

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Menter a Busnes](#)

[The Enterprise and Business Committee](#)

03/12/2015

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

The proceedings are recorded 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

Rhun ap Iorwerth	Plaid Cymru The Party of Wales
Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Jeff Cuthbert	Llafur Labour
Keith Davies	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru The Party of Wales
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

Yr Athro / Professor Stuart Cole	Athro Emeritws mewn Trafnidiaeth, Canolfan Ymchwil Trafnidiaeth Cymru, Prifysgol De Cymru Emeritus Professor of Transport, Wales Transport Research Centre, University of South Wales
Rhodri Griffiths	Dirprwy Gyfarwyddwr, Polisi Trafnidiaeth, Cynllunio a Phartneriaethau, Llywodraeth Cymru Deputy Director, Transport Policy, Planning and Partnerships, Welsh Government
Edwina Hart	Aelod Cynulliad, Llafur (Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth) Assembly Member, Labour (The Minister for Economy, Science and Transport)
Tobyn Hughes	Rheolwr Gyfarwyddwr, Gweithrediadau Trafnidiaeth, Awdurdod Cyfun Gogledd-ddwyrain Lloegr / Nexus Managing Director, Transport Operations, North East Combined Authority / Nexus

Stephen Joseph	Prif Weithredwr, Ymgyrch dros Drafnidiaeth Well Chief Executive, Campaign for Better Transport
Dr Charles Loft	Cynghorydd (Trafnidiaeth), Y Gymdeithas Llywodraeth Leol Adviser (Transport), Local Government Association
Jane Lorimer	Cyfarwyddwr Cenedlaethol, Sustrans Cymru National Director, Sustrans Cymru
Kamal Panchal	Uwch-gynghorydd, Y Gymdeithas Llywodraeth Leol Senior Adviser, Local Government Association
Stephen Pilliner	Pennaeth Trafnidiaeth a Pheirianeg, Cyngor Sir Caerfyrddin Head of Transport and Engineering, Carmarthenshire County Council
Chris Roberts	Pennaeth Materion Allanol, Sustrans Cymru Head of External Affairs, Sustrans Cymru

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

Martha da Gama	Clerc
Howells	Clerk
Rachel Jones	Dirprwy Clerc Deputy Clerk
Andrew Minnis	Y Gwasanaeth Ymchwil Research Service
Gareth Price	Clerc Clerk

Dechreuodd y cyfarfod am 09:29.

The meeting began at 09:29.

Introductions, Apologies and Substitutions
Cyflwyniad, Ymddiheuriadau a Dirprwyon

[1] **William Graham:** Good morning and welcome to this session of the Enterprise and Business Committee, continuing our inquiry into bus services in Wales. I have apologies from Gwenda Thomas and Mick Antoniw. The meeting is bilingual and headphones can be used for simultaneous translation from Welsh to English on channel 1 or for amplification on channel 2. The meeting is being broadcast and a transcript of the proceedings will be published later. May I remind witnesses that there is no

need to touch the microphones; they should come on automatically. In the event of a fire alarm, will people please follow directions from the clerking team?

[2] Can I enquire whether any Members have an interest to declare? No. Okay, thank you very much.

09:30

**Gwasanaethau Bysiau a Thrafnidiaeth Gymunedol yng Nghymru:
Tystiolaeth Academaidd a Llywodraeth Leol
Inquiry into Bus and Community Transport Services in Wales: Academic
and Local Government Evidence**

[3] **William Graham:** So, we welcome our witnesses. Thank you for your written submission. Could I ask you just to give your name and title for the record?

[4] **Professor Cole:** Professor Stuart Cole. I'm emeritus professor of transport at the University of South Wales.

[5] **Mr Pilliner:** I'm Stephen Pilliner, head of transport at Carmarthenshire County Council.

[6] **William Graham:** Thank you very much. We'll go straight into questions. I'm going to ask you the first question. Do you agree with the Passenger Transport Executive Group and the Campaign for Better Transport that bus services in Wales are in crisis?

[7] **Mr Pilliner:** I think, no doubt, that both sectors are facing challenges currently and as we go forward. If we look at the trends in patronage on public transport, it's been falling constantly over the years, and that's due to the challenges of greater car ownership. Since 1994, we've seen car ownership grow from 21 million to 29.7 million in 2014 across the UK. There are other developments in terms of internet trading. All these are competitors to the bus and land use planning, where we see retail development on the periphery of towns now and we see housing estates built on the side of motorways. Combine that with a reduction in revenue funding and short-term funding, then, clearly, that presents a challenge.

[8] I think in terms of the geography of Wales, we've got dispersed

populations, which means you've got to travel greater distances to pick up passengers. If we compare some cities and towns in Wales and Scotland, for example, in terms of population density per hectare, which is a reasonable measure, Glasgow, as an example, has 34 persons per hectare; Cardiff has 24. Dundee has 24 persons per hectare; Newport has seven persons per hectare. So, just to emphasise where you are in Scotland, and that's translated into the number of passengers on buses in Scotland. For example, there's a ratio of 4:1 in terms of the number of passenger journeys on public transport in Scotland compared to Wales. That just emphasises some of the challenges that are faced by the sector.

[9] Of course, as we go forward, we know in terms of revenue settlement for Government, which will translate to local authorities, that that is also falling. When we have protections for services, then, clearly, those discretionary services like bus services will be at risk. We've seen the revenue fall from local authorities. I was looking at some figures: if you look at the ratio of commercial to supported services going back to 2010–11, it was 64 per cent commercial services compared to 28 per cent supported services in 2011. In 2014–15, there was a ratio of 75 per cent commercial to 27 per cent supported. That's a direct result of the reductions in funding, and that kind of funding reduction will affect those marginal services, which will affect the areas outside the city. So, those are challenges for both the community and the commercial sectors.

[10] That's been set aside if you look at that in terms of what's happening in that, where revenue has been reduced, there's been limited capital investment. So, you haven't got alternatives so that operators or the community transport operators as well as the bus operators can all access capital to invest. In England, we've seen, for example, Better Bus Areas, the green bus fund and the local sustainable transport fund, which have helped offset some of the pressures in terms of the long-term investment.

[11] In fairness to the Welsh Government, there have been some targeting dimensions in terms of TrawsCymru. We've seen Bwcabus, and more recently we've been seeing the emergence of the metro, which I think are encouraging signs. If we look at up until 2013–14, the average age of the bus in Wales was higher than what it was across the UK. Since last year, Wales now has a lower-age bus compared to the rest of the UK. So, that suggests that there is some element of confidence within the bus sector, in that it is investing in new equipment. But the market is changing. If I look at my own area in south-west Wales, for example, we've seen a shift. In terms

of Carmarthenshire, we've lost around 400,000 operating kilometres for buses, but, then, across the region it's started to increase back this year as a result of Swansea University campus. So, it's important in terms of the challenges that we face that both the public sector and the private sector and the CT sector work together to identify early opportunities for development. Swansea University campus is a good one. In my own authority, for example, we have a strategic employment site at Cross Hands, and over the last three to four years we've been developing the corridor from Ammanford to Cross Hands to Carmarthen, with investment in the bus station at Ammanford, investment in terms of shelters along the corridor, and that has seen growth in patronage and the operator has put larger vehicles—.

[12] There are interventions, but clearly, as we're moving forward, there are those challenges that the industry faces. I think, in terms of crisis, 'crisis' is a strong word. I think, if I were to use the word 'crisis', there is a potential crisis in terms of what could happen with access from the rural communities, and I think that's particularly important if you look at the development of the city region concept. To promote economic growth, one of the fundamental functions to make city regions work is connectivity. So, it's connectivity to the whole region. In Cardiff and the city region, we're seeing that development of the metro network to get that connectivity. So, yes, I think there are some interventions there that can assist, but clearly there are those challenges that the industry faces, particularly in terms of revenue funding if we protect the other services.

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

[14] **Professor Cole:** If I can, following on from what Steve is saying, maybe look at some of the reasons why. As Steve said, it's not a crisis, but there is a decline in the use of the bus, and there has been since the 1960s. The biggest factor in that has been car ownership. There is a direct correlation between car ownership increases and the decline in bus usage. As with all statistics it may be coincidental, but it looks more than that because, in the 1960s, bus usage started to fall as people started to buy their cars. What we've seen, therefore, is that as the starting point, but that's then led to a sort of vicious circle, almost, where bus companies have, for example, cut many evening services. In most areas there are very few buses after 6.30 p.m., which means that you can get into town, if you're going to any kind of entertainment or leisure activity or sport activity, but there's no bus to bring you back, or if there is, it's very infrequent. So, the convenience of the car then comes into the total journey and then people don't make the journey in

in the evening. Consequently, the cut-off point has got earlier and earlier as far as bus usage is concerned. That's another major contributor.

[15] The retail offer has changed as well in two ways. One is the internet sale of many goods, which people are now using—many of the big supermarkets will deliver when you put your order in over the internet. So, the visit to the town-centre shopping facility isn't there anymore, or it's substantially reduced, and coupled with that are the out-of-town shopping centres, except in very few cases—often by luck than anything else. Llanelli is a good example. Keith will know about the shopping centre where he and I bumped into one another the other day. It's a very busy out-of-town shopping centre—Parc Trostre and Parc Pemberton—but they have a bus service, which happens to be the Llanelli-Swansea bus service, which goes through there every half an hour. But that is very unusual in terms of an out-of-town shopping centre, and that in itself means that the bus companies are not able to have a sufficiently large number of people to serve an out-of-town centre. People then switch to their cars. And, of course, it's those people without cars or without the availability of a car who suffer most.

