

General Bus Franchising FAQs

What is the West Midlands Combined Authority and Transport for West Midlands?

A combined authority is a group of local authorities working together to make their region a better place to live. The West Midlands Combined Authority or the WMCA was set up in 2016 and covers Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.

Transport for West Midlands (TfWM) is part of the WMCA. They work with bus and train operators to make sure public transport is safe, reliable, affordable and accessible for everyone. They also run West Midlands Metro, the region's tram service and Swift smartcard ticketing.

What is Bus Franchising?

Bus services were deregulated in the 1980s. Since then, bus operators themselves have been responsible for planning and operating bus routes, designing timetables and for determining quality standards. Under a Franchising system, it is the Local Transport Authority who plans the network and then awards contracts to bus operators, paying them to run services.

TfWM is the Local Transport Authority for the West Midlands.

Where else has franchised the buses?

A franchising scheme is similar to how Transport for London operate. Greater Manchester have started their franchised bus network called The Bee Network. Other combined authorities in England, including West Yorkshire and Liverpool are also in the process of moving towards a franchised network.

What will this mean for bus fares?

The transport authority would be in charge all the fares on bus services that fall under the franchising arrangement. Currently operators can choose their own pricing and this can vary across routes. If we were to franchise the buses, this could lead to a simpler and more integrated ticketing structure.

What will happen to my bus pass?

Franchising will not affect your eligibility for a concessionary bus pass.

Will this lead to better services?

Under a franchised bus service, The Transport Authority would set standards for the quality of the bus services and check the performances of the bus operators who win contracts to make sure they're reaching standards. If standards are not met, there would be consequences for the operators, which could lead to them losing the contract. It should be noted that the higher the level of quality and performance required, the more expensive contracts are likely to be.

Another key difference is that the transport authority would be able to use the profits it makes from fares on bus routes and use these to support routes that do not make as much money. This is called a cross subsidy. There are restrictions on operators who run the buses now doing this, as it is considered to be anti-competitive.

How can we afford to do this?

The business case for franchising has been developed on the basis that no additional funding is used beyond the levels that TfWM already use to support the bus network. This amount of funding would provide a better bus network in the long term, as we would be more efficient. All the revenue from fares would be retained by the Transport Authority. This would be used to pay for the contracts for operators to run services.

How do we make it fair for bus operators of all different sizes?

Under the way the buses work now, operators tend to own the buses and depots that they use. This makes it easier for bigger operators with hundreds of buses to run more services in the region. If we were the franchise the network, we could invest in bus depots and fleets of buses. We would then lease these to operators who won contracts. This also means that we could make more steps towards more environmentally friendly buses.

How do we afford to buy depots and buses?

There would be capital investment required, tens of millions of pounds. However, the investment we could make could be paid off over time through savings on contracts.

When would a franchising scheme happen?

It is proposed that the first round of bus services would start in 2027.

The business case for franchising proposes that the region is split into 9 areas which we are calling lots. These lots are each centred around a depot which could accommodate around 200 vehicles and would include a mixture of large and small bus routes.

Groups of lots would be rolled out over a number of years:

- Coventry, North/East Birmingham, Walsall – 2027
- Wolverhampton, Sandwell, Dudley – 2028
- Solihull, South and West Birmingham – 2029

Alongside the large lot contracts there would be some smaller contracts that will be easier for small/medium operators to bid for. This would support the market of smaller bus operators that already exists in the region.

Why does it take so long?

Franchising is a big change and it's really important that if we franchise the bus network, we get it right. There would be a lot of work to do in preparation. As well as acquiring depots and fleet, we would need to make sure that the processes are in place to manage contracts, support customers, and monitor operators' performance.

It would be very risky to rush this and if we did it would likely lead to increase costs and poor customer experience during the transition.

If it takes a long time, what will happen in the meantime?

The operators who run the buses will continue to do so as we transition to a franchised network, but with ongoing financial support from TfWM. A key risk as we transition could be that some operators choose to stop operating the buses they currently do. TfWM would negotiate with

Appendix 1

them and although that would be a challenge, we do work closely with operators in the current way the buses are run.

In the assessment to see if funding the buses is feasible, we have taken into account extra funding that might be needed to maintain bus services during the transition period.