

WARRINGTON ENHANCED PARTNERSHIP

ENHANCED PARTNERSHIP SCHEME VARIATION 1

1. Introduction

This document sets out a Variation (as defined within section 138 of the Transport Act 2000) to the Warrington Enhanced Partnership (WEP) Scheme, as made on 1 July 2022. In making this Variation, the bespoke variation mechanism set out within the governance arrangements in section 5 of the WEP Scheme has been applied.

2. Scope of the Enhanced Partnership Scheme and Commencement Date

Changes to section 2 of the WEP Scheme are set out below. All other content in section 2 of the WEP Scheme shall not be affected by this Variation.

This Variation shall commence from 15 February 2023.

3. Obligations on Warrington Borough Council

Changes to section 3 of the WEP Scheme are set out below. All other content in section 3 of the WEP Scheme shall not be affected by this Variation.

3.1. Adopted Facilities

Warrington Borough Council (WBC) shall provide by 1 April 2025 the new Facilities (as defined within section 138 of the Transport Act 2000) set out in Figure 3.2 and Table 3.2 to Table 3.6. These new Facilities shall be funded using £9,898,000 to be provided to WBC by the Department for Transport (DfT) as part of WBC's Bus Service Improvement Plan (BSIP) funding allocation.

Figure 3.2: New Facilities to be provided by 1 April 2025



Table 3.2: New bus lanes to be provided by 1 April 2025

| Map Reference | Intervention Number | Location | Operational Hours | Vehicles Permitted | From | To | Length |
|---------------|---------------------|-------------------------------|-------------------|--------------------|-----------------------|---|--------|
| A | 1 | A49 Winwick Road (Southbound) | 24 hours | Bus / Cycle / Taxi | Northway | Jubilee Way | 475m |
| A / B | 2 | A49 Winwick Road (Southbound) | 24 hours | Bus / Cycle / Taxi | Jubilee Way | Longford Street | 549m |
| B / C | 3 | A49 Winwick Road (Southbound) | 24 hours | Bus / Cycle / Taxi | Longford Street | Melville Close | 262m |
| C | 4 | A49 Winwick Road (Southbound) | 24 hours | Bus / Cycle / Taxi | A49 Triangle bus gate | Roundabout of: Winwick Road / Pinners Brow / Winwick Street | 210m |

Colour coding of interventions matches colour coding used in Figure 3.2

Table 3.3: New bus gates to be provided by 1 April 2025

| Map Reference | Intervention Number | Location | Operational Hours | Vehicles Permitted |
|---------------|---------------------|--|-------------------|--------------------|
| B | 1 | Junction of: Alder Lane / A49 Winwick Road, permitting access to the A49 Winwick Road (Southbound) | 24 hours | Bus / Cycle |
| C | 2 | A49 Winwick Road / Winwick Road, permitting southbound access at the junction | 24 hours | Bus / Cycle |

Colour coding of interventions matches colour coding used in Figure 3.2

Table 3.4: Active travel elements to be provided by 1 April 2025

| Map Reference | Intervention Number | Location | Type | From | To | Length |
|---------------|---------------------|-------------------------------|----------------------------|---------------------------------------|---|--------|
| A | 1 | A49 Winwick Road (Southbound) | Shared use | Long Lane | Between Collegiate Road & Jubilee Way | 219m |
| A / B | 2 | A49 Winwick Road (Southbound) | Bi-directional cycle track | Between Collegiate Road & Jubilee Way | Jockey Street | 595m |
| B | 3 | A49 Winwick Road (Southbound) | Shared use | Jockey Street | Longford Street | 96m |
| B / C | 4 | A49 Winwick Road (Southbound) | Bi-directional cycle track | Longford Street | Bluecoat Street | 332m |
| C | 5 | A49 Winwick Road (Southbound) | Shared use | Bluecoat Street | Silver Street | 189m |
| C | 6 | Winwick Road | Bi-directional cycle track | Silver Street | Junction of: Tanners Lane / Haydock Street / Winwick Street | 148m |

