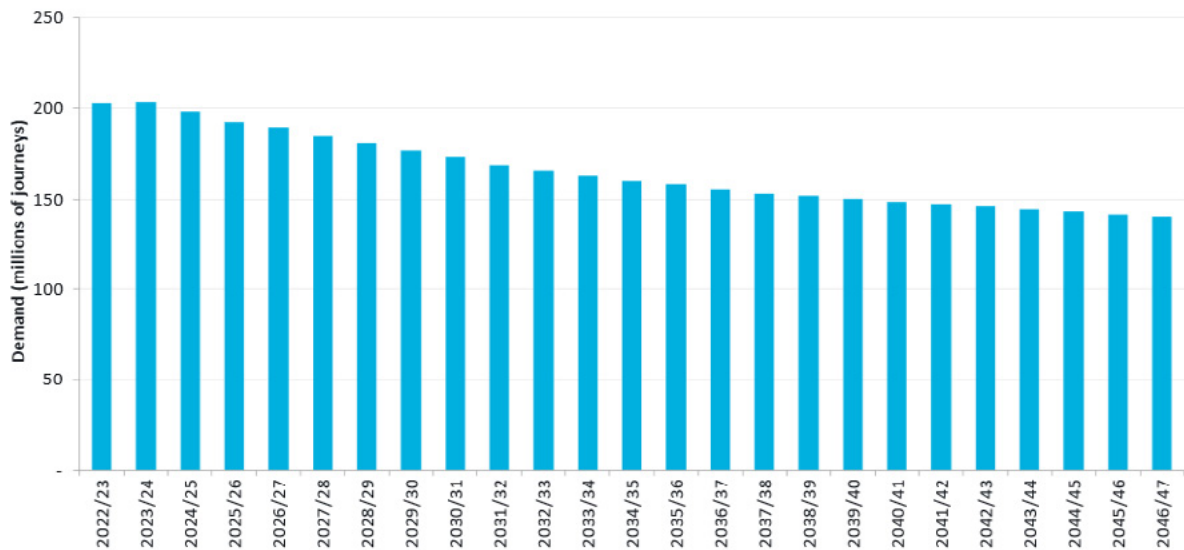
The forecasts for demand and revenue include:

- Change as a result of social and economic exogenous drivers, which is common to all regulatory cases
- Changes brought forward under the Delivery Options.

As described in the Strategic Case, bus patronage has been in decline for many decades and the impact of exogenous effects is forecast to generate a continued decline in bus patronage within the region. The unconstrained demand trajectory under the Reference Case is shown in Figure 4.1. Bus demand, based on these modelled factors alone, is forecast to be around 65 million passengers lower by FY 2046/2047 under this case.

29. Maintaining the bus service network as it was in the 2022/23 financial year is forecast to require a significant, and increasing, level of funding beyond what WMCA can reasonably assume it would have available.

Figure 4.1: Unconstrained demand forecast for the Reference Case

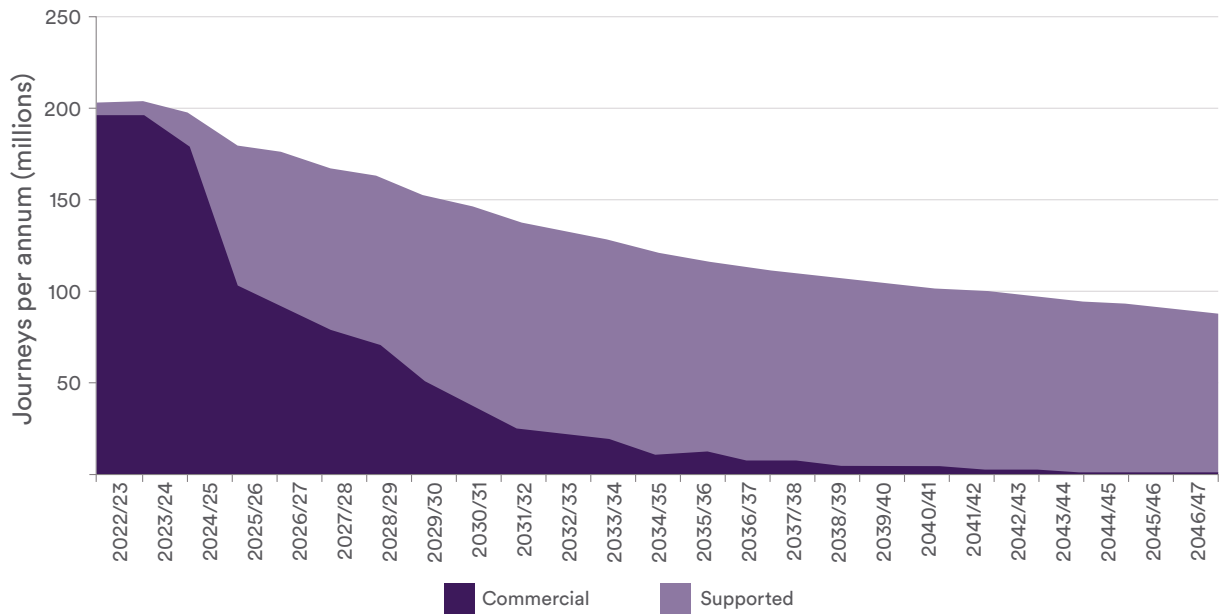


Source: Economic Case forecasting models

4.4.3 Demand and revenue by Option

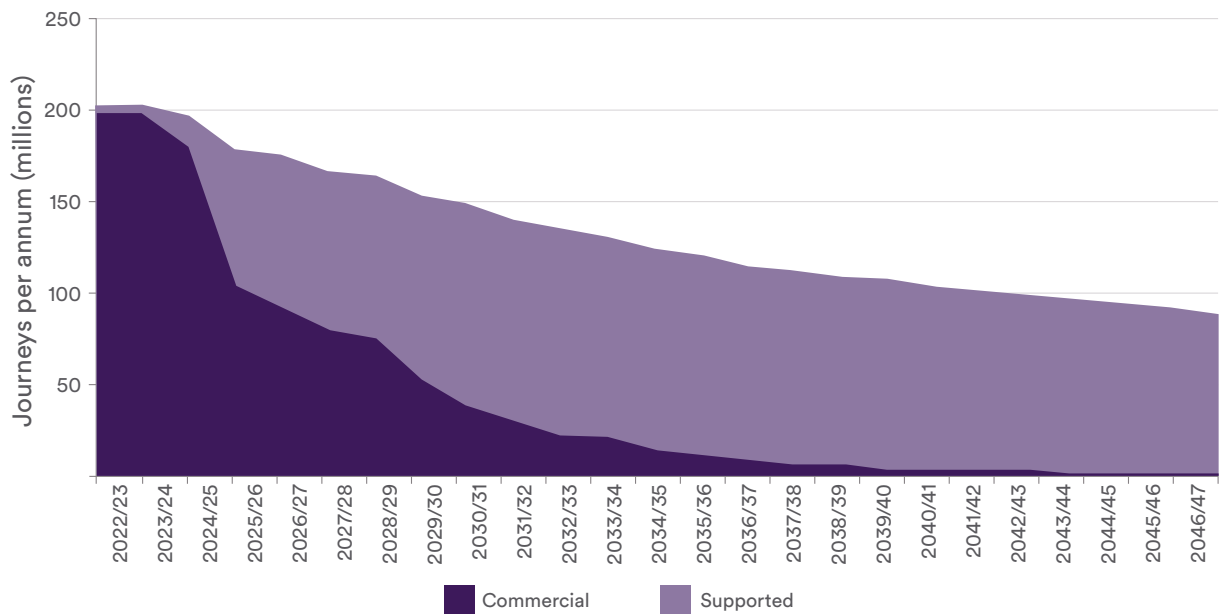
The demand forecasts for the Reference Case and the Delivery Options are shown in Figure 4.2, Figure 4.3, and Figure 4.4. The proportions of bus demand on commercial and supported services are shown within each graph - noting that under Franchising, all services are represented as being supported. With Franchising Powers, WMCA would aim to deliver improvements to support patronage growth, but the Assessment does not assume any new budget for this, in order to conduct a fair assessment across options, and ensure options would still be VfM without additional budget. Therefore, demand is shown to fall over time across all options, but the decline is slowest under Franchising. The revenue charts provided in the Assessment also show a similar profile, with declining revenue over time for all options.

Figure 4.2: The Reference Case demand forecast



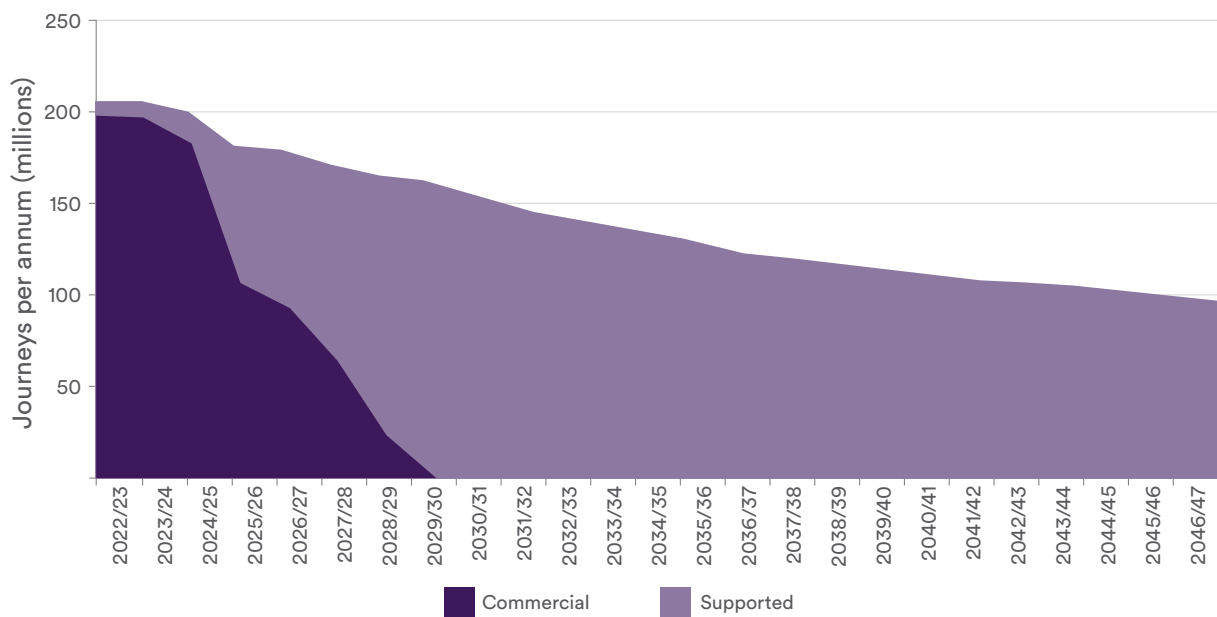
Source: Economic Case forecasting models

Figure 4.3: Future Partnership demand forecast



Source: Economic Case forecasting models

Figure 4.4: Franchising demand forecast



Source: Economic Case forecasting models

4.4.4 Costs by Option

The cost forecasts include:³⁰

- Growth in the underlying cost drivers, which is common to all regulatory cases
- Changes brought forward under the Delivery Options.

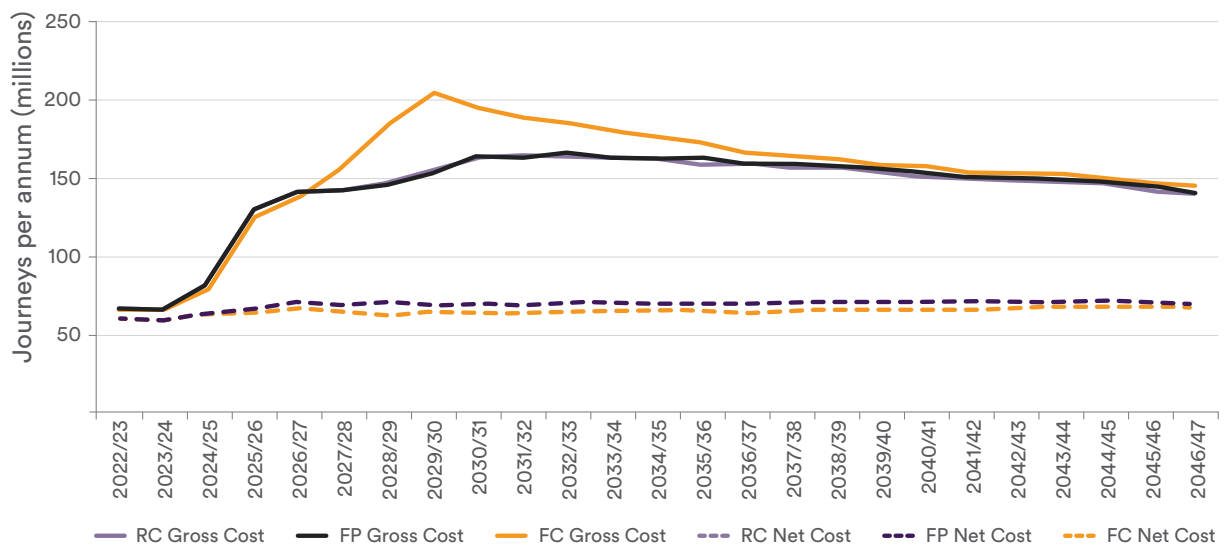
This Economic Case does not appraise all the interventions proposed as some interventions do not require the introduction of Franchising or implementation of the Future Partnership option (such as bus priority measures). Therefore, in comparing Delivery Options to the Reference Case, the net cost of these interventions would be neutral and would not influence the decision. The interventions which are appraised are:

- Network enhancements
- Fares and ticketing changes
- The introduction of a Zero Emission Bus fleet.

30. It should be noted that costs are presented net of operator margin, allowing a more equivalent comparison among Delivery Options

The gross and net cost on WMCA is shown below in Figure 4.5 illustrating that the higher costs of Franchising (FC) are offset for WMCA as under Franchising, WMCA receive all the revenue from franchised bus services. There is also more demand and so more revenue in Franchising (FC) than in the Future Partnership (FP) and the Reference Case (RC) options. As a result, net cost is lower under Franchising than under either Future Partnership (FP) or the Reference Case (RC). Gross cost is the total cost of the Delivery Option, while net cost is the cost after deducting income.

Figure 4.5: Gross and net impact on WMCA of the Delivery Options (£million, FY 2022/2023 prices)



4.5 Impact on passengers

4.5.1 The Economic Case explains the impact of the delivery options on passengers. Compared to the Reference Case, a Franchising Scheme, and to a lesser degree Future Partnership, will enable more services to operate, which is clearly of benefit to passengers. Additionally, in a Franchised system, all services will be planned by a single body (TfWM), which will enable better integration of timetables across all public transport services and more co-ordinated, simplified ticketing.

