Cynulliad Cenedlaethol Cymru
The National Assembly for Wales

Y Pwyllgor Menter a Busnes
The Enterprise and Business Committee

Dydd Mercher, 15 Gorffennaf 2015
Wednesday, 15 July 2015

Cynnwys
Contents

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw	Llafur Labour
Rhun ap Iorwerth	Plaid Cymru The Party of Wales
Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Jeff Cuthbert	Llafur Labour
Keith Davies	Llafur Labour
William Graham	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Jonathan Bray	Cyfarwyddwr, Grŵp Gweithredol Trafnidiaeth i Deithwyr Director, Passenger Transport Executive Group
Richard Cope	Rheolwr Busnes (Trafnidiaeth i Deithwyr a Strategaeth Drafnidiaeth), Cymdeithas Swyddogion Cydgysylltu Trafnidiaeth Business Manager (Passenger Transport & Transport Strategy), Association of Transport Coordinating Officers
Huw Morgan	Cymdeithas Swyddogion Cydgysylltu Trafnidiaeth Association of Transport Coordinating Officers

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Martha Da Gama Howells	Ail Glerc Second Clerk
Rachel Jones	Dirprwy Glerc Deputy Clerk
Andrew Minnis	Y Gwasanaeth Ymchwil Research Service
Gareth Price	Clerc Clerk

Dechreuodd y cyfarfod am 09:30.
The meeting began at 09:30.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1]   **William Graham:** Good morning, and welcome to the meeting of the Enterprise and Business Committee, our last committee meeting of this term. This morning, I've received apologies from Gwenda Thomas. The meeting is bilingual; headphones can be used for simultaneous translation from Welsh to English on channel 1 or for amplification on channel

2. The meeting will be broadcast, and a transcript of the proceedings will be published later. May I remind Members, but more particularly, witnesses, that there's no need to touch the microphones? They should come on automatically as you speak. In the event of a fire alarm, I'd ask people to follow the directions from the ushers.

09:31

Dinas-ranbarthau, Ardaloedd Menter a'r Metro
City Regions, Enterprise Zones and the Metro

[2]   **William Graham:** Our second item is our continuing evidence session for city regions, enterprise zones and the metro. So, can I welcome our witnesses and thank them for their written submissions? May I ask you to give your names and titles for the record?

[3]   **Mr Cope:** Richard Cope. I'm business manager of passenger transport and transport strategy at Monmouthshire County Council, and chair of the Association of Transport of Coordinating Officers Cymru.

[4]   **William Graham:** Thank you.

[5]   **Mr Morgan:** Huw Morgan. I'm the team leader of the integrated transport unit in Caerphilly County Borough Council. I'm also chair of the south-east Wales bus group and I represent south-east Wales on the bus policy advisory group.

[6]   **William Graham:** Thank you very much. We'll go straight now to our questions, and our first question is from Mick Antoniw.

[7]   **Mick Antoniw:** Just a couple of opening questions this morning: where do you think we are with the metro?

[8]   **Mr Cope:** Currently, the delivery proposals that they've brought forward in the first phase have been probably developed by the original regional transport consortia—a lot of the projects—and I think most of those are now being delivered because they were ready to go. As far as further progress is concerned, obviously they've got consultants involved in looking at which way they're moving forward, and we wait to see what comes out for the next phase.

[9]   **Mick Antoniw:** From your point of view, do you think there is sufficient clarity as to the metro journey that we're on?

[10]   **Mr Morgan:** I think, from a local authority perspective, we've lost quite a bit since the regional transport consortia were disbanded, in terms of having the interactions, certainly at our operational level in local authorities. When we were part of the South East Wales Transport Alliance, we were heavily involved in developing schemes, from feasibility to delivery. I can remember, for example, being involved in Energlyn station in the last 1990s, doing feasibility, commissioning feasibility and working with Network Rail. That got delivered recently, just towards the end of 2013, and a lot of the schemes do take a long time to go from concept to delivery.

[11]   Similarly, in Caerphilly, we developed a policy of trying to address additional parking provision. We worked, generally, from the south of the county borough northwards, so we increased capacity at Caerphilly, a new park and ride at Aber station, and increased at Ystrad Mynach. There were a lot of initiatives like that that took a number of years to develop and there was a plan there that followed. But, I think, where we benefited was that we were working closely with partner organisations such as Network Rail, Arriva Trains and the

Welsh Government at our officer level, and I think that helped us be part of what was happening.

[12]   I think, since the consortia have been disbanded, there's a bit of a disjoint, as I said, at our level, in terms of where things are going and how schemes are developing. I think the metro concept is a very positive concept, but we've not been involved in particularly the rail side of it. There's talk about light rail and developing that, and that aspect seems to be the favoured one for the Valleys lines network now. We're a bit out of the loop on that compared to where we would have been previously.

[13]   **Mick Antoniw:** Do you think it helps the process that you are out of the loop, and out of the SEWTA work, which was very comprehensive and really set the base for the whole metro concept? Do you feel that you have clarity as to what the end product we're working towards actually is?

[14]   **Mr Cope:** I think the end product itself—to get an integrated transport network—is understood. Without the local authorities being involved, I think that it would be hard to get to that scenario because you do need local authorities to be involved in some of the delivery of these schemes.

[15]   **Mick Antoniw:** You feel that you're therefore not in it and that you're not part of it at the moment, and you feel that you should be part of it.

[16]   **Mr Cope:** Yes, I think so. I think, basically, we should be perhaps more involved with it. Obviously, when SEWTA was involved, we were involved on a regional basis. We've now brought in local transport plans, so we've got our own local schemes developed, or in development, but it's about joining it all together now regionally. That is what I think is the part that's now missing.

[17]   **Mr Morgan:** I think that when you're looking to develop the metro, it's an all-embracing concept, so it's not just about the big things, like the light rail and potentially extending lines and the network, which are being aspired to. A lot of it is about the basics as well, at bus stop level, walking routes to bus stops and information. There's a whole plethora of things that need to be a consideration and a lot of that is at a local level. I think that, yes, the headlines of the metro are really good, but I think, if it's going to be delivered, there's got to be quite a holistic way of making sure that everything is in place for the concept to be successful.

[18]   **Mick Antoniw:** Do you think that that is a weakness of the process so far?

[19]   **Mr Morgan:** I think, from our perspective as officers, we're missing links and inputs that we've had previously. I would hope that things that are being taken forward do take into account some of the things that perhaps we can add value to. At some point, I'm sure that there'll be a need for local authorities to be heavily involved in taking it forward in whatever format that's going to be.

[20]   **Mick Antoniw:** What is the actual level of your engagement then with Welsh Government? The Minister recently said that there was going to be a major announcement coming out in the autumn. Clearly, you're not completely excluded from the process, but what is the level of engagement that is taking place at the moment with the local government side?

[21]   **Mr Cope:** I think the engagement is at quite a high level. I don't think it's coming down to our level—the operational side of things. I think it's probably with leaders and chief executives and the engagement with those then is fed down to us. But, obviously, you don't

get the full picture, at our level, on the operational side of things. We don't get everything that is fed towards us from leaders and chief executives, unfortunately.

[22]   **Mr Morgan:** Outside of the metro, we're obviously still responsible for the provision of bus services. We both sit on the project board that administers the bus service support grant funding, which replaced BSOG—the bus service operators grant—a few years ago. There's a lot of interaction at that level with the Welsh Government officers still. Similarly, with concessionary travel and those operational aspects that we're a part of, as part of our daily job. So, we still have got interaction with the Welsh Government, but I think it's at a higher strategic level; a lot of us on our level, have lost that.

[23]   **Mick Antoniw:** Yes, I understand that.

[24]   **William Graham:** Could I ask you individually, but together, if you see what I mean? We've had a lot of questions to the Minister, particularly on rural involvement. Richard, with your particular expertise, that would be helpful. And, also, of course, on the cross-valley problems, Huw, could you answer that one? What's your level of engagement with those problems?

[25]   **Mr Morgan:** We've benefited, over many years, from additional funding that the Welsh Government started the local transport services grant with in the late 1990s. We've been able to meet, certainly in Caerphilly—I'll talk about Caerphilly because I can comment accurately on that—a lot of the service requests that had been outstanding: links to communities, for example, where they didn't have a strong link to a public transport network or hub. We've looked at improving things like that over the years, with the additional revenue funding that's been there. It's more difficult over the last few years, because, obviously, there have been cuts in the Welsh Government's budget, and also local authorities are feeling the pinch as well. I think revenue budgets for supporting bus services at the moment are, obviously, quite vulnerable with everything else in a local authority's remit. So, it's been quite positive over the last decade or so in terms of being able to meet genuine demands, where we've been able to bridge the gaps in the network. Caerphilly is quite a rural area for a lot of its geography, and we've been able to meet some of the challenges of that, but it's getting more and more difficult as funding is diminishing.

[26]   **William Graham:** So, you would look to the metro to help that and sustain what you've already initiated.

[27]   **Mr Morgan:** The metro, in concept, is all about linking up, so hopefully, yes, the links will be sustained, but it's a combination of capital funding to deliver the infrastructure and ongoing revenue funding—it's always the revenue funding where the issues tend to lie. We can deliver schemes, and we can do that, but where we, perhaps, are most vulnerable is on the revenue side, where we haven't got ongoing commitments, often it's only year on year, and that becomes difficult to plan networks and deliver services satisfactorily.

[28]   **Mr Cope:** For me, obviously, Monmouthshire is particularly rural and, over the last 10 years, we've developed our own community transport service, Grass Routes, which has been very successful—demand-responsive services, basically, whereby we're not running buses, empty, up to rural areas; it's all on demand. Obviously, funding issues are paramount at the moment. As you can imagine, the patronage is not high, but it has to run on a small subsidy. It's not as great as when there were rural buses running, and when we had buses running back and forth, perhaps four or five times a day with one or two passengers on them; it wasn't sustainable. So, to keep those links in, we have to look at different ways of doing things. We found that in Monmouthshire with Grass Routes, and we've expanded that out not just to our own area, but we're now collaborating with Newport. We do work into Newport, into Torfaen and basically, you know, we're trying to expand on that for the future. We run

our own section 22 bus service, whereby we've had high costs come back from commercial operators that were totally unsustainable—we would never be able to run a bus service—and we've taken it on ourselves and run it. But, again, depending on the way the funding goes in the next few years is how much we can actually deliver on this. Some of these services are going to be paramount to connections to the metro. I think you've got to take not just the metro itself; you have to look at the local services that link into this, and work out what mode you want to put on for those services.

[29]   **William Graham:** Okay. That brings us neatly to Oscar's question on modes.

[30]   **Mohammad Asghar:** Thank you very much, Chair. My question is to you both, gentlemen. My question will be around metro delivery and benefits and clarity of objects— around that subject—so, how interventions and services should be developed, and what action is required to realise expected economic and social benefits in the areas.