Colour coding of interventions matches colour coding used in Figure 3.2

Table 3.5: Traffic signal upgrades to be provided by 1 April 2025

| Map Reference | Intervention Number | Location |
|---------------|---------------------|---|
| A | 1 | Junction of: A50 Long Lane / A49 Winwick Road |
| A | 2 | Junction of: A49 Winwick Road / Jubilee Way |
| B | 3 | Junction of: A49 Winwick Road / Kerfoot Street / A574 Longford Street |
| C | 4 | A49 Triangle |

Colour coding of interventions matches colour coding used in Figure 3.2

Table 3.6: Crossing upgrades to be provided by 1 April 2025

| Map Reference | Intervention Number | Existing Type | Proposed Type | Location |
|---------------|---------------------|---------------|----------------------------|--|
| A | 1 | Toucan | Toucan | A49 Winwick Road, crossing from Collegiate Road to shopping park |
| B | 2 | Toucan | Toucan | A49 Winwick Road, crossing from Corbet Street to shopping park |
| C | 3 | Puffin | Puffin (with bus priority) | A49 Winwick Road, crossing from Melville Close to Tesco Extra |

Colour coding of interventions matches colour coding used in Figure 3.2

3.2. Potential Facilities

The following text shall be removed from section 3.2 of the WEP Scheme:

- Delivery of bus priority measures in the A49 Triangle between A49 Winwick Road / Winwick Street, A49 Winwick Road / Pinnars Brow and Winwick Street / Tanners Lane.

3.3. Adopted Measures

In addition to the adopted Measures (as defined within section 138 of the Transport Act 2000) set out in section 3.3 of the WEP Scheme, WBC shall:

- Maintain an additional budget of £4,150,420 to be spent on bus service support ('Network Development Initiative') during the three years from 1 April 2022 to 31 March 2025. This additional budget is to be provided to WBC by the DfT as part of WBC's BSIP funding allocation.

The Network Development Initiative shall involve the identification of proposals for new services and frequency enhancements, including (without limitation) enhancements to evening and weekend frequencies, with determination of the proposals to be funded carried out using the criteria contained within WBC's established tendered service prioritisation matrix. WBC shall procure these services through the normal tendered service process, including the use of de minimis payments where appropriate.

The network enhancements provided through the Network Development Initiative shall be funded on a gross cost basis, with all revenue taken on funded services or on the funded parts of otherwise unfunded services (as the case may be) returned by affected Operators to WBC. WBC shall reinvest all of this revenue in furtherance of the WEP Principles (as defined within section 5.6).

In addition, during the three years from 1 April 2022 to 31 March 2025, WBC shall:

- Maintain a budget of £30,000 that shall be used to publicise the Network Development Initiative and to promote the uptake of concessionary travel, building on the success of the Super Summer Service campaign and the Back to the High Street campaign; and
- Maintain a budget of £120,000 that shall be used to provide technical and administrative support to the WEP process.

This additional budget is to be provided to WBC by the DfT as part of WBC's BSIP funding allocation.

WBC also commits to introducing a Low Fares Initiative that shall reimburse Operators for reducing their fares, drawing from £2,000,000 in revenue funding to be provided to WBC by the DfT as part of WBC's BSIP funding allocation. The commencement date for the Low Fares Initiative and the process for reimbursing Operators shall be set out in a subsequent Variation to the WEP Scheme.

4. Obligations on Operators of Qualifying Bus Services

Changes to section 4 of the WEP Scheme are set out below. All other content in section 4 of the WEP Scheme shall not be affected by this Variation.

4.1. Adopted Standards of Service

In addition to the adopted Standards of Service set out in section 4.1 of the WEP Scheme, the following text shall be added to section 4.1 of the WEP Scheme.

By 15 February 2023 Operators of Qualifying Bus Services shall be expected to have collaborated with WBC to define longer term service levels that meet local demand affordably and sustainably ('Future Viable Network'), as required through the terms of the Bus Recovery Grant Extension Funding.

5. Governance Arrangements

Changes to section 5 of the WEP Scheme are set out below. All other content in section 5 of the WEP Scheme shall not be affected by this Variation.

A new section shall be added to the WEP Scheme as section 5.6 that relates to identifying how levels of Operator reinvestment are to be determined and how any reinvestment by Operators and/or by WBC (as the case may be) is to be targeted.