[16] The other demographic factors are things like—. Sorry, the other operational factors, rather, are factors like perceived unreliability and the experience, once, when a bus doesn't turn up or a bus is late, when people will say, 'Well, I'll use the car in future.' The price of petrol is a factor as well in terms of car usage. When the price of petrol went up, as it did two years ago, bus usage went up at the same time. When petrol prices came down, bus usage came down as well. So, there is this direct link between the two.

[17] There are a few success stories, where the crisis hasn't been there. In Bournemouth, for example, the increase in bus patronage has taken place. Bournemouth Corporation buses were taken over by RATP—the Paris public transport body—and they've been pursuing their same policies of lower fares in order to push up usage in Bournemouth, and that seems to have succeeded—an increase of 16.7 per cent. In Brighton, parking charges and reduced parking spaces had a similar effect with a growth of just over 10 per cent, and in Edinburgh, because of the trams, because they have introduced various restrictions on car movement in the centre, and because Edinburgh still has a sizeable retail offer in the centre, people are using the buses and increasingly so.

[18] Steve mentioned TrawsCymru; that's been, I think, a success story in Wales, where the bus patronage on the route between Carmarthen and

Aberystwyth has increased from just over 100,000 four years ago—. It went into private commercial operation for two and a half years, for which we don't have the figures, but that figure is now expected to be 300,000 in the current financial year—from 100,000. If you like, Chairman, later on, I'm more than happy to talk about why that happened.

[19] **William Graham:** Okay. Just quickly, if I may, on the recent trends in fare, are Welsh fares slightly higher than in Scotland and England?

[20] **Professor Cole:** Yes. On the fares aspect, there are a number of—. It's again almost a vicious circle in terms of fares. What's happened is that because bus companies have to make a certain level of profitability, and many of them are saying that their level of profitability has gone down—. The latest figures we have available to us at the moment are for 2012, and maybe there've been some minor changes since then.

[21] The three big companies in Wales are Stagecoach, which, technically, are Red and White Services Limited, Arriva Buses Cymru and First Cymru. First Cymru did quite well with a profit margin of 12.6 in 2012, but the other two were in the 5 to 5.5 area. So, their profitability has gone down. They therefore have to look to see where they can get other revenue from. As there are cuts in subsidies and cuts, as we know, in the concessionary fare formula, which gives them less money from concessionary fares, they have to look for other sources. They have two ways of doing that and maintaining an acceptable level of profitability. One is to put fares up and the other is to cut costs by reducing the level of service that they provide. I think most of the companies have faced that, although, I think it's fair to say that the investment in new vehicles in Wales has been probably no worse and maybe, in many cases, better than in other parts of England and Scotland. But we have to keep in mind that the fleet age at the time was high—there were old buses running around, and they, very often, cost more to maintain than buying a new bus and paying for a new bus.

[22] **William Graham:** Thank you. Keith.

[23] **Keith Davies:** Rwy'n mynd i **Keith Davies:** I'm going to ask my ofyn yn Gymraeg. I fynd yn ôl at y question in Welsh. Going back to the cyllid sydd ar gael, roeddem yn eich funding that's available, we heard clywed chi'n sôn am y cyllid nawr, ac you mention funding now, and mae'n debyg bod cwmp sylweddol apparently there's been a significant wedi bod yng Nghymru yn yr arian reduction in Wales in the money

sydd ar gael i'r bobl sy'n mynd i available for people who are
drefnu cludiant. organising transport.

09:45

[24] A ŷch chi'n credu_y dylen nhw Do you think they should be more
fod yn fwy cyson? A yw e'n newid bob consistent? Does it change every
blwyddyn? Mae hwnnw'n mynd i year? That's going to have an impact
effeithio ar bethau, achos os ŷch chi on things, because if you want to
eisiau cael rhyw darged, os ŷch chi reach a target, if you change the
newid y cyllid yn flynyddol, mae funding on an annual basis, that is
hwnnw'n mynd i effeithio. Ym mha going to have an impact. How can we
ffordd allwn ni wneud pethau'n fwy make things more effective? I know
effeithiol? Rwy'n gwybod ei fod e'n it's falling.
cwympo.

[25] **Mr Pilliner:** If I may, Chair, it's a very good point, actually, in terms of
revenue settlements and funding. It makes it very difficult, in the current
funding regime, to plan for any period of time. We have annual settlements
in terms of funding for buses. We have an annual bid process in terms of
funding for capital investment on infrastructure. I think the Campaign for
Better Transport makes the point that, when you look at comparing buses
and you look at the cost per passenger journey, it's a short-term metric and
it's perhaps not the right metric to use.

[26] If we are serious about the role of the bus and we want to develop the
bus in terms of all the other benefits in terms of social inclusion, the
environment, access to employment, et cetera, that can only happen over the
long term. When you put investment in, you don't get an immediate bang for
your buck. You have to spread it over time. So, when you are facing those
reductions in funding—bus operators like to plan their businesses; they're in
business to make profit and that's their reason for being. Local authorities—
in terms of delivering investment projects, they take time. If there's land
acquisition, et cetera, you have to work at those projects in advance, then
you're into an annual funding round. So, there's no certainty around that,
and that makes that extremely difficult. So, the conditions become very
challenging for the bus industry.

[27] If we look at the impact on fares, there's a higher proportion of
revenue in Wales, compared with the rest of the UK, in terms of the
operators' income that comes from concessionary fares. It's 46 per cent in

Wales, compared with Scotland, where it's 36 per cent, for example. So, where we've had those reductions in funding in terms of the concessionary fare, and there's a ceiling on that fund, then, immediately, that's a reduction in revenue for the operator, the operator will make the judgment in terms of, 'Where can that income come from?', either in terms of service development or raising fares, and there's an element of demand and elasticity around that, so they make their judgment around that. So, a combination of those things inevitably affects the fares.

[28] **Yr Athro Cole:** Mae'n rhaid cael rhyw fath o gyllid tymor hir. Y broblem sydd gennym ni ar hyn o bryd ydy bod y rhan fwyaf o'r arian sydd yn dod o lywodraeth leol neu Lywodraeth Cymru am un flwyddyn. Nawr, i gael cynllun i ddatblygu gwasanaethau bysys, mae'n rhaid cael cyllid sydd yn mynd dros bum mlynedd neu saith mlynedd. Roeddwn i wedi rhoi sylw i TrawsCymru. Un o'r pethau gyda TrawsCymru ydy bod y cyllid am bum mlynedd. Yr unig ffordd roedd cwmnïau'n mynd i fidio am redeg gwasanaethau oedd os oedden nhw'n prynu'r bysys, fel mae First Cymru wedi prynu'r bysys a Brodyr Richards yng Ngheredigion wedi prynu'r bysys—maen nhw'n gorfod cael rhyw fath o sicrhad y bydd yr arian yn dod i mewn, neu'r *subsidy* rydym ni wedi bod yn edrych arno yn dod i mewn. Mae pob gwasanaeth mewn ardaloedd gwledig yn gorfod cael *subsidy* o ryw fath, felly maen nhw'n gorfod cael sicrhad y byddant yn cael yr arian yma am y pum mlynedd nesaf, sef yr amser maen nhw wedi prynu—neu beth bynnag ydy *amortise* yn Gymraeg—cost y bysys dros bump neu saith blynedd. Dyna'r

Professor Cole: You must have some sort of long-term funding. The problem that we have at present is that most of the funding coming from local government or the Welsh Government is for one year. Now, in order to have a planned approach to developing bus services, you do have to have five-yearly funding, or even funding over a period of seven years. I looked at TrawsCymru. One of the things with TrawsCymru is that there is five-yearly funding in place. The only way the companies would have bid for running those services was if they purchased the buses, as First Cymru have done and the Richards Bros in Ceredigion have done—they have to have some sort of assurance that the funding will be available, or the subsidy that we have been looking at will be in place. All services in rural areas do have to have a subsidy of one sort or another; therefore, they need to have assurance that that funding will be in place for the next five years, which is the amount of time that they have purchased—or whatever 'amortised' is in Welsh—the cost of the buses over five or seven years. That's the only way you can do it.

unig ffordd rwyd ti'n gallu ei wneud e.

[29] Mae hyn yn digwydd yn ardaloedd eraill y Llywodraeth, rydym ni'n gwybod. Dim ond am un flwyddyn mae Llywodraeth Cymru yn fodlon rhoi arian i unrhyw beth. Felly, mae hynny'n gorfod newydd. Nid yw e'n ddigon o amser i gael y buddsoddiadau newydd mewn bysys. Mae First Cymru wedi prynu bysys newydd—llwyth ohonyn nhw. Mae Bws Caerdydd wedi prynu bysys, ond mae risg mawr ganddyn nhw—os nad yw'r arian yn dod i mewn ac mae'n rhaid iddyn nhw dynnu allan, mae mwy o risg gyda Chaerdydd, achos beth mae First Cymru'n gallu gwneud ydy symud y bysys i ardaloedd eraill lle mae First Cymru yn rhedeg bysys, ond yng Nghaerdydd, dim ond yng Nghaerdydd maen nhw'n rhedeg y bysys, ac felly mae risg mawr gyda nhw. Maen nhw wedi mynd allan i brynu bysys ac maen nhw'n gobeithio y bydd y busnes yn para yn y ffordd y mae ar hyn o bryd.

[30] **Keith Davies:** Rydych chi'n fy atgoffa i o ryw beth nawr. I fynd nôl at rai o'r syniadau yr ydych chi wedi eu dweud, os oes gennych ystâd o dai, neu ryw weithle mawr—rwy'n gallu dweud wrthydych chi nawr, roedd pobl yn Llanelli yn cwyno i fi am fynd i Amazon yn Abertawe, ond nawr, wrth gwrs, mae yna fws i'r brifysgol, ac mae'r brifysgol gyferbyn ag Amazon. Ond amser rŷm ni'n cael pethau fel ystâd o dai newydd, mae yna adran 106—*section 106 finance*. A ydy'r

This happens in other parts of Government, we know. It's only for one year that the Welsh Government is willing to fund anything. Therefore, that does have to change. It isn't a long enough period to attract new investment in buses. First Cymru have bought a number of new buses. So have Cardiff Bus, but they face a major risk—if the funding doesn't come in and they do have to withdraw services, there's more of a risk for Cardiff Bus, because what First Cymru can do is to shift their vehicles to other areas where they run services, but in Cardiff, they only operate buses in Cardiff, so they are facing a major risk. They have gone out there and purchased vehicles, and they hope that the business will be maintained in the way that it currently exists.