[31]   **Mr Cope:** In terms of general bus services or—

[32]   **Mohammad Asghar:** In terms of delivery of metro in your areas.

[33]   **Mr Cope:** As in, what mode, is it?

[34]   **Mohammad Asghar:** Yes, a mode is a necessary part of it. What mode you are using—whether the rail, train, buses or whatever it is—so, I want to know the benefits in your area. We should be, really, learning from this train we started, from the Valleys lines in 2007, and that actually recovered the whole cost within the time limits and made more passengers and more money. So, you should have some sort of expectation in your area, so please let us know what are there.

[35]   **Mr Morgan:** I think, if you look at the Valleys lines, where there's been new infrastructure, which has enabled additional frequency—more trains to run—that's tended to be where most passenger growth has been, because it's meeting capacity through frequency, longer trains. And certainly, on the Ebbw Vale line, we know there's an unmet demand there at the moment, because there's only an hourly service. The current investment that's being made to double-track the line will allow more trains to operate. Certainly I'm sure, on that service, it's going to be as successful as it was originally in people using it, because there's a pent-up demand for travel.

09:45

[36]   So, in terms of the metro concept, I think it's sound in terms of reducing journey times, reaching the tops of the Valleys in south-east Wales, and giving them more frequent services. It should open up travel both ways. It's not just about taking people into Cardiff. You would also expect, if the communities to the north of the Valleys are more accessible and travelling is a much simpler thing than it is at the moment, then you would hope that, again, economic development will follow from that. A lot of it's down to sensible planning—where you're going to build your facilities. You need them to be accessible from the transport network. I think we've all seen examples when big developments have been made and they're not really on the line of a public transport network, whether it be rail or bus. When that happens, it's very difficult to serve by conventional public transport, because people's demands are varied. If you're serving an industrial estate that people are travelling to for work from a very diverse area, it's very difficult to serve that area by public transport if it's not near a main transport line or a hub where you can connect to. So, I think a lot of things will open up once the network is improved and the aspirations that are there at the moment are met, and I think it'll go together, then, with growing the economy.

[37]   **Mr Cope:** I think from our end—obviously, I'm more sort of south of the county— we've seen huge growth in stations like Severn Tunnel Junction. Obviously, that's not just into the Cardiff city region, as you've got people travelling to Bristol as well. The link, now, between Bristol, Newport and Cardiff will be crucial in moving this forward. We need to look at where we develop stations, what type of mode we put in to certain areas, and obviously, when planning buildings and things like hospitals, for instance, they need to be on accessible areas. A lot of these places have been built in outlying areas where there are no connections at all, and then you're starting to look at moving that forward and providing access to that is very difficult.

[38]   On choosing the modes, obviously, you have to look at the areas where you're actually planning to bring people in from. If you look at outlying towns, it may be that there are no rail lines. We've got a town, Monmouth, obviously, where there are no rail lines at all. Obviously there were, years and years ago, but to develop that is going to be extremely costly, so you have to look at perhaps bus rapid transit, BRT, from a town like Monmouth, and to link up, possibly, to other stations.

[39]   **Mohammad Asghar:** There's another area. When you look at Newport, even in Victorian times, there were trains, and trams on the High Street. There must have been some sort of economic research and everything done before those things were done by them, over 150 years ago. We are still dragging. We can see the population is growing, the economic reasons are there, and everything, but still things are not there where they should be. Globally, everywhere in the world where there's a metro system, it's all beneficial. Why can't we have the same system here ASAP? Your area, Monmouth, as we know, is a rural area. You're on community transport, but we are not talking about community but a permanent regular transport system for the benefit of the public and tourists at the same time.

[40]   **Mr Cope:** Yes, I totally agree. If you're building a metro, you need something that's very frequent, very reliable, and easily accessible for people to get to. Obviously, people from rural areas will have to travel to main hubs or to main interchanges to pick this system up, but as long as it's frequent and reliable, then obviously it's going to be very well used.

[41]   **William Graham:** Jeff.

[42]   **Jeff Cuthbert:** Good morning. I want to talk a little bit about governance and funding, and, of course, to set the scenario that the metro policy is not happening in isolation. This issue is, rightly, linked in with the planned city region, and developments like that. So, to both of you, what do you think are the options open to the Welsh Government in terms of governance and a delivery body for the metro?

[43]   **Mr Morgan:** I think it needs to be something that's going to be all-embracing. As I mentioned earlier, you need to look at the very basics, at bus-stop level. It needs to, obviously, look at models of how that works in other areas, such as the passenger transport authorities, PTAs, that exist at the moment. It also needs to take into account that part of the problem with running buses into main towns and cities at the moment is congestion on the road network, which impacts on the ability of operators to maintain timetables regularly and consistently, and it frustrates passengers because they're not getting to where they need to be at the time they expect.

[44]   I think making sure that the road network takes account of the needs of an efficient modern public transport system is another element that needs to be thought through when the body to deliver the metro is taken into account. It doesn't mean that all areas of road need to be taken over by bus lanes; it means looking at some of the pinch points and coming up with solutions that can work for buses and can work for general traffic, even. It just gives a wider benefit all round. I think it's essential that the body that looks at metro has some sort of

influence over that to a level—and I'm not sure what level that would be. But I think, in isolation, if you don't include as many of the things that frustrate things running smoothly at the moment, then you're not going to take things forward. It needs to be quite an all-embracing body that has powers that can deliver those sorts of things.

[45]   **Jeff Cuthbert:** Okay. Do you want to add—?

[46]   **Mr Cope:** Yes, I think, obviously, a body to deliver this metro has to embrace all this. Currently, with passenger transport units within local authorities, we cover a full range of transport services. So, we cover schools transport, community transport and social services transport, public transport—we're covering it all. But if you have a passenger transport executive to run something, or a joint transport authority, you really need something that has the powers to deliver, bringing, obviously, highways into this as well. Obviously, parking is another issue, so you do need somebody who has the overall power to be able to do something about it, rather than have a separate entity just running parts of the system. You probably need something that will be able to embrace it all.

[47]   **Jeff Cuthbert:** Okay. There's been reference to a strategic advisory board and a not-for-dividend company. Do you think there are merits in that approach? What particular powers do you think they might need to have?

[48]   **Mr Morgan:** I think it needs to be something that's strong, so a board or that sort of arrangement is the sort of thing that would need to be there to oversee it all. Powers-wise, a lot of what's there at the moment would achieve a lot better if—. We talked about the buses not being able to run as efficiently as they can because of the road network. There's been talk of bus regulation, but I'm not sure whether this is the right question to cover that.

[49]   **Jeff Cuthbert:** Up to you.

[50]   **Mr Morgan:** Yes. I think we've got concerns over bus regulation, as ATCO, as an organisation, has made comments on, and as I, personally, have. What we've got at the moment is a commercial bus network where the operators' resources are directed at the places where the most demand is—that's the nature of the commercial market. I think there's a concept out there that if we were able to control everything, then you'd start to unpick the stronger-demand services, in terms of frequency and resources, and use those resources elsewhere to provide some of the links that, perhaps, aren't there at the moment. So, you'd have a network that is perhaps more connected, but because you've taken away—. As I said earlier, frequency is one of the strongest drivers in terms of people choosing to use public transport. It makes a huge difference, and we've got instances now from Merthyr to Cardiff where there's a bus every 10 minutes and that's sustainable. That's run commercially. In Blackwood, there are eight buses an hour between Blackwood and Newport. The one service runs every 10 minutes, and that's developed over the last few years because there's demand for that service, which has required additional capacity, which has been met by putting extra resources in. Hence more frequent services.

[51]   I think the danger is, if you start to undo some of the more commercial bits, you're going to lose passengers and therefore lose revenue. So, I think the concept of being able to control the network and maintain all the revenue that's being generated in the strongest parts at the moment could lead to difficulties and significant extra costs if we start to have a regulated network. I think, certainly, sitting on the bus policy advisory group, we've talked about these things and we reported to the Minister last year. The bus policy advisory group is about increasing patronage on buses and generating more paying passengers. What we've tried to advocate through that group is that partnership working is vital in terms of exploiting the best bits of the commercial network but also trying to meet some of the needs of the network that are not perhaps being met at the moment. It's a partnership of not just the local

authorities and the bus operators: it needs to involve the chamber of trade; it needs to involve other bodies— passenger groups. By working in that sort of environment, hopefully, then, you can deliver some of the improved services, in conjunction with an investment in the highway, to give the priority the buses need at some of the pinch points where it is difficult to maintain a regular and consistent timetable. That could then generate extra demand and, hopefully, really realise the wider benefits of perhaps the more regulated network that everybody seems to be pushing towards at the moment.

[52]   **Jeff Cuthbert:** If I may, it would seem logical for me, because you mentioned revenue and integration, to bring in the issue of integrated ticketing now. Clearly, we're talking here about a number of modes of transport—bus, heavy rail, light rail. I'm very familiar with the Valley rail services and the current bus services, but there'll be new modes of transport, as well—the light rail or tram; call it what you wish. Clearly, they would have to be integrated. They have to work together, because, otherwise, the metro concept I don't think would succeed. You mentioned, in response to an earlier question, about congestion, and part of this is to get people out of private cars onto public transport and reduce congestion, reduce emissions and everything else. I think that would be also consistent—. You'll be familiar with the provisions of the welfare of future generations Act, which will require this type of sustainable development to be thought through. So, can I move, then, on to the issue of integrated ticketing in particular? Like in London, where you have the Oyster card, for example, do you see that as an advantage or can you see practical difficulties with such an approach?

[53]   **Mr Cope:** There are advantages, I think, and disadvantages with integrated ticketing. Probably the biggest barrier to overcome is the actual reimbursement of the operators. Integrated tickets normally are probably slightly lower cost than buying singular tickets, and it's about working out a fair and equitable funding arrangement for the operators. For instance, if you look at a ticket on rail, it might be, say, £6.80 return from, say, Caerphilly to Cardiff. Somebody gets on a bus in Cardiff to come out to Cardiff Bay or gets on the train to Cardiff Bay, and that might be, say, £4 return. The integrated ticket might be, say, £10. So, there's still a funding gap there of perhaps £1 or £2 that one or other of the operators may not get. So, obviously, you may possibly need, if you're going to integrate tickets, some form of subsidy with them to actually make them work properly. Obviously, at the moment, with bus tickets, not all bus operators will accept a network rider. They won't all accept other companies' tickets because of the commercial operation of those services. Some will, but the revenue, at the moment, stays with the operator who sold the ticket. So, if you bought one on, say, a Newport bus, you could probably use it on a Cardiff bus, but Cardiff would not get the revenue for that ticket, if it's not been bought on that bus. Obviously, you have to look at the arrangement and how it will work, because there has to be something solid in place so that they all get fairly—

10:00

[54]   **Jeff Cuthbert:** But that's just a practical problem. I'm not minimising it, but it could be resolved.

[55]   **Mr Cope:** Yes.

