

West Midlands Travel Limited

Strategic Report (continued)

Results and dividends (continued)

The company's UK Bus business now has 292 electric buses in operation (159 as at December 2023) meaning that 19.61% of its operated network is fully electric, with further zero emission vehicles ("ZEVs") already on order that will take that proportion significantly higher. In Coventry the company is leading the UK's first 'All Electric Bus City' project, which is on schedule to be completed by 2025.

Safety is our key area for non-financial performance indicators. KPIs are monitored and reported regularly, as described further in the Directors' Report under 'Promoting common awareness among employees'.

The directors do not propose a dividend, and no dividend was paid during the year (2023: £nil).

Future developments

The Directors' focus is reducing the cost base of the business and transitioning to clean vehicles across the network.

In July 2024 the WMCA Board decided to undertake an independent audit to assess a potential introduction of a franchising model followed by public consultation which commenced in 2024, with a final decision expected in 2025, following a rigorous process set by Government legislation.

Under the franchising model bus operators would be contracted to run services, with routes, timetables, fares and other standards, such as a commitment to zero-emission vehicles, set by Transport for West Midlands ("TfWM"), which is part of the WMCA.

During the year, the company continued to receive government funding support to deliver customer growth and to maintain those parts of the bus network that are not commercially viable (£38.7m of funding was received in 2024, compared with £47.0m in 2023). The funding agreement ended on 31 December 2024 and successful negotiations with TfWM in Q4 24 result in a new transition arrangement, with ongoing discussions around our long-term future relationship. The funding settlement between regional bus operators and TfWM has been secured for 2025, with discussions commenced regarding 2026 onwards in light of potential franchising of the region.

The Company is continuing to assess the potential risks and opportunities that any potential change would create.

Post balance sheet events

There are no post balance sheet events.

s.172(1) Statement

This statement is made in accordance with section 414CZA Companies Act 2006 (as amended).

In accordance with their duties under section 172(1) Companies Act 2006, the Company's Directors have collectively, and individually, acted in a way that they consider, in good faith, promotes the success of the Company for the benefit of its members as a whole. In doing so they have had regard, not just to financial factors – denoted by the (£) symbol – but also the factors specified in s.172(1)(a) to (f) Companies Act 2006 (the "Factors") – denoted by the symbols shown below.

The following table explains why the Directors always have regard to the Factors in their decision-making:

West Midlands Travel Limited
Strategic Report (continued)

s.172(1) Statement (continued)

Factor	Explanation of why Directors have regard to this Factor
<p><i>(a) The likely consequences of any long-term decision</i></p> 	<p>Our Vision, which is to be the world's premier shared mobility operator, is rooted in a belief that driving modal shift from cars to high quality mass transit is fundamental to a safe, green and prosperous future - means that we must make decisions for the long-term and that we must also consider the impacts of such long-term decisions as regards their ability to further and achieve our Vision.</p> <p>Further information about the Group's Vision, and how this has formulated our Purpose and is underpinned by our Values, is set out in the Directors' Report.</p>
<p><i>(b) The interests of the Company's employees</i></p> 	<p>Our employees and members of our wider workforce are our most valuable asset. They are the key to realising our Vision and achieving our Purpose. See the Directors' Report for information about how we engage with our employees to enable us to take their views and interests into account in decision-making.</p>
<p><i>(c) The need to foster business relationships with stakeholders</i></p> 	<p>Our customers are the heart of our business and we strive to earn their loyalty by providing safe, reliable and great value multi-modal services. We also foster strong relationships with other key stakeholders including central and local government and transport authorities, elected members, our regulators, industry groups and our suppliers. See the Directors' Report for who our key stakeholders are and how we foster relationships with them to enable us to take their views and interests into account in decision-making.</p>
<p><i>(d) The impact of the Company's operations on the community and environment</i></p> 	<p>We play a vital role in the communities we serve by connecting the people who live in those communities with their work, leisure, family and friends. We are also focused on reducing the environmental impact of our operations. Per passenger, bus travel is less polluting than trains and vastly better than petrol and diesel cars. We are taking this one step further through our 2030 pledge to replace all of our diesel fleet with zero emission vehicles. As such, modal shift (getting people out of cars and onto buses) is the single most important thing we can do. Because of this, we take both the community and the environment into careful consideration in our decision-making.</p>
<p><i>(e) Maintaining a reputation of high standards and business conduct</i></p> 	<p>Our reputation is key. It underpins our ability to earn the loyalty of our customers and thereby to grow our business through increased commercial passenger journeys and contract wins. We pride ourselves on being one of, if not the, safest transport service providers in the world. As a bus operator, we are also required to hold and maintain a PSV operator licence, pursuant to which we must meet a requirement of good repute. We will always therefore consider the importance of our reputation when making decisions.</p>
<p><i>(f) Acting fairly between members of the Company</i></p> 	<p>We are a wholly owned subsidiary and therefore have only one shareholder to whom we are accountable. That said, everything we do well benefits our sole shareholder, financially through the returns we generate and reputationally through the way we operate. We engage via monthly financial reporting, as well as regular forecasting, budgeting and ad hoc discussion. The Company also complies with appropriate directions as given by the parent company. See the Financial Statements for information on financial performance.</p>

