

WMCA Board

Date	10 June 2022
Report title	West Midlands Bus Service Improvement Plan
Portfolio Lead	Transport - Councillor Ian Ward
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Report has been considered by	Transport for West Midlands Leadership Team WMCA Senior Leadership Team Strategic Transport Officers Group Programme Board

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Authorise the indicative revenue funding allocation for the period from 2022/23 to 2024/25 for delivery of the West Midlands Bus Service Improvement Plan (BSIP).
- (2) Delegate the responsibility for approving the final revenue funding allocation for the West Midlands BSIP to the Executive Director for Transport for West Midlands in consultation with the Mayor, Portfolio lead for Transport Portfolio Holder and the Portfolio Lead for Finance.
- (3) Approve the WMCA Section 151 Officer accepting the BSIP funding, subject to the final allocation being in line with the indicative plan approved by WMCA Board and subject to the terms and conditions of the funding being acceptable to the WMCA S151 Officer.

- (4) Note the anticipated outputs associated with the reduced level of revenue funding through BSIP.
- (5) Note the position for a draft variation to the West Midlands Enhanced Partnership Scheme by the end of June 2022, which will need to be supported by bus operators and local authorities as well as TfWM.
- (6) Authorise the WMCA interim Director of Legal and Governance to 'make' the Enhanced Partnership Plan and Scheme variation, subject to completing the statutory process.
- (7) Note the current situation on revenue and recovery funding for the bus network following the report in January 2022 and its potential impact on the bus network.

1 Purpose

- 1.1 The purpose of this report is to seek approval for the West Midlands Bus Service Improvement Plan indicative revenue funding allocation, for submission to the Department for Transport (DfT) by the end of June 2022.

2 Background

- 2.1 In November 2021, TfWM published the West Midlands Bus Service Improvement Plan (BSIP), setting out the ambition to improve local bus services through *Better Buses, Better Journeys and Better Fares*; and a total funding requirement of £661.7 million to March 2025. Following submission DfT confirmed that capital elements of the BSIP bid should be moved to the CRSTS programme which subsequently happened and reported back to the WMCA Board through that programme. This left the £203.1 million revenue funding ask required to achieve the objectives of the National Bus Strategy (NBS). The September 2021 BSIP Report to the WMCA Board committed to a further report to the WMCA Board, once the funding allocation for BSIP was known.
- 2.2 In April 2022, the DfT announced that 31 of the 70 Local Transport Authorities (LTAs) who had submitted a BSIP would receive funding to support their bid. As part of this the DfT confirmed an indicative revenue funding allocation for the West Midlands of £87,857,760, the fourth highest allocation across England, and the second highest for an authority in receipt of CRSTS. This funding is conditional on the submission and implementation of a transformational Enhanced Partnership (EP), which includes firmer and more detailed commitments, from TfWM, constituent authorities and local bus operators, to deliver a package of prioritised and ambitious improvements to local bus services, in line with our BSIP and the objectives of the NBS.
- 2.3 The indicative revenue funding for BSIP complements the capital funding WMCA received through the City Region Sustainable Transport Settlement (CRSTS), to improve local bus services.
- 2.4 TfWM are now required to prioritise and confirm the indicative revenue funding and draft a variation to our existing EP scheme by the end of June 2022 and submit it to the DfT.