Keith Davies: You remind me of something now. To go back to some of the ideas that you've mentioned, if you've got a housing estate or a large workplace—I can tell you now that people in Llanelli were complaining to me about reaching Amazon in Swansea, but now of course there's the bus to the university, and that is opposite Amazon. But if we have a new housing estate, for example, there is section 106 finance. Has that funding ever been given because of

arian yna erioed wedi cael ei roi where the housing estate is being
 oherwydd ble mae'r ystâd yn cael ei built, in order for transport to be
 adeiladu, er mwyn bod cludiant yn improved?
 gallu gwella?

[31] **Mr Pilliner:** I can give some examples in terms of local authorities, which will look in terms of securing section 106 funding for various services, and some of that might be for education, some of it for developing open spaces, and others may be to develop infrastructure and highway and, potentially, services. I can give one example in terms of the park and ride service in Carmarthen—the set-up costs for that were entirely funded from section 106 contributions. I think it's an important point in terms of the challenges that we face going forward, with early engagement with developers, and with early engagement of the bus industry. We have to exploit those opportunities, and it links as well to—in terms of developing a new estate—walking and cycling infrastructure. If we look at the better futures Bill in Wales, all these things become relevant. So, it's a matter of harnessing all the opportunities in a total transport solution to maximise those income sources because we recognise the environment is challenging. But clearly, in terms of the level of development, that would be more concentrated around the cities. Again, it's creating an opportunity for the cities, but it still leaves us with the challenge for some of the rural areas.

[32] **Yr Athro Cole:** Wrth gwrs, mae pobl eisiau mynd i'r gwaith yn llefydd fel Amazon. Rwy'n edrych ar hyn o bryd i'r Llywodraeth ar y system bysys a hybiau bysys yn Abertawe, a bydd hynny yn dod allan yn y flwyddyn newydd—yr adroddiad. Mae *section 106* yn gallu gweithio, ond mae'n rhaid siarad, fel oedd Steve yn dweud, â'r datblygwyr tai, er enghraifft, cyn bod pethau'n datblygu. Mae'r rhan fwyaf o gwmnïau sydd yn datblygu tai yn fodlon rhoi tipyn o'r elw a ddaw allan o'r datblygiad i mewn i bethau *section 106* achos wedyn maen nhw'n cael caniatâd i ddatblygu. Ond mae *limitations* ar *section 106* achos

Professor Cole continues: Of course, people do want to travel to work in places such as Amazon. I'm currently looking at the bus system and bus hubs in Swansea for the Government, and that report will be published in the new year. Section 106 can work, but as Steve said, you have to speak to the housing developers, for example, before the development is built. Most of the housing developers are willing to provide some of the profits from the development into section 106 developments because then they are being given planning consent, of course. But there are limitations on section 106 because you can't get it everywhere. You have

nid ydych chi'n gallu ei gael ar gyfer to prove the link between the popeth. Mae'n rhaid profi'r linc development and, for example, the rhwng y datblygiad ac, er enghraifft, bus service. Of course, companies y gwasanaeth bysys. Wrth gwrs, nid don't want to provide that funding, yw cwmnïau eisiau rhoi arian, ond fe but they will do so if that is fyddan nhw, os oes rhaid, ac os mai necessary, and that's the way they dyna'r ffordd y maen nhw'n mynd i are actually going to get consent to ddatblygu ystâd o dai, er enghraifft. develop a housing estate.

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

[34] **Mohammad Asghar:** Thank you very much, Chair. Professor Cole, I am very much influenced and impressed by your ability on transport, I can assure you of that. That's my personal interest. The thing is, you mentioned Bournemouth earlier, the low fares and everything. They have improved their passenger transport in those areas, and we know the principle, in transport, of Easyjet—more frequent, more passengers, and more money. You can sustain the transport forever. The trains are also using concessionary passes and everything for the people, and they pay a really small amount every year. The trains are virtually full at certain times. They're not losing money at all. So my question is: is the all-Wales concessionary fares scheme sustainable? Is there sufficient stable funding for concessionary fares in Wales, particularly given the regional transport forum for south-west Wales's suggestion that one funding option may be to allow a small charge to be made for the concessionary passes in Wales?

[35] **Professor Cole:** Yes, it's a—

[36] **Mohammad Asghar:** You can both answer.

[37] **Mr Pilliner:** In terms of the all-Wales concessionary fares, it's a universal benefit that's applied to all, but not everybody has access to buses. In terms of recent developments on concessionary fares, the budget has been capped. It's now being reduced, so the average level of fare reimbursement per journeys is reducing to the operator. Now, that's set against an ageing population in Wales, and a higher proportion of the population above 60 in Wales, compared to other UK nations. So, putting that together with the general falls in funding, clearly, is the challenge, but if you set that alongside the amount of revenue that it provides for the bus industry—and therefore services in Wales—it just can't fall off the edge of a cliff. So, an option, maybe, if you just looked in simple terms—there are just

over three quarters of a million concessionary bus passes issued in Wales, and £20 per pass per annum would generate, if you do the maths, just over £15 million. For south-west Wales, it would be around £3.28 million. So, that's a revenue stream in the light of the difficult financial challenges that we face, that could help sustain bus services, as an example. It's just looking for that kind of solution against the challenges that we face, going forward.

[38] **Professor Cole:** One of the issues that's come up is, clearly, the cost of concessionary fares has gone up every year. I remember speaking to Rhodri Morgan when he was First Minister, and he asked me how much this was going to cost, and we, with the civil servants, worked out how much the first year would be, and I tried to explain to him that this would go up by £5 million every year, because people reach the age of 60, and then they drop off at the other end at, say, 85; so, as you build up over 25 years, you can expect to spend £75 million by the time you reach the end of that slot of 25 years. Now, that means that you have to expect that kind of increase, and that kind of increase has, more or less, occurred every year. It's part of a social policy. It started off as a social policy under Sue Essex, when she was Minister, and it was, somehow, transferred to the transport budget, but it is a combination of both, because it does provide a wider horizon of travel for those people possibly less able to either drive, because of failing personal faculties, or people who are on low incomes, people who are on pensions, rather than, as they previously might have been, earning money through a job, so their incomes have been reduced. What we have, therefore, is this strange combination of social and transport policy. Now, concessionary fares contribute about 45 per cent, or thereabouts, of the income of bus companies. Reducing that, as it has been reduced, has been part of the cause of bus companies saying, 'We have a serious problem in terms of income'.

[39] The other point, I think, is that, when it has been suggested, in terms of concessionary fares, 'Should we charge for them?' that's the point that's been brought up. As it stands, it would certainly cost a significant amount of money to issue fares every year. You need to set up a system. But the Government has been experimenting with a card called Go Cymru. Go Cymru is, rather like the Oyster card in London, a stored value card, you could use it on any bus company, you could use it on the railways, and that's being developed—maybe too slowly, but it's being developed. Once you have that kind of system, which has a charge attached to it—because clearly those wouldn't be free—you might have the Cardiff pass, and you've got the Iff card in Cardiff already, you might have a south-east Wales pass, you might have a south Wales pass, you might have a bus and rail pass—there are all

sorts of possibilities of product that could be in Go Cymru. The Government could also decide if it wants to charge for a concessionary pass, and it might say, 'Okay, we're going to charge £20'. There is no additional collection cost then, because the system is already there with a collection process, and you the Government could charge whatever it deems to be appropriate—maybe £20, or maybe £50. But that's a possibility in terms of reducing the cost to the Government of concessionary fares, but also maintaining the revenue for the bus companies.

[40] **William Graham:** Fine; thank you very much. Jeff.

[41] **Jeff Cuthbert:** I hope your comment about dropping off at 85 was—
[*Inaudible.*] [*Laughter.*]

10:00

[42] **Professor Cole:** It was an unfortunate turn of phrase. [*Laughter.*]

[43] **Jeff Cuthbert:** Thank you. Just briefly to discuss the Welsh Government and local government bus and community transport policy, it's nothing unusual to get criticism from the Welsh Local Government Association, but they said that there is a lack of strategy and direction from the Welsh Government in this matter. And Stuart, indeed, you've suggested that the challenge of reversing trends—those were your words; in other words, making it more attractive to use buses—can best be met through agreements between all bus operators and joint transport authorities. Do you think that's enough?

[44] **Professor Cole:** It's enough if it works and if the bus companies are prepared to take part. The arrangements for quality bus contracts and quality bus partnerships have been going for 15 years, best part of. We see very few quality bus partnerships and no, as far as I can recall, fully implemented quality bus contracts. They are not statutory requirements—they are optional—and I think that's the issue.

[45] There are two aspects to this, I think. One is yes, we could reverse the trend by agreements, but, unless there is a requirement and a co-ordinating body to arrange those agreements, then, in my view, they won't take place. The bus companies have been, cynics would say, frightened into talking now about quality bus contracts because the UK Government are talking about bringing franchising in anywhere that might want it—subject to various

conditions, and there have to be public interest tests on introducing that.