4.5.2 As identified in the Strategic Case, the Authority ranks in the bottom three out of English authorities in regard to passenger satisfaction on Services. Improving this is most likely to be achieved through Franchising, as a result of the West Midlands Bus Network being under full control of the Authority. Delivering in the Reference Case and Future Partnership would require continuous negotiation with the Operators for any customer experience improvements to be offered. Under Franchising, the implementation of bus priority measures becomes more likely due to the realignment of costs and benefits; the public sector which largely funds such schemes will benefit financially from their implementation, both through reduced contract costs and increased fares revenue by attracting more passengers. All options might lead to greater levels of bus priority if funding is available, however, given Franchising better enables alignment of bus priority improvements with service improvements it is considered more likely to be achieved and delivered faster under Franchising (as opposed to the Future Partnership and the Reference Case), although this will be largely dependent on the level of funding available. Under Franchising, the Authority and the LAs could work together on planning Services and bus priority in a single-system approach. Alternatively, whilst objectives can be aligned through a partnership, Operators may not always invest any savings in wider improvements for passengers.

L8. Do you have any comments on the impacts of the Proposed Franchising Scheme on passengers?

L9. Do you have any comments on the impacts of a Future Partnership option on passengers?

4.6 Economic, social and environmental impacts by Delivery Option

4.6.1 What impacts were assessed

The Economic Case reflects the structure of DfT's standard 'Appraisal Summary Table', detailing the impacts of the Delivery Options on the:

- Economy
- Environment
- Society

This assessment process considers how the benefits will impact and be distributed among different social groups and demographics within the West Midlands. In addition, the assessment also considers the specific impact on neighbouring Local Authorities and small and medium sized operators in the region.

All monetised costs and benefits within this section are presented in DfT appraisal terms.³¹

31. Converted to 2010 prices using RPI and GDP deflator cost indices and discounted to a 2010 present value. The assessment also covers a period of 40 years with the assessment starting in FY 2027/28.

4.6.2 Impacts on the economy

The assessment of the economic impacts for this Economic Case considers how buses contribute towards growing and enhancing the economy of the West Midlands. The economic impacts appraised include those benefits which affect economic output including productivity impacts from time savings, other transport user benefits, impacts on operators, and Wider Economic Impacts (WEI) associated with the Delivery Options.

Business passenger benefits

Business passengers account for 1% of bus demand,³² so the benefit is relatively small in comparison to other user groups. The business bus passenger benefits equate to £7.8 million for Future Partnership and £18.6 million for Franchising.

Transport user benefits from other modes

Road transport users from other modes benefit from bus reform through decongestion from the greater number of people using bus compared to the reference case, and the related societal impacts.

Private sector transport provider impacts

The Delivery Options will impact on operators within the region in three main ways:

- Enhancements³³ to services will increase the cost of operating services
- Enhancements to services will increase revenue generated
- The number of services supported increases over time for the Reference Case and Future Partnership due to the reduction in commerciality of the West Midlands Bus Network over time.

The net effect on the operators under the Delivery Options compared with the Reference Case is shown in Table 4.1.

32. Table A1.3.16 of the May 2024 TAG Databook

33. In this context, 'enhancements' principally refers to the greater number of services in the options than in the reference case.

Table 4.1: Summary of Aggregate Operator Impacts

2010 PV	Future Partnership (£million)	Franchising (£million)
Passenger Revenue	£1.4	-£173.2
Supported Services Contract Payments	-£44.5	£281.4
Operating Costs	£46.1	-£95.6
Net Impact	-£0.2	£12.6

Source: Economic Case Appraisal (note, costs have been rounded to the nearest £million)

L10. Do you have any comments on the impacts of the Proposed Franchising Scheme on operators?

L11. Do you have any comments on the impacts of a Future Partnership Option on operators?

L12. If you currently operate local bus services in the WMCA area, do you anticipate any positive or negative impacts that the different options may have on your business? If so, please explain what you think those positive or negative impacts would be.

Wider Economic Impacts (WEI)

Franchising would result in greater WEI than Future Partnership. Both Delivery Options still provide a net benefit for WEI compared to the Reference Case.

Additional economic impacts

The non-monetised impacts (reliability and regeneration) are considered to have a comparable, neutral impact in Franchising and the Future Partnership scenarios. As discussed above, the impact on transport providers is different under each Delivery Option. Under Franchising, the revenue, operating cost, and investment cost impacts resulting in a negative impact on the operators overall, whilst the additional services compared to the Reference Case deliver a small benefit to the operators in Future Partnership.

A summary of the impacts on the Economy is provided below in Table 4.2.

Table 4.2: Summary of the impacts on the economy

2010 PV	Future Partnership (£million)	Franchising (£million)
Business Passengers	£10.4	£26.3
Transport Providers	-£0.2	£12.6
Reliability (Business Passengers)	Neutral	Neutral
Regeneration	Neutral	Neutral
Wider Economic Impacts	£69.3	£255.2

Source: Economic Case Appraisal

L13. Are there any further economic impacts you think should be included?

4.6.3 Impacts on the environment

Table 4.3 summarises the performance of the Delivery Options, relative to the Reference Case, against the Environment impact categories set out in DfT's Transport Analysis Guidance.

Table 4.3: Summary of the impacts on the environment

2010 PV	Future Partnership (£million)	Franchising (£million)
Noise	£0.2	£1.5
Air Quality	£0.1	£0.3
Greenhouse Gases	£1.0	£2.7
Landscape	Neutral	Neutral
Townscape	Neutral	Neutral
Historic Environment	Neutral	Neutral
Biodiversity	Neutral	Neutral
Water Environment	Neutral	Neutral

Source: Economic Case Appraisal

There is little difference between Franchising and Future Partnership with regard to environmental benefits. There is a marginally higher benefit for both Delivery Options relative to the Reference Case, with the benefits from Franchising marginally higher than for Future Partnership. These stem from greater opportunities for WMCA to directly influence ZEB introduction.

4.6.4 Impacts on society

The Delivery Options set out in this Assessment will have a significant positive impact on passengers and wider society with more bus services being provided than under the Reference Case. Table 4.4 summarises how the Delivery Options perform against the TAG³⁴ Society impact categories, relative to the Reference Case.

Table 4.4: Summary of the impacts on society

2010 PV	Future Partnership (£million)	Franchising (£million)
Commuting and Other Passengers	£346.6	£838.3
Reliability (Commuting and Other Passengers)	Slight beneficial	Slight beneficial
Physical Activity	Slight beneficial	Slight beneficial
Journey Quality	Neutral	Slight beneficial
Accidents	£1.8	£4.8
Security	Neutral	Neutral
Access To Services	Slight beneficial	Slight beneficial
Affordability	£14.7	£29.8
Severance	Neutral	Neutral
Option and Non-Use Values	Neutral	Slight beneficial

Source: *Economic Case Appraisal*

L14. Do you have any comments on the impacts of the different options on wider society?

34. In this context, 'enhancements' principally refers to the greater number of services in the options than in the reference case.

4.7 Appraisal summary results

Table 4.5 summarises the impact on public accounts of the Delivery Options. In the case of Franchising, all services are specified and funded, and all revenue from them collected, by WMCA. Revenue collected amounts to £249.8 million and WMCA funding to £281.4 million with a net profit of £31.5 million (incremental to the Reference Case, Present Value). This includes all previously commercial and supported services.

WMCA will incur additional operating costs under the Delivery Options incremental to the Reference Case. This is from costs including, but not limited to, higher costs of staff, transition, or renegotiation and tendering. These costs stand at £3.4 million and £34.2 million for Future Partnership and Franchising respectively.

With regards to the purchase of a fleet, additional vehicles are required under the Delivery Options compared to the Reference Case. For Future Partnership, part of this additional cost is accounted for in the operating cost line of the appraisal, as the fleet is paid for by the operators through depreciation, with the remainder included as Government investment costs. Under Franchising, the Government also contributes part of the cost, WMCA contributing the remainder.

Table 4.5: Full summary of impact on Public Accounts (PA)

2010 PV	Future Partnership (£million)	Franchising (£million)
WMCA		
Revenue (Supported Services/Supported Services Contracts)	-£25.9	-£249.8
Operating Costs (Administration costs of each Delivery Option)	£3.4	£34.2
Investment Costs (Depot and Fleet Costs)	£31.9	£291.5
Operator Subsidy/ Supported Services Contract Costs	£44.5	£281.4
Sub Total (net impacts)	£53.9	£357.2
Government (Transport)		
Revenue	£23.4	£59.1
Investment Costs	£0	-£1.9
Total	£23.4	£57.2
Government (Non-Transport)		
Indirect Tax Revenues	£0.1	£1.4
Totals		
Broad Transport Budget	£77.3	£414.4
Wider Public Finances	£0.1	£1.4

Source: Economic Case Appraisal

A breakdown of impacts for Future Partnership and Franchising is shown in Table 4.6. The table follows the structure of DfT’s standard ‘Transport Economic Efficiency’ (TEE) reporting template, which presents the distribution of impacts across different groupings of travellers highway congestion impacts calculated using DfT’s Marginal External Cost methodology.³⁵

Table 4.6: Breakdown of impacts for Future Partnership and Franchising

2010 PV	Future Partnership (£million)	Franchising (£million)
Non-business		
Commuting passenger benefits	£206.1	£490.5
Other passenger benefits	£140.5	£347.8
Business		
Passenger benefits	£10.4	£26.3
Private sector provider impacts	-£0.2	£12.6
Other business impacts	£0	£0
Net business impact	£10.2	£38.9
Total TEE	£356.8	£877.2

Source: Economic Case Appraisal

Table 4.7 outlines the elements of the social benefits and costs for each Delivery Option compared to the Reference Case, and the resulting NPV and BCR.³⁶

35. DfT [TAG unit A5-4 marginal external costs](#)

36. The BCR presented does not precisely follow DfT’s TAG approach, which is affected by the shift of revenue from private to public sectors, and thus of limited use for comparing options differing in this regard. Instead, a Social BCR has been used. The calculation of the Social BCR has been used in the context of other bus policy schemes (for example, for Nexus’ Quality Contract Scheme) and is recognised in the DfT publication (NATA Refresh: Appraisal for a Sustainable Transport System (2009)) which adopts the current approach for the BCR (‘NATA’ BCR) as a sensitivity test which is appropriate to perform.

Table 4.7: Summary of NPV and BCR

2010 PV	Future Partnership (£million)	Franchising (£million)
Passenger benefits	£357.0	£864.6
Non-passenger benefits	£3.0	£9.4
Change in bus revenue	£27.2	£76.7
Change in revenue on other modes	-£23.4	-£59.1
PVB	£363.8	£891.5
Change in bus operating Costs	£46.0	£95.6
Regulation management costs	£3.4	£34.2
Indirect taxation	£0.1	£1.4
Depot investment (net public and private sector)	£31.9	£289.6
PVC	£81.4	£420.8
NPV	£282.4	£470.8
BCR	4.2	2.1
NPV including WEI	£338.1	£682.5
BCR including WEI	5.2	2.6

Source: Economic Case Appraisal

L15. Do you have any comments on the impacts of the different options on TfWM and the WMCA?

4.8 Conclusion

A comprehensive range of scenarios and sensitivity tests were conducted to assess the robustness of the findings presented in the Assessment. These tests did not suggest that the overall rank order of the options, and thus choice, would be significantly different across a wide range of plausible future contexts.

The Future Partnership option has the potential to generate a moderate NPV in terms of monetised impacts, alongside a slight beneficial non-monetised impact. The Future Partnership option achieves a healthy BCR, suggesting that it would deliver a high volume of benefits per pound spent. The Future Partnership option can be considered to represent Very High VfM according to DfT guidance.³⁷ However, there is considerable uncertainty over what operators would agree to incorporate within Future Partnership when it comes to binding negotiations.

The Franchising option has the potential to generate a NPV substantially higher than the Future Partnership option, though a lower BCR. When additionally considering the overall non-monetised impacts, the Franchising option achieves High VfM according to DfT guidance. Furthermore, with the assessment of non-monetised and WEIs, the Franchising option performs better than Future Partnership. There is also uncertainty, however for the Franchising option this is particularly in terms of the outturn contract costs which can be achieved through the procurement processes.

4.8.1 Delivery Options Appraisal Summary

The main impacts are summarised in the Delivery Option Appraisal Summary in Table 4.8, which includes monetised and non-monetised impacts.

37. DfT, Value for Money Framework
<https://www.gov.uk/government/publications/dft-value-for-money-framework>

Table 4.8: Appraisal summary table

Economic Type	2010 PV	Future Partnership (£million)	Franchising (£million)
Economy	Business Passengers	£10.4	£26.3
	Transport Providers	-£0.2	£12.6
	Reliability (Business Passengers)	Neutral	Neutral
	Regeneration	Neutral	Neutral
	Wider Economic Impacts	£69.3	£255.2
Environment	Noise	£0.2	£1.5
	Air Quality	£0.1	£0.3
	Greenhouse Gases	£1.0	£2.7
	Landscape	Neutral	Neutral
	Townscape	Neutral	Neutral
	Historic Environment	Neutral	Neutral
	Biodiversity	Neutral	Neutral
	Water Environment	Neutral	Neutral

Economic Type	2010 PV	Future Partnership (£million)	Franchising (£million)
Society	Commuting and Other Passengers	£346.6	£838.3
	Reliability (Commuting and Other Passengers)	Slight beneficial	Slight beneficial
	Physical Activity	Slight beneficial	Slight beneficial
	Journey Quality	Neutral	Slight beneficial
	Accidents	£1.8	£4.8
	Security	Neutral	Neutral
	Access to Services	Slight beneficial	Slight beneficial
	Affordability	£14.7	£29.8
	Severance	Neutral	Neutral
	Option and Non-Use Values	Neutral	Slight beneficial
	Public Accounts	Cost to Broad Transport Budget	£77.3
Indirect Tax Revenues		£0.7	£1.4

Source: Economic Case Appraisal

4.8.2 VfM conclusions

Both Delivery Options have been shown to generate a substantial NPV when compared to the Reference Case. Comparing the two options suggests that while the Future Partnership option would generate a greater volume of benefits for each pound spent, indicated by a higher BCR, the Franchising option would generate a larger total positive impact on broader society, with an NPV (including WEI) more than double that of the Future Partnership. The advantages of Franchising are primarily through the greater control WMCA would have over specifying the West Midlands Bus Network, in terms of service frequencies, fares and ticketing, and the roll out of the ZEB fleet. Franchising achieves a VfM category of high, whereas Future Partnership achieves a VfM category of very high when considering WEI and Distributional Impacts, but VfM category is driven by BCR only, and Franchising delivers higher monetised benefits than the Future Partnership, although with a higher public sector cost, hence lower BCR. Franchising offers more non-monetised and benefits to society too, notably around accessibility, journey quality, and option values.

It is also important to note all options have the same broad budget in the assessment; to ensure a fair comparison between options, and that the Franchising option still represents VfM with this constraint. However, it is anticipated that Franchising powers could be used to make more visionary changes to the bus network which could result in higher demand, revenue and benefits, in line with the strategic objective of transformation and change, and help making the case for these easier too, as WMCA will benefit directly.

