

Transport Delivery Overview and Scrutiny Committee

Date	22 January 2024
Report title	Ring and Ride Target Operating Model
Portfolio Lead	Transport - Councillor Mike Bird
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Report has been considered by	Putting Passengers First Member Engagement Group – 3 January 2023 Strategic Transport Officers Group – 15 January 2023 Executive Board – 3 January 2024

Recommendation(s) for action or decision:

The Transport Delivery Overview and Scrutiny Committee is recommended to:

- (1) Note the ongoing work to transform delivery of the Region's Ring & Ride service
- (2) Endorse the criteria underpinning the proposed Target Operating Model, for implementation from January 2025.
- (3) Provide views on the Ring & Ride service that can be considered as part of the review requested by the Mayor and WMCA Portfolio Leaders

1. Purpose

To update the committee on the emerging future Target Operating Model for the region's Ring and Ride service and seek endorsement of the proposed approach.

2. Background

The Ring and Ride Service provides a valuable door-to-door accessible transport service for individual citizens who cannot use regular public transport services across the West Midlands, primarily disabled and older people. It has been provided since 1984, currently has over 12,000 registered users, of which around 4,500 have used the service in the last six-months. As of November 2023, there are approximately 4,700¹ trips being made per week.

Although the operating environment and the needs and expectations of its customers have seen significant change since the service was launched in 1984, the operating model did not change significantly until 2019. Until then the service was delivered by a charity, most recently called Accessible Transport Group (ATG), which received an annual grant from the Transport Authority. In 2019, ATG entered administration and was acquired by National Express Group. To provide service continuity for customers WMCA entered a short-term operating agreement which allowed an opportunity to transform the service and attempt to move it to a more sustainable footing whilst ensuring it is delivering a service that aligns with the WMCA's wider strategic goals.

A roadmap to transform the service was agreed in 2020, the first stage of which was to bring inhouse the customer journey booking service. This was to provide a greater understanding of service demand, a better oversight of operational challenges and ownership of the customer relationship. TfWM took over the booking function in 2021 with staff transferred into TfWM under TUPE from National Express and integrated into the Customer Service team in Summer Lane. Initially the team remained reliant on NEAT's booking and scheduling software, but in 2022 TfWM acquired its own systems which now provides first hand access to data, enables integration with other systems and caters for a range of customer service improvements, such as booking and tracking journeys via a smartphone app which was introduced across the region in 2023.

In Coventry, a wider Demand Responsive minibus service 'West Midlands Bus On Demand' was launched in 2021, funded through Future Transport Zone and developer contributions. In November 2022 WMCA's Transport Delivery Committee (the predecessor to TDOSC) approved to trial the merging of this service with Ring & Ride in the Coventry area during 2023, in order to provide more efficient operation by combining the two services and improve customer satisfaction. This trial has been considered a success, by increasing demand across the two services so reducing the overall subsidy per journey, and customers have provided positive feedback. It is proposed that this trial will continue in 2024 and consideration be given to replicate this as a model for the delivery of DRT across the wider region – essentially 'opening up' spare capacity on the

¹ This includes Coventry, where Ring & Ride has been merged with the West Midlands On Demand DRT service – around 800 trips a week are being made in Coventry by passengers who would be ineligible for Ring & Ride elsewhere in the region

Ring & Ride service where available to provide additional transport opportunities that are difficult or expensive to cater for by regular fixed route services.

The service on the ground continues to be delivered by NEAT (National Express Accessible Transport), but having a service of such significant social value delivered by a wholly commercial entity funded by public grant is not tenable in the long term. Temporary contractual arrangements are in place until October 2024, but intending to extend to January 2025, and TfWM is developing a new Target Operating Model for provision of service beyond this.