[46] So, it's not just about trying to have quality bus contracts; there has to be some body, a statutory body, which says, 'There will be quality bus contracts, and bus companies will sign up to them'. Now, the delivery process is then the next stage. We need the tools to make sure that that occurs, and that means that the bus companies—many of whom would say, 'Well, we have some commercial services, what's going to happen to those? Are those going to become part of this new contract? Will we be compensated?' 'We've spent a lot of money developing these services', they will say, 'What compensation do we get?' However, I think the compensation element that came up—and I see you've got Nexus coming to speak next; they will, no doubt, be able to put their case for the discussion they had with the quality contract board. Basically, the big difference was what the compensation would be, and had enough money been put in to the Nexus argument?

[47] Something like 80 per cent of revenue for bus companies comes from the public sector in various kinds of grants. Forty five per cent—. Well, this year, £65 million for concessionary fares payments, £25 million in bus grants, out of a total turnover, I think, of £120 million or something, was it? Something of that order. So, we're talking about three quarters of the income of bus companies already coming from the public sector. So, it can't really be as big as the bus companies would suggest.

[48] **Mr Pilliner:** If I may add, Chair, in terms of—

[49] **William Graham:** Could I just say we've got 10 minutes and a few more questions? So, short answers if possible.

[50] **Mr Pilliner:** Yes. I think that if you look at why develop a statutory quality partnership or contract in the first place, it's about developing a better service for the customer. Although there are tools that can deliver that, one of the stumbling blocks—very quickly—to delivering that is what we came to earlier in terms of the long-term funding to make the investment in the infrastructure to encourage that particular growth. So, unless you put the right investment in, then, whichever mechanism you use, it's not going to deliver the output that you require. It's simple in terms of we referred to rail earlier on—the level of investment in rail and the impact on patronage in rail is perhaps a good contrast in terms of what can happen.

[51] **William Graham:** Very quickly, Jeff, please.

[52] **Jeff Cuthbert:** Certainly. So, it's more a question of not just a voluntary agreement—it might have to be a bit stronger than that. But then the comments of the WLGA, who said there was a lack of strategy and direction from the Welsh Government. Is that fair?

[53] **Professor Cole:** I don't think there is a lack of strategy. I think successive Ministers have been fairly consistent in what the policy should be. It's the delivery that has always been the stumbling block. Even with the metro, the metro plans that have been published up to now have been about the railways, because the railway is controlled by the Welsh Government through its funding of the railway. About half of Arriva Trains' income comes from the Welsh Government. The buses, however, are a totally different issue in that equation. When the metro comes to look at the buses there is no framework on which to operate. If I can just say a little about—very briefly, Chair, because it's in my paper. What we did with Traws Cymru was to have a partnership. It's a partnership of various bodies, marketing the service, making sure the service is of a high quality, that it is reliable, that it has new, clean vehicles and so on. And that's the secret. It's getting that delivery sorted out that will bring people back to the buses, as it has done with Traws Cymru.

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

[55] **Rhun ap Iorwerth:** On Traws Cymru, where does Traws Cymru go next? How do you bring out the best of what we've already seen and perhaps address where some problems may need to be ironed out?

[56] **Professor Cole:** Traws Cymru is picking up more and more passengers, as I said. The T1 figures we've got for a complete year; the T5 has recently come in, running from Haverfordwest to Aberystwyth. Aberystwyth is a hub for both rail and bus, as will Brecon be, and I'm looking at the moment at two services with the Traws Cymru team, one from Swansea to Brecon and the other from Brecon to Chepstow and on to Newport, via Abergavenny. Those are the kinds of developments, because there are certain routes that will suit that kind of long-distance express high-quality operation. And the reason why the T1 and the T4, in fact, have been so successful—

[57] **Lord Elis-Thomas:** And the T3, don't forget the T3.

[58] **Professor Cole:** And the T3. I am sorry, yes, the T3 is much newer and it does go through important places like Bala and Dolgellau [*Laughter.*]

[59] **Lord Elis-Thomas:** And Barmouth.

[60] **Professor Cole:** And Barmouth. On that service, we can report to you in a year's time to see how that's doing, but the T4, for example, has the subsidy level down to 9p per passenger trip. Those are figures from Powys. The T1 is down to 60p compared with £2.50 or more in rural areas generally, and it really, really does get down to having a set-up that is attractive to the customer. As Steve said, the customer is the only important person here. Joint transport authorities, Governments and so on are of no consequence, really, when we're really trying to serve the customer and provide a reliable service. Bus priority measures are very important in terms of making sure that those buses are running on time, particularly in urban areas.

[61] **Rhun ap Iorwerth:** Can I turn to Bwcabus, your baby? Horrendously expensive, we were told by the passengers' confederation, but is it working?

[62] **Professor Cole:** It's working and it's not horrendously expensive. I'm sorry to say I don't know where Mr Pockett got his figures from. I did try to call him but he wouldn't return my call, funnily enough. [*Laughter.*] But the figures are nothing like that and Steve has been providing figures for your adviser.

[63] **Mr Pilliner:** I think we are collating the figures to send to the committee so you'll have the most recent figures.

[64] **Rhun ap Iorwerth:** That would be useful.

[65] **Mr Pilliner:** I think it's important as a principle—and I'm conscious of time—in terms of that we are comparing apples with apples.

[66] **William Graham:** Very true.

[67] **Mr Pilliner:** In terms of the level of funding that's come into the Bwcabus project, a lot of it has come from Europe to deliver a number of principles. Some of those were about regeneration, some of those were about reducing isolation in rural communities and improving connectivity. Now, the fundamental purpose of Bwcabus is to create a better integrated public transport matrix. So, when we compare apples with apples, if you

compare bus operating costs, and you do the research Oxford University and Ulster University have undertaken in terms of the average cost per passenger journey for the bus costs, it's typical of a demand-responsive system in a rural area. Now, sitting above that there is investment that's come from the European funds in terms of making sure that we market public transport better. That's directly translating into increased patronage, less car use for people who are transferring from the bus to the car and the interventions that are there in terms of the DRT or demand-responsive system sits in the middle of the area and then you straighten out the strategic routes. The Aberystwyth to Carmarthen and the Cardigan to Carmarthen return journeys, they have shorter journey times, because those buses don't divert into smaller settlements. That makes that package more attractive for the public. Then you introduce all the other 'nice to haves' that people request in terms of through-ticketing, guaranteed connections. It's about building confidence for the public. I did circulate to the clerk a video to show the user's experience—

[68] **William Graham:** Yes. We have a note of that.

[69] **Mr Pilliner:** —of the service, and it's providing access to employment and providing access to medical—. And, if you look in terms of its wider context in terms of the ageing population, the things that we're seeing at the moment in terms of there's a higher incidence of the number of killed and seriously-injured older people on the roads generally happening across the UK, and I can relate it directly to Carmarthenshire in 2014, that figure is going the wrong way. Each killed and seriously-injured person is an average cost of £1.8 million. So, we have to think of the bus in its wider context. The other issue is, we talked about isolation and keeping people out of isolation, because that impacts on health. So, if we look at the wider benefits of moving people, whether it's by community transport or public transport, there are direct benefits to health. If we are able to integrate health transport more with the public transport network by things like changing appointment times, for example, to coincide with the public transport network through better planning, we get a better return for the public transport system and you reduce the cost in health.

[70] **Rhun ap Iorweth:** Literally, a one-word answer—

[71] **William Graham:** No, no. We haven't got time. We've got five minutes now on regulation. Eluned.

[72] **Eluned Parrott:** Chair, forgive me, but there is something I must follow up. The last funding figures I can find for Bwcabus are 2012–13. How many passengers travelled on Bwcabus in 2012–13?

[73] **Professor Cole:** The passenger numbers in 2012 were 23,700; in 2014, 27,900. When we started Bwcabus—sorry, no, in the early days of Bwcabus, it was 12,600. So, Bwcabus has been going now for six years, and, over the period of the last four years, we’ve more than doubled the number of people. It is all to do with providing the public with what they want. We’ve had a lot of opposition, there’s no doubt about it. At the beginning, people were worried about whether Bwcabus would connect—

[74] **William Graham:** I’m going to stop you there, and I’ll ask the question, then, on regulation—the fact that evidence has suggested that voluntary and quality partnership agreements have been used effectively in England and the reason why these have not been used more effectively in Wales.

[75] **Professor Cole:** I think I part-mentioned it a bit earlier, Chair. The bus companies have been reluctant for a number of reasons. The investment programme, or the subsidy programme, is one year at a time and therefore there are risks that they don’t want to be involved in. On the other hand, many of these risks are already being taken by the public sector through the funding process, so I don’t accept the entirety of their argument that there is a big risk here. There has been a reluctance, I think, to be controlled and have the control taken away from themselves. At the moment, a bus company can withdraw from a service with 56 days’ notice; for an employee, that isn’t good enough.

[76] **William Graham:** True.

[77] **Professor Cole:** There needs to be much more stability in the market, which is why I’m arguing for a statutory framework of the type that we’ve tried to create—

[78] **William Graham:** We’re rapidly running out of time. Can I draw you a little bit now on franchising?

[79] **Professor Cole:** Yes. It’s somewhat the same issue, really. The type of regulation that the Silk commission recommended—regulation as opposed to registration, which are two quite different elements—was one that was based on a form of franchising, but franchising, of course, has many forms, and

you can almost interpret it any way you want to in terms of the degree of central control. What we've found is that it's a partnership. I'm sorry if I keep harping back to Traws Cymru, but we've made it work there simply because we were able to manage within a small set of routes a principle that, if we want to do it everywhere, does require a statutory basis. All it is is marketing by a central organisation, Traws Cymru. It markets the services. As I mentioned in my submission, marketing is done, the decisions on pricing, the decisions on where the route will be, taking out certain villages, how Bwcabus feeds into those services, because that's a key element in this equation, and bringing together the private sector, in terms of the bus companies, academia, I'm pleased to say, in terms of the University of South Wales, Traveline Cymru, the local authorities—Ceredigion and Carmarthenshire in this case—and the Welsh Government, and looking to see what people want, asking people what they want. The market research was done first, the public consultation was done first, and we provided people with what they wanted. They wanted comfortable bus—. They wanted coaches, but they also wanted a low floor. There are no low-floor coaches available, so we compromised; we had a low-floor bus vehicle with a coach interior, and that, we think, is why demand has gone up to the extent it has in both Bwcabus and TrawsCymru.