There are uncertainties in both Future Partnership and Franchising, given the trade-offs surrounding transition, operation and future evolution of the options, which could affect VfM category, but though different in nature and timing by option, the overall uncertainty of each does not affect VfM categories.

L16. It is suggested that the Proposed Franchising Scheme will offer value for money. Do you have any comments on this?

5. Commercial Case

5.1 Introduction

The Commercial Case assesses the commercial implications of the Reference Case and alternative Delivery Options, with reference to the Green Book requirements and the Franchising Guidance.

In line with Bus Back Better (2021), there are three possible options for future bus operations:

- EP under the Reference Case
- EP under the Future Partnership
- Franchising Scheme (new regulatory structure in place)

The Green Book requires the Commercial Case to include:

- Procurement arrangements for the Delivery Options
- How contracts can be procured competitively
- Assessment of relevant risks and their management

5.2 Commercial objectives

Six commercial objectives have been used to compare the three Delivery Options:

- Best Value – achieving the best quality of service returns on WMCA's investment, measuring to what extent delivery promotes competition and innovation in the West Midlands Bus Network
- Optimise Passenger Outcomes – achieving a positive passenger experience around fares and ticketing, punctuality and reliability, customer service and vehicle standards
- Ease of Introducing Changes – making it easy for WMCA to make changes to introduce new initiatives, both infrastructure and customer focused schemes
- Ease of Optimisation – making the delivery of services easy to implement in terms of resource, time and complexity
- Risk Allocation – minimising risk during operation to WMCA, including financial, operational, reputational and asset risks
- Commercial Sustainability – offsetting industry trend of declining the West Midlands Bus Network to run a sustainable operation.

5.3 Market overview

5.3.1 Regulatory environment for buses

Deregulation was introduced with the goal of increasing operator and system flexibility, raising patronage, improving service quality, lowering passenger fares and reducing barriers to entry for new operators.

Currently, services across the West Midlands Bus Network are either operated commercially or are Supported Services. Currently, services have varying levels of competition, integration and quality across the network.

The West Midlands Bus Network is dominated by a single operator, National Express, which has established notable market dominance, making it difficult for competitors to get a foothold and expand operations. This market dominance has been one of the factors stifling the effectiveness of deregulation in the West Midlands.

5.3.2 Voluntary Partnerships

WMCA and operators have worked through several mechanisms over the years to facilitate better provision and quality of services. The first West Midlands Voluntary Partnership Agreement (VPA) was created in 1996 between WMCA and an operator with the goal of enhancing quality, efficiency and sustainability of services. Such Voluntary Partnerships are non-binding contracts, based on the mutual interests of both parties, and have been used over the years between WMCA and operators.

During the development of the West Midlands Metro, a significant Statutory Quality Partnership scheme (later rebadged into Advanced Quality Partnership) was developed. The 2008 Local Transport Act³⁸ allowed for multi-operator agreements, and WMCA entered into a number of ‘Qualifying Agreements’ with operators on corridors with competing services. From 2015, WMCA, operators, and Local Authority partners worked together through the Bus Alliance, a Voluntary Partnership aimed at “delivering high levels of passenger satisfaction and drive(ing) forward investment in services”.

The most recent development of partnerships in the West Midlands is the inclusion of commitments in the EP under the Reference Case when the Advanced Quality Partnership scheme expired. This includes commitments around vehicles standards, ticketing, stand allocations, improving stands and shelters, bus priority and information improvements.

38. https://www.legislation.gov.uk/ukpga/2008/26/pdfs/ukpgaen_20080026_en.pdf

5.4 Current market structure

5.4.1 Operators

As of April 2024, there were 14 bus companies operating in the region. Despite this, 93% of market share was attributed to West Midlands Travel Ltd (trading as National Express West Midlands). The next largest operator was Rotala Group (trading as Diamond Bus Ltd) at only 4% market share. The remaining 3% is made up by the 12 other operators.

There have previously been many more operators in the market, but over the years this has diminished. Some operators have tried to consolidate their position by purchasing others, whilst other operators have gone out of business or made a commercial decision to pull out from the region.

As commercial services have become less viable for operators, Supported Services have become an increasingly important market and accounted for 10% of services in the region in 2023. Contracts for Supported Services are awarded by WMCA to operators on a competitive basis. They are deployed where WMCA considers that a bus service meets crucial local needs or objectives, but where a commercial operation may not be sustainable.

5.4.2 Current fleet provision

There are approximately 2,000 registered vehicles for use on local services. Of these, around 1600 are based at operating centres within the region, the others at depots in adjoining areas. Vehicles are mostly owned or leased by the operators and control of the fleet sits with the operators; therefore, they can decide how it is deployed and what investment is made in vehicles.

As the dominant operator, National Express currently owns approximately 1,400 buses. Stagecoach has the second largest fleet operating on West Midlands' services, all of which are based at depots outside the region, with Rotala (Diamond Bus Ltd) having the only other sizable fleet in the region.

In the current deregulated market, the provision of fleet is almost entirely the responsibility of the operators, bar the funding made available to support the transition to Zero Emission Buses. As such, WMCA does not have any direct liabilities for the fleet and is insulated from the responsibilities and risks of investment. However, there are several commercial challenges relating to the fleet resulting from the current deregulated market:

- There has been inconsistent and, generally, underinvestment in the fleet, which has led to an increasingly aging fleet over time
- National Express market dominance is reinforced by the level of investment required to provide the fleet to compete on the road at any scale
- Significant public sector support and funding will be required to continue the transition to Zero Emission Buses
- The dynamics between the public sector and private operators can make the effective deployment of ZEB funding challenging
- The continued transition to ZEBs could worsen already poor levels of competition in the region.

The age profile of the existing fleet indicates under investment in vehicles, with the average age of fleet vehicles at 11 years, and almost 15% older than 15 years. Typical vehicle lifespan is considered to be between 15 and 20 years, and a fleet subject to consistent investment would expect to see average vehicle ages of 7 or 8 years.

The fleet operating within the West Midlands comprises of around 91% (around 1,800 vehicles) diesel vehicles, with only around 8% of total vehicles being ZEBs, highlighting the scale of investment required in order to support vehicle transition to Net Zero.

5.4.3 Depot provision

There are ten 'large' depots in the region, with nine operated by National Express and one by Diamond. Finding new suitable depot sites is challenging and costly for new or existing smaller operators, giving an advantage to the incumbent National Express. The availability of land and planning permission for bus depots is currently limited in the region. Acquiring depot sites outside of the region can result in buses running 'dead-mileage' trips between route termini and depot sites, which is inefficient.

5.4.4 Approach to ticketing

Ticket fares are set by operators and supported by interventions from the Government, such as the recent Bus Fare Cap. National Express have historically innovated on their ticketing offer, including delivering innovative pricing models, customer loyalty programmes, travelcard integration and adopting new mobile ticketing and contactless payment technology. Whilst this has had customer benefits it has further entrenched their market dominance.

WMCA had previously recognised the anti-competitive landscape that currently exists with regard to ticketing across operators and has taken steps under the EP to increase competition and fairer outcomes for passengers, such as by implementing a fare freezing scheme from April 2022 to June 2023.

5.4.5 Public sector interventions

WMCA administers several key funding interventions to support the West Midlands Bus Network, alongside a range of other technology investments. These include:

- Child concessions, whereby under 18s pay a discounted rate subsidised by WMCA (under 5s travel for free, this is commercially provided by operators)
- English National Concessionary Travel Scheme (ENCTS) is a statutory concession for all passengers of state pension age and eligible disabled passengers (as set out in Section 146 of the Transport Act). The scheme covers journeys between 09:30 and 23:00, however, WMCA pays for this to extend to end of service
 - Bus Service Operators Grant (BSOG) is paid to operators of eligible services and community transport organisations to help them recover some of their fuel costs, funded by the national Government.

5.4.6 Recent financial support

WMCA subsidises around 10% of bus services, with most value going to Supported Services operated by Diamond (43%). Expenditure on Supported Services has risen substantially in recently years, totalling £22 million in 2023 compared to just under £16 million in 2022 and £10 million in 2018.

Overall, WMCA has invested around £55 million on non-Covid-19 related interventions, which are aimed at maintaining the existing network and service offering. In addition to these standard expenditures, WMCA has provided an additional £74 million for a bus recovery package to maintain the West Midlands Bus Network for 18 months up to the end of 2024.

5.4.7 Summary

The bus market within the region was deregulated in 1986, with the intention to drive competition, improve efficiency and enhance service quality by introducing market-driven forces into the public transport sector.

However, the anticipated competitive landscape did not materialise, and contrary to the objectives of deregulation, National Express has been able to maintain substantial market share and has consolidated its position, with 93% of the market share. National Express holds significant control over the Depot landscape, which further entrenches its market position, as owning/controlling a significant portion of the Depots for bus operations creates a significant barrier to entry for both the existing operators and potential new entrants.

The market has shown limited initiative in regularly renewing its fleet, with minimal levels of investment in Zero Emission Buses without subsidy. Where such investments occur, they are often subsidised by WMCA, indicating a reliance on external financial support for fleet modernisation.

Despite the continued support and investment provided by WMCA, it is evident that it has limited influence over critical aspects of the provision of services, such as ticketing, depot access and the diversity of the operators.

Introducing more competition into the market could act as a catalyst for innovation and investment, as a more competitive landscape could compel the operators, including National Express, to invest in their fleet, adopt new technologies and improve service offerings in order to maintain or grow their market share.

It is also likely to provide WMCA with a more commercially driven landscape in which to allocate funding, ensuring that the public investments yield the maximum benefit for passengers and also ensures that they are gaining VfM on any investments which are made.

5.5 The Enhanced Partnership under the Reference Case

As detailed in the Strategic Case, an Enhanced Partnership is currently in place which represents the Reference Case. Two distinct operational models currently facilitate the provision for buses:

- Commercial Services – provided by operators without direct financial support from the Local or National Government. They are typically driven by market demand and controlled fully by operators with the goal of generating profit
- Supported Services – considered socially desirable by WMCA but that are deemed by operators not to be commercially viable. They are contracted by WMCA and reviewed typically every three years or so. They are contracted on a net-cost basis, whereby the operator collects all fare box revenue while WMCA pays a regular fixed contractual payment for provision of the service. As of May 2024, there were 128 Supported Service contracts.

5.5.1 Risk allocation

The EP model presents a hybrid approach to risk allocation, dividing responsibilities between WMCA and individual operators. Operators assume significant risk for commercial routes, including fare setting, staffing, vehicle maintenance, timetable adherence, and overall operational costs. However, while operators hold this risk, they are able to withdraw services if they become non-viable, in which case WMCA must determine whether to replace the withdrawn service with a Supported Service.

For Supported Services, WMCA takes on greater responsibility, particularly for service design. However, operators retain risk in areas like fare box revenue, service delivery, and adherence to performance standards. For these services, WMCA is able to take action where operators do not meet contractual performance standards..

5.6 The Future Partnership

As detailed in the Strategic Case, the Future Partnership option presents an evolution of the EP with changes to contracting, depot provision and ticketing.

5.6.1 Contracting

Under the Future Partnership, Commercial Services in the region will continue to operate in accordance with the existing provisions. This means that private operators will maintain autonomy to determine routes, schedules, and fares for services that are commercially viable without the need for public subsidy. These services are driven by market demand and will operate under the competitive pressures of the open market.

Under the Future Partnership, for Supported Services, contracts would be procured and let on a gross cost basis, which means that WMCA will pay an operator a fixed fee for the delivery of the service, while WMCA retains fare box revenue. The transition to gross cost contracting is aimed at creating a greater level of competition and transparency, relative to net cost, as the bidding process and subsequent breakdown of bids is likely to provide WMCA with greater oversight with regards to the overall cost structures required to run these types of services, and operators a certainty over revenue.

There will be opportunities to incentivise operators through rewarding strong performance for example the growth of patronage, delivering strong operational performance and demonstrating excellent customer service.

5.6.2 Ticketing

WMCA would aim to work closely with the operators to align and streamline the approach to ticketing with a particular focus on a unified offer to passengers across Apps, digital channels and retailing. This would push to deliver a single Transport App, a single retail strategy and a dedicated and independent sales team, however competition laws would continue to limit the ability co-ordinate operators' fares and ticketing suites.

5.6.3 Risk allocation

The key changes to the risks and responsibilities reflect the changes to the Future Partnership relative to the Reference Case, including:

- Change in revenue risk on Supported Services - this will transition to the public sector (WMCA) for Supported Services under the Future Partnership
- Ticketing responsibility would be shared between the public and private sectors under the joint ticketing approach
- Depot provision at some locations will be undertaken by the public sector, as set out below.

5.6.4 Depot provision

To facilitate the evolving model for Supported Services under the Future Partnership, and to tackle depot-related barriers to entry for smaller operators, WMCA will take steps on depot provision:

- WMCA would develop four new depots with capacity ranging from 40 to 200 buses per site
- Winning bidders of Supported Services contracts would occupy one of the relevant depots. The operator would be responsible for all aspects of staffing and maintenance at the depot. The model is designed to help operators delivering Supported Services contracts to do so effectively and efficiently, opening up the market to the operators who may not be in a position to otherwise acquire a depot.

L17. Do you have any comments on the assessment of the commercial implications of the Future Partnership Option?

5.7 Franchising

As detailed in the Strategic Case, the Franchising option would provide full control of the West Midlands Bus Network to WMCA.