5.6. Measuring Success and Reinvestment Protocols

In order to monitor the impacts of schemes delivered through the WEP, Operators shall provide to WBC the following information ('Monitoring Data') on Registered Local Bus Services:

- Patronage by Registered Local Bus Service, split between those passengers travelling for free as a result of the English National Concessionary Travel Scheme (ENCTS) ('Concessionary Passengers') and other passengers ('Non-Concessionary Passengers');
- Passenger revenue by Registered Local Bus Service;
- Concessionary reimbursement by Registered Local Bus Service, received as a result of that Operator's participation in the ENCTS;
- Other revenue by Registered Local Bus Service, including (without limitation) subsidy received from WBC as a result of services being operated under sections 89 to 91 of the Transport Act 1985. For the avoidance of doubt, sources of other revenue shall only be included in the Monitoring Data if they relate to travel by passengers and/or payment for the provision of bus services to be used by passengers (as the case may be). Revenues such as (without limitation) advertising revenue and revenue that relates to an aspect of an Operator's business other than the operation of its bus services shall be excluded;
- Operating costs by Registered Local Bus Service. For the avoidance of doubt, operating costs shall include direct costs, an allocation of semi-direct costs and an allocation of overheads, but only where those costs could be considered to relate to the operation of

that Operator's bus services, with the cost of any other aspect of the Operator's business that does not relate to operation of bus services excluded. Bus Service Operators Grant should be accounted for as a cost, rather than a revenue;

- Vehicle requirement by Registered Local Bus Service, including how this varies throughout the day and week;
- In-service vehicle mileage by Registered Local Bus Service, including how this varies throughout the day and week;
- Timetabled running time by Registered Local Bus Service, including how this varies throughout the day and week; and
- Punctuality by Registered Local Bus Service.

It is presumed that each Operator would use its standard approach to route profitability analysis when apportioning revenue and costs to bus services where these cannot be directly attributed to a single bus service.

Where a Registered Local Bus Service also operates outside the WEP Scheme Area, the Monitoring Data to be provided to WBC shall relate solely to the section of route within the WEP Scheme Area. The methodology for how information is to be apportioned to different sections of route shall be agreed between each affected Operator and WBC.

Where the Monitoring Data retained by an Operator can be provided to WBC without that Operator incurring an unreasonable level of cost, this information is to be provided to WBC individually for each of the twelve months prior to the start of the COVID-19 pandemic, which shall be deemed to have started in March 2020 ('Pre-Pandemic Monitoring Data').

Where an Operator cannot supply such information, that Operator, acting reasonably, shall discuss with WBC what information can be provided that as closely matches the Monitoring Data as possible and shall provide this information to WBC instead.

From 15 February 2023, all Operators of Qualifying Bus Services shall provide all of the Monitoring Data to WBC on a monthly basis ('Current Monitoring Data'), no later than three months after the end of the month to which the information relates.

WBC shall use the Monitoring Data solely for the purposes of administration of the WEP and monitoring the performance of the WEP. All Monitoring Data shall be stored by WBC in a secure manner that reflects its confidential nature. WBC acknowledges that the Monitoring Data may represent information that is exempt from disclosure under a Freedom of Information Act 2000 request, although the final decision concerning disclosure shall reside with WBC and shall be made on a case by case basis.

In order to determine how reinvestment by Operators and/or by WBC (as the case may be) is to be targeted, the WEP Forum shall draw up a list of principles ('WEP Principles') that can be used to indicate the types of improvement that would benefit from reinvestment, with this list also prioritised, such that some types of improvement are ranked higher than others. WBC shall have cognisance of this list when determining how to reinvest any revenue received through the Network Development Initiative.