10:15

[80] **Mr Pilliner:** Just very quickly, Chair, in terms of—. I don't think franchising is the panacea. To make that work, it will need that investment, in terms of that commitment over time. I think one of the challenges local authorities have had, in terms of delivering quality partnership, is that year-on-year funding, because, once you enter into that quality partnership, it's a long-term agreement. In exchange for investment in the infrastructure, the operator will invest in the services. If you can't give that commitment of investment over the time, with any failing of that quality partnership the legal liability would rest with the authority. So, that's one of the barriers in terms of the quality partnership.

[81] There are examples of where local government has worked with the operators to redesign networks; I can quote the Llanelli network, for example, where there were cuts in funding. It had to change, therefore, we had to work in partnership in order to protect as many services as possible where they were commercial, to try and sustain those, and, where there were overlapping services, to reduce those. So, there are examples. I don't think franchising is the panacea. I think there's a need certainly for better

partnership between both sectors.

[82] **William Graham:** Thank you very much. We're much obliged to you. Thank you very much for your evidence today; thank you for coming. Committee will resume at 10.30 a.m.

*Gohiriwyd y cyfarfod rhwng 10:17 a 10:29.
The meeting adjourned between 10:17 and 10:29.*

**Gwasanaethau Bysiau a Thrafnidiaeth Gymunedol yng Nghymru: Polisi
Bysiau Lloegr
Inquiry into Bus and Community Transport Services in Wales: English
Bus Policy**

[83] **William Graham:** Good morning and welcome to our committee. Could I ask the witnesses just to give your names and titles for the record, starting this side?

[84] **Mr Hughes:** Yes, good morning. My name's Toby Hughes, I'm the managing director for transport operations at the North East Combined Authority, which includes the passenger transport executive called Nexus.

[85] **Mr Panchal:** Kamal Panchal. I'm a senior adviser at the Local Government Association.

[86] **Dr Loft:** Charles Loft. I'm an adviser at the Local Government Association.

[87] **Mr Joseph:** I'm Stephen Joseph, I'm the chief executive of the Campaign for Better Transport.

[88] **William Graham:** Thank you very much. So, we'll go straight into questioning and the first question from Rhun.

[89] **Rhun ap Iorwerth:** Bore da. Good morning to you all. Can we start in fairly general terms? I'm interested, in particular, in the comment that you made, the Campaign for Better Transport, in your written submission about the unlikely event that you would see anybody in a hard hat or a high vis jacket talking about buses in the way that they would about trains. How much of a problem is this—the status afforded to buses, as opposed to other

modes of public transport?

[90] **Mr Joseph:** I think it's a general problem with local transport. We've made this comment about last week's spending review that it has tended to play up big projects over what we've called 'everyday' transport. This goes not just to bus services, by the way, but to local road maintenance, which weathers a very large backlog, but potholes and local buses don't have the same political resonance, particularly with Treasury Ministers in London, as big projects with hard hats. We argue that bus services in particular are as important for the economy as any of the big road and rail projects, because they provide access to jobs and services, and, without those, there would be major problems.

[91] **Rhun ap Iorwerth:** Thanks for that. Can I ask for your general comments, then, on what you see as the general position in Wales regarding, in particular, a reduction in services and the way that Wales compares with England and how the services have suffered in Wales in comparison?

[92] **Mr Joseph:** Let me start by saying that we, as the campaign group that have run a save our buses campaign, have done a survey of bus spending, particularly spending on tendered services, across England and Wales, and we've done that through freedom of information requests to individual local authorities, and we've done that over a period of years. The latest report, which is what we submitted as evidence to the committee, has found that, in the last year, a total of 53 bus services have been reduced, withdrawn and altered and that, in particular, £2.1 million has been cut from supported bus services and an 11.3 per cent reduction over the years, and a 20 per cent cut since 2010–11. That compares, in England in the last financial year, where there's been a smaller cut—. There's a larger cut in Wales than in England, although, since 2010, the 20 per cent cut compares with a 25 per cent cut in England.

[93] **Rhun ap Iorwerth:** The figures speak for themselves and they are worrying, but are there any particular patterns of reductions in Wales that actually strike you as being particularly relevant to Wales and are different from England?

[94] **Mr Joseph:** I think it's difficult, because we don't know what percentage of the supported services are actually—. We have tried to get at this, but it's actually very difficult to find out what percentage of services you're talking about. I think it's worth saying, though, that although, clearly,

services disappearing or being cut in rural areas will have a bigger impact than in some urban areas, isolation isn't unique to rural areas, and there are people in urban and suburban areas as well who are affected by bus cuts, particularly on the fringes of urban areas and across the south Wales conurbation in particular. So, we've argued that there's a need to give more priority to reducing social isolation and to giving people access to the services that they need.

[95] **Rhun ap Iorwerth:** When you look over to Wales, what do you see that's particularly worrying, or that we should be worried about?

[96] **Mr Joseph:** I don't think we're in a position to comment on Wales specifically. What concerns us is there've been massive bus funding cuts, wherever the funding source is. Obviously, councils are struggling with the underfunding of the concessionary fare scheme, which is a problem across England and Wales, and with cuts to council budgets that impact on the money we've got for buses. So, I'm afraid we couldn't comment on how it compares between England and Wales. It's bad across the picture.

[97] **Rhun ap Iorwerth:** Okay. That's useful, thank you.

[98] **William Graham:** Do you want to comment?

[99] **Mr Hughes:** I think I'd echo the views that it seems to be that there are features shared between Wales and England, and across the piece. Bus usage and provision of bus services are on the decline. We see it in the North East Combined Authority area, but that echoes many other similar areas across the country, where there's a constant decline in usage of the buses. There are a number of factors for it: local authority funding availability being very salient at this particular moment in time, but that isn't the whole story. What we see in the north-east, in particular, is a decline in fare-paying passengers, not those who are particularly reliant either on the concessionary travel scheme or on local authority subsidies to provide the bus service. For whatever reason, and there are many of them—I'm sure this committee's exploring them—people are choosing in greater numbers not to use the bus and to use other forms of transport or not to travel at all. I think, in Wales, there is a similar trend emerging, and, from some of the information I've seen prior to coming today, it looks like Wales is at upper end of the scale of declines in bus usage and bus service provision.

[100] **William Graham:** Thank you very much. Keith.

[101] **Keith Davies:** Thank you, Chairman. From what we've read, funding reductions in PTE areas are less than in other areas. Are there particular reasons for that? You know, are there aspects of your model that actually don't allow things to get as bad as they're getting in other places?

[102] **Mr Hughes:** I think there are a number of different reasons behind that, and the first is that PTE areas are all urban areas, albeit they do have aspects of rural coverage within their boundaries. Urban areas tend to have a greater density of bus networks, they tend to have lower car ownership and a greater reliance on bus services in order to keep the local economy going and to keep society functioning. So, naturally, you will see a greater coverage of bus services than in rural areas. In Wales, I guess there is more rural area than there is urban area, when comparing with a PTE area.

[103] That said, the structure of transport in the PTE areas is different as well. A PTE is a body in its own right. Whilst it has a political accountability to the local authorities in its area, it will often have a focused set of officers whose sole remit and job is to deliver transport. That tends to give a greater focus, perhaps, than in some councils that don't have that dedicated unit. When budgeting, for example, all of our PTE budget is focused on delivering transport. In a council, it will be focused on a whole range of different transport areas as well as their whole range of council functions, and, when budgets are difficult to manage, then the job of balancing the budget will take account of the whole range of council areas. In a PTE, it's going to be with a different focus. We're still subject to major funding reductions, but we will manage them, as best we possibly can, within the remit of transport.

[104] In the North East Combined Authority area particularly, we have, for the last four years, been taking an approach, which we've agreed with the councils that fund us, to prioritise public transport ahead of other council services. This is a very conscious and deliberate decision that the councils have taken, and a strategy that's been agreed. That is because, whilst many council services are declining—take, for example, libraries and leisure centres—the view has tended to be that, provided there are good public transport provisions in place to get you to an alternative location, then transport should continue to be provided so that residents can maintain their accessibility to the facilities. That's corresponded with the work on quality contracts, which, no doubt, we'll turn to later, but we needed to maintain a level of financial provision in public funding into the bus network ahead of that at the same time.

[105] The position's changing now, I'm sorry to say. The funding reductions that are likely to spring forth from the spending review are now so severe that our councils are in a position where, I think, prioritisation of transport ahead of other council services isn't likely to be maintained. We're about to go through a year of a strategic transport review, in the year coming, ahead of what are likely to be some significant service reductions, because we've reached the point where councils are cutting into some of their statutory provision of services things that are no longer discretionary, and therefore it's no longer to maintain balancing out spend between discretionary services—all statutory services now are being reviewed and so public transport provision has to be reviewed alongside it.

[106] **Keith Davies:** We asked the previous group who were here earlier this morning about the funding arrangements and whether annual changes are quite a handicap to funding, and whether it would be better if we had a three-year, four-year or five-year funding cycle. What's the position with you?

[107] **Mr Hughes:** Our position is that we're on an annual funding settlement with the councils. However, the longer the planning window and time horizon we can get, the better, so that we can plan over the long term and take actions in a measured and smooth way. I'm not sure if my colleagues from the Local Government Association might have a comment on that one.

[108] **Mr Panchal:** I think, just generally in terms of funding, all councils would agree that having that longer term certainty around funding is very helpful so they can respond flexibly. As circumstances and priorities change, perhaps from year to year, they'll need to have the flexibility to do that, but they can do that with the certainty of funding. That certainly helps.