[56]   **William Graham:** Thank you very much. Looking at the time, we've only got another half hour. I'd like to move on, if we may. Rhun, do you want to ask about the city region policy?

[57]   **Rhun ap Iorwerth:** Yes. Just before that, you talk a lot about 'the metro concept'. We're into phase 2, or starting soon, of the metro. It's meant to be a little bit more than a concept, but is it? I don't get the sense from you that you believe that it actually exists yet. It

might be a nice idea, but it's so vague, it's something in the fairly distant future, still.

[58]   **Mr Morgan:** I don't believe it's vague. Obviously, a lot of work's been done over the last two years in particular, and there are a lot of elements as well. It's tied in with the refranchising of the current train operator, Arriva. It's looking at what type of rolling stock would be right. It's tied in with electrification. There's a lot of work that's been done, looking at what would be the appropriate rolling stock and what is the right solution for the metro, and with the Valleys lines, I think, from what I've read more recently, the direction now is more towards light rail, which will give a lot more flexibility and, potentially, a lot more direct and frequent services, and, as was mentioned earlier, there's the option of running on street in city centres, perhaps, and two areas that aren't currently connected.

[59]   **Rhun ap Iorwerth:** Perhaps my question is: shouldn't we be beyond this now? A lot of work's been done. We should be beyond this.

[60]   **Mr Morgan:** I think, to be fair, there's a lot of planning involved in these things and there's a lot of thinking through and a lot of feasibility needed. I talked earlier about being involved in Energlyn station in the late 1990s and that got delivered in 2013—and that was a simple station scheme. But there's a lot of work that goes on between the original concept and delivery. I think, for the metro, being such an all-embracing concept—it's more than a concept now. There's commitment there to delivery and there's obviously a lot of things that have had to be addressed, as I said, about the way it's going to work and how it's all going to fit together. I'm sure the progress is positive, and I wouldn't want to take away from that. There's funding now that's been committed to it, and obviously there's a lot more funding needed to realise the ultimate dream, but I think there's progress being made.

[61]   **Rhun ap Iorwerth:** Mr Cope.

[62]   **Mr Cope:** I think, yes, as a local authority, we're seeing progress being made now on electrification, for instance. We're having quite a lot of meetings with Network Rail, looking at replacing bridges and looking at stations and everything else. So, work is progressing quite rapidly on that side of things, and perhaps more quickly on the rail than it probably is on the bus at the moment, but we know that there are consultants looking at other schemes—like bus rapid transit. There are a few of those schemes being mooted at the moment. So there is work progressing. As far as delivery of it is concerned, obviously, it does take quite a lot of planning. If you're going to build new stations or you're going to build bus rapid transit routes, they do take quite a bit of planning.

[63]   **Rhun ap Iorwerth:** But the money committed up to 2023 is just for Valleys line electrification. That was happening anyway, whether the metro's happening or not.

[64]   **Mr Cope:** Obviously, I can't comment on that, because I thought that some of this money would go towards some other schemes, as well.

[65]   **Rhun ap Iorwerth:** Not a lot of it, it seems. The question, basically, is: is the Welsh Government capable, capacity wise, of developing this or do we need now, picking up on what's been mentioned before, a delivery authority that can concentrate fully on this? Is one barrier to that the various overlapping regional levels of city region, Cardiff, Newport, Bristol? We have local government reorganisation in the pipeline, and we have regional transport plans. Do we need now a specific delivery authority for this?

[66]   **Mr Cope:** I think you do. I think if you're going to deliver this in a timescale, you need somebody to be actually focusing on delivery. You need, probably, quite a number of people just focusing on delivering the metro and nothing else because, as you said, with all these different things that are moving around at the moment—local government

reorganisation, local transport plans—you need somebody to focus on the regional issues, and you need a body, I think, to have that power and to be able to take it forward.

[67]   **Rhun ap Iorwerth:** Mr Morgan?

[68]   **Mr Morgan:** I totally agree. It's such a big vision, such a big project, that, if it's to be realised, it needs some very skilled resources in place to deliver that concept. Yes, there's still a lot of talking and a lot of work to be done in terms of how that will all fit together and which bits of it are going to be needed from—. We talked about regulation earlier and about whether there are other ways of doing it and how that's going to be achieved. I think the rail franchise is probably a key to it. The delivery body, again, is something else that needs to be developed, and we need to see some things happening now, I think, to realise that ambition in the sort of timescales that are talked about.

[69]   **Rhun ap Iorwerth:** Okay. Thank you.

[70]   **William Graham:** Thank you very much. Keith on funding.

[71]   **Keith Davies:** In your report to us, you actually talk about the most urgent issues, and you're talking about stable and long-term funding for the delivery body, and you're also talking about setting up a core team. I can appreciate that, but then where do you think the funding should come from? The funding should cover more than that. It should be capital as well as revenue.

[72]   **Mr Morgan:** Yes. I think, to achieve the vision, there's going to need to be, obviously, a substantial amount of investment in the network from the capital side. But I think that, if the connectivity and the additional links that perhaps aren't there at the moment are to be achieved, then it's inevitably going to need additional revenue because the funding that supports the services, whether they be rail or bus, at the moment delivers what we've got out there on the streets. As I said, if you start to take away some of the commercial level of service that's out there and try and redistribute that, that doesn't necessarily mean you're going to keep the same level of fares that are in the network at the moment, because you're not going to see the same demand for some of these links that are more commercial at the moment if you reduce the level of commercial service. So I think, inevitably, to achieve the sort of linkages we're looking at, and in terms of—. Throughout south-east Wales over the last few years, there have been a number of initiatives where rail link buses have met the train from outlying communities at a station. Most of those have gone now. We've still got one left in Blackwood that connects Blackwood with Ystrad Mynach station every hour and is carrying around 500 passengers a week onto the rail network. It's a guaranteed connection, and it works really well.

[73]   Some of the more outlying communities may benefit from initiatives such as that. I'm thinking of Brynmawr, for example. At the moment. I don't think Brynmawr features in the metro, but the best journey time to Cardiff from Brynmawr at the moment by public transport is around about two hours. I don't think there's anything in the metro that will address that, but if the Ebbw Valley line's being developed then, perhaps, an express rail link bus from Brynmawr coming down the Valley, just stopping at key points in Nantyglo, Blaina and connecting whether it's at a new station at Abertillery that's being talked about or whether it's further down the line, may be a good option for the people of Brynmawr. Those things are very expensive to run in terms of revenue support but a hell of a lot cheaper than investing in the infrastructure and incurring the cost of running the extra trains to reach a settlement such as that. So, I think it's inevitable that, if these areas of connectivity are needed, the funding needs to be part of it.

[74]   **Keith Davies:** But before we get to that, what about this regional delivery body and a

core team of transport specialists you're talking about? You're saying these are the urgent issues. Where are we on those?

[75]   **Mr Cope:** Well, obviously, because no body has been formed, as such, at the moment, we don't know which way they're going to move forward. Are they going to form a joint transport authority? Is it going to be done with regional transport officers? You obviously need a core staff. Whether they come from Welsh Government or part and parcel of the local authority or whichever, you need other people working in partnership. You need to be working with operators as well. Yes, it's going to cost money. There's no doubt about that. Whether or not some of the skills of local authority officers can be used—that is an option. But, of course, when you start bringing in consultants and other people, you start to put the bill up quite high. They can bring in consultants to look at different areas, but then your costs are going up and up and up. I think it's always been a concern of ATCO that the revenue funding, I don't think, has been look at for this metro, and what it will cost when it is actually operational. Because every part of it is not going to be a commercial entity.

[76]   **Keith Davies:** Okay. Thank you.

[77]   **William Graham:** Eluned.

[78]   **Eluned Parrott:** Thank you. In terms of this delivery body—and I completely agree; you need a specific metro delivery body for an integrated system—who should be the key partners in that? Clearly, we've got a number of different things. There's the linkage between what the metro's trying to achieve and things like planning, which is the purview of local authorities, and, of course, economic development as well, which perhaps crosses boundaries and looks towards things like enterprise zones and city regions. So, who do you think those key partners are?

[79]   **Mr Morgan:** I think it's a combination of everybody you've just said, because you can't look at the metro in isolation. You need to look at it as a city region where you're trying to achieve economic development through a much better transport infrastructure. I think, because of that, it needs to involve everything—every level—from local authority planning up to wider regional planning, and also, you know, within the cities and the other aspirations as well that need to be met. I think you need to encompass all of that if you're going to truly achieve the vision that's there.

[80]   **Eluned Parrott:** Okay.

[81]   **Mr Cope:** I think you probably need teams—maybe small teams—of different people looking at different areas of this within that delivery body. Get the specialist people in place who can actually deliver each part of the metro.

[82]   **Eluned Parrott:** In terms of the involvement of local authorities, I think it was interesting, when the Minister made her statement about a fortnight ago, as I was asking her about specific projects and what the map might actually look like, and she said to me that things like the choice of stations and routes is going to be down to local authorities. Have you been asked that question?

[83]   **Mr Cope:** Recently, yes.

[84]   **Eluned Parrott:** How recently? [*Laughter.*]

[85]   **Mr Cope:** About a week or so ago.

[86]   **Eluned Parrott:** Well, isn't that interesting timing? Thank you. Can I just ask:

what's the gap between that recent engagement and the last time you felt that you had an active engagement in the group who are taking forward the metro within Welsh Government?

[87]   **Mr Cope:** I think, since the demise of the regional transport consortia, we haven't had a great deal of input into the metro itself.

[88]   **Eluned Parrott:** Okay.

[89]   **Mr Cope:** Yes, we have had talks with some Welsh Government officials, and they have come to us over certain schemes, to look at perhaps the delivery of some of these schemes, but as far as the general situation is concerned, I think it goes to say that over the last couple of years, there's been very little, really, within local authorities. When I say that we've been asked recently, I think the leader has been asked recently, and the chief exec has been asked recently to look at what the proposals are for the metro. Whether that's been done with all authorities, I'm not totally sure.

[90]   **Eluned Parrott:** Are the same people driving the bus on things like the city region strategy within local authorities as are working on the metro proposals? Is there good communication there?

[91]   **Mr Morgan:** I think there's much higher-level communication. It's above our level in terms of the city regions. I think, to be fair, meetings about the metro have tended to be at that higher level rather than ourselves, who've, perhaps, been involved in the more operational aspects of it in the past. So, I think there is engagement. Certainly, there's engagement at chief exec and senior officer level with officials in the Welsh Government, and I think it's probably fair to say, as Richard said, that's been more frequent recently than perhaps it was previously. Another example on a more pragmatic level, I guess, is we've been meeting with the delivery team and Network Rail recently about the additional platform that needs to be built at Newbridge station when the line is double-tracked, which is ongoing at the moment, and the delivery team has asked whether the local authority can deliver the bits of the project that need to be built on local authority land and that includes the design and everything of that. So, there is engagement—it's unfair to say there's been no engagement—and on a practical level, that's happening at the moment, as the schemes are being rolled out. I think where we miss it at our level is the more strategic level of the vision and how it is going to be achieved. We're not really getting that engagement at the moment, but perhaps that's going to improve.

