



**West Midlands
Combined Authority**

Overview & Scrutiny Committee

Date	15 July 2019
Report title	Conclusions of the Mayor's Bus Franchising Task & Finish Group
Accountable Leads	Councillor Angus Lees - Lead Member Councillor Mike Chalk Councillor Liz Clements Councillor Kath Hartley Councillor Ian Shires Councillor Stephen Simkins
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Recommendation(s) for decision:

Overview & Scrutiny Committee is recommended to:

- (1) Review and consider the conclusions of the Bus Franchising Task & Finish Review Group.

Purpose

1. To report on the conclusions of the Mayor's Bus Franchising Task & Finish Group.

Background

2. A Mayoral Q&A session was held on 28 September 2018, where councillors from the Overview & Scrutiny Committee questioned the Mayor on a range of issues, including housing provision, air quality measures, transport infrastructure, Brexit preparations and the Leadership Commissions report on diversity in leadership roles. As part of this session, the Mayor was asked questions on the extent in which he was utilising all the powers provided within the Bus Services Act 2017.
3. At its meeting on 16 January 2019, the Overview & Scrutiny Committee received a formal response to these questions. In relation to bus franchising, the Mayor indicated:

“The Bus Services Act 2017 provides a series of powers for the Mayoral Combined Authority areas including greater powers on partnership schemes, new Enhanced Partnerships and also powers to franchise buses, as well as provision for additional data from bus operators. We currently work with the Bus Alliance and other partnerships to drive positive outcomes, including an increase in paid bus patronage.

The leaders of the WMCA asked TfWM to undertake a high level assessment of these powers and their potential use during 2018. As part of that process there was a clear need for greater clarity on the requirements for, and from, the bus network within the policy framework to support Movement for Growth by the WMCA. This has been developed in the form of a Vision for Bus which was supported and approved in November 2018 by the WMCA.

As outlined in that report, a delivery plan is being developed from the Vision for Bus that will include an assessment of the potential use of powers from the Bus Services Act 2017. This is proposed for Spring 2019 and will consider franchising powers, but will also consider use of the other powers available within the Act for the future operation of buses in the West Midlands region and the delivery of the Vision for Bus. The Bus Services Act is legislation that is untested to date and needs careful and due consideration”

4. Overview & Scrutiny Committee welcomed the response, but members considered that a task & finish group should be established to undertake a further review to establish whether the Mayor was utilising all of his powers.

Mayor's Bus Franchising Task & Finish Group

5. The task & finish group was led by Councillor Angus Lees, who was joined by Councillor Mike Chalk, Councillor Liz Clements, Councillor Ian Shires, Councillor Stephen Simkins and Councillor Kath Hartley (in her capacity as Chair of the Transport Delivery Committee).
6. On 21 March, the task & finish group met to review the Mayoral response further with TfWM's Director of Integrated Network Services and the Head of Network Delivery. The group noted the current arrangements for bus services in the West Midlands, the Bus Services Act 2017 and the opportunities to improve the bus network.

7. Transport for West Midlands had developed a Vision for Bus strategy in order to clearly articulate how it would create a world leading bus network as part of an integrated transport system, and this was approved in November 2018 by the WMCA Board. The vision formed part of a wider, emerging proposal for delivering an integrated transport system, the next steps of which were considered by the WMCA Board on 26 June 2019. This report sought to undertake an outline business case that would consider the three options outlined in the Bus Services Act including franchising, Bus Alliance (including Advanced Quality Partnership Schemes) and Enhanced Partnerships. The process, risks, opportunities and benefits for each of these options would be looked at as part of the outline business case.
8. The task & finish group requested a briefing note on the powers and opportunities within the Bus Services Act 2017, an explanation of the risks and opportunities in utilising these powers, and summary of the experience from other areas of the country including Greater Manchester, London and Nottingham.
9. A second meeting of the task & finish group was held on 4 June 2019, with the Director of Integrated Network Services to review the powers and opportunities within the Bus Services Act 2017, and associated risks in further detail. The task & finish group also received a comprehensive presentation on the detail of the Vision for Bus report that was to be submitted to the WMCA Board on 28 June.
10. The task & finish group discussed the proposed benefits and risks of a franchising scheme , as well as other options within the legislation, and the use of an Enhanced Partnership to deliver Sprint in readiness for the Commonwealth Games. Delivering the A34 and A45 Sprint routes was a priority for the 2022 Commonwealth Games.

