

Coventry City Council
Minutes of the Meeting of Business, Economy and Enterprise Scrutiny Board (3)
held at 2.00 pm on Wednesday, 17th January 2024

Present:

Members: Councillor R Singh (Chair)
Councillor F Abbott
Councillor P Akhtar
Councillor T Jandu
Councillor S Keough (substitute for Councillor R Simpson)
Councillor J McNicholas
Councillor B Singh

Other Members
(by invitation): Councillor J O'Boyle – Cabinet Member for Jobs,
Regeneration and Climate Change
Councillor A Tucker – Council representative on West
Midlands Combined Authority Transport Delivery Overview
and Scrutiny Committee

Others Present
(by invitation): Jon Hayes - Head of Bus, Transport for West Midlands
Steve Hayes - Head of Network Transformation, Transport for
West Midlands

Employees
(by Service Area):

Law and Governance G Holmes, E Jones, T Robinson

Transportation, Highways
And Sustainability J Seddon

Apologies: Councillor A Kaur
Councillor A Masih
Councillor R Simpson

Public Business

11. Declarations of Interest

There were no disclosable pecuniary interests.

12. Minutes

The Minutes of the meeting held on 8 November 2023 were agreed and signed as a true record subject to an amendment suggested by Councillor T Jandu. There were no matters arising.

13. **Bus Delivery Options**

The Business, Economy, and Enterprise Scrutiny Board (3) received an update on the ongoing work to consider future options for delivering bus services in the West Midlands, including assessing the existing Enhanced Partnership Scheme, undertaking a Full Franchising Assessment, and considerations relating to municipal bus company operations such as those that operated before deregulation of bus services in 1986.

For context, the West Midlands Combined Authority (WMCA) adopted its Vision for Bus in 2019, which set long-term objectives for better bus services in the region. In assessing its options, Transport for West Midlands (TfWM) commissioned work in early 2020 to assess the regulatory tools available by the Bus Service Act 2017 and compared Franchising and Enhanced Partnership as possible ways of delivering the Vision for Bus. The initial assessment concluded that Franchising would likely give greater control and certainty over the delivery of the Vision for Bus objectives, as well as better value for money and transparency. However, the assessment also recognised the risks associated with Franchising, such as financial and legal risks, and the significant commitments needed for a successful Enhanced Partnership.

As a result, the WMCA Board agreed in February 2022 that work should progress to a Full Franchising Assessment, which was required by legislation, before any regulatory change was considered. The assessment would follow the Government's Green Book approach and consider the scheme in detail. The Full Franchising Assessment would also compare how well the Authority's objectives could be met through other delivery approaches, such as the status quo Enhanced Partnership, a more ambitious Enhanced Partnership, or municipalisation.

Councillor J O'Boyle, Cabinet Member for Jobs, Regeneration and Climate Change, introduced the discussion by highlighting what an important year 2024 would be for bus services in the city and the region. Alongside a final decision on the model for bus delivery options, he hoped the city would continue to outperform patronage regional averages and continue to push to meet the target of making all Coventry buses electric by 2025. He also recognised that a service review was underway, and the risks associated with the potential proposed end of funding in 2025.

Representatives from Transport for West Midlands (TfWM) attended the meeting and provided the Board with a detailed presentation that covered:

- Post-covid recovery and context.
- The protection of the existing network – in place until Dec 2024 – and the bus recovery package.
- The future bus options decision – July 2024 – Enhanced Partnership (EP) or Franchising.
- Longer term funding for the network from January 2025 to 2027 (in place through levy and additional government funds).
- Future sustainability and security of the network – long term funding.

In considering the briefing note and the presentation, the Board questioned officers and representatives from TfWM and received responses on a number of matters relating to bus delivery options including:

- The lessons learnt from the process and roll-out of the franchise model in Manchester.
- The skillset and experience of those assessing which bus delivery model will be best.
- Delaying the decision until the election outcome at the end of 2024 to see if legislation regarding Council control of bus services changes.
- Contingency for operator poor service in the current model in comparison to the municipal model – how did this change if one company had a monopoly in the franchise model and how were services picked up in that scenario?
- Whether franchise models were drawn on a geographical basis.
- Guidance on the size of the bus company being purchased in the municipal model.
- Potentially having a commercial and a municipal network working simultaneously and in parallel to each other.
- Best value for money in light of the failures of the current model.
- The £2 million investment into the bus service and its relationship to National Express' (NX) profits.
- Conflicting timetables of buses in the current model and the possible resolution of this in the Franchise model.
- Specific bus route issues.
- The importance of political will in establishing the franchise model.
- The allocation of the farebox funds in the franchise model.
- The amount of time the WMCA would spend on assessing each model and the role of committees and boards outside the WMCA in contributing to the assessment.
- The current broken system affecting residents but not hampering operator profits – options to let operators become bankrupt when facing financial difficulties, infrastructure investments local authorities had already made in the bus network, and the option to make buses free for all passengers following the Montpellier Model.
- Future funding for Electric Vehicular (EV) buses.
- Fare increases for bus pass holders using the bus prior to 9:30am.
- Whether the transparent and open-book financial policy with NX could be mirrored to their parent company.
- The timeline of the decision on bus delivery options before the General Election.
- The ownership of assets under the Franchise model – including owning lease agreements and provisions to obtain depot infrastructure.
- The life expectancy and contract length of EV buses.
- Options to explore the Co-operative Model in the final assessment.

The Board agreed that Members should contact TfWM with any specific bus route issues and requested that the Subsidy Control Process Report for National Express (NX) be circulated to the Board. They also requested that the Franchising Assessment included the Co-operative Model as part of the final options when the final decision was made by the Metro Mayor in July 2024 and that a Briefing Note

be sent to TfWM, with a copy to the Leader, the Cabinet Member, and the City Council's Head of Transport and Innovation.

RESOLVED that the Business, Economy, and Enterprise Scrutiny Board (3):

- 1) Notes the progress being made in considering future options for delivering bus services in the region.**
- 2) Notes the timetable for completing the Full Franchising Assessment in preparation for a decision by the WMCA Board in July 2024 to determine if the Authority should progress further to audit and consultation as set out in the report.**
- 3) Notes the progress made through existing Enhanced Partnership provisions led and agreed through the former Transport Delivery Committee.**
- 4) Notes the position associated with the consideration of municipal bus companies.**
- 5) Requests that the Franchising Assessment includes the Co-operative Model as part of the options when the final decision is made by the Metropolitan Mayor in July 2024.**
- 6) Requests that the Bus Delivery Options final report be submitted to an early meeting of the Board in the Municipal Year 2024/25, prior to the final decision being made in July 2024.**

14. Work Programme 2023/24

The Business, Economy and Enterprise Scrutiny Board (3) received a report of the Scrutiny Co-ordinator that detailed issues on the Board's Work Programme for meetings of the Board for 2023/24.

RESOLVED that the Business, Economy and Enterprise Scrutiny Board (3):

- 1) Notes the issues on the Board's Work Programme for 2023/24.**
- 2) Notes that an item on 'EV Charging Point Installation Roll Out', has been added to the Work Programme.**
- 3) Requests that an item on 'Bus Delivery Options Final Report' be added to the Work Programme for consideration at a meeting of the Board early in the Municipal Year 2024/25.**

15. Any other items of public business which the Chair decides to take as matters of urgency because of the special circumstances involved

There were no other items of public business.

(Meeting closed at 4.10 pm)