10:15

[92]   **Eluned Parrott:** Okay, thank you, Chair.

[93]   **William Graham:** Joyce and then—[*Inaudible*.]

[94]   **Joyce Watson:** Well, I think most of those have been answered, so I'm going to do something else. Talking about the vision and achievement, I want to explore why south-east Wales hasn't opted to produce a single local transport plan—or, maybe you have; maybe you're going to tell us that you have. But the fact that you're different authorities doesn't stop you crossing over and talking to your neighbour.

[95]   **Mr Cope:** I think the local transport plans were hastily done, shall we say, because we didn't have a great deal of time to produce the local transport plans. The Valleys authorities did work together on a joint plan—there is a joint plan for the Valleys authorities. We were going to work with Newport on ours; we did have some interaction with them, but we produced two separate plans. I think Cardiff decided they wanted to do a plan on their own as well, so that, obviously, led to the Vale and Bridgend doing the same thing. But, when

there were regional transport plans, we all had input into each other's.

[96]   On our level, we still have input into our own plans. We do talk to each other; we're not sat in isolation. We talk to other local authorities and see what schemes we can move forward, and some local transport plans will need to be developed, and for the metro itself, you've got things like active travel to take into account as well. You can build new stations, but you need walking and cycling; you might have walkway stations and you're going to need to actually connect those to the network of roads, et cetera.

[97]   **Joyce Watson:** You say in your submission that the metro plan will need to be a land use and regeneration tool as well, which we all agree it will have to be. You mentioned very briefly, Mr Morgan, about it being a two-way system—taking people in or out. So, how do you think that could be best co-ordinated in terms of regenerating the communities that need that regeneration, but maybe are not within Cardiff, shall we say?

[98]   **Mr Morgan:** The network that will be provided will work both ways. It's just very demand driven at the moment: where the main employment areas are and where the main shopping and leisure facilities are, it tends to gravitate down towards Cardiff. But, if the network is as innovative, as frequent and as strong as, hopefully, the metro will achieve, then that will, hopefully, open up areas that would never, previously, have been considered areas that you could regenerate or have good economic development plans, whether it's housing, or whether it's new industrial estates, or whether it's a new hospital. You can make use of some of the infrastructure that's going to be in place that's not there at the moment to achieve those goals. So, I think it's vital that both things are aligned and the vision is not just about transport and it's not just about economic development; it's matching them both together and then, hopefully, realising some of the aspirations.

[99]   **Joyce Watson:** Thank you. I was supposed to ask you something about bus service and bus regulation, but you've made your views pretty clear that if you talk about regulating bus services, in your opinion, you risk more than you gain—that's what I seem to pick up— especially if you look at regulating the productive side. But, since we're creating a new system that's not yet in being, do you think there might be an advantage in regulating, so that you can spread an advantage to an area that might not exist by regulating the whole route?

[100]   **Mr Cope:** I think, regulation-wise, there are things that you can do to regulate, and powers we can put in place. It doesn't necessarily mean you have to regulate the whole system. There could be areas where you can have an oversight of, say, the standards of the vehicle, the standards you want to deliver on, and quality partnership working, but I think regulation will come at a cost. If you try and regulate everything, like London, you are going to have to subsidise quite a large amount of it, because, as Huw mentioned earlier, the commercial operation at the moment is taking the best of the passengers, and if you take that out and regulate it—. Okay, you might perhaps want to regulate in a different way. You might say, 'At the moment, they're running a 15-minute frequency; we would like to see a 10-minute frequency. So, on this route, a 10-minute frequency; we can pay towards having a 10-minute frequency instead of a 15-minute frequency'. There are many ways of doing it, but if you do go to full regulation, then it will come, certainly, at a cost.

[101]   **Jocelyn Davies:** We did have a devolution announcement, the St David's Day agreement. Do you think that we need devolution of powers over the registration of buses?

[102]   **Mr Morgan:** We certainly support the devolution of powers over registration. At the moment, the whole registration process is done by one office in Leeds, for bus services. Many years ago, there was a local office in Cardiff and I think the efficiency and the knowledge of the staff there was far better in terms of helping us work with the traffic commissioner and keep on top of things as they were happening. So, I think that part of it is a big bonus—to

have a traffic commissioner who at least is based, and spends some of his time, within Wales. Also, to have the registration closely aligned with Traveline, because they can find it difficult sometimes to get the information they need from some of the operators, which frustrates them in being able to give the information out in a timely manner. So, certainly, the registration of services by a body in Wales we would definitely support, yes.

[103]   **Joyce Watson:** Thank you.

[104]   **William Graham:** Keith, are you going to talk about the metro integration?

[105]   **Keith Davies:** There's talk about the metro delivery and the rail franchise for Wales and the borders being awarded as a single contract. Do you think that would work? What are the risks associated with it?

[106]   **Mr Morgan:** I think it's difficult for us to comment on that because we've not had the benefit of looking into what you can and can't do under legislation, and how a company would be formed. I don't think either of us have really had a lot of experience in knowing the ins and outs of what is possible under the law and not. So, I think it's difficult for us to comment on that. I think, yes, the concept of it sounds as if it would work, but the technicalities and legalities of it, I think it would be difficult for us to—

[107]   **Keith Davies:** All right, well let me just talk about the rail franchise then, and the not-for-profit operating company. Do you think that could work?

[108]   **Mr Morgan:** Again, I think the concept seems to have been thought through, and seems to be a sound one. I think profit is often seen as a dirty word, certainly in terms of bus operation—I know this is talking about rail operation. But, to be fair, any company needs to make a profit to survive, and I think the levels of profitability have been debated in various different arenas. But I think, if the company isn't making a profit and is not able to invest, and it may not just be the non—. Rail is difficult because you're tied into lease agreements with the trains, and it's not a model that applies in the bus industry, but when a company isn't making profit, it's got no incentive then to improve the service it's delivering, because, obviously, by investing in marketing, investing in initiatives, if it can make more money from that and it improves its bottom line, then it's got an incentive to do that. I guess, with a not-for-profit company, the incentive for the commercial operator of that franchise may not be as great. So, again, I think it's difficult for us to come to any strong conclusions on that because we've not been involved in the deliberations over it and I don't know enough about the technicalities.

[109]   **Mr Cope:** I think, with the connectivity of things, a single operator would probably work. Connecting the metro with heavy rail, light rail et cetera, will probably work. Whether it would work with the bus industry as well is debatable.

[110]   **Keith Davies:** Our committee has been to Manchester and looked at what's happening there; we've been to Transport for London and seen what's happening there, but what wasn't happening in those areas is the local government reorganisation in south Wales, so we won't pursue that one this morning.

[111]   **Jeff Cuthbert:** And that's why you raised it. [*Laughter.*]

[112]   **William Graham:** Oscar, you had a question.

[113]   **Mohammad Asghar:** Yes. Thank you; you have actually answered part of the question, which I'm going to ask now, because it's about private investment in this business and it's a not-for-dividend company, which means there's no incentive for private investors,

and that can delay the whole matter. So, unless there is public money is available, that is the problem is this scenario, I think. So, haven't you given advice to the Minister or she has already established this company for not-for-dividend and go for it? So, where is your advice for her?

[114]   **Keith Davies:** Before you answer that, I want to explain that Arriva Trains is run by a German Government.

[115]   **Mohammad Asghar:** The thing is the German Government is a bit of a—. We're asking about Wales.

[116]   **William Graham:** I think we're going a little bit off the subject there on that, but thank you for the question. Very quickly, Mick.

[117]   **Mick Antoniw:** What do you think are the main challenges that may impact on this whole process with local government reorganisation?

[118]   **Mr Cope:** Obviously, with local government reorganisation moving forward, it's going to depend on what the map actually draws, I think, because, as I said, we were working before as a region. There's no reason why we can't work as a region again, but it's having the right blend of local authorities together, and you don't want local authorities working against one another because it's going to impact on the delivery of the metro if you do. So, I think, perhaps when they're looking at a delivery authority, whether or not that should be outside of local government organisation might be something that would need to be looked at.

[119]   **Keith Davies:** Just to add to that one, I think that's quite important because I've been through two local government reorganisations. So, you're working for one authority, and then, you're also working for the shadow authority. All that's going to happen over the next four, five years. So, what you're saying—perhaps what I'd agree with—is that you have an independent body, a regional independent body. I agree with that.

[120]   **Mr Morgan:** I think, as well, to be fair, there's a lot of collaboration that goes on at the moment between local authorities. We mentioned bus funding earlier. We manage that for south-east Wales and there's about £11 million-worth of funding that comes through and we pay the operators through grant support, which is the old BSOG, which used to be administered by the Department for Transport. We've got the infrastructure in place for smart cards; that is done collaboratively between the 10 authorities in south-east Wales and it's managed by one authority. There's an awful lot of collaboration that goes on at the moment because transport cuts across all boundaries. It's not something that you can really just restrict to the local area, and we've always worked in that environment; we've always worked very closely together. It might not appear that that's what happens on the surface because people don't see what goes on underneath. But there's a bus working group that's continued since SEWTA ceased to be, because there are a lot of issues that authorities need to be talking to each other about. And it's about not doing them in isolation; we try and do things by lead authority. Richard has worked quite closely with Newport council recently on extending the Grass Routes service there. There's a lot of that going on, and the same in the community transport sector. There's an awful lot of cross-region collaboration going on at the moment, and trying to improve services with the diminishing resources that are there.

[121]   **Mick Antoniw:** Thank you.

[122]   **William Graham:** Well, thank you. On that hopeful note, thank you very much for your evidence today. We're much obliged to you; thank you. The committee will have a break for 10 minutes.

Gohiriwyd y cyfarfod rhwng 10:30 a 10:40.
The meeting adjourned between 10:30 and 10:40.

Dinas-ranbarthau, Ardaloedd Menter a'r Metro
City Regions, Enterprise Zones and the Metro

[123]   **William Graham:** We'll turn now to item 3. Can I welcome Jonathan Bray? Could I ask you just to give your name and title for the record?

[124]   **Mr Bray:** Yes. My name is Jonathan Bray and I'm the director of the Passenger Transport Executive Group.

[125]   **William Graham:** Thank you very much. If I could move to our first question and that's from Mick Antoniw.

[126]   **Mick Antoniw:** Can I just ask you generally about the whole metro concept that we're developing? You're obviously bringing a lot of experience from the passenger point of view to what we're trying to achieve, and you have a lot of experience of other transport systems. How do you see where we are and where we're going with the metro so far?