5.8 How will it be implemented?

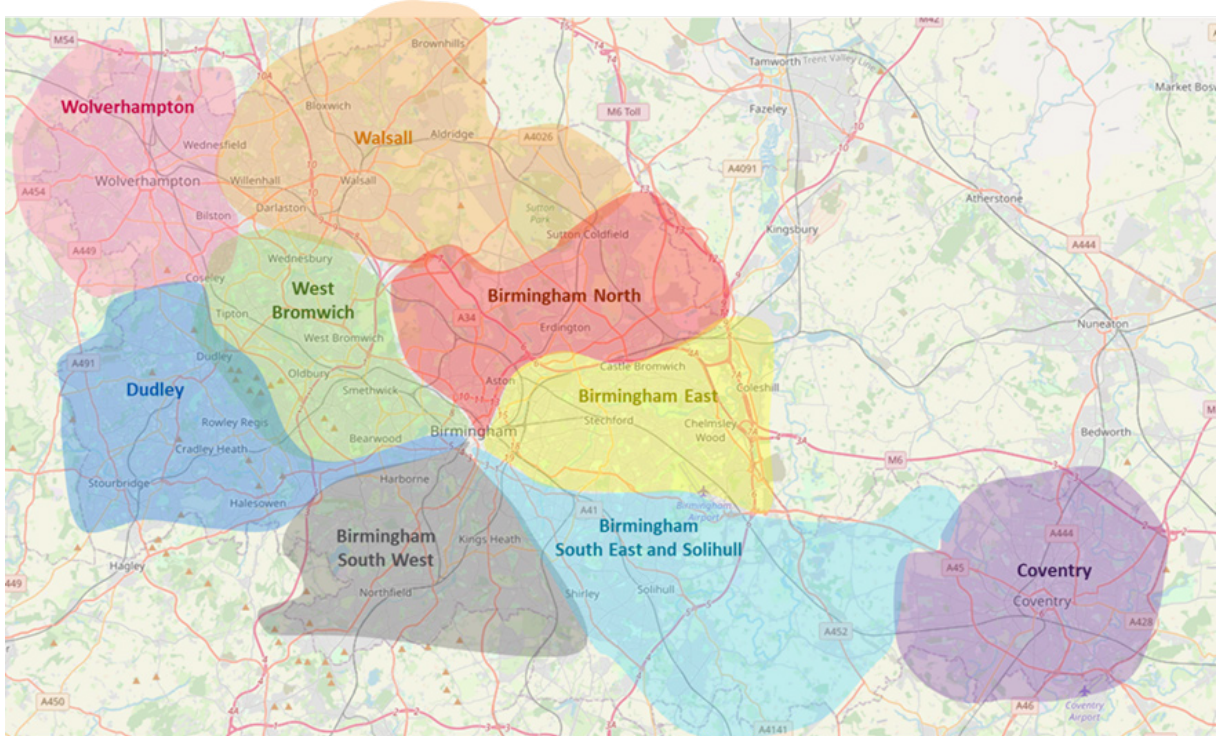
5.8.1 Proposed Franchising Zones

To manage the transition to the Proposed Franchising Scheme, bus service contracts will be rolled out sequentially across the West Midlands. To manage and plan for this to happen, the West Midlands bus network has been divided into nine areas (zones) (see Figure 5.1). The nine 'zones' are based on:

- **Geography:** to minimise overlapping services and limit the number of routes operating a significant distance from their depot
- **Size:** ensuring lots are of a similar, manageable size (140-200 vehicles allowing for spares, maintenance, and training) enabling multiple opportunities for operators to bid, and helping to ensure a competitive process.

Note that the Birmingham network has a larger number of depots and vehicle requirements than other areas. Birmingham South West is the largest zone by fleet size, with a little over 200 vehicles required.

Figure 5.1: The Nine Franchising Zones



5.8.2 Lotting strategy

Each Franchised zone will be allocated one ‘large Lot’ accounting for the majority of local services in that geography (and which will generally be operated from a single depot), and a selection of smaller lots. A ‘large Lot’ may be operated from more than one depot site on a long-term basis where appropriate (for example, where the geography of services suits the use of separate locations, or availability for land is limited). This strategy provides the following benefits:

- Contracting services as Lots rather than on a route-by-route basis reduces the resource required and likely timescales for delivering Franchising
- Contracting services in discrete Lots is considered most likely to generate effective competition

L18. Do you have any comments on the lotting strategy for franchising contracts under the Proposed Franchising Scheme?

5.8.3 Transition

Franchising will be implemented through procuring zones in groups across several procurement rounds. The proposed approach is to undertake procurement via a gradual transition, introducing three zones at a time.

This allows a phased transition, allowing the Franchised network to grow strategically across the region and avoiding a 'patchwork' of Franchised and unfranchised services during the implementation period. The phases will be implemented across three years, with a year in between each phased period.

The indicative order of phasing is as follows:

- Phase 1: Coventry; Birmingham North; and Walsall
- Phase 2: Wolverhampton; West Bromwich; and Dudley
- Phase 3: Birmingham South East; Birmingham South West and Solihull; Birmingham East.

Ordering of the phases was based on a range of practical (such as depot availability), and strategic considerations (such as profitability, and potential benefits).

L19. Do you have any comments on the proposal on WMCA's plans to manage the transition under a Proposed Franchising Scheme?

5.8.4 Contract length

WMCA can exercise a degree of flexibility with regard to the length of Franchise contracts. The proposed approach is for contracts to be let on a seven-year basis, enabling Zero Emission Buses to be used across two contract periods (given their lifespan). Likewise, this is a substantial period of time to create market confidence and generate willingness to invest. Contracts could be terminated early where the operator exhibits poor performance.

L20. Do you have any comments on the length of franchise contracts under the Proposed Franchising Scheme?

5.8.5 Service exclusions from Franchising

Further consideration will be given to services excluded from Franchising; this will include assessment of the impacts neighbouring Local Authorities. Decisions will be undertaken on a route-by-route basis.

5.8.6 Service Permits

The Transport Act and Franchising Guidance acknowledges that not all services can be provided under a local service contract, particularly where a service originates outside of the Franchise zone. Given this, once Franchising commences, all services will need to be either i) subject to franchising, ii) operating under a Service Permit or, iii) Exempt. The introduction of permits requires consultation, primarily to ensure required quality standards are reasonable and that there are common fares and interoperable tickets for all services. In the case that the Mayor decides to proceed with the Proposed Franchising Scheme, WMCA will consult in accordance with the requirements of the Bus Services Act.

Permitting would need to cover many aspects of the EP under the Reference Case, as any requirements specified in the scheme would end as soon as Franchising is introduced in any part of the region. The Transport Act and Franchising Guidance do not prevent a Service Permit Regime from being established for services that operate wholly in the Franchising zone.

There is a requirement for WMCA to consider transport plans and policies of neighbouring Local Authorities and the effects of the Franchising decisions on these. Overall, it would be challenging to establish a Franchising Scheme that did not include Service Permits for cross-boundary services. Service Permits can be bespoke to each route being permitted, to ensure that any nuances to the nature of route are accommodated.

5.8.7 Risk allocation

Under a Franchising Scheme, risk allocation will change significantly:

- Revenue risk – predominantly moves to WMCA, receiving all passenger fare revenue and implementing common fares and ticketing across all services under contract. Revenue risk continues to be with operators for any routes under Service Permits
- Revenue protection management – moves to WMCA, but operators will be encouraged (or contractually required) to carry out compliance checking as a ‘first line of defence’
- Service specification and branding – moves to WMCA, helping to address existing inconsistencies in branding which pose a barrier to passenger confidence
- Timetabling – moves to WMCA, that will specify the frequency, timing and number of buses for each service and wider multi-modal timetable integration requirements
- Customer service – WMCA would operate all central customer service staff, providing a single point of contact for customer queries, compliments or complaints.

L21. Do you have any comments on the proposed allocation of risk between WMCA and bus operators under the Proposed Franchising Scheme?

5.8.8 Performance incentives

WMCA would implement a performance regime which would give operators a commercial incentive for providing consistently high standards of performance. The Performance Regime will be set out in each tender and will generally be non-negotiable.

5.8.9 Depot provision

WMCA is developing a Depot Strategy in support of its Franchising model. This strategy will involve identifying and assessing various options for depot intervention, with a focus on large and small Lots.

For large Lots, WMCA plans to take control of significant depots, either through purchasing/ leasing existing depots or developing from an acquired site. This will ensure equal access for all bidders and promote fair competition. In contrast, operators of small Lots will be responsible for providing their own depots, with potential opportunities for depot sharing to be explored.

To implement this strategy, WMCA has identified ten potential depot sites, both existing and new, that it may acquire and/or develop. The estimated cost of these acquisitions is £45 million.

L22. Do you have any comments on the proposal that WMCA would acquire bus depots under the Proposed Franchising Scheme?

5.8.10 Fleet provision

Public sector provision of a standardised fleet will significantly reduce barriers to entry for operators under the Franchising model. This will eliminate the need for operators to make independent fleet investment decisions, allowing them to focus on service delivery.

WMCA will directly acquire existing diesel vehicles operating in the region in the short term. New vehicles, including Zero-Emission Buses, will be acquired to ensure a consistent and environmentally friendly fleet. Zero Emission Buses will be phased in as existing diesel buses reach the end of their lifespan, typically after around 15 years of service.

L23. Do you have any comments on the approach to fleet under the Proposed Franchising Scheme?

5.8.11 Transition to Franchising

WMCA will engage with the operators to ensure that the transition is efficient, it will also need to:

- Initiate depot development – site identification, acquisition, obtaining planning consent, ensuring appropriate specification
- Procure and appoint contractors for depot construction
- Ensure that fleet procurement and delivery arrangements are in place to acquire the fleet WMCA wishes to have in place for the first phase of Franchising
- Ensure that IT systems are prepared to support the fares, ticketing, permitting and compliance monitoring proposed
- Implement internal governance, controls and change management
- Ensure all recruitment needs are met in advance.

WMCA has developed arrangements to support the transition from the existing deregulated market to a fully operational Franchising model:

- Ensuring continuity of services in the transition phase where there is a mixture of Franchise Contracts and unregulated services
- Ensuring operators can mobilise their drivers, fleet and maintenance arrangements in time to deliver an effective service
- Ensuring WMCA has all the required staff and processes in place to manage the contracts and undertake other activities required under Franchising.

WMCA can manage risk of operator de-registering services by:

- Publishing a 'transitional notice' to extend the cancellation and variation notice period from the current 56 days to a maximum of 112 days
- Registering certain services at short notice
- Carrying out detailed consideration of risks, particularly in the context of the removal of network support funding.

Once Franchising starts to apply, WMCA intends to utilise a Service Permit Regime to help maintain consistency of any non-franchised services in the transition period. If operators reduce service levels or withdraw entirely from services prior to them being subject to Franchise Contract, WMCA could manage this by:

- Facilitating other operators stepping in to commercial take on services
- Using short-term tendered contracts to either partially or fully replace services
- Taking no further action, if the service is deemed to be no longer required as part of the Franchising Scheme.

5.8.12 Fare arrangements during transition

WMCA's Service Permit Regime would establish specific conditions relating to fares and ticketing that would maintain the benefits of the Reference Case in regard to fares and ticketing. This will help minimise the impact on passengers where services under Franchising have not yet been introduced.

5.8.13 Approach to Small and Medium Operators

WMCA will take a number of steps to protect Small/Medium Operators (SMOs):

- Packaging routes via the Lotting Strategy, with provision of small Lots for SMOs
- Small Lots designed to be competitive for SMOs with a lower vehicle requirement
- Having small Lots within each zone of the region allows SMOs to expand their market share and presence across different zones
- SMOs have the opportunity to compete against larger operators in the long-term.

L24. Do you have any comments on the WMCA's plans to involve small and medium sized operators in the Proposed Franchising Scheme?

5.8.14 Approach to procurement

The WMCA will advertise the opportunity to the market in-line with the Procurement Act 2023. The current proposed strategy is for the WMCA to establish a 'Utilities Dynamic Market' (UDM), to qualify prospective operators and to be admitted, operators will need to satisfy WMCA's stated conditions for membership of the UDM; however, the Procurement process utilised under the Procurement Act may be subject to change.

For bidding, the competitive flexible procedure allows WMCA flexibility to design the procedure so long as it is proportionate to the nature, complexity and cost of the contract. WMCA proposes to adopt a negotiated procedure for the whole Franchising programme. Safeguards will ensure that each procedure is as effective and efficient as possible.

WMCA proposes to maintain the option to limit the number of Lots within a Round that a single operator can bid for or win. Any limit would apply on a round-by-round basis. This is designed to enhance the diversity and resilience of the service operator market.

L25. Do you have any comments on the approach to procuring and operating the Proposed Franchising Scheme?

5.8.15 Pensions and TUPE

The Bus Services Act protects the pension rights of staff who transfer under Franchising by requiring operators to provide such staff with pension accrual post-transfer. The legislation provides that pension benefits are broadly comparable, and that the employee will suffer no material detriment overall in their future accrual of pension benefits.

Transfer of Undertakings Protection of Employment (TUPE) may apply when there is a change of operator, resulting in the transfer of employees or workers, along with their terms and conditions. Any detrimental changes to their terms post-transfer are likely to be void. If personnel are transferred from multiple operators, they may have different terms and conditions, and any new less favourable terms will likely be invalid. WMCA will assess how personnel are connected to services being transferred to incoming operators and will consult with operators and employee representatives on the criteria and allocation of personnel, ensuring sufficient time for this complex process.

L26. Do you have any comments on the potential impact of the Proposed Franchising Scheme on the employees of operators?

5.9 Commercial Objectives summary table

Table 5.2: Assessment of the Reference Case and Delivery Options against the Commercial Objectives

Commercial Objectives	Enhanced Partnership under the Reference Case	Future Partnership	Franchising
Best value	Red. Dominance of single operator results in lack of competition of commercial services and supported services. Market shows limited signs of innovation without WMCA intervention	Amber. The intervention in depots by WMCA has the potential to increase the level of competition for Supported Services Contracts.	Green. Franchising provides WMCA with an opportunity to level the playing field through asset provision, drive a procurement strategy which promotes competition across the whole network and drive strategic innovative interventions.
Optimise passenger outcomes	Amber. Inconsistency of fares across the region and lack of competition results in Operator being less incentivised to drive reliability. Regulatory model does not lend itself to consistency across different Operators. Underinvestment in assets like the fleet has been observed.	Amber. Many of the challenges WMCA faces in order to maximise passenger outcomes are inherently associated with the nature of the EP.	Green. Franchising would enable WMCA to create strategic fares policies and set both vehicle and Service standards uniformly across the entirety of the West Midlands Bus Network.

Commercial Objectives	Enhanced Partnership under the Reference Case	Future Partnership	Franchising
Ease of introducing changes	Red. Is difficult for WMCA to implement wider initiatives without having to bear significant costs in order to gain agreement with Operators.	Red. Many of the challenges WMCA faces in order to introduce new network and infrastructure initiatives are inherently associated with the nature of the EP.	Green. Franchising allows WMCA to design and control the West Midlands Bus Network and pay particular focus to customer focused initiatives for the benefit of passengers.
Ease of implementation	Green. No action is required to implement the Reference Case (business as usual).	Amber. Implementation of the FP is likely to be more challenging the Reference Case in terms of time and resource input. The inherent complexity and negotiation required results means it is more challenging to achieve.	Red. Likely to be most difficult to implement as it will require strategic investments from WMCA to acquire or develop assets and to develop an effective resourcing strategy – it will be time consuming, resource intensive and complex.

Commercial Objectives	Enhanced Partnership under the Reference Case	Future Partnership	Franchising
Risk allocation	<p>Amber. WMCA holds a degree of revenue risk due to requirement to maintain certain level of network and will bear reputational risk alongside Operators. Market has been increasingly risk-averse since Covid-19.</p>	<p>Amber. The EP and FP regulatory structures are inherently similar, it is likely that implementing the FP will bring about the same and additional risks associated with setting up and managing four new depots.</p>	<p>Amber. Franchising will present WMCA with a series of risks which previously would have been borne by the private sector, but also a suite of tools to ensure that the risks can be mitigated beyond the means it has available at present.</p>
Commercial sustainability	<p>Red. WMCA is facing both significant cuts to the West Midlands Bus Network and an increase in Supported Services. There is a misalignment between costs and benefits, where WMCA investment is flowing to private sector Operators</p>	<p>Red. The EP and FP regulatory structures are inherently similar, while there may be some increase in competition that allows for a greater degree of commercial sustainability, it is likely that the same challenges and pressures surrounding potential network cuts will remain without additional funding.</p>	<p>Green. Franchising allows WMCA to design and control the West Midlands Bus Network, devising long-term sustainable policies and strategies to off-set declining patronage levels. It is more likely that additional long-term funding will be secured under a Franchising system, which will help to reverse patronage decline.</p>

5.10 Conclusion

In conclusion, the Reference Case, while fostering collaboration between WMCA and operators, does not grant WMCA any real control over the implementation of changes and lacks alignment between investment costs and benefits.