[109] **Mr Joseph:** It's just worth saying that one of the features of the English devolution settlement is a move to multi-year funding, which I think is one of the main reasons why so many authorities are so keen on this, because it does give authorities much more certainty and ability to plan on transport and other services.

[110] **Dr Loft:** I think, if I can just add to that, it's particularly important in respect of buses, because travel patterns don't change quickly. So, if your funding is changing year to year and you're having to adjust bus provision to take account of that, you're going to lose passengers, because, if the bus

timetable changes every year, people will move away.

[111] **Keith Davies:** And, obviously, the bus companies want guarantees on investment. If it's an annual cycle, you can't do that.

[112] **Joyce Watson:** Can I just pick up on that point that travel plans don't change? Have you done any research into the effect of online shopping against your bus usage into town centres?

[113] **Dr Loft:** We've not, but I don't know whether Greener Journeys have done any.

[114] **Mr Joseph:** I don't think that there's been detailed research on the impact on bus use. There's been some work done, as my colleague said, by Greener Journeys, which is a bus industry grouping, on the wider benefits of good bus services into town centres. My own feeling is, though, that actually what online shopping means is that some shopping journeys are being replaced, for town centres, by the experience of town centres as places to go for socialising. So, the ones that move towards more leisure-based activities of one sort or another, so it's more of a retail experience, do best, and some of that is down to having less traffic intruding into those places. Good bus services and restraint on traffic are part of that in terms of town centres reinventing themselves.

[115] **Mr Hughes:** Just to add to that, yes, the retail offer is constantly shifting, and we've moved from local town and high-street shops into large consolidated retail centres—and there's one near here. Nevertheless, the usage of the bus doesn't, to us, seem to be specifically affected. Whilst travel patterns change—so, more people travel to those out-of-town centres—people still want to participate in retail by using the bus. The best example I can give you is we have a very large retail centre called the MetroCentre in the north-east, which was one of the first to open in Europe, and about 30 per cent of its footfall arrives by bus. Yet, it was built to be the first of its kind, out of town by an arterial highway with very poor public transport provision. It was designed around the car, and yet 30 per cent of its customers arrive by bus even now, and that number is not declining as far as I'm aware.

10:45

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

[117] **Mohammad Asghar:** Thank you very much, Chair and thank you to the panel. My question to the panel is this: in England bus funding is more effective at targeting and fostering the partnership with bus operators than in Wales. Why is that?

[118] **Mr Hughes:** Is this question directed to me?

[119] **Mohammad Asghar:** Yes, to all the panel.

[120] **Mr Hughes:** I'm not sure that I would agree with that statement. I'm not sure—it may have arisen from one of the other witnesses providing that. There is a variety of different models around the English areas for working between local authorities and bus companies, and there are a number of partnership models in place. There are a number of informal partnerships in place. There are a number of statutory uses of the legislation as well and there's a franchising model, which hasn't yet been introduced but we're working on it. So, I wouldn't necessarily say that the way that funding is distributed is really a driver of effective partnership working. What drives effective partnership working is will and co-operation between the local authority and the bus company. It relies on the bus company making the level of return that it wishes to see and a well-earning bus company is likely to be well-inclined towards the area it serves and to co-operate quite well. A poorly performing bus company in financial terms is less likely to have flexibility in what it does, let alone staffing resource, to commit to complex partnerships. So, the funding is relevant to it but I'm not sure I would say that the way that we use funding in England targets effective partnership working.

[121] **Mr Panchal:** If I may add, you could argue that actually the way the funding is done in England does not help anyone to get the best out of partnership arrangements or even if it was a regulated service. The funding itself we feel, certainly as the LGA, is a broken system. It's very fragmented. You've got separate budgets: home to school; you've got the concessionary fares scheme; you've got Government subsidy in terms of bus service operators grant going to operators; and then there's core funding, and you've heard about how core funding has been shrinking over the last Parliament and continues to do so. The concessionary fares scheme is underfunded, and I'm sure my colleague, Tobbyn, will know very well about that. We feel that the bus service operators grant is not a very efficient use of Government subsidy in terms of how it goes to operators. So, we think,

generally, the way funding is done is not optimising the use of the funds that are available.

[122] **Mr Hughes:** Just picking up from my colleague's point there, Chair, if I may, absolutely, the fragmented approach of funding is definitely not consummate with achieving a clear and focused result, and the funding streams that have been mentioned are all disparate. They're paid by different public bodies in different ways. Some are tendered for, some are reimbursement formally following statutory Government guidance. Some are actually just local authorities building bus priority on their local highway network in capital grant form and, really, what we've been trying to look at in the north-east for some time, when you add it all together, what quantum of public funding is going into the bus network, without looking at any particular part of it. In revenue funding alone, we think that about 42 per cent of bus operators' income in our area comes from public funds. It's not all subsidy. It's not all reimbursement. It's a complex mixture of all of them, and that's even without going into the capital funds that are put into improving the highways network.

[123] **William Graham:** Okay, thank you. Rhun, on this point.

[124] **Rhun ap Iorwerth:** Yes, I apologise if I'm inviting you to go into an hour-long answer, but, as to the kind of streamlining that you clearly would like to see in the way finance works, is there a concise way of describing what model of finance delivery you'd like to see?

[125] **Mr Panchal:** I think, in general, we don't have a single model. When it comes to, for example, infrastructure investment, certainly, we say 'Give us a single flexible pot to deal with it'. There are some councils that will have a view in terms of concessionary fares and will have a view in terms of home-to-school transport, but we don't as an LGA have a single view on that—how it should be streamlined—but certainly there are views out there that there is streamlining possible. Where there is consensus and the Government are supporting councils around a total-transport approach to provision of public transport, where that's much more about joining together those various transport services, including home to school but also including health-related services and perhaps community transport—there are a number of pilots under way; I know Norfolk County Council are one of the leading ones, and I think Northamptonshire County Council are doing some leading work around this area as well—that seems to be, although I don't have the details, certainly bearing some fruit and promise. That's something that certainly the

Westminster Government are interested in pursuing further as well.

[126] **Rhun ap Iorwerth:** You wanted to comment as well.

[127] **Mr Joseph:** Yes. You'll have seen from our evidence that we've promoted total transport and have suggested that this should be pursued in Wales. We think that as well as the different forms of funding that Tobbyn mentioned, there seems to be a lot of, particularly in rural areas, bespoke transport contracts run by different public bodies, and we were with the passenger transport executive group involved in promoting the idea of total transport, and, having been involved a little bit in the Northamptonshire pilot that was mentioned, I think we've concluded there probably is a crock of gold at the end of that particular rainbow, but not just in terms of funding, but in terms of efficiencies. So, in Northamptonshire, there's been some proper postcode mapping of staff and students at education establishments and further education, and staff at NHS hospitals and other establishments, and there is a lot of overlapping travel. Some of these are subject to very bespoke transport contracts, and the conclusion is that merging those contracts with a single procurement unit and, where possible, bringing them into mainstream public transport will have benefits for all concerned, including saving money for the other public services.

[128] We've then taken that a stage further and argued for what we call the connectivity fund, and that is a proposal that PTEG have developed and they've done some numbers that suggest what that might look like for England. But the point here is that the benefits, as I was saying earlier in answer to your question, of good bus services do not primarily fall to transport—the transport sector or transport departments—as they fall to education, social services, work and pensions and those departments should contribute, if they contributed to central funding. We would probably part company from my colleagues on the right in arguing that this should be ring-fenced for local transport. The reason we've argued that is simply that the statutory basis for providing high-quality public transport is weak. I think you've heard evidence previously about the case for proper minimum standards of public transport, but without that and without ring-fenced funding, you will get cuts. We therefore argue that you need ring-fenced funding for a proper connectivity fund. Our suggestion was that both total transport and connectivity funding could be looked at in the Welsh context. In some ways, it's rather easier in a devolved context to do that.

[129] **Rhun ap Iorwerth:** That's because of scale, presumably.

[130] **Mr Joseph:** Yes. But I think it is clear that the separate commissioning of transport wastes funding.

[131] Can I just make one more general comment about this, and we may come on to this in looking at the future regulation in England? Our evidence that we submitted had a case study from Cornwall, and, in a way, I think Cornwall might be an interesting model to look at for particularly the more rural parts of Wales, because they're looking at public transport from an integrated perspective. They have successfully used European funding to get upgrades on the main railway line through the spine of Cornwall from 2018. They're using their funding and, potentially, devolved powers that they've got through a devolution settlement to build an integrated timetable—bus and rail—on the back of that, with integrated ticketing. We thought, looking at that—you already have the TrawsCymru and Bwcabus networks here—that when Wales gets franchising powers on the railways, it would be worth seeing where Cornwall have got to in this.

[132] But in relation to the Total Transport point, one of the things that they and FirstGroup, the main operator there, have pointed out is that, for example, Truro college runs, at the moment, a bespoke transport operation with 34 double-deckers bringing in students from all over Cornwall and west Devon, and the buses then sit there during the day, do nothing and go back in the evening. Quite clearly, there are opportunities like that that will contribute to that vision of an overall integrated transport system for Cornwall, which will significantly help the cost. So, that's why we've made the argument in Wales. As I say, we think that what Cornwall is doing might merit some study by the Welsh Assembly Government, because it feels quite comparable to some of the situations in the more rural parts of Wales.

[133] **William Graham:** Thank you very much. I think you've answered the two questions there, so, Jeff, please.