Funding

- 2.5 The indicative revenue funding allocation DfT has offered is less than the amount set out in our BSIP. Therefore, it requires some prioritisation of the BSIP ambitions. For revenue allocations, the DfT top priorities are:
- ambitious, and eye-catching initiatives that reduce and/or simplify fares, at pace. These should make the experience for non-users and existing passengers demonstrably better.
 - increased service frequencies and new/expanded routes.
- 2.6 The revised revenue priorities in our BSIP ambition include:
- A comprehensive passenger incentive programme that uses data to provide bespoke discounted and free travel offers that both encourage people to return to bus, whilst also generating new users and promote new flexible ticketing solutions such as Swift Go; supported by new and exciting marketing campaigns to encourage ridership.
 - Lower and simpler fares for all passengers through a new multi-operator ticketing reform and simplification for just 6 different ticket types for travel.
 - Enhancing local bus services to ensure a viable local bus network, with better modal integration, increased frequencies, and more comprehensive operating hours.
 - A bus priority development programme to ensure a pipeline of future schemes for delivery post-2025, to give significant passenger benefits.
 - Coordinated multi operator network performance management processes and highway management.
 - Strengthening of TfWM resource and capabilities to ensure effective delivery and monitoring of the BSIP outputs and outcomes.
 - Provision of 9 additional Transport Safety Officers to provide safety and security reassurance across the local network.
 - Implementation of a new customer charter across all operators
- 2.7 The DfT have also set out investment types they do not expect to fund. As a result, areas of our BSIP ambition that have not been prioritised for this funding include maintaining a stable bus network to the 2022 Commonwealth Games, generic bus marketing, an enhanced driving training programme and bus safety standards.
- 2.8 In early May 2022, TfWM submitted a draft of the proposed revenue funding allocation to the DfT, following discussions with local bus operators. This funding allocation is shown in Table 1. It is expected this funding allocation may be further refined over the coming weeks before the final confirmation is required to be submitted by the end of June 2022 with the DfT potentially providing further feedback and requesting further dialogue. Should this revenue funding allocation change, responsibility for approving the final revenue funding allocation will be delegated to the Executive Director for Transport for West Midlands in consultation with the Mayor, Portfolio leads for both the Transport and Finance Portfolios.

- 2.9 The BSIP indicative revenue funding is complementary to the capital funding WMCA received through the CRSTS in April 2022. Within the CRSTS, £162 million is for capital bus projects, including significant bus priority to support the ambitions of our BSIP; as well as circa £300 million for multi-modal projects, which may provide further improvements for bus.

Enhanced Partnership

- 2.10 The BSIP indicative revenue funding will not be confirmed by Government until there is a clear commitment to deliver the transformational improvements and the anticipated outputs. The mechanism for TfWM to demonstrate this commitment with local bus operators and local authorities is through an update to our existing EP. A variation to the EP scheme is being drafted to include the commitments funded through the BSIP. This draft EP scheme variation will be submitted to the DfT by the end of June 2022. Subject to the revenue funding confirmation by the DfT, this draft EP scheme variation will be 'made' through the existing EP variation mechanism by WMCA with operators and local authority approvals where relevant.
- 2.11 This draft EP scheme variation will include measures for existing bus priority and commitment to deliver improvements through the BSIP revenue funding and CRSTS capital funding. Feedback from the DfT on our BSIP will also be incorporated in this draft EP scheme variation. This will include the commitment to deliver bus priority and work with constituent authorities to deliver; detailed information on fares and ticketing plans with the timeline to implement; accessibility standards and minimum service levels; operator operating savings reinvestment; and commitment to work on wider and cross-cutting parking proposals that facilitate bus uptake.
- 2.12 Future variations will also be made as more details on schemes being delivered through CRSTS are defined, additional local authority commitments are made, improved bus operator standards are agreed, route requirements are applied and if TfWM take on local bus service registration powers from the Office of the Traffic Commissioner. These would all be 'made' through the existing EP variation mechanism.
- 2.13 To allow all the proposed BSIP commitments to be included in a draft EP scheme variation, the current EP Plan and Scheme need to be updated to align to our BSIP and cover the West Midlands area. A change has been proposed to the current EP Plan and Scheme, and successfully passed the statutory operator objection period with no objections.
- 2.14 A notice has also been published on the TfWM website and given to other appropriate stakeholders, including Transport Focus, Bus Users UK, the Office of the Traffic Commissioner, the Competition and Markets Authority and neighbouring authorities, receiving no comments contrary to the changes. An assessment of how the proposed change to the scheme meets the competition test, is that we do not think there is likely to be a significantly adverse impact on competition. No new standards, measures or facilities have been introduced from the proposed changes.