The Future Partnership offers potential improvements over the Reference Case by allowing for additional interventions and the possibility of new market entrants challenging the current monopolistic landscape. However, its practical impact may be limited due to the need for further agreements with operators and the lack of significant commercial incentives for their engagement.

The Proposed Franchising Scheme, in contrast, provides a strategic framework aligned with the Franchising Guidance, granting WMCA enhanced control over the West Midlands Bus Network and its expenditure on Supported Services. This Scheme aims to drive competition in the currently monopolistic market. The success of the Franchising Scheme hinges on the WMCA's ability to manage implementation, operational, and financial risks effectively, as well as to execute a well-planned mobilisation strategy.

Further insights into managing these challenges are detailed in the Financial Case and Management Case.

L27. Do you have any comments on the Commercial Case conclusion that WMCA would be able to secure the operation of services under franchise contracts?

6. Financial Case

6.1 Introduction

6.1.1 Purpose of the Financial Case

The purpose of this Financial Case is to assess the financial implications for WMCA of the Reference Case and the Delivery Options.

WMCA would have different financial responsibilities and exposure under the different Delivery Options, and this Financial Case considers the level of provision provided by each Delivery Option with the same level of financial support (funding). This is to provide a like-for-like comparison of the different options with the same level of support available. As part of the Green Book Guidance, there is a requirement for an assessment of the financial impact to determine the affordability, and consider the associated financial risks, of each Delivery Option.

The Financial Case considers the financial implications of Future Partnership and of Franchising against the Reference Case, with respect to their initial introduction, but also factoring in ongoing management and operation.

The Financial Case considers the impact of Delivery Options on:

- Capital spending: such as acquisition of depots, fleet, and associated electrification infrastructure
- Revenue spending: including revenue received from the farebox and grants, and any additional costs incurred (staff costs, administrative costs, operating costs).

The Financial case considers the longer-term financial sustainability of the Reference Case and the Delivery Options, with Franchising being a long-term change that will need to be affordable and sustainable for WMCA.

6.2 Summary of WMCA's financial position

This section sets out the current financial position of WMCA for bus and for other modes.

6.2.1 WMCA - expenditure and funding

For the base financial year in this Assessment, 2022/2023, total funding for WMCA was £375 million, £22.4 million higher than was budgeted, and expenditure £16.7 million higher than budget, resulting in net income of £5.7 million for WMCA.³⁹ This reflects the significant grant income made available by the Government in support of the West Midlands Bus Network.

- **Transport Levy:** Is a Statutory Charge imposed by WMCA on its constituent authorities, the primary source of funding for supporting bus. WMCA set a Transport Levy of £117 million in 2022/2023
- **Current Services Bus Budget:** Is the income and expenditure elements of the Transport budget which relate to supporting the West Midlands Bus Network. The base bus budget available in the 2024/2025 financial year is £102 million, which has been inflated at RPI for the 15-year appraisal period (up until 2041/2042).⁴⁰

39. West Midlands Combined Authority - Annual Statement of Accounts, April 2022 to March 2023 p12 (figures rounded)

40. Source: West Midlands Combined Authority Bus Budget

Expenditure included in the bus budget:

- Payments to the Operators: Payments to operators for supported services
- Overheads: Internal costs incurred such as administration and supporting activities
- Concessionary Travel costs – ENCTS: Mandatory travel concessions for older and disabled persons
- Concessionary Travel – Child: Discretionary concessions for those aged 5 to 18
- Staff Costs: Employment of staff by WMCA to manage the West Midlands Bus Network
- Consultancy and Professional Services: External consultancy and professional advice cost.

Income included in the bus budget

- Transport Income: Income from transport, based on the Transport Levy
- Grants – BSOG: Funding received from Government BSOG grant
- Other Grants: Other funding grants received by WMCA
- Operational Income: Made up of rental income and income which contributes to the upkeep of Bus assets
- Sales and Advertising Income: Made up of advertising income from digital advertising space and commission income from the sale and administration of tickets.

6.3 Sources of funding and financing

There is a distinction between funding and financing:

- Funding is the source of income that pays for services, including the Transport Levy and grants
- Financing is used to fill the gap between funding available and spending requirements.

6.3.1 Sources of funding

Sources of Funding can be split into existing sources used by WMCA, and additional sources that could be used to fund services.

Further information on sources of funding:

- **Transport Levy:** The primary source of funding for transport activities in the region
- **Government sources of funding:** WMCA receives specific Government funding, including:
 - **Bus Service Improvement Plan (BSIP):** funding is being received under the BSIP, which is being utilised by WMCA
 - **Other Funding Mechanisms:** WMCA is currently eligible to receive funding from the DfT under its ZEBRA initiative to support the acquisition of 1,177 Zero Emission Buses and other ZEB funding may be available in the future
- **Other Sources of Current Funding: Including:**
 - **Bus Service Operators Grant (BSOG):** for Supported Services, WMCA receives BSOG funding. For Commercial Services, the operators currently receive BSOG directly, which helps make more services more commercially viable. It is assumed that, for the purposes of this Assessment, operators would continue to receive BSOG funding

6.3.2 Single Settlement Fund (SSF)/Integrated Settlement

WMCA has considered the option of providing funding through an SSF (now known as Integrated Settlement), a consolidation of funding sources (such as grants) that provides a more streamlined and flexible approach to allocating resources. This would be based on an agreement between WMCA and the Government, coordinating funding from what was previously several different transport funding streams. This would allow for improvements in:

- Strategic Planning
- Infrastructure Investment
- Integration of Services
- Innovation and Technology
- Subsidies and Incentives.

WMCA recognises that an SSF does not necessarily mean increased levels of funding overall, and it is assumed in the Assessment that total amount of funding available remains the same.

6.3.3 Financing

WMCA is subject to an overall Local Authority debt cap, which was set at £1,277 million in 2024/2035, and WMCA has several existing long-term and short-term loans. The preferred option for any capital spending is through grant funding, however in the absence of this WMCA will use Prudential Borrowing to cover the capital costs, which cover:

- Transitional costs (for example, IT systems)
- Asset costs - including fleet and depot.

6.3.4 Sources of financing

Sources of financing include:

- Prudential Borrowing: WMCA must follow the Prudential Borrowing framework to ensure that borrowing is affordable and prudential.

Sources of Prudential Borrowing will include:

- **Public Works Loan Board (PWLB):** A form of loan made to CAs by the National Loan Fund, providing a low-cost source of finance which can be used to help the affordability of transitional and asset costs. PWLB is less flexible than other sources of finance, with a shorter maximum grace period (a set length of time during which payment may be made without penalty) than other sources
- **National Wealth Fund (NWF) (formerly the UK Investment Bank):** A similar source to PWLB, offering a lower rate with specific strategic objectives that an eligible project would need to cover, including net zero and economic growth. This could be used to cover the acquisition of bus fleet
- **Private Sector Financing:** WMCA could borrow from private institutions, with greater flexibility in terms but potentially unsupportive of VfM considerations.

This Assessment assumes that PWLB would be the main source of financing for costs, but that a NWF loan could be used by the LA in relation to measures such as fleet acquisition. WMCA has considered a prudent approach and will consider options if financing is required that provide the best fit.

6.3.5 CRSTS

City Region Sustainable Transport Settlements (CRSTS) are funding packages provided by the Government to city regions for the purpose of improving transport infrastructure and services, to support sustainable transport across the country, aiming to reduce carbon emissions, improve air quality, and provide better connectivity for residents and businesses. This funding has been allocated across different transport modes and allocated to Local Authority partners also. The funding has been split into two rounds, WMCA's grants are summarised in Table 6.1.

Table 6.1: CRSTS Funding Packages

CRSTS Funding Round	Funding allocated to WMCA
CRSTS 1 – 2022/2023 to 2026/2027	£1.05 billion
CRSTS 2 - 2027/2028 to 2031/2032	£1.57 billion (with an additional uplift of £1.08 billion, totalling £2.65 billion)

L28. Do you have any comments on the sources of funding used to deliver franchising?

6.4 Financial Case analysis

This section summarises the Financial Case analysis for the Delivery Options and the Reference Case, summarising their impact on:

- Income relating to services
- Expenditure relating to services
- Financial impact on WMCA over the appraisal period.

Analysis is modelled based on a central case for demand and funding.

6.5 The Reference Case

As detailed in the Strategic Case, an Enhanced Partnership is currently in place which represents the Reference Case

6.5.1 Income and expenditure

- Supported Services net cost forecast to increase by 120% from £30 million in 2027/2028 to £65 million in 2041/2042. This is due to the reduction in commercial viability of the network
- The ENCTS payments are expected to decrease by 10% from £49 million in 2027/2028 to £44 million in 2041/2042. This is due to a significant reduction in Commercial Services forecast under the Reference Case to 3% by the end of the appraisal period.

6.5.2 Asset and transition costs

- Under the Reference Case there will be no capital funded acquisition of fleet or depots. However, there is expected to be an additional 10% cost of private sector borrowing (captured within operator contracts) than if they were to own fleet and finance through public sources
- There are assumed to be no transition costs required in the Reference Case.

6.5.3 The Reference Case results

- An increase in the level of Supported Services is forecast over the course of the appraisal period, by 2041/2042 the level of Supported Services increasing to 97% (from 55% in 2027/2028), with the remainder being Commercial Services
- Passenger journeys are forecast to decrease from 167 million journeys in 2027/2028, to 100 million in 2041/2042 (40% lower) due to decrease in demand and decline of bus patronage. This increases the cost of operations, reducing viability of Commercial Services, and results in further Supported Services
- The cost per passenger is forecast to increase over time from £0.43/ journey in 2027/2028 to £0.71 in in 2041/2042 (a 68% increase), as the number of Supported Services increases, which are less commercially viable due to the reduced patronage.

6.5.4 Reference Case risks

In this system, the operators take revenue and operational risks under normal circumstances. The risks to WMCA are well known as this is the current operating model, with the main risk being around expenditure for Supported Services.

6.5.5 Conclusion

The primary conclusion of the analysis is that if the services are to remain affordable, there would need to be a reduction in services, which will lead to a reduction not only in bus mileage, but also in passengers carried.

6.6 The Future Partnership

6.6.1 Income and expenditure

- Under the Future Partnership, WMCA would receive farebox revenue for (gross cost) Supported Services, increasing the revenue flowing to WMCA. Revenue risk for Commercial Services would remain with the private sector. WMCA would become the owner of a number of new depots
- Net expenditure (income minus expenditure) is forecast to increase under Future Partnership from £97 million in 2027/2028 to £133 million in 2041/2042 (38% increase). In comparison to the Reference Case, the net expenditure of Supported Services is forecast to be £1 million lower in 2041/2042
- Similar to Reference Case, ENCTS payments under the Future Partnership are expected to reduce by 9% from £49 million in 2027/2028 to £45 million in 2041/2042, due to a decrease in Commercial Services
- The net expenditure as a percentage of the gross expenditure is expected to decrease from 50% in 2027/2028 to 48% in 2041/2042. This indicates that the Future Partnership improves the financial efficiency of the Supported Services, from the Reference Case.

6.6.2 Fleet costs and depot investment

- Fleet costs are assumed to remain with the private sector. WMCA will invest in four planned depots (Sandwell/Dudley, Coventry, South Birmingham and Wolverhampton) which are assumed to be covered through grant funding.

6.6.3 Future Partnership results

- The Future Partnership, like the Reference Case, is ultimately affordable for WMCA. Under the Future Partnership, there is an increased level of revenue being received by WMCA due to the shift to gross contracts
- The main income and expenditure in the Future Partnership relates to Supported Services, which increase over time, however Supported Services net expenditure is forecast to be on average 5% less across the appraisal period than the Reference Case. This is mainly due to the reduced operator profit margins as a result of the anticipated greater levels of competition for Supported Service contracts. Supported Services are forecast to make up 97% of services by 2041/2042 (compared to 55% in 2027/2028)
- The Future Partnership is forecast to deliver more passenger journeys than the Reference Case. Under Future Partnership, there are forecast to be 167 million passenger journeys in 2027/2028. By 2041/2042, passenger journeys are forecast to be 102 million an increase of 2 million over the Reference Case
- Cost per passenger journey increases by 64% under the Future Partnership to £0.69 (from 2027/2028 to 2041/2042). Compared to the Reference Case, the percentage increase and cost per journey is lower, showing a more efficient use of WMCA funding compared to the Reference Case.

6.6.4 Future Partnership risks

The risks that the operators and WMCA are exposed to under the Future Partnership include and expand on those that affect the Reference Case. For example, the risk included in acquiring depots (operators will remain responsible for their operation and maintenance but there will need to be increased monitoring).

6.6.5 Conclusion

The primary conclusion of the analysis is that, as with the Reference Case, if the bus network is to remain affordable, there would need to be a reduction in services, leading to a decrease in passengers carried. However, in comparison with the Reference Case, the level of service provided and the number of passengers carried is greater.

L29. Do you have any comments on WMCA's assessment of the Future Partnership Option in terms of finance?

6.7 The Franchising Scheme

As detailed in the Strategic Case, the Franchising option would provide full control of the west Midlands Bus Network to WMCA.

6.7.1 Income and expenditure

- Under the Franchising Scheme, WMCA will collect farebox income from services under Franchise Contracts. WMCA will pay the operators to run services in accordance with the contracts set out in the Franchise. Compared to the Reference Case and the Future Partnership, a key element of the cost to WMCA is financing. Under the Franchising Scheme, WMCA is expected to finance an acquisition of fleet.

6.7.2 Transition costs

- There are a number of additional costs unique to Franchising including Transition costs which are set out over the three-year transition period and set out in Table 6.2. WMCA has allocated a total of £22.5 million towards this transition. The additional £5 million funding (not included in the £17.5 million in the table below) would be allocated for service support where necessary to ensure network stability during the transition period.

Table 6.2: Transition costs for the Franchising Scheme

Implementation costs	Total cost for implementation period (2025/2026 - 2027/2028)
Transition Management and Operation	£9.7 million
Branding/Marketing	£4.0 million
Advisory/Consultancy	£2.3 million
Assets	£0.5 million
Furniture	£0.3 million
IT provisional costs	£0.8 million
Total Transition Costs	£17.5 million

6.7.3 Management costs

- Under the Franchising Scheme, all the direct costs that WMCA incurs under the Reference Case would continue, and there are forecast to be additional management costs. It is expected that the additional costs already exist for the operators which will transfer to WMCA.