The level of Operator reinvestment required shall be determined by Operator, aggregated across the costs and revenues for all of that Operator's services in the WEP Scheme Area, using the following steps ('Operator Reinvestment Calculations'):

1. Turnover = passenger revenue + concessionary reimbursement + other revenue, calculated over a 12 month period.
2. Profit = turnover – operating costs, calculated over a 12 month period on the basis of Earnings Before Interest and Taxes (EBIT).
3. Profit margin = profit / turnover, calculated over a 12 month period.
4. In the first year after the commencement of this Variation, the Target Profit Margin shall be calculated as follows:
 - If the profit margin obtained from the Pre-Pandemic Monitoring Data is equal to or in excess of 10%, the Target Profit Margin shall be taken as this profit margin.
 - If the profit margin obtained from the Pre-Pandemic Monitoring Data is lower than 10%, the Target Profit Margin shall be taken as this profit margin plus five percentage points ('Allowable Margin Increase'), unless:
 - the addition of the Allowable Margin Increase results in a Target Profit Margin that is lower than 7%, in which case the Target Profit Margin shall be taken as 7%; or
 - the addition of the Allowable Margin Increase results in a Target Profit Margin that is in excess of 10%, in which case the Target Profit Margin shall be taken as 10%.
5. For years after the first year, the Target Profit Margin shall be the value indicated by step 10 or step 11 (as the case may be).
6. Should a new Operator of Qualifying Bus Services commence operation within the WEP Scheme Area, their first Target Profit Margin shall relate to their first full year of operation.
7. Reinvestment shall be due if the profit margin obtained from the Current Monitoring Data for the year just completed ('Current Profit Margin') exceeds the Target Profit Margin, where the Operator in question must reinvest 75% of the increase in their profit, determined as follows:
 - $\text{Reinvestment} = (\text{Current Profit Margin} - \text{Target Profit Margin}) \times \text{turnover for the most recent 12 month period} \times 75\%$.
8. If an Operator considers that its Current Profit Margin may exceed the Target Profit Margin as a result of actions to improve profitability taken by that Operator outside the WEP process, the Operator shall provide evidence to WBC to support this assertion. WBC shall review the evidence and, acting reasonably, shall determine whether a revised methodology may be required that sets aside all or a portion (as the case may be) of the calculated reinvestment. For the avoidance of doubt, WBC shall consider most actions that relate to the provision of bus services to be used by passengers to be part of the WEP process, especially where such actions provide improvements that reflect one or more of the WEP Principles. Should an Operator disagree with WBC's determination that the actions in question fall within the WEP process, that Operator may request that the Chair of the WEP Forum reviews WBC's determination. Following consideration of WBC's determination, the Chair shall provide a written response setting out whether he or she is in agreement with the determination. Should WBC or the Operator in question disagree with the Chair's decision, that decision may be referred to an arbitration process, with this process to be agreed by the WEP Forum.

9. Where reinvestment is due, if an Operator considers that it may be unable to reinvest all or a portion (as the case may be) of the calculated reinvestment, the Operator shall provide evidence to WBC setting out why this may be the case. WBC shall review the evidence and, acting reasonably, shall determine whether a revised methodology may be required that defers or sets aside all or a portion (as the case may be) of the calculated reinvestment. For the avoidance of doubt, WBC shall generally only consider such actions to be appropriate if it determines that the evidence provided by the Operator demonstrates circumstances that a competent Operator may not reasonably be expected to account for when undertaking its business. Should the Operator in question disagree with WBC's determination, that Operator may request that the Chair of the WEP Forum reviews WBC's determination. Following consideration of WBC's determination, the Chair shall provide a written response setting out whether he or she is in agreement with the determination. Should WBC or the Operator in question disagree with the Chair's decision, that decision may be referred to an arbitration process, with this process to be agreed by the WEP Forum.
10. If step 7 indicates that no reinvestment is due, the Target Profit Margin for the next year shall be the same as the Target Profit Margin in that year.
11. If step 7 indicates that reinvestment is due, unless a revised methodology is adopted following steps 8 and 9, the Target Profit Margin for the next year shall be calculated as follows:
 - Target Profit Margin = $1 - (\text{operating costs for the year just completed} + \text{the level of reinvestment calculated at step 7}) / \text{turnover for the year just completed}$.

An example of the workings of the Operator Reinvestment Calculations is provided in Annex B.

The Operator Reinvestment Calculations process shall occur annually for each Operator of Qualifying Bus Services, commencing from April 2024, such that the first year to be reviewed shall be from 1 April 2023 to 31 March 2024. Each Operator shall be expected to have reinvested the full amount of reinvestment pertaining to them in the year following the review in question.