- 2.15 It is recommended that the WMCA Board authorise the 'making' of the proposed changes to the EP Plan and Scheme. The proposed changes are included in the background papers, and once made will be used as the basis to add in the BSIP funded commitments.

BSIP Bus Network Funding

- 2.16 It is proposed to allocate £23.68 million of revenue funding to enhance the viability of the local bus network to seek to deliver the aspirations of the West Midlands Bus Service Improvement Plan. This is against an original proposed allocation of £100.67 million within the original BSIP submission.
- 2.17 The indicative award letter from the DfT states that this money cannot be used to continue to support existing service levels and patterns. The letter does recognise that the starting point for service enhancements are now lower than originally envisaged in the BSIP or potentially than services currently provided, given the end of recovery funding. The Network Recovery section of this report outlines the increasing challenges facing the existing bus network.

Network Recovery Update

- 2.18 In January 2022 the WMCA Board received a report on the bus delivery options for West Midlands which highlighted the position of recovery on the bus network following covid 19. This section of the report provides an update on that position to review alongside the BSIP proposals and highlight the interdependencies.
- 2.19 Throughout covid funding has been provided to support bus services by Government in the form of Covid Bus Service Support Grant (CBSSG) and currently Bus Recovery Grant (BRG), and through Local Government (WMCA/TfWM in our area) in the form of concessions funding. As of early May 2022, bus patronage is still around 20% down when compared to pre-Covid patronage recovery. The recovery has been partly impacted by significant industry challenges including bus driver shortages and increased levels of sickness. The overall network in the West Midlands currently maintains around 94% of the pre-Covid network in terms of miles operated compared to 80% patronage. Patronage is returning and has reached around 83% on buses in recent weeks.
- 2.20 Government support across England is scheduled to terminate completely at the end of September 2022. In the West Midlands, WMCA/TfWM have received verbal confirmation from DfT that funding for the region will last for 3 months longer until the end of December 2022 and will contain additional levels of funding through the early months (April-September) with the specific aim of retaining a stable network throughout the period leading up to and including the Commonwealth Games. Operators have maintained the network without making significant service deregistration's in good faith based on a request from WMCA/TfWM pending clarity from Government of funding.

- 2.21 The Government are expecting operators and LTAs to start to revise their bus networks from the end of June 2022 to reflect lower bus use, and then fully adjust their networks by the end of September 2022. If Government does not agree the level of funding for West Midlands soon there is still a risk that operators could cut some bus services prior to the Commonwealth Games. TfWM are working hard to try and avert this scenario and DfT officials are confident that ministers will sign this off very soon.
- 2.22 Commercial bus operators are left with the dilemma of trying to retain a network and satisfying shareholder expectations. The bus network carried 80% of all public transport journeys pre-Covid and the region does not work without the bus network, so retaining network coverage and stability is essential for the economic recovery of the region. Cuts to services too soon risks preventing opportunities for patronage to recover effectively which is slowly coming back.
- 2.23 NXWM have confirmed that any further reductions from the existing 94% of network service miles will have to be taken from less frequent services as they have already reduced high frequency services in response to driver shortages. Further changes which, subject to funding in 2.16, could come as soon as September 2022 will impact services which provide unique coverage to some residential areas of the conurbation and affect accessibility onto the network.
- 2.24 Once funding expires fully at the end of December 2022, commercial operators are predicting a further reduction in the network to around 80%-85% of pre-Covid services which could see up to 60 entire bus routes disappear across the region if patronage does not recover in time or additional funding is not found. Operators have indicated this will likely include most commercially provided school bus services. This represents the biggest loss of commercial bus services in several decades which WMCA will need to determine what elements of this can be provided based on Access Standards through tenders based on available budget. This still represents a financial risk of up to £30m in 2022/23.
- 2.25 TfWM are required to undertake a network review in partnership with all operators, and through that process will be looking to mitigate some of the challenges through capitalising on the BSIP initiatives set out in this report. This will include a proposal to remove wasteful duplication of services, create better use of resource, consideration of further introduction of Demand Responsive Transport (DRT) services, and better integration between commercial and tendered services, as well as better integration between modes. TfWM will also be looking to capitalise on any Government led or locally led marketing or fares initiatives to attract customers back to the network. Some of the Passenger Incentive work has been phased at the beginning of the 3 year BSIP programme to ensure that the anticipated impact on patronage can be felt as quickly as possible, including the simplification of tickets. However, these are not expected to fully mitigate the potential for up to 14% commercial reduction on the network by the end of 2022.