6.7.4 Fleet and depot

The Franchising Scheme would assume that WMCA makes capital investments in:

- Fleet investment: investment in WMCA owned diesel and ZEB fleet
- Depot investment: investment in the acquisition of new or existing depots and supporting zero-emissions infrastructure.

6.7.5 Franchising Scheme results

- The Franchising Scheme, like the Reference Case and the Future Partnership, is ultimately affordable for WMCA. There is increased revenue being received by WMCA due to the shift to gross cost contracts. However, WMCA takes on an increased share of the revenue risk
- The Franchising Scheme is forecast to deliver more passenger journeys than the Reference Case and the Future Partnership, despite there being less net budget available to WMCA for services (due to additional costs). By 2041/2042 passenger numbers are forecast to be 37% lower at 107 million per annum than 2027/2028. This is 8 million and 5 million additional passenger journeys compared to the Reference Case and the Future Partnership respectively
- Cost per passenger journey by 2041/2042 is forecast to increase to £0.62/journey (51% increase). Compared to the Reference Case and the Future Partnership, the percentage increase and cost per journey is lower, showing a more efficient use of WMCA funding.

6.7.6 Conclusion

The primary conclusion of the above analysis is that the Franchising Scheme maintains a higher level of bus passengers than the Reference Case and the Future Partnership for the same level of affordability.

Like the Reference Case, there would need to be a reduction in services over time, if the bus network is to remain affordable, but the level of passenger journeys would continue to be higher under the Franchising Scheme. Achieving this outcome depends on the successful management of risk in transitioning to the Franchising Scheme.

Whilst all options show a significant reduction in network and patronage this is due to the consistent modelling approach taken across all options to ensure a like-for-like comparison can be made between how each option performs given the same (current) levels of funding. As explained in the Commercial Case, Franchising will provide for a better alignment between investment and outcomes such that there is likely to be a higher degree of public investment as there will be more direct benefits and greater certainty of value for money.

6.8 Scenario and sensitivity analysis

6.8.1 Scenario analysis

WMCA has conducted scenario analysis within this Financial Case and throughout the Assessment. The analysis considers a series of funding and demand scenarios and their potential combinations, in all scenarios the Franchising Scheme maintained more passenger journeys compared to the Reference Case than the Future Partnership, however this was more pronounced in scenarios with lower demand and less funding. Full scenario analysis can be viewed in the Assessment.

6.8.2 Sensitivity analysis

As well as scenario analysis, sensitivity analysis has also been conducted to understand how different sensitivities impact the risks associated with the Reference Case and Delivery Options, each option carrying its own specific risks. The results of the sensitivity analysis show that, the increased level of competition within the Franchising Scheme and the increased level of control it provides to WMCA, would continue to give more benefits to the region. Full sensitivity analysis can be viewed in the Assessment.

6.9 Financial Case conclusion

The Financial Case assesses the affordability of the Delivery Options against the Reference Case. The core findings are that both the Delivery Options present improvements over the Reference Case.

6.9.1 Future Partnership

Future Partnership provides an increased level of passenger journeys with the same level of funding. The main benefits are from increased collaboration between WMCA and operators, which will help allocate resources and deliver services in line with WMCA's ambitions. There are greater risks for WMCA through depot ownership; however the risk of fleet ownership remains fully within the private sector.

6.9.2 The Franchising Scheme

The Franchising Scheme is anticipated to yield greater benefits than both the Reference Case and the Future Partnership, with an increase in both provision of services and passenger journeys without additional budgetary input. The main benefits are from greater flexibility and control for WMCA to shape the West Midlands Bus Network to its strategic objectives and needs. However, the Franchising Scheme shifts a greater degree of risk onto WMCA, encompassing both cost and revenue uncertainties as well as asset-related risks; although given the greater control WMCA has over the network, it is much better placed to manage these risks.

L30. It has been concluded that the WMCA could afford to introduce and operate the Proposed Franchising Scheme, but this carries additional financial risk. Do you have any comments on this?

7. Management Case

7.1 Background and introduction

The Management Case assess the current mechanisms and models currently in place within WMCA and sets out how WMCA would update these mechanisms and models to deliver its chosen Delivery Option (whether this be the Future Partnership or the Proposed Franchising Scheme).

In the development of the Management Case, attention has been given to the Transport Act, the Franchising Guidance and relevant supporting documentation and the data collected from operators using powers under the Transport Act.

7.1.1 The current WMCA operating model

An Operating Model is the operational design that allows an organisation to deliver its strategic objectives by ensuring appropriate people, processes and systems, with the required capabilities, are in place. Accordingly, WMCA's operating model will be designed to ensure WMCA is able to achieve the objectives for the chosen Delivery Option.

As detailed in the Strategic Case, the Enhanced Partnership is the current regulatory model for the West Midlands bus market.

Under the current operating model, WMCA engages in the following activities to manage and implement the EP:

- **Supported Services:** evaluating the need for the continuation, or the provision of, tendered and Supported Services, and subsidising socially necessary services where they are not provided on a commercial basis
- **Customer Support:** providing a contact centre and help points at bus stations
- **Network Design:** whilst network design is primarily a commercial activity undertaken by operators, WMCA works with operators to keep the network under review
- **Network Operation:** coordinating network management by bringing together operators and local highway authorities
- **Network Performance:** sharing information with the Traffic Commissioner and Driver and Vehicle Standards Agency if it believes an operator is not adhering to the requirements
- **Fares and Ticketing:** working with operators to reform ticketing, whereby the nBus multi-operator tickets and multi-operator contactless capping become the main form of multi-journey bus tickets
- **Depot Ownership:** WMCA own a depot in Walsall (but are not responsible for the day-to-day maintenance and operation of this depot), it is leased to National Express
- **Performance Monitoring and Updating:** carrying out performance monitoring of all services and journey time punctuality and reliability
- **Engagement:** engaging in meaningful stakeholder consultation and engagement with partners and key public and private businesses
- **Customer Relations:** developing a new bus passenger charter with operators and an associated monitoring regime.

7.1.2 Future Partnership

Under the Future Partnership, the current operating model (as described above) would remain in place. However, WMCA's responsibilities would be extended to establish a ticketing company with operators, ownership of additional depots (leased to operators), and assuming revenue risk on Supported Services.

Franchising would require WMCA to undertake several new responsibilities and assume accountability for additional activities including those that WMCA currently engage on as part of the EP. As a result, WMCA's current organisation and operating framework would need to be significantly expanded and updated.

7.1.3 The experience of WMCA

WMCA has significant experience in successfully managing and delivering large-scale transport projects and schemes within the West Midlands, permitting it to successfully deliver and implement the chosen Delivery Option. To deliver the chosen Delivery Options, WMCA would:

- Utilise and develop its existing competencies and experience;
- Acquire the additional skill sets required to deliver the Delivery Option's objectives; and
- Use its experience of procuring relevant support and external skills to assist its delivery where it considers that specific short-term assistance is also required.

7.2 Key components of the future partnership

7.2.1 Team structure

Resourcing requirements for the Future Partnership would need to reflect its extent and content. A Future Partnership team structure would broadly reflect WMCA's team structure and several of the responsibilities currently assumed by WMCA, however given that WMCA would take on additional responsibility, there would be some additional resourcing requirements. It is envisaged that the following teams and activities would be required for the delivery and management of the Future Partnership:

- Strategic and Management Team: responsible for overall programme management, overall management of the transition arrangements and developing the Future Partnership negotiation strategy, reporting, and driving continuous improvement and innovation
- Transport Services and Assets, Network and Planning Team: responsible for continuing to develop and transform the network (in partnership with operators)
- Bus Operations and Services Team: this team would include various bus specialists who would be responsible for developing and implementing Commercial Objectives, data analysis, performance and network coordination
- Ticketing Company (TiCo) Team: a management team would be required for the operation of TiCo (alongside operators), together with a centralised and independent sales team to manage the ticket offering by TiCo
- Customer Services Team: responsible for engagement with the wider stakeholder community and operators who are party to the Future Partnership

- Strategy and Planning Team: responsible for the continued evolution of the bus offering within the West Midlands and recommends actions to be taken and improvements and changes to be made to the Future Partnership
- Bus Stations Teams: responsible for the management of bus stations within the West Midlands, with responsibilities split on a regional basis within the West Midlands.

In addition to the teams listed above, several central WMCA support functions would be utilised to help WMCA deliver its commitments and obligations under the Future Partnership model.

The additional resources and costs for the Future Partnership are anticipated to be £797,000 per annum. Given that it is anticipated management costs will need to increase by £500,000 per annum in the reference case due to the increasing need to managed subsidised services, this is £297,000 per annum more than the current operating model.

7.2.2 Transitional change and mobilisation

During a transition from the Reference Case to the Future Partnership, additional roles, resources and new operating systems would be required by WMCA to facilitate that change.

It is not anticipated that there would be a significant difference in the number of staff required if the Future Partnership was adopted by WMCA however, as outlined above, some specialist support would be required.

The Transport Services and Assets, Network and Planning Team and the Strategy and Planning Team would work together to consider whether any additional resources would be required to support the negotiation and consultation on the Future Partnership.

It is not clear how many of the operators may ultimately object to the Future Partnership, but WMCA consider the risk of operators withdrawing services due to not being prepared to sign up to any agreements to be relatively low.

7.2.3 Implementation

To implement the Future Partnership, WMCA would need to gain agreement from all operators to the change from the current EP Scheme, and the change to gross cost Supported Services Contracts.

The key elements of WMCA's implementation activities for the Future Partnership are set out in the Commercial Case, but include:

- Depot acquisition: the development of detailed business cases for expenditure approval and undertaking the development of depots and readiness for operation
- Supported Services Contracts: undertaking a contracting strategy. This will include the transition to gross cost Supported Services Contracts and the bundling together of services to allow the operation from the same depot
- TiCo: operating and managing this Company (with operators) and allocating resource accordingly.

If a decision to implement the Future Partnership is taken, WMCA would need to implement a process to monitor the delivery of the Future Partnership. This would include regular engagement with, and observance of, the incoming operators.

See further detail in the Commercial Case on how WMCA would manage the implementation of the Future Partnership.

WMCA's existing Bus Operations and Services Team would manage the transition to and the day-to-day operation of the Future Partnership. WMCA would also utilise a number of its existing central functions to help deliver the Future Partnership.

7.2.4 Mobilisation

As part of mobilisation to the Future Partnership, WMCA will have the following roles:

- Acquiring a further four depots
- Analysing the current Supported Services Contracts and efficiently “bundling” services together and allocating and organising the letting of (now WMCA-owned) depots to relevant operators
- Once the relevant Supported Services Contracts need to be reproced, changing the terms of such Supported Services Contracts so that Supported Services will be operated on a gross cost rather than a net cost basis
- Mobilising TiCo.

During transition to the Future Partnership, the Bus Operations and Services Team would be required to establish an operational continuity plan to manage risks, and a specific sub-team will be identified within the Operations and Services Team for support.

The Future Partnership would continue with a common fares policy as far as legally possible, and multi-operator tickets would be issued by operators providing services included within the Future Partnership. Given multi-operator tickets are already in existence under the EP Scheme under the Reference Case, WMCA anticipates that it would continue to manage the multi-operator ticketing scheme in the same way.

7.2.5 Benefits, management, performance management

The benefits that would derive from this Delivery Option will need to be identified and monitored to ensure the Future Partnership is delivering when compared to the Reference Case.

Once each benefit has been identified, and the Future Partnership has been implemented, key metrics would be assessed and developed to allow for the appropriate benchmarking of each benefit.

WMCA has developed and currently operates a performance monitoring regime in the West Midlands. This would continue to be used for the Future Partnership and enhanced as the number of Supported Services operated increases. Management of underperformance would also be put in place if WMCA's outcomes are not met.

Under the Future Partnership, WMCA would supplement ongoing engagement with regular, in-depth consultations. These consultations would form the basis of a report to WMCA providing an overview of how successfully the Future Partnership is operating, alongside suggestions for improvements to the Future Partnership in order to address any issues raised during the consultation.

7.2.6 Network changes

How network changes are implemented in the Future Partnership will depend upon the change that is required. If the network changes relate to the Supported Services network, WMCA would be able to implement these changes i) as part of the tendering of Supported Services Contracts; ii) through the change mechanism in Supported Services Contracts; and iii) by awarding small payments to incumbent operators for small changes to existing Commercial Services. Where changes are to be made to the commercial network, changes may be required to the EP Plan and EP Scheme under the Future Partnership. Operators remain responsible for changes to the commercial network, with WMCA reactively stepping in if required.

7.2.7 Programme management and governance

For the Future Partnership, the governance arrangements would remain broadly the same as under the Reference Case, with the statutory underpinning of the EP under the Reference Case being unchanged. Nevertheless, there would be some changes including additional governance for managing depots, a revised governance to reflect the transition to gross cost Supported Services Contracts, whereby WMCA takes responsibility all the risk (revenue and cost), and an additional independent body for centralising sales teams for multi-operator tickets.

7.3 Key components of Franchising

7.3.1 Team structure

To meet the required competencies set out in the Assessment, the designed Franchising structure envisages that the following teams and activities would be required for the delivery and management of Franchising:

- **Strategy Function:** this would be headed by the Transport Executive Director and the Director of Policy, Strategy and Innovation, who would lead the Franchising Delivery Team, supporting in the development of strategic opportunities for services under the Franchising Scheme
- **Chief Operating Officer:** responsibility and full accountability for the provision of services and responsibility for their performance
- **Customer Experience Team:** accountable for the holistic customer experience across services in the region whether that be physical or digital
- **Assets and Environment Team:** accountable for the acquisition, maintenance, improvement and operation of all assets associated with Franchising including depots, fleet, bus stations and other on-street infrastructure

- Commercial Team: accountable for ensuring commercial opportunities associated with services and bus infrastructure is maximised and revenue targets are met
- Operational Performance Team: accountable for the performance regime that ensures the operators comply with the terms of the Franchise Contracts
- Bus Development Team: focus on the continuous development and improvement of services within the West Midlands Bus Network.

It is anticipated that there would be an addition of 160-170 new full-time posts, at an anticipated additional cost to WMCA of around £10 million each year. Many of these posts are to undertake activities that are currently undertaken by the bus companies.

7.3.2 Transitional change and mobilisation

During any transition from the Reference Case to Franchising, additional roles, resources and new operating systems would be required by WMCA to facilitate that change.

To implement Franchising, WMCA would award Franchise Contracts in zones, as set out in the Commercial Case section of this document. This will allow WMCA to take feedback so, if beneficial, it is able to update processes for later procurement rounds.

WMCA would implement Franchising across the whole of the West Midlands metropolitan area and would let Franchise Contracts in three separate rounds of procurement. From the date of the Franchising Scheme being made until contracts are let all non-franchised services would need to operate under a Service Permit Regime.

Cross-boundary and certain other types of service may be considered as not suitable for Franchising and would also need to operate under a Service Permit Regime, ensuring that services are of comparable standards.