The following table describes certain key decisions taken by the Company's Directors during its financial year ended 31 December 2024 and how the Board had regard (among other matters) to the Factors in those decisions:

West Midlands Travel Limited
Strategic Report (continued)

s.172(1) Statement (continued)

Key Board Decision	Factor(s)	Explanation of how the Directors have had regard to these Factors
<i>Introduction of 133 new ZEV vehicles in year from Zenobe.</i>	 	133 new electric vehicles entered service in 2024, in addition to the existing 159 electric buses already in operation. The new vehicles are under an availability arrangement with Zenobe.
	  	Newer vehicles are more reliable and provide a better experience both for our customers journeys and our drivers' driving experience, together with lower costs of ongoing maintenance for the Company.
	 	The new vehicles have zero Co2 emissions, to the benefit of both the local communities and the environment, also advancing the Company's reputation as one which rightly cares about these matters.
	 	The electric buses have been supplied by the Company's long-term bus suppliers, with whom the Company worked to develop their design and specification, thereby continuing to foster good relations with those suppliers.
<i>Utilisation of the Bus Service Operators Grant (BSOG), Bus Service Improvement Plan (BSIP) and Bus Recovery Grant (BRG) support ; submission of claims and liaison with the Department for Transport.</i>	 	Ensuring financial viability of the operation during a period of lower passenger demand, thereby protecting the business and its employees.
		Maintaining a control of expenditure during the period of the grants to further protect the business and to meet the terms of the grant.
	 	Established a strong relationship with the Department for Transport by sharing financial information during the grant support period and submitting all relevant information within timescales.
<i>Continued involvement in the West Midlands Bus Alliance to deliver passenger satisfaction and drive forward investment in bus services.</i>		The continued Alliance allows us to continue to foster relationships with many of our key stakeholder groups resulting in improved services for our valued customers through transport improvement initiatives delivered in collaboration with such stakeholders.
	  	The continued Alliance should cement our reputation as a provider of clean and green mass transit and provide us with a platform to make further investment in zero emissions vehicles, providing us with long-term valuable assets.

Health and Safety

The safety of customers, employees and the general public is key to the Company's operations and during 2024 our enhanced focus on safety continued.

The majority of the Company's buses have CCTV systems leading to the availability of more and better images of on-board activity coupled with campaigns informing passengers that CCTV technology is in use.

Further discussion on corporate responsibility, including Health & Safety and Environment, in the context of the group as a whole can be found in the Mobico Group Annual Report & Accounts for the year ended 2024.

The Company continues to score very highly for health and safety audits, receiving a score of 96.4% by the British Safety Council for the 2024 Five Star Health and Safety Audit.

Environment

The Company remains committed to reduce carbon emissions through its day to day activities and focuses on the three main areas of fuel, site energy and waste to landfill. For fleet, the Company now operates 292 ZEVs. We continue to drive our strategy to replace our entire diesel fleet with ZEVs by 2030.

Our recent ZEVs are helping the Company to continue to reduce its carbon footprint. Emissions per million passenger kilometres for 2024 for scope 1 & 2 (excluding scope 3) were 75.72 tCO₂e (2023: 82.71 tCO₂e). On a comparable basis, emissions reduced year on year, and will continue on this trend as we roll out our ZEV replacement programme.