Drivers for change

Improving Inclusivity. Data held by TfWM indicates that of the 4447 active users 79% are white British. 75% are over 65 years old and only 3% under 25. This suggests the service is under-utilised by ethnic minority communities and young disabled people from all backgrounds. Feedback from customers tells us that the service needs to be modernised and is not seen as attractive to many who feel 'it is not for them'.

Responding to market changes. Covid-19 had a major impact on demand, many of the activities that customers travelled to such as lunch clubs closed down and did not reopen, and many customers changed their routines switching to online shopping and banking. Demand has recovered to around 35% of pre-covid levels but there has been limited concerted effort to engage with customers and evolve the service in response to these changing habits. Additionally, more generally demand responsive transport (DRT) may have an increasing role to play in meeting the transport needs of residents at times or in places where it is difficult or inefficient to provide fixed route bus services; as being trialled with the West Midlands On Demand service in Coventry.

Value for Money. The service is highly valued by customers and there is a wealth of evidence that demonstrates how the presence of the service has many cross-sectoral benefits and helps reduce wider public cost by keeping citizens active for longer, reducing loneliness and isolation and improving general health and well-being. However, the subsidy per journey is high in comparison to that achieved on comparable services in other places.

Partnership approach to delivery. Given the very high social value of the service, it is essential that there is strong collaboration between the public and private sector, to ensure that social outcomes are being met.

Target Operating Model

In order to address these change requirements a new Target Operating Model has been defined, meeting the following criteria:

- The recommended service delivery model should be a partnership model that is flexible and scalable. TfWM does not have the authority, capacity or capability to run the service 'in-house' so will be reliant on working with a partner organisation to operate the vehicles, but in appointing a partner it is essential that there is adequate flexibility with contractual arrangements that enable the delivery model to be refined over time and also scale the service dependent on future demand and budget availability. This should include consideration of smaller vehicles or even the provision of taxis when that is more efficient than a conventional Ring

and Ride minibus, recognising of course that vehicles must be suitable for passengers' requirements.

- Whilst this model could be used for the Ring & Ride Service alone, it could be further developed to provide a core Ring & Ride service to eligible applicants as part of a wider DRT service, emulating that which currently operates in Coventry, in order to meet the need of those in areas or at times poorly served by mainstream bus services; this may be even more important given some of the future funding challenges the bus industry faces as reported to this committee in December. Additionally, in the future and once established, this expanded service could deliver services in [partnership with constituent WMCA councils such as Special Educational Needs and Disabled Home to School Transport Services and Adult Social Care Transport Services, and these opportunities will continue to be explored.
- With partnership at the heart of the model, it is proposed that two or more external transport providers should be appointed to embed continuous improvement and enable best practice to be shared. To achieve this, a competitive procurement process is being undertaken with three lots covering the region and transport providers able to secure up to two lots. To ensure an integrated approach across the region there will be a single IT Platform for the region, which TfWM will specify, to enable integration with wider transport, ticketing and information systems, including Mobility as a Service.
- It is important that the partnership approach, governance structure and service design, including functional capabilities and ways of working are not just developed by TfWM's views but are shaped by specialist market insight and intelligence and through engagement and negotiation with potential partners. Partnership working will therefore be embedded into the procurement process and the service codesigned in order to be effective. To enable this, a market capability study has been undertaken to gather input and insight in order to begin shaping the market, ensuring any opportunities are attractive to both the commercial and community interest sectors.
- In order to deliver the benefits intended through the partnership approach and ensure the partner is sufficiently invested in the relationship a long term (at least 5 years) contract is proposed.

As part of the procurement process, targets and KPIs will be agreed that align with these objectives, to ensure that the service is delivered efficiently and effectively, with clear accountability for performance.

Up to £10m CRSTS funding was allocated to delivering a region-wide Demand Responsive Transport. This provides opportunities for capital investment to modernise the service, improve customer experience through better use of technology and potentially reduce ongoing revenue costs. This will also be considered in the context of delivering the Target Operating Model.