Accordingly, WMCA has considered and will develop robust arrangements to support the transition to a fully operational Franchising model. Key elements of this transition plan include:

- how to ensure continuity of services and avoid customer confusion in the transition phase,
- how to enable/ensure that operators could mobilise their drivers, fleet and maintenance arrangements in time to deliver effective services, and how to ensure that WMCA's approach to transition would not disadvantage certain operators, and
- how to ensure that WMCA would have all the required staff and processes in place to manage the Franchise Contracts and to undertake other activities required under the Franchising Scheme, including managing Service Permits.

To manage all proposed Franchise Contracts, WMCA would need to revise its team structures and employ additional resource (some would be transitional roles only).

To set up a Service Permit Regime, WMCA would consult on the detail of the form of the Service Permit Regime and any conditions to be attached to Service Permits. The exact scope of the Service Permit Regime would be subject to further formal consultation with operators and other relevant parties.

The Commercial Team would draw up and manage contingency plans for providing replacement services if an operator decides to withdraw any of its Commercial Services before the Franchise Contracts commence.

7.3.3 Implementation

To implement Franchising, an effective transition plan would be required to prevent disruption to passenger services. WMCA would put in place measures to manage the risk of service reductions during transition in the mobilisation period.

The key elements of WMCA's implementation programme would be:

- The mobilisation and expansion of the Bus Operations and Services Team, into a wider Commercial Team, to support the letting of Franchise Contracts
- The establishment of the Franchising Scheme and the design of the Franchise Contracts to provide for large, medium and small Franchise Contracts so that there are entry points for local as well as regional operators
- The creation of the procurement process and the phased procurement of operators for those Franchising opportunities
- The establishment of the Service Permit Regime and the management of applications for Service Permits alongside the introduction of the new Franchise Contracts
- The acquisition of a fleet of vehicles and depots in order to allow WMCA to provide the same to operators as part of the large Franchise Contracts
- The mobilisation of the Franchise Contracts.

The implementation programme would be designed to ensure that WMCA has all management systems in place to meet its obligations under the Franchising Scheme and Service Permit Regime.

The increase in resourcing headcount would continue during any transition to Franchising in order to set up, implement and operate the initial Franchise Contracts and to monitor the operation of the Service Permit Regime. To meet its increased need for personnel to support and manage the services under Franchise Contracts, WMCA would develop a recruitment strategy. WMCA would undertake a skills audit, mapped against the requirements of the new operating model, to establish the level of training or additional resource required. Where resource does not exist within WMCA, and re-training or upskilling existing team members is not practicable, WMCA would recruit additional staff.

WMCA would also need to implement a plan to enable successive Franchise Contracts to be let and managed. This would include putting in place a framework of Service Permits to support the existing services until the relevant Franchise Contracts could commence.

If a decision is made to proceed with Franchising, WMCA would have the right to set bus fares and determine the ticketing suite. This could give WMCA the opportunity to introduce more instrumental changes to fare structures, or changes to concessionary fares without needing to negotiate with operators.

The key foundations of the implementation plan are described in the Commercial Case at paragraphs 6.97 to 6.102 of the Management Case in the Full Assessment.

7.3.4 Mobilisation

As part of the Franchising procurement process, operators would be required to submit comprehensive mobilisation plans to detail how WMCA and the operator would work together to efficiently transition to Franchising.

WMCA would implement a process to monitor the delivery of the Franchising Scheme, which would include regular engagement and observance of the incoming operator(s).

The roles WMCA would play during mobilisation include:

- Mobilisation Plan: reviewing and agreeing changes to the Mobilisation Plan with the incoming operator
- Employees: assisting with delivering TUPE and pensions related information to the incoming operator and monitoring compliance with the Franchising obligations
- Fares and Ticketing: determining fares and ticketing strategy and monitor delivery of the same
- Network: reviewing and agreeing changes required to the West Midlands Bus Network, prior to and during operation of the Franchising operating model
- Assets: securing Franchising assets to ensure that Franchising assets can be made available to the incoming operator in the relevant Franchise Contract

It would be important for WMCA to manage an effective and efficient transfer of services. WMCA may need to subsidise additional services to ensure that the overall West Midlands Bus Network is not adversely affected, and public support of services is not damaged.

During transition to full Franchising operations, services that are not subject to Franchising, and services which would become services under Franchise Contracts at a later date, would operate under a Service Permit Regime. As part of the Service Permit Regime consultation, WMCA would be able to propose conditions relating to fares and ticketing.

Such conditions would allow WMCA to create a uniform set of fares and tickets which would correspond with those which would be offered under Franchising. This would ensure that the ticket types, and how they can be used, change at the same time. This would limit complexity and confusion to passengers over ticket types.

7.3.5 Benefits, management, performance management

Implementing Franchising in the West Midlands will aim to provide benefits, primarily for passengers and residents, but also for businesses and the wider geographical area.

The Franchising Scheme would need to achieve the strategic objectives for it to be considered a success. A benefit realisation and management programme would need to be established to ensure that WMCA: i) achieves the strategic objectives (and indeed the linked benefits and outcomes which WMCA sets-out to achieve); and ii) maximises the benefits.

The benefits identified would undergo detailed mapping and would be updated throughout the lifecycle of the Franchising Scheme, to ensure they remain relevant and accurate in a changing market.

Key metrics of each benefit identified would be developed so key milestones can be set to allow for the benchmarking and the ongoing assessment of all benefits.

Roles and responsibilities would be allocated within WMCA, for benefits monitoring and review. This would mainly be conducted by Performance Managers, with interaction with the Commercial Team.

Once Franchising has been implemented and benefits are being realised, then an ongoing assessment and testing regime would be conducted by the benefits management personnel.

7.3.6 Network changes

WMCA would be accountable for reviewing and updating the network on an ongoing basis to ensure it continues to meet the needs of users and local communities. WMCA would undertake research and customer consultation exercises with passengers and rely on the data collected by the Commercial Team, and modelling data, to monitor the ongoing suitability of the West Midlands Bus Network. The feedback gathered would then be used to ascertain:

- whether changes to the network are required for future procurement rounds of letting Franchise Contracts
- whether network changes are required during the life of a Franchise Contract.

If, through the above monitoring exercise, it transpires that changes are required, WMCA may vary the network or routes specified in the Franchising Scheme by following the formal variation process set out in the Transport Act. Minor variations, such as day-to-day service requirements, can be implemented without use of this statutory process.

7.3.7 Programme management and governance

In terms of Governance, the transition to Franchising would require the structured coordination of multiple business functions and interconnected activities. This increase in scope, accountabilities, and responsibilities for WMCA, would constitute a major transition programme. A Bus Options Programme Group would be established with a variety of project level groups to plan, transition and implement each aspect of change.

L31. Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme?

L32. Do you have any comments on the approach to managing franchised operations under the Proposed Franchising Scheme?

7.4 Stakeholder engagement

Stakeholder engagement will be a key element in assessing the Delivery Options, to ensure alignment with policies and objectives and to engender collaboration. The continuing involvement of these stakeholders, should a decision be made to Franchise, would be integral to the successful delivery of Franchising. There are five main categories of stakeholder that WMCA has engaged with as part of the development of this Assessment:

- Internal Stakeholders
- Constituent Authorities
- Operators
- Neighbouring Authorities
- Other External Stakeholders.

7.5 Risk register and risk mitigation

Risk management is a fundamental part of any scheme delivery, managing the negative impacts of the uncertainty that is inherent in any project.

WMCA has identified the risks associated with the management and delivery of the Delivery Options, capturing that information in a Risk Register (see Appendix 1 in the Assessment).

7.6 Conclusion

The Management Case considers the factors which influence the deliverability and robustness of WMCA's arrangements to manage, deliver, monitor and evaluate the Delivery Options.

Transition involves the expansion of skills within WMCA, and additional resource. This has significant costs attached which has been carefully

modelled to understand the potential future cost of a transition to the Future Partnership and to Franchising.

7.6.1 Future Partnership

If the Future Partnership is progressed, WMCA would obtain additional responsibilities, which may require supplementary capabilities to be added to the current Bus Team and some updates to be made to the WMCA's operating model. Roles within the current team structure would be adapted to manage these new responsibilities, and support would be provided from WMCA's central function. Therefore, given the changes anticipated under the Future Partnership, WMCA would have the required capabilities to manage transition and implementation.

7.6.2 Franchising

Franchising would require a large degree of change to the current operating model, given WMCA would become accountable for the delivery of the whole West Midlands Bus Network. Therefore, given the increase in responsibilities, there would be a requirement for an increase in people and capability, and for a streamlining of WMCA's governance structure. Delivery of Franchising would be a large-scale project undertaking for WMCA, and the Management Case demonstrates WMCA's proficiency and experience in both delivering under its current operating model, and through delivering other large-scale transport projects. These experiences and skills within WMCA would be utilised to fully manage a transition to Franchising, and its operation and management thereafter.

8. Assessment conclusion

A holistic review of all five cases is necessary to arrive at a comprehensive conclusion for this assessment. The Franchising option is considered to be notably favourable across the Strategic, Economic and Commercial Cases. However, the scale of resources required to undergo operational changes, and greater risks for WMCA mean that this is a more contested option in the Financial and Management cases. Summary highlights for each Case are presented below:

The Strategic Case concludes that both Franchising and Future Partnership have better levels of strategic fit with the reform objectives compared to the Reference Case. Franchising demonstrates the highest level of strategic fit across all objectives, particularly for Network, Stability and Transport and Change, where the Reference Case and Future Partnership both score a lower level of strategic fit to objectives. Considering strategic arguments around operations, efficiency and vision, greater levels of reform and more regulation provide better outcomes across the board. Overall, Franchising is seen as the preferred option for the Strategic Case.

The Economic Case concludes that both Franchising and Future Partnership will have more beneficial impacts on passengers than the Reference Case. This is likely to be more pronounced under Franchising, although this option has higher costs. Benefits include greater volume of services, improvements to fares and ticketing, customer experience and more reliable services, as well as greater potential to transition more quickly towards a fully ZEB fleet. Franchising likewise delivers greater benefits from non-monetised and wider economic impacts and is considered to be the preferred option.

The Commercial Case concludes that the Franchising Scheme can best meet the Commercial Objectives set out by WMCA by providing an enhanced level of control over the bus network and helping to drive greater competition within a relatively monopolistic market. The success of Franchising is contingent upon well-planned mobilisation and WMCA will need to effectively manage additional implementational, operational and financial risks. Under Future Partnership, implementation of additional interventions would still be subject to negotiation and operator agreement, and there may not be sufficient commercial incentive for them to engage with WMCA. Therefore, the commercial impact on outcomes may not be materially different under Future Partnership than it is under the Reference Case.

The Financial Case concludes that Franchising would be able to deliver increased passenger benefits for the same level of budget compared to both the Reference Case and Future Partnership; these stem predominantly from WMCA having greater flexibility and control to shape the bus network to use resource more efficiently and the competition for contracts resulting in lower operator margins. However, Franchising requires WMCA to take more risk on revenues and assets than the other options, although it will have more direct control over factors that will help manage these risks. Overall, it is suggested that Franchising would be deliverable by WMCA.

The Management Case concludes that, while both Delivery Options will require significant levels of change, the Future Partnership and Franchising are ultimately deliverable by WMCA. There would be more risks associated with the change to Franchising due to there being a greater degree of difference from the Reference Case. Significant resources would need to be allocated to changing operating models, updating governance requirements and increasing staffing levels alongside other considerations. While the Reference Case is considered to be the option of least resistance in terms of the Management Case (given it is the current delivery model), an overall conclusion will be drawn holistically through an assessment of all cases.

On balance, and for the reasons stated above, WMCA considers that Franchising is the preferred Delivery Option in relation to regulatory reform for bus service delivery in the West Midlands.

L33: Taking everything into account, the Assessment concludes that the Proposed Franchising Scheme is the best way to achieve WMCA's objectives to improve bus services. Do you have any comments on this?

9. Description of Franchising Scheme

9.1 What is the Proposed Franchising Scheme?

The Proposed Franchising Scheme is the draft of the legal Scheme which is required to be made in accordance with the Bus Services Act in order to implement Franchising across bus services in the West Midlands. The full Scheme is included as Appendix B. The details included within the Proposed Franchising Scheme include:

- The area covered by the Franchising Scheme
- The date on which the Franchising Scheme is made
- The date the Franchising Scheme will come into operation
- Information on the routes included in and excepted from the Franchising Scheme.

The Proposed Franchising Scheme sets out services that enter the Franchising Scheme area which will be excluded from bus franchising (based on the current services). All other services will be subject to Franchising powers allowing WMCA to determine service frequencies and timetables for these routes.

Bus operators would bid to run the bus services included in the Proposed Franchising Scheme area through a competitive procurement process managed by the WMCA, with WMCA setting routes, fares, frequencies and customer service standards.

Once the Proposed Franchising Scheme is in place all services will be required to operate under franchise contracts, be excepted from the Scheme or have been granted a service permit (a permit given to a service to allow operation within the region).

9.2 What area does it cover?

Franchising will be across the West Midlands Metropolitan Area, that is the Local Authority districts of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton . Franchising the whole of this area will allow for distribution of the benefits of Franchising across the area and minimises the challenge of overlapping Franchised and commercial services, as well as any regulatory change for the non-franchised part of the region (for example the creation of a new Enhanced Partnership). WMCA does not have legal powers to implement Franchising on services that operate wholly outside this area.

L34: Do you have any comments that the Proposed Franchising Scheme should apply to the entirety of the West Midlands Metropolitan Area?

9.3 How will it be implemented?

Information on how the Proposed Franchising Scheme will be implemented can be found in the Commercial Case.

9.4 Which services will be included?

WMCA intends to operate under Franchise Contracts all services operating within the West Midlands Metropolitan Area, unless they are specifically excepted as set out in the Annexes within Appendix B.

Schools services that operate as ‘closed-door services’ and services provided where a railway or tramway service has been temporarily interrupted will not be included in the Proposed Franchising Scheme.

Cross-boundary services operate within the region and, for some period of their route, outside of the region. Outside the region, services under Franchise Contracts must be operated in agreement with the

neighbouring local authority. Further consideration will be given by WMCA to services which will operate under Service Permits or will be excluded from the Proposed Franchising Scheme completely, This will include assessment of the effect that Franchising cross-boundary services will have on the commercial bus networks of respective neighbouring local authorities. Decisions and assessment will be undertaken on a route-by-route basis.

L35: Do you have any comments on the services which will be included under the Proposed Franchising Scheme?

9.5 When would this happen?

A decision on whether to introduce the Proposed Franchising Scheme by the Mayor of the West Midlands is currently planned for May 2025.

The Bus Services Act states that there must be a minimum period of six months between when the franchise contract is entered into by an operator and when the bus services will commence operation to ensure there is adequate time for mobilisation (referred to as the mobilisation period).

To ensure there is adequate time to get appropriate resources, systems and process in place and prepare the market, WMCA will look to procure the first round of franchise contracts in the financial year 2026/2027, if a decision is taken to franchise. Allowing adequate time for operators to mobilise, the first franchised services would commence in the financial year 2027/2028.