For the avoidance of doubt, funding provided by Government in furtherance of the aims of the WEP is not intended to offset a reduced level of Operator profitability following COVID-19. Therefore, Operators shall be expected to have implemented their Future Viable Network as set out in section 4.1.

Where an Operator is required to reinvest, that Operator shall put forward to WBC a plan for how they propose to reinvest ('Reinvestment Plan'), demonstrating how this reinvestment reflects the WEP Principles. Acting reasonably, WBC shall accept the Reinvestment Plan unless it demonstrably fails to reflect the WEP Principles and/or does not match the approximate level of reinvestment indicated by the Operator Reinvestment Calculations (as the case may be).

If WBC does reject a Reinvestment Plan, the affected Operator shall be given the opportunity to revise their Reinvestment Plan. If WBC considers, acting reasonably, that the revised Reinvestment Plan still fails to reflect the WEP Principles and/or fails to match the approximate level of reinvestment indicated by the Operator Reinvestment Calculations (as the case may be), WBC may be obliged to use the Enhanced Partnership powers to impose additional Standards of Service on Operators (as defined within section 138 of the Transport Act 2000).

Annex A: Definitions used in the Enhanced Partnership Scheme

Changes to annex A of the WEP Scheme are set out below. All other content in annex A of the WEP Scheme shall not be affected by this Variation.

The following text shall be added to annex A of the WEP Scheme:

Back to the High Street – a campaign launched in 2022 by WBC in conjunction with Warrington’s Own Buses.

Bus Recovery Grant (BRG) Extension Funding – a discretionary grant that may from time to time be paid by Government under section 154(1) of the Transport Act 2000 to support Operators in England following reductions in revenue due to the impacts of COVID-19, and as defined within the BRG Extension Terms and Conditions dated 14 April 2022, that may be updated from time to time

English National Concessionary Travel Scheme (ENCTS) – a mandatory bus concessionary travel scheme for older and disabled people as defined within section 145 of the Transport Act 2000.

Super Summer Service (SSS) – a campaign launched in Warrington on 25 July 2022 that offered enhanced evening bus services, cheaper evening bus fares and removal of the restriction on concessionary bus travel before 0930 on weekdays.

Annex B: Operator Reinvestment Calculations Example

| | | Pre-Pandemic | Year 1 of WEP | Year 2 of WEP | Year 3 of WEP | Year 4 of WEP |
|---|---|--------------|---------------|---------------|---------------|---------------|
| Passenger revenue | a | £80.00 | £90.00 | £100.00 | £105.00 | £110.00 |
| Concessionary reimbursement | b | £30.00 | £25.00 | £30.00 | £25.00 | £30.00 |
| Other revenue | c | £20.00 | £25.00 | £25.00 | £25.00 | £25.00 |
| Turnover | $d = a + b + c$ | £130.00 | £140.00 | £155.00 | £155.00 | £165.00 |
| Operating costs | e | £120.00 | £130.00 | £135.00 | £140.00 | £145.00 |
| Profit | $f = d - e$ | £10.00 | £10.00 | £20.00 | £15.00 | £20.00 |
| Profit margin | $g = f / d$ | 7.7% | 7.1% | 12.9% | 9.7% | 12.1% |
| First year calculations | | | | | | |
| Is profit margin equal to or in excess of 10%? | Is $g \geq 10\%$? | No | | | | |
| If yes, target profit margin equals profit margin | $h = g$ | | | | | |
| If no, target profit margin is profit margin plus 5 percentage points, with a lower boundary of 7% and an upper boundary of 10% | $i = (g + 5\%)$ OR 7% if lower than this OR 10% if higher than this | 10.0% | | | | |
| Subsequent year calculations | | | | | | |
| Target profit margin from previous year | $j = i$ from previous year | | 10.0% | 10.0% | 10.7% | 10.7% |
| Is reinvestment due? | Is $g > j$? | | No | Yes | No | Yes |
| Profit to be reinvested | $k = (g - j) \times d \times 75\%$ | | | £3.38 | | £1.73 |
| Target profit margin | | | | | | |
| Target profit margin for next year | $l = h$ OR i OR j OR $1 - (e + k) / d$ | 10.0% | 10.0% | 10.7% | 10.7% | 11.1% |