Timescales

It is intended that the new contracts for operating Ring & Ride will be implemented from January 2025, to coincide with the wider bus network review being implemented from this

date. Engagement with the market has suggested that around six months mobilisation period will be required, particularly given that any new suppliers will need to source vehicles and depot facilities. It is therefore planned to take a report to Combined Authority Board in July outlining the outcomes of the process and seeking approval to award contracts to achieve smooth transitional arrangements.

Review of Ring & Ride

Alongside development of the new Target Operating Model, the Mayor and WMCA Portfolio Leaders have requested a review of Ring & Ride to be led by the WMCA Portfolio Holder for Transport. This review will consider the extent to which Ring & Ride can be refined to demonstrate it is achieving good value for money and meeting objectives by the most efficient and effective means possible. It is anticipated that the review will report during the Summer of 2024. The approach being taken to the new Target Operating Model (i.e. ensuring a flexible and scalable operation and utilising the expertise of the commercial and third sector to co-design the service) is intended to enable the implementation of any recommendations that may arise from that review. Contracts for the new service will not be awarded until the review has concluded.

3. Strategic Aims and Objectives

Below outlines some key objectives for providing accessible transport services, which are echoed in the new approved West Midlands Local Transport Plan:

- **Creates social opportunities** so people can remain connected and contribute positively to society.
- **Delivers on positive health outcomes** by people being able to access healthcare, leisure and wellbeing activities.
- **Reduces loneliness and isolation** through the transport mode itself, providing social spaces in which to meet others as well as providing access to community spaces and places.
- **Reduces poverty, deprivation and inequality**, especially in those areas which coincide with poor levels of transport provision.
- **More cost effective** than owning a car or paying for private ridesharing services, especially amongst disabled people who often have fewer financial resources.
- **Enhances personal safety**, particularly for women, older people, ethnic minority communities, and people with disabilities who may experience greater levels of harassment, discrimination, and crime.
- **Supports in the transition to a decarbonised transport system** where shared services, demand responsive transport or active travel provision is promoted to reduce reliance on the private car.

4. Financial Implications

The 2023/24 budget for providing the Ring and Ride service is £6.477m. This budget covers the cost of transport provision, the scheduling software to support the service and consultancy support for the new Target Operating Model, reflected in the current procurement exercise. This consultancy support is now coming to a conclusion and there should be no further requirement for it in 2024/25. The latest forecast assumes that there will be at least £0.25m of savings against budget in 2023/24.

One of the prime aims of the new Target Operating Model is to maximise efficiencies by introducing some competition into the market, through breaking the service into 3 area packages and allowing bidders to win up to 2, and allowing for scalability, by having a core minimum service and then a non-core element whereby TfWM can buy additional provision if required. This should help to ensure that the prices provided to TfWM are as keen as possible by trying as much as possible to match supply with demand.

The Ring and Ride Review will consider other ways in which the service can ensure value for money, both from an overall budget perspective and in terms of the cost per trip. The Target Operating Model allows for the continuation of a co-mingled approach to Ring and Ride and a demand responsive service. If this was developed successfully, it could provide an opportunity to increase the utilisation of vehicles, generating more fares revenue.

5. Legal Implications

WMCA Legal notes the recommendations set out in this report. In particular, the proposed Target Operating Model. Legal will be engaging with the client team in order ensure that the contract terms and conditions capture as reasonably necessary the proposed approach with the successful service providers.

6. Equalities Implications

The WMCA has a duty to support people in our region to access key services. This is not only in the form of national policies and legislation, but in our own regional and local authority policies and we should provide for accessible transport provision and make reasonable adjustments in providing this which enables all disabled groups to gain access to key services. However, the provision of Ring and Ride itself is not a statutory duty and most authorities provide these types of services on a discretionary basis.

7. Geographical Area of Report's Implications

Ring & Ride provides for residents in all seven WMCA constituent authority areas.

8. Schedule of Background Papers

None