[127]   **Mr Bray:** I think the principle is absolutely right—that there needs to be investment in the metro rail network and the bus connections and other forms of transport that support that. What we've seen in our area is, where you have invested in urban transport networks, particularly urban rail, you see very strong growth indeed; in fact, you can see faster growth than you get in London and the south-east. So, I think the principle is right and I'm sure that everyone agrees that it's right. The question is: what is the best way to achieve that and make that happen? I've tried to read as much as I could in preparing for this session, but I'm sure I'll have missed important details because it's not an area I work in full time, but I think there's a sense that there's more to be done in terms of establishing robust governance and delivery arrangements and, indeed, a clearer definition of what the end game is—what the metro project is going to deliver and what kind of services are going to go where. So, it seems to me there's been progress, since I last came to speak to this committee, I think a couple of years ago, but I think the arrangements still seem in need of greater definition and clarity.

[128]   **Mick Antoniw:** Do you think, firstly, that we've made the level of progress that we should have made? And, secondly, what do you think are the lessons learnt from other areas and other similar-type projects that we should be particularly focusing on?

[129]   **Mr Bray:** I have to stress that it's not for me to come to Wales and deliver judgment about progress. That's for the people of Wales and for you, as their elected representatives, to do that. I think that, if I were you, I would perhaps start to be a little bit concerned about whether the governance arrangements are making as rapid a progress as they might have done, given the importance of this project to the future of south Wales and to Wales more widely.

[130]   I think, coming from our background, we would say that there is a strong case for having some kind of joint transport authority to deliver these kind of projects. In our areas, we've had such bodies—passenger transport executives—and, in general terms, you can see the results on the ground in that the quality of the public transport provision and the rail networks is better, in general, than in areas that haven't had such arrangements. These passenger transport executives are now changing and evolving as part of combined authorities that you'll probably be aware of, which now exist in five of the six metropolitan areas of England, but with another one in west midlands on its way. You'll be aware, too, that, from Westminster's perspective, the game has moved on. The combined authority used to be your entrance to the club in terms of getting priority and being taken seriously by Government. It's

now moved on to city-region mayors, which raises a whole series of other questions and political questions, too.

[131]   But, I think, we still lack arrangements as robust as that to cover the metro area. I think that the decision to abolish the regional transport bodies, which were in place, seems to be to me something that perhaps could be queried, given that there was a reasonable fit with the metro concept and that was the makings of a transport body that could have been given a clear objective. I think that the advantage of something like a passenger transport executive, or an equivalent—it doesn't have to be a PTE—. People shouldn't get hung up on saying, 'Well, we don't want exactly that, but something that has the qualities of the PTEs.' With that, you've got something that's democratically accountable, in some way, to the constituent local authorities, which has a single purpose, and is not the side job of the people who are employed by it—when they've stopped running a business or doing something in the local authority—but it's their job to deliver this. You can take on expertise, be it legal or planning, and that body is there to deliver that outcome. I always think that you need to be a bit hard-headed about these things and if you want the 'ends', then you need to have the 'means' to do so. I think the evidence from the rest of the United Kingdom and around the world shows that having an authority with an executive body of that nature is the key to delivering better and more integrated public transport networks.

10:45

[132]   **Mick Antoniw:** Do you think there is sufficient clarity as to what the end is at the moment? You're looking from outside at what we're doing within Wales, but how important is that clarity, and do you think we actually have a clear enough idea as to what it is we actually want and are working towards?

[133]   **Mr Bray:** Well, I think it does still lack a bit of clarity for me, reading the documentation from the outside. And, if you want to get things done, you need to be able to say what it is you want to achieve. There are a lot of other calls on public money. There are a lot of other priorities. There are a lot of other cities and areas that will have very clear plans of what they want to achieve and have the story to tell about it. So, for me—as I say, again, I don't want to feel like I'm being seen as coming here and sitting in judgment; it's not my role to do that—from my perusal of the documentation and talking to a few people, it seems there's still some work to be done, I would say, on defining exactly what the end game is, but also defining a form of governance and a form of delivery that is fit for purpose to achieve that end game.

[134]   **Mick Antoniw:** Okay. Thank you.

[135]   **William Graham:** Thank you very much. Oscar.

[136]   **Mohammad Asghar:** Thank you very much, Chair, and thank you, Jonathan. You have already given an answer for part of my question, but, on delivery and benefits for metro systems here, in PTEG's view, how should interventions and services be developed and what action should be taken to realise the expected economic and social benefits in the area, and what mode should be used?

[137]   **Mr Bray:** Well, I think it's a huge opportunity for the sub-region. I think that it shouldn't just be seen as—. There's a danger that it just ends up being seen as an engineering project or a railway project. It should not be that. This should be seen, in my view, as a transformational project, which ties back into having governance that isn't just transport people or rail people, but also about what people want Cardiff and the Valleys, and the wider areas, to look like—how they want them to be in 10, 15, 20 years' time. I think that goes back to the importance of getting the governance right, and having a clear plan, because there

should be an opportunity for economic development, for changing communities in the way that people want them to do, and to be responsive to that. I think, going back to transport, a key part, as well as ensuring that this isn't just a rail project, this is a wider transport project, is in particular to get the bus connections right, because if ever there was a rail network or a transport system that was set up to have services feeding in, it must be the Valleys—it stands out a mile—so why you would not plan bus and rail together, and also look at fully integrated ticketing, escapes me. And not to do so would be an enormous missed opportunity. This must be one of the prime examples in the country where you would say, 'Let's get the trains right, let's get the buses feeding in and let's have a single ticketing system to cover the two.' And I think that's important, too, because I think someone else has raised or someone in the briefing was saying, 'You need to plan this, because there's always a danger that if you improve transport, the strongest economy sucks activity out of the weakest economy', which is, again, why it's important to look carefully at how this rail improvement is embedded in wider economic, social and planning goals and propositions.

[138]   **Mohammad Asghar:** And on city regions and on the cost of city regions, in terms of economy, Monmouth is a very affluent area whereas Blaenau Gwent and other areas are not very rich areas in this city region and metro system development. Again, from your perspective, the Minister is also talking about an 'outcome and output approach' being adopted in this whole process. What I'm asking you is: how should the outcomes sought by the Government be achieved in this metro system?

[139]   **Mr Bray:** Again, I think it comes back to having a governance for this that does involve the local authorities. I realise, too, that this is a very complex environment, because you're also looking at quite comprehensive local government reform as well, which hasn't worked its way through and I realise is controversial. But I think the principle that local government should be involved in these large transport plans is very important and should be maintained, because I think local government is where the resources are a lot of the time— that's where the money is. They're statutory bodies—they're stable bodies with powers and officers. And also they're able to join the dots between transport, social and environmental issues. For example, if you looked at the way things are going in Greater Manchester, where transport is now subsumed within the wider combined authority, and you may well be aware of moves to devolve more health and social care, you could also see how you could join the dots between employment and transport.

[140]   So, to give you a practical example, transport can be a significant barrier to people accessing jobs, opportunities and training. One of the things that we've done in some of our areas, for example, is to put travel advisers into job centres so that they can tell people how to get to job interviews, but also give them free tickets to get there and also give them a free first month's travel until their first salary cheque comes in. This has proved to be very effective at getting people into work and keeping them there. That may not be all of the answer, and it may not work everywhere, but it shows how, if you take a bigger view of what you're trying to achieve, you can join some of these dots and get the maximum value out of the transport investment you're making, which again comes back to what kind of fare system you want and how that fare system works across bus and rail.

[141]   So, to come back to your point, I think that, at the moment, it looks to me, from the outside, in the way that the governance is evolving on transport, there's a desire to involve a very wide constituency in how things move forward. It's a very big tent—you've got business, you've got local government and you've got the Welsh Government—but it seems to me, perhaps, in order of priority, it's probably the Welsh Government, business and then local government. I think, perhaps, in my view, it's important that if you're doing things at a sub-national level, if you're doing something that's about local services in a sub-region like the Valleys, then you need to have a strong involvement of the local transport authorities, probably through a larger body—the transport authority can cover the wider metro area.

[142]   **Mohammad Asghar:** So, are you putting pressure on the Minister on PTEG's point of view—putting your message across to the Minister to put it forward quickly?

[143]   **Mr Bray:** I have the happy advantage—. Well, I'd love to have some members in Wales, but it doesn't mean that I have, perhaps, a freer view. I think I can only give an outsider's view. I think it's, as I say, for this committee to decide, and for the people of Wales to decide how they want to go forward, but perhaps I can point to how things have worked well in other areas, and I think there are certain key ingredients you see time and again. I was interested in one of the documents that I was reading in preparation for this, which was from the School of Planning and Geography in May 2014 about governing the metro. One of the things they said was that, based on case studies and evidence of best practice, it can be seen that the most effective organisations in driving forward change and managing service delivery are those vested with comprehensive powers to achieve policy co-ordination, project development and service provision, and it's unlikely that the status quo, matched with the current level of resources, will be capable of taking forward the development of the metro project. They go on to talk about some kind of joint transport authority structure. They'd looked at evidence around the world, and I think this is a pattern that comes back time and time again.

[144]   **William Graham:** Thank you. Shall we move on to bus regulation, Joyce?

[145]   **Joyce Watson:** Yes. Since we've started talking about joining things up and making them accessible to all, there may be a proposal for bus deregulation—sorry, 'regulation'; let's get it right. Do you share that view? Do you think that that would help to integrate bus and rail, which we all recognise, in this case, is essential?

[146]   **Mr Bray:** Yes, I think that buses are the main form of public transport. There's a tendency for a lot of focus on rail and trains, and they do play a very important role, but bus is bigger. I think the picture is not good for buses outside London in Great Britain, but, looking at the statistics, it's particularly bad in Wales; Wales is doing worse than the shires and city regions in England. Putting London to one side—it's a totally different system with a lot of money going in—even by the worrying standards of what's going on across the piece, the situation in Wales is not good. So, we've seen fares going up in real terms by 41 per cent between 2005 and 2015, and passenger numbers falling from 123 million to 103 million. From the last figures I saw, there was a decline of 4.1 per cent in one year alone. So, to me, this is a crisis, I would say, on the buses, and I think that one of the things I said last time I was here was that, again, it's about the ends and the means, and I'm not sure the current means in terms of bus deregulation, which has been tried for now 25 or 30 years has shown itself capable of addressing the scale of the crisis. In fact, the situation is getting worse. I think that, again, if you want to have full co-ordination of bus and rail, you do need regulation, you do need franchising.

[147]   You can get something that's better than what we have now—I'm not saying you can't—through making the best of the current system by local authorities doing what they can to influence the behaviour of bus companies. But the clue is in the name; it's called bus deregulation because it's deregulated, because it's a free market. You can't stop anyone coming in, and you can't stop anyone from reducing services if they've got problems with their wider funding arrangements back at their headquarters. You can't stop one of the existing providers being bought out, and you certainly cannot force people, because it would be illegal, to charge the same across operators. You can have, under the current system, schemes where you can have a ticket that you can use across different companies. You can do that, but it will be priced more expensively than the ticket from the single operators. Also, what we tend to find is that it's not easy to buy one of these tickets because, as you'll see on the side of buses, they promote the ticket that you can only use on their services rather than

the more widely available ticket that you could use on all services. And I don't blame the companies for this, because why would they not do this? They are there to make money and they are businesses. But I think the idea that, by just saying the word 'partnership' ever more enthusiastically, you can make these fundamentals evaporate has been shown not to be true from recent experience. I think it was Einstein who said that to expect a different result from doing the same thing is the definition of madness.