[134] **Jeff Cuthbert:** Yes, thank you. You might want to add something more about the value of the passenger transport executive system; I know you've alluded to it already, but if we could discuss that. But issues of good practice—clearly, we are keen to learn of matters of good practice in England, in terms of bus operation, that could benefit us here in Wales. You've just mentioned the issue of Cornwall. That's very interesting; I'm sure we'll want to explore that further. Are there other issues that you think would constitute good policy that we could apply in a positive way in Wales, such as

the integration of community transport into public networks, consultation and even aspects of commercialisation?

[135] **Dr Loft:** Well, councils in England have done quite a lot of work around these issues in terms of trying to mitigate the effects of cuts. The research we've done suggests that they've been quite successful in the last five years in doing so, in terms of transferring services to community transport, introducing on-demand services and encouraging commercialisation. But we would caution against placing too much faith in the ability of those methods to carry on mitigating the effects of cuts. On-demand services require a change of passenger behaviour that can be difficult to manage; it's doable, but it isn't always the right approach—

[136] **Jeff Cuthbert:** Such as what?

[137] **Dr Loft:** Basically, one of the examples I was given was that there was a bus service that ran once a week. People were used to using that bus service. It was cut and replaced with an on-demand service. The on-demand service was available every day, but passengers weren't using it as much they could have done, because they just didn't realise that and they had a cultural reluctance to book. They would say, 'Well, I've got to book the day before I want to go shopping. I don't know whether it's going to rain; I don't want to go shopping if it's raining, so I'm not going to book' or 'I don't know when I'm going to be ill, so I can't book to go to my GP, because I don't know the day in advance'. To a certain extent, those are practical problems, but they're also problems about people just not realising that there are different requirements of the service. So, it requires careful management and promotion to work.

[138] Community transport is not always the right solution. It certainly has a role to play, but we've found that community transport is facing many of the same problems that affect the bus industry. There's also a difficulty in terms of when you need volunteers to drive. There was a change in the law around driving licences, I believe, in the 1990s, so that if you took your driving test since then, you aren't automatically passed to drive a minibus. So, you've now got to get a volunteer who is willing to put in the commitment to doing another test as that works through the age range. As far as commercialisation's concerned, at the moment, it's too early to say how effective that is going to be. A bus company can be persuaded to take on the risk for some services because the alternative is redundancies and idle vehicles, but, five years down the line, how many of those services are still

going to be here? We don't know. All these things are important to look at. Councils in England, and I'm sure in Wales, have been doing this, but we are cautious about people thinking, 'Oh well, we can go ahead and cut bus services and the impact won't be felt'. There was a little bit of fat on the bone, I think, five years ago. That's all gone, and we don't know exactly how much of the gap that's been left by funding cuts can be taken up by these alternative approaches.

11:00

[139] **Mr Hughes:** Chair, to just add to that, there is a vast array of different things going on in different parts of the United Kingdom—in Scotland also. I wouldn't say any particular one is the model that could be easily deployed anywhere else. Local circumstances are always such that a tailored solution needs to be developed. We know that there are good examples of partnerships being effective in some of the cities, like Brighton and Nottingham, but we also see examples in cities where partnership isn't effective. I think the important thing is that the industry, local government and devolved authorities get together and share information on this as much as possible. I believe you had my colleague Jonathan Bray from PTEG here some months ago. PTEG has just rebranded to be the Urban Transport Group, and the North East Combined Authority is a member of that. Really, as much as anything else, it's a place where we share information, share ideas and share experiences. We have a bus strategy working group as part of that and we come together with all sorts of authorities from around the country to share information and best practice where it resides. I'd encourage the Welsh Assembly to get involved in that as much as possible.

[140] **Dr Loft:** If I could just add to my earlier answer as well, I think a crucial thing in mitigating the effect of cuts through these alternative approaches is the council officers who are there to liaise with the bus companies—and the relationship between the bus company and those officers. As councils are forced to reduce spending on bus services, it becomes harder for councils to justify—particularly in rural areas where you don't have a passenger transport executive—employing those staff. So, over time, it's quite possible that we will see some councils—. There are some now that have cut back pretty much to nothing their support for tendered services, but still have officers working with the bus operators to mitigate the effects of those cuts, and that's been quite effective. But, over time, those jobs may well disappear too.

[141] **Mr Joseph:** As colleagues have said, there is a wide array of good practice around the place. I'd agree that the community transport option as a replacement for ordinary service buses can be overplayed, and, actually, the community transport sector itself would say so. I understand that the official user watchdog, Transport Focus, has done some research on user views on demand-responsive services that will be out in a few weeks. It will be interesting to see what that says in practice. But I think it may well echo the points made that people find the move from a walk-on service to something that involves advance booking something that's quite restrictive.

[142] Just a few comments about what some English local authorities have done: we've done a lot of work in Hertfordshire, where we've done some voluntary partnership work, which has been, I think, in the past, quite effective, although that's also been a casualty of funding cuts. In the previous 'Buses in Crisis' report last year, we highlighted Essex doing a very from-the-ground-up strategic review of what services they were supporting, pence per passenger kilometre, what they could do about pushing some of the ones with low subsidy into commercial, what they could do about some of the high-subsidy services and so on. We thought that that strategic approach was effective.

[143] More generally, Norfolk has also been mentioned as something that can be done. I think the story on partnerships is that it is possible to do some quite good basic things in terms of passenger information and joint ticketing with partnerships. Sometimes that isn't pursued. Even some of the basics, like stop-specific timetables and publicity and so on, aren't pursued properly in many areas and that basic partnership working can do that. Beyond that, though, I think there are some models that might be worth looking at, not just in the UK but in the wider British isles. Jersey and Guernsey have a tendered bus service. They've tendered to a large community transport operator, CT Plus, and they've been able to run the network as a social enterprise, with large-scale reductions in public subsidy but increases in patronage. That might also have some lessons for parts of Wales.

[144] I'll just make one comment about Nottingham; and here, I declare an interest as the chair of the public transport integration board for Nottingham City Council, so I've seen at first hand what they've done. I think it's worth saying that what Nottingham have done—there have been a couple of features. Firstly, Nottingham have pursued a statutory quality partnership, but they have identified the limits of that. They've identified the limits of

that, firstly, in terms of not having the bus registration powers so that, even though they've agreed certain minimum standards for services, let us say, in the city centre, that's been undermined by the failure of the traffic commissioners to enforce those. Secondly, they've not been able to pursue the integrated ticketing they've wanted. They are negotiating with operators now to try and get around those problems, but they have also indicated that if they can't solve that problem they too are moving and are going to look at franchising as an option. They've done some quite detailed papers on that.

[145] It is also worth saying that Nottingham are operating in a context where the wider policies—the transport and planning policies for the city—are pro bus. In particular, they have been the only city in the UK so far to implement a workplace parking levy so that employers in the city with more than 10 parking spaces pay a levy on that. The funding from that is exclusively ring-fenced for transport and it is paid for an expansion in the tendered bus networks, with electric bus services on their Link network, and particularly for an extension to their tram network. So, in that sense, they have had an increase in public transport use, but it's partly because of that larger pro-public transport offer, with relatively limited and high-cost parking in the city centre, park and ride and so on. But I think Nottingham is worth a look at. And of course, as Tobyn has said, there are good examples in the PTE areas in South Yorkshire and the west midlands, but also in Merseyside, which has just agreed a conurbation-wide flat young persons fare, which was, I think, received with scepticism by operators, who now realise that they're actually earning money from it, and that has helped young people over the age of 16 to continue to access education, training and employment at a reasonable price.

[146] **William Graham:** Thank you very much. Could you tell the committee, in terms of bus regulation, the circumstances where franchising might be appropriate and where a partnership approach would be more effective?

[147] **Mr Hughes:** I'll begin the answer, Chair, if I may. Every area needs to decide what is best for it, and so it isn't my place to advise the Welsh Assembly Government on what is appropriate. That's for you to decide, but the important first step that we took in the north-east was to define a very clear bus strategy for what we wanted to achieve from our local services. I refer to that in my evidence, but just to re-state, we set three very clear objectives. One was to stop bus patronage declining, as it had done for many, many years. The second was to maintain the levels of local accessibility delivered by buses, but other forms of public transport as well.

Thirdly, to achieve better value for the public funding that's put into the bus services. I referred to that earlier as 42 per cent of bus operator income—around £60 million per annum. Achieving better value might be seen as code for, 'We're going to spend less, but we need to keep on achieving the same output from the bus networks'.

[148] So, by setting those three objectives out, we knew what we and the elected members in the authorities wanted to achieve from what we were then about to do. We set out on the path of achieving it via a variety of different alternative models. It was quite clear to us that sitting still and doing nothing was not going to achieve it because we projected forward the trends and the factors that we believed underlay the declines in patronage and the losses in accessibility, and it was clear that something else needed to be done. So, we then looked at partnership as an alternative, and over many, many sessions, spanning several years, we entered into discussions with the local bus operators, of which there are three. You'll be familiar with some of them—Arriva, Stagecoach and GoAhead. We tried to discuss and set down what the bus operators were prepared to offer and what they wanted in return to form a binding, valuable partnership that would achieve those objectives.

[149] I have to say that, through the years, they did make various partnership proposals and, as we kept at it, those partnership proposals kept on improving the longer we kept at it, to the extent that we ended up with a final proposal earlier this year that set out how far they were prepared to go. In parallel to that, we started looking at a quality contract scheme, which is the current English legislative route to introducing what's known in some circles as a bus franchising system. Quality contracts are where the local authority or the local transport authority for the area takes regulatory control for the bus operating environment. The traffic commissioner is no longer permitted to allow registrations for buses within that area unless the say-so of the local transport authority is given, and then the local transport authority lets a tender or a series of tenders for the delivery of bus services within that area under contract.