L36: Do you have any comments on the proposed timescales for introducing the Proposed Franchising Scheme?

L37: Do you have any comments on the proposed timescales for implementing franchising contracts?

L38: Do you have any comments on the period proposed between entering a franchise contract and the start of a service under such a contract?

9.6 Who will be consulted?

The Bus Services Act requires Local Transport Authorities to consult with the users of local bus services to seek views on how well the Franchising Scheme is working and ongoing engagement is required throughout the life of the Franchising Scheme. WMCA will consult with such organisations representative of bus users and may consult other relevant organisations and persons. It is proposed that WMCA would seek these views within 36 months from the start of franchised services and at other times periodically as WMCA considers appropriate. These consultations will last for sufficient time to allow organisations and persons to respond and WMCA will make available to the public its response to any consultation carried out.

L39: Do you have any comments on the proposals for how WMCA would consult on how well the Proposed Franchising Scheme is working?

L40: To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?

L41: Are there any changes that you think would improve the Proposed Franchising Scheme?

L42: Do you have any other comments you want to make?

10. Health and Equity Impact Assessment

10.1 Overview

This is a summary of the full Health and Equity Impact Assessment (HEIA) which can be found here . The purpose of this assessment is to evaluate the potential development, management, and operation of local bus services in the West Midlands. This assessment integrates the Equality Impact Assessment (EqIA) and Health Equity Assessment (HEAT) to ensure the promotion of equity, diversity, and inclusion.

Under the Equality Act 2010, WMCA is required to consider the impacts on protected characteristic groups of the Proposed Franchising Scheme. This assessment considers the impacts on:

- The protected characteristics outlined in the Equality Act 2010 (Age, sex, race, religion or belief, disability, sexual orientation, gender reassignment, pregnancy and maternity, marriage and civil partnership)
- Socio-economic differences by individual socio-economic position
- Area variations by deprivation level
- Vulnerable and inclusion health groups

The initial HEIA has identified how the objectives of the Delivery Options could overall benefit or disbenefit certain groups. This assessment is summarised below. The objectives that the HEIA assessed are based on the three objectives for delivering bus policy in the West Midlands:

- Competition objectives (Stability; Best Value): which address the challenges regarding a lack of competition in the region.

- Passenger objectives (Network; Fares and Ticketing; Customer service and information; and Fleet): which address the challenges that the current system creates for passengers.
- Transformation objective (Transformation and Change): addressing the ability of reform options which maximise the value of the bus network in achieving wider policy goals.

These objectives have fed into the case for change as outlined in the Strategic Case, including the Efficiency Case, Operational Case, and Visionary Case.

10.2 Summary of Health and Equity implications

- Health Outcomes: Improved bus services are anticipated to reduce social isolation, increase physical activity, and enhance access to healthcare services.
- Equity Considerations: Policies are designed to benefit a diverse range of individuals without disadvantaging any specific group, including providing a more accessible, convenient, and affordable network with better access to opportunities and essential services.

10.2.1 Summary of consultation and data

- Consultation Process: Engaged with a wide range of stakeholders, including bus operators, users, and local businesses, to gather comprehensive feedback.
- Data Sources: Utilized data from the Census, Department for Transport (DfT) statistics, healthcare dashboards, and market research to inform the assessment.

10.2.2 Summary of impact on different groups

- Older People: Enhanced bus services will improve access to healthcare facilities, reduce social isolation, and provide greater mobility, thereby contributing to better overall health and well-being.
- Younger People: Improved services will facilitate better access to educational institutions and employment opportunities, supporting youth development and economic participation.
- Low-Income Groups: Enhanced bus services will provide more affordable and reliable transportation options, reducing travel costs and increasing access to employment, education, and essential services.
- Women: The proposed improvements will enhance safety and convenience, particularly for women traveling with children, by ensuring better-lit bus stops, more frequent services, and safer travel environments.
- Disabled People: The focus on better customer service and accessibility will ensure that disabled individuals have improved access to transportation, enhancing their independence and quality of life.
- Ethnic Minorities: Improved bus services will provide greater access to employment and educational opportunities, and enhance safety, thereby promoting social inclusion and equity.
- Vulnerable Groups: Other excluded groups could benefit from new concessions being introduced (i.e. low-income groups, care leavers, those experiencing homelessness or prison leavers), and improved availability of services, at times and locations where vulnerable groups might require access.

At this stage no apparent negative impacts have been noted to any of the groups. However, once a final option is agreed, a more in-depth HEIA will be undertaken. Further steps will then be taken in collecting additional data and ways the agreed option may affect different groups of people.

This will be included in the formal statutory consultation (if franchising is agreed).This will be included in the formal statutory consultation (if franchising is agreed).

The assessment highlights how appropriate monitoring activity will take place, should a new option be taken forward. This will be accompanied by a greater in-depth analysis through future assessment work to understand the impacts and subsequent changes to the bus network on those people with Protected Characteristics.

L43: Do you have any comments on the impacts of the objectives of the Delivery Options as set out in the Health and Equity Assessment?

11. Audit summary

11.1 Outcome of the Audit

Following preparation of the Assessment, the Bus Services Act requires an authority to obtain a report from an independent audit organisation on its Assessment. In September 2024, Ernst & Young LLP (“the Auditor”) was instructed to prepare this report on behalf of WMCA. The resulting opinion letter (see Appendix X) was issued in November 2024 and the Auditor has given the opinion that:

- the information relied on by WMCA in considering the matters referred to in section 123B(3)(d) or (e) of the Bus Services Act is of sufficient quality
- the analysis of that information in the Assessment is of sufficient quality
- WMCA had due regard to guidance issued under section 123B of the Bus Services Act in preparing the Assessment.

In addition to its opinion, the Auditor has also provided the WMCA with a number of observations that are set out in its Assurance Review Report (see Appendix Y). The WMCA has reviewed the observations and the impact on the Assessment, and the WMCA’s response to the Auditor’s observations is set out in Appendix Z. Whilst the observations are welcomed and recognised, the WMCA is satisfied that those observations, individually or together, do not contain any grounds to not proceed to consultation.

Following the completion of the independent audit, the Assessment was updated to address a number of the observations made by the Auditor and which the Auditor did not consider to be sufficiently material to affect the Auditor’s opinion in its report.

Appendix A: Consultation questions

Short questionnaire

- S1. There are several challenges facing the West Midlands Bus Network which means that it is not performing as well as it could. Do you have any comments on this? *You can find information that may help you answer this question in sections 2.2 and 2.3 of the executive summary.*
- S2. Reform is considered to be the right thing to do to address the challenges facing the local bus market. To what extent do you agree or disagree with this? *You can find information that may help you answer this question in sections 2.4 and 2.5 of the executive summary.*
- S3. Do you have any comments on the approach to procuring, operating, and managing the Proposed Franchising Scheme? *You can find information that may help you answer this question in section 4.1 of the executive summary.*
- S4. It is suggested that the Proposed Franchising Scheme will offer value for money. Do you have any comments on this? *You can find information that may help you answer this question in sections 4.2 and 4.3 of the executive summary.*
- S5. It has been concluded that the WMCA could afford to introduce and operate the Proposed Franchising Scheme, but this carries additional financial risk. Do you have any comments on this? *You can find information that may help you answer this question in section 4.4 of the executive summary.*

- S6. To what extent do you support or oppose the introduction of the Proposed Franchising Scheme? *You can find information that may help you answer this question in section 5 of the executive summary.*
- S7. Are there any changes that you think would improve the Proposed Franchising Scheme?
- S8. Do you have any comments on the Health and Equity implications as set out in the Health and Equity Assessment? *You can find information that may help you answer this question in section 6.1 of the executive summary.*
- S9. Do you have any further comments?

Long questionnaire

Strategic Case

- L1. There are several challenges facing the West Midlands Bus Network which means that it is not performing as well as it could. Do you have any comments on this? *You can find information that may help you answer this question in section 3.4 of the consultation document.*
- L2. Reform is considered to be the right thing to do to address the challenges facing the local bus market. Do you have any comments on this? *You can find information that may help you answer this question in section 3.4 of the consultation document.*
- L3. Do you have any comments on West Midlands Combined Authority's (WMCA) six objectives for the future of bus services? *You can find information that may help you answer this question in section 3.5 of the consultation document*
- L4. Do you have any comments on the Delivery Options we have identified? *You can find information that may help you answer this question in section 3.6.1 of the consultation document.*
- L5. Do you have any comments on how the Proposed Franchising Scheme might help the WMCA achieve these objectives for bus services? *You can find more information that may help you answer this question in section 3.7 of the consultation document.*
- L6. Do you have any comments on how a Future Partnership Option might help the WMCA achieve these objectives for bus services? *You can find more information that may help you answer this question in section 3.8 of the consultation document*
- L7. Do you have any comments on the impacts of the Proposed Franchising Scheme on neighbouring transport authorities? *You can find more information that may help you answer this question in section 3.8.1 of the consultation document*

Economic Case

- L8. Do you have any comments on the impacts of the Proposed Franchising Scheme on passengers? *You can find more information that may help answer this question in section 4.5 of the consultation document.*
- L9. Do you have any comments on the impacts of a Future Partnership option on passengers? *You can find more information that may help answer this question in section 4.5 of the consultation document.*
- L10. Do you have any comments on the impacts of the Proposed Franchising Scheme on operators? *You can find more information that may help you answer this question in section 4.5 of the consultation document*
- L11. Do you have any comments on the impacts of a Future Partnership Option on operators? *You can find more information that may help you answer this question in section 4.5 of the consultation document*
- L12. If you currently operate local bus services in the WMCA area, do you anticipate any positive or negative impacts that the different options may have on your business? If so, please explain what you think those positive or negative impacts would be. *You can find more information that may help you answer this question in section 4.5 of the consultation document*
- L13. Are there any further economic impacts you think should be included? *You can find more information that may help you answer this question in section 4.6.2 of the consultation document*

- L14. Do you have any comments on the impacts of the different options on wider society? *You can find more information that may help you answer this question in section 4.6.4 of the consultation document*
- L15. Do you have any comments on the impacts of the different options on TfWM and the WMCA? *You can find more information that may help you answer this question in section 4.7 of the consultation document*
- L16. It is suggested that the Proposed Franchising Scheme will offer value for money. Do you have any comments on this? *You can find more information that may help you answer this question in section 4.8 of the consultation document*

Commercial Case

- L17. Do you have any comments on the assessment of the commercial implications of the Future Partnership Option? *You can find more information that may help you answer this question in section 5.6 of the consultation document*
- L18. Do you have any comments on the lotting strategy for franchising contracts under the Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 5.8.2 of the consultation document*
- L19. Do you have any comments on the proposal on WMCA's plans to manage the transition under a Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 5.8.3 of the consultation document*
- L20. Do you have any comments on the length of franchise contracts under the Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 5.8.4 of the consultation document*
- L21. Do you have any comments on the proposed allocation of risk between WMCA and bus operators under the Proposed Franchising

Scheme? *You can find more information that may help you answer this question in section 5.8.7 of the consultation document*

- L22. Do you have any comments on the proposal that WMCA would acquire bus depots under the Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 5.8.9 of the consultation document*
- L23. Do you have any comments on the approach to fleet under the Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 5.8.10 of the consultation document*
- L24. Do you have any comments on the WMCA's plans to involve small and medium sized operators in the Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 5.8.13 of the consultation document*
- L25. Do you have any comments on the approach to procuring and operating the Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 5.8.14 of the consultation document*
- L26. Do you have any comments on the potential impact of the Proposed Franchising Scheme on the employees of operators? *You can find more information that may help you answer this question in section 5.8.15 of the consultation document*
- L27. Do you have any comments on the Commercial Case conclusion that WMCA would be able to secure the operation of services under franchise contracts? *You can find more information that may help you answer this question in sections 5.9 and 5.10 of the consultation document*

Financial Case

- L28. Do you have any comments on the sources of funding used to deliver franchising? *You can find more information that may help you answer this question in section 6.3 of the consultation document*
- L29. Do you have any comments on WMCA's assessment of the Future Partnership Option in terms of finance? *You can find more information that may help you answer this question in section 6.6 of the consultation document*
- L30. It has been concluded that the WMCA could afford to introduce and operate the Proposed Franchising Scheme, but this carries additional financial risk. Do you have any comments on this? *You can find more information that may help you answer this question in section 6.9.2 of the consultation document*

Management Case

- L31. Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 7.3 of the consultation document*
- L32. Do you have any comments on the approach to managing franchised operations under the Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 7.3 of the consultation document*

Assessment Conclusion

L33. Taking everything into account, the Assessment concludes that the Proposed Franchising Scheme is the best way to achieve WMCA's objectives to improve bus services. Do you have any comments on this? *You can find more information that may help you answer this question in section 8 of the consultation document*

Proposed Franchising Scheme

- L34. Do you have any comments that the Proposed Franchising Scheme should apply to the entirety of the West Midlands Metropolitan Area? *You can find more information that may help you answer this question in section 9.2 of the consultation document*
- L35. Do you have any comments on the services which will be included under the Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 9.4 of the consultation document*
- L36. Do you have any comments on the proposed timescales for introducing the Proposed Franchising Scheme? *You can find more information that may help you answer this question in section 9.5 of the consultation document*
- L37. Do you have any comments on the proposed timescales for implementing franchising contracts? *You can find more information that may help you answer this question in section 9.5 of the consultation document*
- L38. Do you have any comments on the period proposed between entering a franchise contract and the start of a service under such a contract? *You can find more information that may help you answer this question in section 9.5 of the consultation document*
- L39. Do you have any comments on the proposals for how WMCA would consult on how well the Proposed Franchising Scheme is working? *You can find more information that may help you answer this question in section 9.6 of the consultation document*

Final Questions

L40. To what extent do you support or oppose the introduction of the Proposed Franchising Scheme?

L41. Are there any changes that you think would improve the Proposed Franchising Scheme?

L42. Do you have any other comments you want to make?

H&EIA

L43. Do you have any comments on the impacts of the objectives of the Delivery Options as set out in the Health and Equity Assessment?

You can find more information that may help you answer this question in section 10.2.2 of the consultation document

Demographics questions

1. Are you completing this questionnaire as an individual or on behalf of an organisation?
2. If you are completing on behalf of an organisation, what is the name of the organisation?
3. If you are completing on behalf of an organisation can you confirm that this can be considered an official response on behalf of the organisation?
4. What is your connection to the West Midlands?
5. What is your home postcode?
6. What is your age group?
7. How would you describe your gender?
8. Do you consider yourself to be trans? (*Trans is an umbrella term to describe people whose gender identity is not the same as the sex they were assigned with at birth*)
9. How would you describe your sexual orientation?
10. Please indicate which of the following best describes your ethnic background?
11. Which of the following best describes your religion?
12. Do you consider yourself as having a disability or long term health condition?
13. Are you the parent or guardian of a child under 18?
14. How do you usually travel in or around the area?

**Mayor of the
West Midlands**



**West Midlands
Combined Authority**



**Transport for
West Midlands**