- 2.26 TfWM have however recently secured some major support from Government in the form of capital schemes through ZEBRA for a major scheme of hydrogen buses, as well as BSIP indicative funding allocations to develop new bus services and provide for some levels of network transformation, including simplified ticketing and passenger incentives reported within this report. This follows on from recent successful funding allocations for Coventry Electric Bus City and Cross City bus. All of these are capital schemes or transformation funding which cannot be used to support the existing services through revenue support which is why there is an inconsistent picture between the capital delivery opportunities and the revenue funding for maintaining existing bus services.
- 2.27 Neighbouring authorities to the West Midlands have not been as successful in securing this level of funding or the additional revenue through to December. Commercial operators in these areas are looking to make decisions about service reductions more quickly in line with government guidance. This is having an impact on cross-boundary services into the West Midlands. We have already seen this action from First Worcestershire who have made changes to their service 144 such that it will no longer operate to Birmingham. More situations like this are expected to emerge once the expected uplifted bus service funding expires in August 22. DfT have been asked to confirm if the additional funding for the West Midlands will include cross-boundary services.

3. Financial Implications

- 3.1 The current revenue funding prioritisation for delivery of the BSIP, over the 3-year period to March 2025 is shown in Table 1.

Table 1: West Midlands BSIP revenue funding prioritisation

Area of Delivery	Revenue Cost (£m)
Bus Priority Development Programme	1.0
Passenger Incentive Programme	39.0
Lower and Simpler Fares	18.5
Bus Service Support	23.68
Network Performance Management	3.3
LTA costs for delivery and monitoring	1.03
Provision of additional safety and security staff	1.08
Customer charter and passenger performance monitoring	0.27
TOTAL	87.86

- 3.2 Work has been phased across the 3 years. Scoping of the workstreams which will underpin the delivery areas is well underway to ensure that work can progress as soon as funding confirmation is received and that benefits on the network, for instance from targeted promotional campaigns, can be realised as soon as possible.
- 3.3 The costed delivery priorities above do not place any further funding pressures on the WMCA to make contributions from the approved 2022/23 Levy or CRSTS funding package which have not already been identified. Currently the WMCA Medium Term Financial Plan includes reference to a potential risk of up to £30 million to protect the existing bus network.

4. Legal Implications

- 4.1 Whilst the recommendations set out in this report do not result in any direct legal implications; legal notes that the revenue prioritisations list in table 1 of section 3.1 above may give rise for legal considerations as part and parcel of deliverables that result. In light of this, legal will support where necessary where such issues arise.

5. Equalities Implications

- 5.1 An Equality Impact Assessment has been conducted on the BSIP. The workstreams identified within the BSIP, are likely to have a positive impact across the equality groups. Whilst there are some considerations that need to be given to mitigate any potentially negative impact, the BSIP overall displays a clear goal in overcoming inequalities across the existing transport network.

6. Inclusive Growth Implications

- 6.1 The investment in local bus services will be positive for inclusion in the West Midlands by supporting the following inclusive growth themes - Economic Growth; Health & Wellbeing; Employment & Skills and Environment.

7. Geographical Area of Report's Implications

- 7.1 The BSIP and revised Enhanced Partnership covers the area of the West Midlands Combined Authority, as defined by in the West Midlands Combined Authority Constitution. Engagement has been held with neighbouring local transport authorities.

8. Other implications

- 8.1 None.

9. Schedule of Background Papers

- 9.1 BSIP Summary Table April 2022.
- 9.2 Enhanced Partnership Plan – proposed variation April 2022.
- 9.3 West Midlands EP Scheme – proposed variation April 2022.
- 9.4 Figure 1 WM Enhanced Partnership Map.