Enhanced Partnership Scheme

11. An Enhanced Partnership Scheme is an agreement between a local transport authority and the local bus operators to work together to improve local bus services. It included a clear vision of the improvements that the scheme was aiming for and the actions to achieve them.

Bus Franchising Scheme

12. Franchising is an established model for providing bus services used in London and in many cities and regions across continental Europe. In a franchising scheme, local authorities would determine the details of the services to be provided including where they operated, when they operated and the standards of bus services. The franchising authority would also take the financial risk associated with the operation of the network, and would bear the costs of introducing franchising. Bus operators would provide their services on behalf of the franchising authority. A franchise decision would need to be undertaken by the Mayor, who would be the head of the service operation

Conclusions

13. Members welcomed the opportunity to review the detail of the Vision for Bus Next Steps report that was presented to the WMCA Board on 28 June.
14. It was recognised that whilst a franchising scheme would give local authorities a great deal of control over bus services and address the needs of the passenger and benefit the residents of the West Midlands, it also carried a significant amount of financial risk. After reviewing the

process for setting up a franchise, it was apparent that such a scheme could not be delivered in time for the Commonwealth Games.

15. It was considered that the Mayor was utilising the powers provided within the Bus Services Act 2017 appropriately, and that an Enhanced Partnership Scheme was currently the most viable option for the West Midlands to achieve positive change and deliver the two Sprint Schemes in readiness for the Commonwealth Games 2022. However, it was recognised that a franchising scheme could still be considered in the future. It was also recognised that undertaking an Outline Business Case (OBC) for the assessment of options within the Bus Services Act is the correct thing to do and will help to inform future decisions in the appropriate way.

Financial Implications

16. There are no direct financial implications arising out of the recommendations contained within this report.

Legal Implications

17. Part 7. 22(3) of The West Midlands Combined Authority Functions and Amendment Order 2017 confers on the Mayor powers under Section 113A (1)(a) of the Local Democracy, Economic Development and Construction Act 2009 providing the Mayor with a general power to support the carrying-out of any of the CA's functions. The provisions of the Bus Services Act 2017 shall be used to improve services for the West Midlands region and it is at the discretion of the Authority as to which part of those powers it chooses to rely upon to deliver its vision.

The Legal / Procurement Teams will support the future activities set out in this report in relation to any legal/ commercial/ procurement requirements and any legal agreements that may be required, together with any necessary Partner Agreements as the full Delivery Plan for Vision for Bus develops.

Equalities Implications

18. There are no direct equality implications arising out of the recommendations contained within this report.

Inclusive Growth Implications

19. This piece of work largely relates to Future Generations inclusive growth test, but also has some implications around Sharing Power. The report recognises the tight time timescales associated with delivering the supporting infrastructure for the Commonwealth Games, and has taken a pragmatic conclusion to continue with current arrangements, which are working well. However, there are several advantages for citizens associated with a regulated bus service, and as such, exploring this option via an OBC is the best way to assess whether those advantages can be realised in practice. To create a region that works for future generations, people must be enabled to move away from car ownership, and to use mass transit for as much social, economic, and environmental connectivity as possible. This should be at the heart of the OBC – exploring whether regulation makes this more likely.

Geographical Area of Report's Implications

20. The Overview & Scrutiny Committee comprises 12 members appointed by constituent authorities and seven members appointed by non-constituent authorities.

Other Implications

21. There are no further specific implications arising out of the recommendations contained within the report.