[148]   Having said that, you can always improve what you have under the current system, but if you want what we were talking about before—if you want the trains and buses to link up on the metro scheme, and if you want tickets that you can use, a simple ticketing system, across bus and rail where you don't pay different fares on different operators and don't have to pay more to have a ticket for more than one operator, then you need franchising. I think, at the moment, from what I've read, it seems to have receded a bit as an option rather than moved forward. But perhaps there's an opportunity for this committee and others to return to this issue, because it's certainly coming back in the Westminster context. You may be aware that there's a buses Bill being brought forward in the Westminster Parliament, which would provide a fast-track route for franchising to those city regions that have a combined authority but also then introduce a city region there. How this fast track is going to work we don't know yet. I was trying to find this out, and sorry for my failure to do so, but, as I understand it, the Westminster legislation at the moment is automatically picked up in Wales. I'm not sure—

[149]   **William Graham:** Not of necessity.

[150]   **Joyce Watson:** No, it depends whether it's devolved or not devolved. There is talk about devolution of powers over the registration of buses in the St David's Day announcement. Do you support the devolution? Because we don't have it, obviously, if we're asking for it.

[151]   **Mr Bray:** I think it depends what it means, because the service registration has a number of elements to it. So, there's a safety element. Now, does anyone want to take that on in terms of giving that to local transport authorities within Wales? I don't know. We felt that, in the English context, we haven't had a desire to take on their safety role as passenger transport executives. That probably best sits with a national safety regulator. The other question is whether it's a matter of just taking on the registrations from the traffic commissioner as they carry it out at the moment. Under the current system, there aren't many ways in which the traffic commissioner can refuse registration, because it's a free market, but you could change it so that you introduced more powers to refuse registrations, for example, if it was felt that a new service coming in was undermining a high-quality existing partnership. But that would raise all sorts of issues around competition law. So, I think the devil's in the detail on this one. 'What powers?' and 'Why?', I think, are the key questions.

11:00

[152]   **Mick Antoniw:** That brings you back clearly to the point you made earlier that, in actual fact, unless you've got the regulatory power and franchising you're really tinkering around the edges.

[153]   **Mr Bray:** Well, what you won't do—even if you took all of the traffic commissioner's registration powers, that isn't equivalent to being able to introduce franchising, because the most you could do would be to refuse registration. It would be like negative planning permission. So, depending on what powers you take, it could be beneficial. Some of the powers raise wider issues, but, even if you took them all, it would not be equivalent to the franchising and networks equivalent to what London has, or equivalent to what's happening on the railways.

[154]   **Mick Antoniw:** Yes, which you see as quite a key tool in terms of this process.

[155]   **Mr Bray:** If the objective is to have a fully integrated transport network—. Obviously, Wales is more than the metro, but the metro stands out as an opportunity. If that's what you want, then you need franchising. If it's felt that it's too hard, too difficult and too upsetting to the status quo then you can have something that's better than it is now, but it will not be fully integrated transport provision, because it can't be.

[156]   **William Graham:** Rhun.

[157]   **Rhun ap Iorwerth:** What would that half-way house be?

[158]   **Mr Bray:** I imagine it would be a system where perhaps multi-operator and multimodal ticketing was available, perhaps better promoted, and perhaps the premium was more reasonable. So, instead of—. I don't know what it is at the moment in different parts of Wales; it will be different in different areas. But in some areas I know of in Great Britain as a whole it can be quite high. So, it could be more reasonable. There could be arrangements around branding, so it felt like it was held together a bit more. But I think what you would still almost inevitably have would be separate branding for different bus operators. You certainly—and I can't see how you'd avoid them having their own fare systems as well— wouldn't get the economies that you get from franchising because, at the moment, the commercial network they run, and then local government has to pick up the bill of a non-commercial network and then pay them to run it at a further profit. So, there's no cross-subsidy between the unprofitable and the profitable. So, you wouldn't get the full shooting match, basically.

[159]   **Rhun ap Iorwerth:** Can I ask you on branding? Actually, personally I would be in favour of developing either a Wales-wide or certainly a region-wide branding. What's the evidence, though, that that actually makes a difference to the buy-in that people have with their local transport network, and to passenger numbers, even?

[160]   **Mr Bray:** I think it would be very difficult to make a case that branding on its own achieves a substantial increase. I think there is evidence. We pulled together some research that a big consultancy did for us on the global evidence of what happens when you simplify fares. The evidence there was clear: the public responded strongly, you got passenger growth. Passengers like it simple. So, there's evidence of that. So, branding contributes to that, but I think what you're looking at with something like franchising, and what you can clearly see in London and other areas, is that the sum is more than the parts. If you sort some of the parts, sort of, which is what we're trying to do now, does that achieve that critical mass? I would suggest that the passenger figures show that it doesn't.

[161]   **William Graham:** It was interesting, when we went to Transport for London, that it was very much as you describe. The committee was very influenced by what we were told there, particularly on integrated ticketing and the way in which they had developed their existing system. Just on branding, we heard a suggestion perhaps this morning that branding could be costly. What is your view?

[162]   **Mr Bray:** That it could be—?

[163]   **William Graham:** Branding could be very costly.

[164]   **Mr Bray:** Well, I would have thought—. Not having heard the reasoning, but, on the face of it, I would have thought it would be relatively minor. Once you look at the cost of electrifying railways and building new trains and everything else, I would have thought that the branding issue is relatively minor.

[165] **William Graham:** Thank you. Jeff, could I bring you in on the integrated ticketing as well, please?

[166] **Jeff Cuthbert:** Yes, indeed. I agree very much with the Chair about what we saw when we went to Transport for London. It seems logical to me that, if we're going to have a metro system that's integrated right across the south Wales region, and joins in with the Cardiff capital city region as well and these other initiatives—added to which, of course, we have local government reorganisation at the same time, so we're going to try and get a lot of pain out of the way together. But the presenters before you from local authorities seemed to suggest that whilst integrated ticketing, perhaps in principle, was a good thing, there could be significant practical problems in terms of how the money would then be distributed amongst the operators. Now, I'm not convinced that that is a major practical problem, but what would your response to that be?

[167] **Mr Bray:** I think, if you were doing it via franchising, it's not really a problem, because you go to the market and say, 'This is the network of services we want and we want certain concessions'. You've got choices about how much you specify in detail. If you go as far as London, you specify everything—the fares, the colour of the buses, everything—but you may wish to leave some leeway for the private sector to come along and say, 'Actually, we've got some really good ideas here'. But once you've agreed who's got it, you pay them a fee to do that, so it's not very complicated. If they fall down on the job or if they do exceptionally well you may have a penalty regime, you may have a cap and collar on profits, all these kinds of things, but it's well established in terms of rail franchising.

[168] If you try and do it in a deregulated market, yes, it is very complicated. You'll be aware of all the arguments there are about concessionary fares: the operators will always say they never get enough and local government will say, 'Yes, you do', both sides pay economists to argue who's right; there is no right answer, really. And the same again about the bus service operators grant: you give them money, they say, 'It's not enough, we're going to have to cut services', but it's very hard to show that. So, when you're giving public money in a non-contractual environment, yes, you get a lot of discussions. When you're giving public money in a contractual argument, you know what the rules are, so I would say it was easier.

[169] **Jeff Cuthbert:** It seems to me a no-brainer. I acknowledge that, in any new system, there are always some practical problems that you come up against, of course there are, but it seems a no-brainer that integrated ticketing in a metro system is clearly the way forward. I acknowledge as well that, in terms of Transport for London, they are dealing with a very large, but compact area, densely populated, quite different from the geography of south Wales, and south-east Wales in particular. Do you think that that raises any additional problems?

[170] **Mr Bray:** No. I think there are different opportunities in south Wales, and, indeed, in the rest of Wales, with franchising. I think if you're looking at less heavily populated areas, at the moment, there's quite a lot of public sector funded collective transport running around: you've got social services transport, you've got healthcare, you've got education, you've got regular public transport, you've got the tendered routes, you've got dial-a-ride, community transport, and taxi-share informal arrangements. A lot of these are funded by separate bureaucracies with sometimes a separate contract and separate profits. Logically, you would probably say, 'Well, you wouldn't start from here', and I think, with public sector cuts, what seemed like it was too bureaucratically difficult to deal with becomes something that really needs to be addressed.

[171] In England, there are now these Total Transport pilots—that's what we christened it,

'Total Transport'—bringing these currently separate vehicle fleets and services together under a single pot to provide a common service. This is done in some European countries already, and we have some pilots in the United Kingdom. So, I think if you have a franchise that includes the core bus services, it's much easier, then, to look at some of those currently separate services and see to what extent they could be integrated in, particularly at less busy times and in rural areas. So, you could say, 'Let's stick in some of the patient transport services or some of the education transport and put it into a common contract to make the economies that way'. You have to be a little bit careful, because there are reasons why you keep some of these separate, because they're a different clientele and there are different needs and different expertise, but there must be potential to do more of this. That's easier to build in when you franchise the buses, which is connected to some similar arrangements for rail, than it is without that.

[172]   So, I think people sometimes get hung up on, 'We've got bus franchising in London and therefore it's going to cost as much as London and it has to be like London'. Well, no; franchising is a means to an end. It's the norm, now, in the way in which transport is moving across Europe. It's definitely the norm in Great Britain—it's how we do trains at the moment and it's how we do buses. Indeed, in some ways, we do that for 15 per cent of the bus network now, because local authorities already franchise bus services, but they do it in an inefficient way, route by route, and only the stuff the private sector monopolies don't want to provide. It's also worth bearing in mind that there is some money here in that, if you look at the—I'll give these figures to the committee—but, if you look at the profits that Stagecoach and First are making in Wales, they are still pretty substantial. So, they're making operating profits, Stagecoach, of 11.4 per cent, the last figures we have, and First are making an operating profit of 9.8 per cent. The Welsh average is 8 per cent. If you look at what the operating profits in London are: 4 per cent. So, I think people are right, and the operators are right, to say that bus services in Wales deserve public funding. There's a very strong case that can be made, and arguably they can say the way the changes have happened in Wales on public funding of buses—they could rightly say that they could be unhappy about some of the ways in which the changes have been made. At the same time—I know sometimes in this debate people feel it's impolite to talk about profits, but I don't, because it's part of the bigger picture—they are making good money out of buses in Wales, and, at a time when buses are declining and there are better ways available of using that public funding, to make sure they make a decent return, but not an excessive return, then they should be looked at.

[173]   **William Graham:** Thank you. Eluned.

[174]   **Eluned Parrott:** There are a couple of issues that come out of this, one of which is the powers that we're going to get are over registration and not regulation. Therefore, what are the opportunities to move in the direction of franchising in the short to medium term? It seems that they're limited, but are there ways around the current legislation that could allow us to use that kind of approach?

[175]   **Mr Bray:** Well, as I was saying earlier, I was hoping to have a fuller picture of my understanding of what the current legislation was in terms of the powers to franchise bus services in Wales, but they are there, and we do have them already in England and Scotland, but the problem with the current process is it's very cumbersome and convoluted, and expensive to pursue. In Tyne and Wear, Nexus, the north-east transport authority, is currently the first transport authority in England, Scotland and Wales to pursue franchising, with quality contracts. And this is where this debate gets very confusing, because people use similar terms to describe the same thing; so, quality contracts are a route to franchising, which is also what people say when they mean regulation. So, the Tyne and Wear combined authority is halfway through this process. It has cost them large amounts of money. They're in a hearing at the moment that's turning into a mini public inquiry; it's a very difficult process, and we're saying it should be simplified. So, I think that it might be something that the

committee might want to look at—what the current state of play is. Because the fact that there's haziness about what the options are on the most important form of public transport in Wales says something about the priority that buses can be given. There is an opportunity, I think, because the whole issue of the rules on introducing franchising is live at the moment in Westminster because of the buses Bill, so I imagine there will be some issues around whether that translates into Welsh legislation or not. I'm a bit hazy, I have to say.

[176]   **Eluned Parrott:** All right, thank you. Looking at the costs involved, you talked about cross-subsidy between the popular routes and the least popular routes, and one of the potential challenges that we have is that, within the metro area, you will have a higher concentration of popular routes than you will in other parts of Wales, particularly rural Wales, where public service obligation routes are more common than not. So, how do we manage that? Do we separate out the metro area and deal with it as a metro system that has its own governance and its own structures? Or do we attempt to cross-subsidise the rural routes in Wales with the receipts from the urban routes?

[177]   **Mr Bray:** Perhaps just to split that up into two issues, I think that there's a very strong case for bringing the commercial and the non-commercial network together. I'll come back to the issue of geographical scale, because that's one of the key advantages of franchising—that you can cross-subsidise, which you can't at the moment. So, local government's already franchising a lot of those non-commercial services on a route-by-route basis instead of doing it more efficiently by doing it as a network with commercial put in.

11:15

[178]   It's not just rural areas, of course; there's off-peak services, even in urban areas, which you can cross-subsidise. So, I think that, in terms of the geographical areas at which you would determine where decisions were taken, including on the size of bus networks, I think I would perhaps go back to some first principles. I think there's a tendency, perhaps, and for obvious reasons, where people tend to start with an area and work outwards, whereas I think it's helpful sometimes to think logically about which transport functions would sit where. So, I think there's a clear case, at a national level, for rail and for strategic highways at that level. I think, if you're looking at journey-to-work areas, and cohesive public transport networks, then that's probably where you want to be planning bus, but also making sure the rail fits in. You could say on local roads that you could devolve that quite a long way down, because that can be a community issue, really. So, I think that's something that's worth bearing in mind—what, logically, you're trying to achieve and what, logically, would sit at what function.

[179]   Now, what that means in terms of Wales—I'm sure there'll be many opinions and I don't have an absolute opinion about that—I think there's obviously a strong case around the metro area, because that's a very clear pattern of services and journey-to-work and economic footprints. I did feel that it made sense in terms of the regional—I think it was the regional transport partnerships they were called, wasn't it? That seemed like a reasonable level to be looking at bus provision, about links with local rail provision around those areas and how you might do some of those Total Transport initiatives. But, again, I'm aware that some of this is very local in terms of, if you're looking at a smaller town, what you would want to do. You need to get that involvement as well. I think there's no right—. You never have a perfect answer on boundaries or powers division; there'll always be problems around boundaries and there'll always be different opinions. But I think there are models that have worked better in Europe and in the UK that are worth looking at and that do adhere to some of those central principles.

[180]   **Eluned Parrott:** I think the question I was trying to get at is that there is a concentration of, shall we say, economically viable commercial routes in particular parts of

Wales, and large parts of Wales where there are not many, or, in fact, no commercially viable routes. The question is: if we're organising bus services on those regional levels, there will be regions where they don't have the opportunity to cross-subsidise non-commercial routes, because almost all of their routes will be non-commercial, and how do we get over that? Because, as I say, within Wales we have a concentration of population in the south-east, along the coastal plain of the south Wales M4 corridor, and we have another slightly lower density of concentration across the north Wales corridor. The majority of the land mass is very sparsely populated, but requires bus networks to keep them viable and still operating.

[181]   **Mr Bray:** I think that's a very fair point, but what I would say is that that's the situation now. So, local government is already subsidising the non-commercial network. So, it doesn't change; it just means that you would do it in a different way and a more efficient way. I think, in terms of supporting areas where there are more non-commercial services, that's where things like BSOG have come in. I think the Welsh Government has been right to look at ways in which BSOG could be targeted more effectively. I know that's caused a lot of turbulence and it's difficult in a deregulated market, because if you go to operators and say, 'You know we used to send you this cheque; well, now, we're asking for a bit more for it', they react accordingly. But the principle of supporting bus services nationally, through mechanisms like this, would help those areas. My key point is that you're right that there's more non-commercial services in rural areas that are under threat, that will be under threat, but, if you move to a franchising system, you'll be able to use what available public subsidy there is more effectively than you are now to give those services a better future, and you've got more chances, too, of tying in some of the Total Transport around that. So, you can do more demand-responsive services and tie in some of what's currently separately provided for health, education and social services into a single rural provision, at less cost.

[182]   **Eluned Parrott:** Okay. Just finally from me then, when we're looking at what you called the crisis in bus transport, that 4 per cent in a single year drop happened in the year that BSOG was reformed. There's quite an obvious causal link between the BSOG reform, a huge number of services in rural Wales being cut, and then the big drop in passenger numbers. Can I ask what the revenue funding implications are for moving in the direction that you're proposing? Because, previously, we've heard that there are concerns that we would need to be spending a lot more money on supporting some of these bus services if we go in this direction. Do you dispute that?

[183]   **Mr Bray:** Yes. Because I think that the principle of franchising is you're making—. There's a lot of public money going in already. That's the thing to remember. You're just making more efficient use of it than you do under the current system. So, to go back to the only working example that we have at the moment of someone moving from the current system to franchising, which is Tyne and Wear, their proposition is predicated on less public funding than there is now, but better outcomes—not London outcomes, but better outcomes: so, fully integrated ticketing, a newer bus fleet and a much better offer for young people that they can use across all buses. So, better than now, more stability and more guarantees around service quality—not giving people the moon—but for less public money than is currently going in.

[184]   Because of the logic that I've just described, which is, at present, there is no cross-subsidy from commercial to uncommercial, whenever you want to ask for something extra—for example, the older person's concession or the young person's concession that's coming up—you have to negotiate that separately with the operators, and they'll say, 'Well, that's going to cost you this much more'. Whereas in a single contract, you pool all the public subsidy that's already going into the industry into a single pot to buy a better outcome and at less administrative cost. There's administrative cost in starting the whole thing up, but, once the thing is up and running, there's less admin as well, and you can also potentially build in some of the other publicly supported collective transport—like health, social services and

education—contracted into that single pot. If more money becomes available, it's easier, then, to turn the tap on to improve services further because you just step up the contract. That's what happened in London: as more money has come, the service has been switched up quite quickly.

[185]   **Eluned Parrott:** Thank you.

[186]   **William Graham:** Rhun.

[187]   **Rhun ap Iorwerth:** Just briefly, can you give us a taste of where objections to the proposals in Tyne and Wear are coming from, apart from, perhaps, the unregulated bus companies themselves?

[188]   **Mr Bray:** It's mainly the incumbent monopolies that are making high returns, which I've just demonstrated that they are, too, in Wales, but they're making even higher returns, particularly Stagecoach, in Tyne and Wear. So, if you've got a poorly regulated monopoly, which faces very little competition, if I were them, I would do exactly the same. Why would you want to move to a regulated situation? So, I don't blame them for doing that. It's game theory—it's what you would do. We'll see what happens if it comes in, because we already know that many of them are interested and would bid. There are also new entrants to the market, particularly overseas—the French, the Dutch and the Germans—who will definitely bid. They don't want to fight it out on the streets, but they will bid. So, there is a market there.

[189]   Who else was there concern from? I think there was some concern from passengers and from the workforce. I think it's partly because people don't really understand how buses are provided at the moment. I don't know what your experience is, but our experience is that people think the council runs them. We explain how it works and they're nodding, but they're saying to themselves, 'I know he's saying that, but that's not right—that can't be right; it must be the council'. So, people don't actually understand how it works now and then if they're told by the operators, 'This is going to lead to these catastrophic outcomes'—. Also, I think that Tyne and Wear was constrained by the legals—it couldn't make a strong case publicly because of the nature of the legal process. But I think once it's explained how it works now and what the proposition actually is, then I think people do respond to that well. The work in west Yorkshire and other areas, in focus groups, has shown that to be the case. With the workforce, obviously, any change is going to be something that they are going to monitor carefully and also try to get greater benefits. That's the job of the unions to do that. But, I think, increasingly, as it's become clearer what this proposition is all about and what the safeguards are—which are considerable in terms of things like Transfer of Undertakings (Protection of Employment) Regulations 2006 and pensions—the workforce have seen those arguments.

[190]   So, I think now, in the north-east, I would say that there's a pretty strong political consensus and strong feeling that this is the right thing to do and that the north-east is going to go for it. We shall see, there's a long way to go, but I think that's the current mood, because they can see the benefits. And also, I think the other thing to say is, it's sometimes portrayed as, 'We either have regulation or we carry on as we are', but carrying on as we are is not risk free. We've got a pretty good idea of what's going to happen if we carry on as we are, and that will be a continuing decline in bus services and the continuing problems that we have now around integrated fares and ticketing. So, that is the status quo. There are risks—big risks, known risks—to continuing as we are.

[191]   **William Graham:** Thank you. Keith, would you like to ask about funding?

[192]   **Keith Davies:** I'd just like to ask you about Manchester, because we went to Transport for Manchester and the tram system, fine, but what about the bus system in

Manchester? Is that part of a franchise? Because, I was told—you talked about young people there—that there is some system in Manchester where a young person can actually buy a ticket for a week or for a term, actually, if they're in college.

[193]   **Mr Bray:** Well, all the PTEs, I think I'm right in saying, have offers for younger people, which they negotiate with operators and are often paid for—they do vary. I have to say, they are under severe pressure, so, unfortunately, some of these offers have been reduced in terms of their benefits, because of the public spending environment and because there is no statutory duty to provide any concessions for young people at all, whereas, of course, there is for older people. So, when your revenue budget is being squeezed, then unfortunately that's been happening.

[194]   But I think as well there are issues around what we mean by 'young people', because that's a big range. You can have small children who are with their parents, you can have schoolchildren, and then you've got young people who are in college or you've got apprenticeships. So, in some ways, there is no such thing as a young person and there are opportunities to target different offers at different people. What we would say, and all the research shows, is that what young people want is a fares offer that is simple, that is consistent and that is flat. So, they respond better to something that's like a £2 all-day ticket—which is something that Merseytravel, Merseyside, now operate—than they do to, 'It's 66 per cent of the fare,' when they don't know what it is before they get on the bus. So, that's simple consistency. Flat fare is key, and in our areas we haven't always been able to achieve that, but that's what the evidence shows. Again, I think it's easier to write something like that into a contractual arrangement than it is to try and negotiate that.

[195]   **Keith Davies:** That's like a student rail card or something, then.

[196]   **Mr Bray:** Yes, I think sometimes politicians can be inspired by the student railcard discount, but I think buses are a different kettle of fish. By and large, a lot of young people are not travelling vast distances to ride around on local bus networks in other areas—it's not that kind of thing. They would rather have something that is simple, in their own area, that they can just get on the bus and use very easily, than have something complicated they can use across a wide area, because they're not the kind of journeys they're making.

[197]   **Keith Davies:** Back to the metro then, at an earlier part of the meeting, the colleagues told us that the most urgent issue, as far as the metro was concerned, was setting up a regional delivery body, funding it and having a core group of officers who could respond to what was needed. But where that funding was coming from, wasn't at all clear. That's what they said was their most urgent issue, as far as the metro is concerned.

[198]   **Mr Bray:** Yes, that would seem—. Obviously, they're closer to it than I am. But I wouldn't resile from that. It seems that would be a sensible assessment, I would say. This is a huge task this, isn't it?

[199]   **Keith Davies:** It is.

[200]   **Mr Bray:** In terms of defining what it is, but also to get the maximum benefits in terms of the economic benefits and how people want the area to look and feel in 20 years' time. It's a huge job. You need some resource to do that, and you need a good range of expertise there. Again, I think, perhaps looking at some of the people given a lead role in some of this stuff, there's a lot of businesspeople involved, and I think it's very important that they are, but you also need people who bring their wider social, economic perspective to this process, otherwise the danger is it becomes a railway project, a train project and an engineering project, not a transformative economic project, which is, I think, how it should be seen.

11:30

[201]   **Keith Davies:** Thank you.

[202]   **William Graham:** Mick, and then Oscar and Jeff.

[203]   **Mick Antoniw:** A very short question: in terms of your experience of other projects around the UK, what role has European funding played in them? Are there any particular examples of where they've been an integral part of the capacity to develop, or is that an unfair question?

[204]   **Mr Bray:** It's not my area of expertise, I have to say. I think it can play a role, and there are things like the European Investment Bank as well.

[205]   **Mick Antoniw:** Sorry, I was just—

[206]   **Mr Bray:** I think, obviously, in our areas, we have very different socioeconomic make-ups, so some areas have been eligible to a greater or lesser extent than others, and some have been very astute in realising the opportunities that come their way.

[207]   **Mick Antoniw:** Okay, thank you.

[208]   **William Graham:** Thank you. Oscar.

[209]   **Mohammad Asghar:** Thank you, Chair. Jonathan, thank you very much for giving some information regarding Stagecoach making 11 per cent and London making 4 per cent. In London, say, for example, 1,000 people travel, whereas here, fewer than 50 travel, so the profit margin is £5 and £40—that's the difference. So, London has integrated transport; metro and buses are working jointly there. You can use the Oyster card wherever you want to go: underground, the same card is used twice, but when you are in a bus, it's only used once— when you enter the bus—and then you don't use it again. So, on the ticketing system, I think we must learn lessons from Mr Boris, the mayor of London, who has done a wonderful job in London. That is, basically, we need—[*Interruption.*] No, this is true—I know you've cut me off here. On privatisation, with the franchise, there are thousands of outlets in London. They get some money to top-up the Oyster cards. So, improve the tourism also, not the passenger also. It's efficient, cheap and there's connectivity; in areas of Wales, we need that sort of approach to give public services the best value for money. So, that is the approach that you should be taking in Wales, also, for metro services.

[210]   **Mr Bray:** Yes, I wouldn't resile from that. I think that small countries can do big things on transport. If you look at the Netherlands and Switzerland, they are two world exemplars. It's for people to decide. Sometimes, I felt, reading some of the evidence, there's a feeling that it's better to take small steps, consensually, have everyone in the tent and edge forwards, rather than try to rush into things, and that's a judgment people have to take. However, I don't think that people should, necessarily, limit their aspirations because they feel that they have to, because there are many examples, as I say, of small countries that have done big things. There are also many examples of the way that sub-regions have delivered. As you say, Boris Johnson is hardly a dangerous left-wing subversive, but he's, obviously, a big supporter of franchising as a mechanism to achieve the ends that they want in London.

[211]   **William Graham:** Thank you. Jeff and then—.

[212]   **Jeff Cuthbert:** Yes, two very quick points: in terms of the not-for-dividend company to run the metro, do you think there are adequate powers, or would you say there's a need for

additional powers for it to operate effectively? Then, on the issue you mentioned about expertise—that's an important one—we've got a lot of people in Wales who are skilled in running trains and in running buses, but not necessarily in terms of integrated transport. So, is the issue of having the right skill set—? Clearly, it's an important matter, but do you think it's something that could be problematic for us in Wales, and how can we address that?

[213]   **Mr Bray:** I think there are some problems with skills, probably more, actually, on the engineering side, as we see with Network Rail at the moment; that's a big worry. Looking from a northern perspective, obviously, we were delighted to see Great Western go ahead, but TransPennine fell by the wayside, so there is a skills issue here, which, again, I think, comes back to the issue I mentioned earlier about he who shouts loudest and being clear about what he wants, because there is demand for that expertise; to some extent, there is on the planning side, too. It's picked up a little bit now, with the initial shock and awe of the incoming Conservative alliance in 2010, in terms of capability and skilled people can also get more money by working somewhere hotter, in the desert. So, there's that to contend with.

[214]   But I think, also, it comes back to defining objectives about what you're trying to achieve and how it sits within a wider economic plan, and then it's easier to attract people if they know what job it is they're being asked to do and what they're trying to achieve. But I do think it's also about getting the right mix. Again, I said earlier that it's important, I think, that it's rooted in local government as well—that there is a strong local government base to this that provides that statutory and funding basis. Also, it's about having some stability. So, if you've got people you need for legal or engineering or planning, they're working for an organisation that is going to be there for a little while, that has a clear task, because, otherwise, what are they coming to work for?

[215]   Also, I think it's about having people who are in sympathy with your aims. So, if you're talking about not-for-profit options—. You'll see there are quite a lot of rail businesspeople who are taking a leading role. I think, obviously, you want that kind of expertise, but, perhaps, you also need some expertise from people who have been involved in delivering major not-for-profit endeavours, and there are some big ones, including in Wales. Surely, there's a case for bringing some of that expertise in, if that's what you want to achieve.

[216]   **Jeff Cuthbert:** Thank you.

[217]   **Rhun ap Iorwerth:** On the potential co-franchising of the metro and the Wales and borders rail franchise, current Welsh Government thinking—because the franchise is up in 2018, of course—is that, if you have a joint franchise for Wales and borders and the metro, you're able to draw more players into a kind of Transport for London overground model, where you just pay a capped 5 per cent profit or whatever to an operating company. What are your thoughts on that, in principle, and the danger that the metro bit of the franchise is only the rail part of the franchise and the metro then gets divided in the light/heavy rail part of it and the all-important bus side of it?

[218]   **Mr Bray:** Just to take the concession issue, I think there are certainly advantages to the concession model. There can be confusion about what's a concession and what's a franchise. In some ways, they are the same thing: you're paying a private sector provider to deliver outcomes. With a concession, you just very tightly specify what those outcomes should be; with a franchise, you're giving them more leeway to determine. So, the advantage of a concession is that you can get your branding, you can very tightly specify standards, and you can jump on them from a great height if they don't deliver. That's been very effective in an urban context with something like the overground.

[219]   You could say that, if you look at something like the ScotRail franchise, where there

has been a bit more give and take, that's been a demanding spec but, also, the bidders have come in with some very interesting ideas, which is harder to do under a concession model, because you've decided everything already, basically. I think what's interesting about the ScotRail franchise, and I'd like to get under the skin of it a bit more, is that it's the first franchise I've seen where it felt like it was aligned with where Scotland wants to be in future, about how it sees itself economically, environmentally and socially. So, there are a lot of social aspects to that—use of stations, community involvement—whereas a lot of the traditional franchises, not surprisingly, are very much about trains and consumers and passengers and what they get. So, there are sometimes advantages to having a more open approach, because, sometimes, the private sector or not-for-profits can come up with ideas that civil servants haven't thought of. So I think there's a bit of thinking that needs to be done around that, about the spec.

[220]   I take your point about the dangers or opportunities of linking the metro with the wider franchise. I think you're right that there could be risks to that. I don't think I'm close enough to go much beyond that, but I think it's certainly something to be aware of. If I was in your shoes, I would be probing on that.

[221]   **William Graham:** Good. Joyce.

[222]   **Joyce Watson:** The final question from me is: how do we join all of this up for the benefit of Wales? This is a massive, as has been quoted, once-in-a-lifetime opportunity to develop those areas that have been crying out for development—the Valleys—for a very long time, using transport as part of the solution, and you've alluded that it is only part of that solution—it's not the end; it's the beginning. So, in your opinion, if you're going to sum it up—

[223]   **William Graham:** Very timely.

[224]   **Joyce Watson:** Yes. How would you—? What statement would you make for us to take this project forward in terms of tying all the constituent parts into one bundle, so that we do deliver it?

[225]   **William Graham:** And all in under a minute. [*Laughter.*]

[226]   **Joyce Watson:** And in under a minute, yes.

[227]   **Mr Bray:** And diplomatically. [*Laughter.*] I would say there has been progress. I would say there's still a lack of clarity about what the end game is and whether the governance arrangements for delivering that are clear, accountable and decisive enough to deliver on Wales's ambitions. If I were in your shoes, I think that's what I would be probing. There's a sense that there are a lot of options being kept open and it's good to keep your options open in life, but when you're trying to deliver something very big, there comes a point where you need that decisiveness and that clarity, and a structure that is fit for purpose to deliver the outcomes that you want.

[228]   **Rhun ap Iorwerth:** And we need a map—[*Inaudible.*]

[229]   **William Graham:** Thank you very much. That was really excellent, Mr Bray. Thank you for your evidence and the way you answered our questions. You sparked immediate interest from our Members. We're most grateful for your attendance today. Thank you very much.

[230]   **Mr Bray:** Thank you very much.

11:41

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cynnig:

bod y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(vi).

Motion:

that the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

[231]   **William Graham:** The committee will now go into private session.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 11:41.
The public part of the meeting ended at 11:41.