[150] The quality contract scheme, members, I'm sure, of the committee will be aware, was very controversial as a proposal because, to introduce a bus franchising tender system implies that the current bus companies who are operating there today may not be the bus operators who operate there tomorrow, because they'll be competing to win contracts, and, even if they were to win the contracts, they would be bidding competitively, using price

as the tool to bid competitively, and they therefore may earn less money, even if they win the contract to win back the services that they already run. So, it was no great surprise to anyone that the bus companies would be not keen on this model because it is a threat to a commercial business that they've built up over many years and a way of operating that they are very familiar with. I should add that, if success was achieved in our area, it's quite likely that a similar model would be adopted in other parts of the country, thus threatening other operations that they have.

[151] So, the quality contract scheme was, if you like, in direct opposition to the partnership approach, but the quality contract scheme allows us as an authority to design the types of service that we would like to see. Of particular importance in our area are the fares and the integration that it provides. We in Tyne and Wear have a metro system that we own and specify the fares for, and we specify all the timetables and service aspects. It was built and introduced in the 1980s to be the core of an integrated transport system. When the bus deregulation occurred, the integration levels started to fall away. So, one of the things that we want to achieve through a quality contract scheme was reintroducing that form of integration through fares, providing simple fares that you could understand as a customer, that were easy to advertise, easy to tell people ahead of time, and that would be the same fare on the metro system as it was on the bus, thus making movement around the area easier.

[152] I've said that we have three large bus operators in the area. Naturally, whilst they're all in competition with each other, for the residents of the area, there's only one bus company that provides services to your house or your estate. Therefore, we wanted integration in the bus network as well. So, we want people to be able to buy one bus ticket and travel around the area to wherever they need to be for employment or education or leisure and retail purposes.

11:15

[153] So, the quality contract scheme, from our perspective, provided lots and lots of customer benefits. It also provided the ability to take all of the financial flows, and they came up in an earlier question, which are, at the moment, quite disparate—paid in different ways for different reasons—and unite them all in one pot, and use that pot to offset the costs of bus operation, which would then, obviously, be offset as well by fare income, which we, the local authority, would retain. It's a model that we already

deploy on the metro system.

[154] For us, then, the quality contract scheme made a great deal of sense. It allowed us to plan the network, and it allowed us to have local democratic accountability for the bus network, in a way that our current local authorities are not able to enjoy. It allowed us to introduce customer benefits and it allowed us to forecast a long-term future for the local bus network that would, indeed, stop patronage decline and would, indeed, maintain accessibility. So, that's why, for us, it made a great deal of sense.

[155] The bus partnership alternative was of merit, and remains of merit. I have to say, in different areas, different factors come into play that might mean that a partnership alternative is more suitable and more attractive and desirable than a quality contracts or franchising scheme. That's my answer.

[156] **William Graham:** Thanks very much. Any short comments on the same subject?

[157] **Mr Joseph:** I think, from a passenger point of view, there are two things that franchising makes possible that are more difficult, though not impossible, to achieve with partnerships. The first is network planning—the ability to plan buses and public transport as a network, rather than as a disparate set of routes and services. The second is ticketing—integrated, smart ticketing that is multi-operator and multimodal, moving towards e-purses and the kind of thing London has got in terms of smartcards and so on, with simple branding. I say it's not impossible for those things to happen, but, with competition law lurking in the background, and various other things, it's more difficult. Some of the things that have been achieved in the west midlands and South Yorkshire move in the direction of that and give quite a lot of those benefits, but it is quite difficult to do and, as I say, because of competition law, not necessarily all down to operators not wanting to do it, but because there is a genuine fear about what might happen with competition law in the background. Franchising takes those fears away and allows that to happen comprehensively. I think those are the main benefits.

[158] **William Graham:** Thank you. Joyce, do you have a supplementary?

[159] **Joyce Watson:** No, that's great.

[160] **Keith Davies:** Chair, just a follow-up on that.

[161] **William Graham:** Yes, please, Keith.

[162] **Keith Davies:** We obviously paid a visit to Transport for London and talked with the person in charge of the bus regulations and stuff in London, and it seemed to me that what he was telling us was that they can actually regulate on contracts for particular journeys. It's similar to what you're saying now about this quality contract scheme. Would I be right in saying that?

[163] **Mr Hughes:** You would indeed be right. It's one of the great ironies of the English bus system that the Whitehall administrators who write the laws travel to work, when they do so on a bus, on a bus that's regulated through a contract system. It is different to a quality contract system, but the principles are exactly the same. TfL specifies the fares, the routes, the timetables and the service quality, and private companies bid for the right to operate those contracts.

[164] **Keith Davies:** If we operated it in Wales, we could have the Minister looking at it instead of the traffic commissioner.

[165] **Mr Hughes:** I believe that's the way the legislation is configured for Wales. The Minister, as I understand it, is in charge of the decision to introduce the scheme in the first place, in terms of assessing the public interest test. The delivery of the scheme, I guess, would be down to the Welsh Assembly Government to decide who was in control and what political accountabilities and committees sat above it. But, yes, it would be a return to local accountability through whatever mechanisms you deploy.

[166] There is just one final comment, Chair, to make on this one, which is that it's often said, quite rightly, that the London system does very well because it's enjoyed a high level of subsidy, compared with other parts of the country. That's certainly the case; it's been a decision of two different mayors to maintain fare subsidy levels in London quite high. But that of itself is not the determining factor over whether bus regulation can occur and be successful or not. In our area, it's pretty simple, the equation: the bus companies earn profits on average of about 14 per cent, as an operating return, and up to about 24 per cent operating return, which we consider to be quite high. We consider that it would be entirely feasible—and our financial modelling set this out—to have a contracted system with an operating margin of around 8 per cent, and anything earned above that

would be funding to return back into the bus network to keep fares lower and to make improvements for passengers.

[167] **Keith Davies:** Thank you, Chair.

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

[169] **Eluned Parrott:** Thank you, Chair. I wanted to ask about the English buses Bill that's coming forward. I wonder if you can just give us an idea of your view on how it changes the potential benefits and risks of things like making franchising-type arrangements easier.

[170] **Mr Hughes:** I'll just start the answer, and then I know that my colleagues from the LGA will want to come in. Whilst I've been extolling the virtues of the quality contract scheme in this committee, we have recently been through a horrendously expensive, time-consuming and frankly very painful process, and under this shirt there are many scars. It took the scientists at CERN less time to build the large hadron collider and find the god particle. [*Laughter.*] Yet we received, earlier in November, the opinion of the QCS board—which is the current English way of assessing the public interest test—that they didn't find it was in the public interest. They considered that the financial detriments to the bus companies outweighed the potential public benefits from the proposal. They're entitled to take that opinion. In fact, it's their statutory role to provide one. So be it. But that means it's now going to be very hard to progress with the quality contract scheme.

[171] So we now need to look very carefully at what the next steps are. There is new legislation, as you've suggested, being developed. We've yet to see it appear as a written proposal, but one of the intentions behind it, as I understand it, is to make it much simpler to go through a locally determined decision-making process to introduce a quality contract scheme. These public interest tests that we had to demonstrate were highly complex, novel, not necessarily appropriate for the task in hand, certainly lacking in guidance, and ended up with a body that was not accountable, really, to anyone, taking their own view. I think that view is at odds with the locally accountable elected members in my authority, who feel quite aggrieved that they're now not able to proceed, certainly as quickly or as easily, down the step that they think is right for their area.

[172] **Mr Panchal:** We're certainly hopeful that the buses Bill will learn from

the experiences of the quality contract scheme, and, as Tobbyn has said, it's been hugely expensive, time consuming and quite wasteful of people's energies and resources. Our advice to the Department for Transport, to Government, has been, you know, 'Be very careful how you legislate for the buses Bill. With any tests—and we're not averse to tests as such, overcoming value-for-money tests and so on—be careful. Don't put these tests on the Bill. As soon as you start putting tests on the legislation, this is what you'll get. You'll get the experience of quality contracts, and it becomes very expensive'. Our research says that franchising is not necessarily for everywhere, but having it even as a reserve power in places—there's quite a powerful force there. As Tobbyn said, going through the process of quality contracts, and how partnership outcomes have improved just by having that hanging in there in the background, has certainly been of benefit.

[173] It can also help, we think—franchising can help—with all sorts of issues around bus transport, and also with other issues such as air quality, as it allows a lot more control and integration with other transport policies as well. But it's not the only answer, as well. So, we need some funding reform, I think, hand in hand with that. Going back to the bus services operators grant, certainly, if that was devolved to councils as well, we'd be able to target that and use that, allied with the franchising powers, to deliver a better service.

[174] Sorry, there was another issue, which I've just suddenly forgotten—

[175] **Dr Loft:** I think we would want to emphasise that the franchising provisions should be based on the principle that it is for a democratically accountable body to take the decision that it is in the public interest to do this, not for some quango, particularly if it's based on future losses to the bus operators when we can only speculate about what those future profits would have been that are supposedly being taken away and those earnings are dependent to a large extent on a taxpayer subsidy in various forms that we talked about earlier. So, I think the principle is that we want something that provides these powers in the most flexible form possible and allows democratically accountable politicians to take decisions that they think are in the right interests for their community, which their community can then hold them to account for.

[176] **Mr Joseph:** Just briefly, we've been deeply involved in the preparation of this Bill, and I would actually say that we've found the way in which this Bill is being developed to be a piece of good practice. There have been

workshops, there have been consultations, there's been a lot of detailed discussion by officials with all the players involved. That isn't always the case with legislation like this—

[177] **Lord Elis-Thomas:** Maybe you should go and educate the Secretary of State for Wales, then.

[178] **Mr Joseph:** I wouldn't presume to comment on where else that might transfer, but we found it a good process. I think it's worth saying, firstly, that you have to see this Bill in the context of the wider devolution settlements. So, this isn't about franchising on its own; it's about franchising and bus powers as part of wider settlements on devolution in terms of economic development, particularly in the north of England but also elsewhere, like Cornwall. There is also provision for what are being called 'enhanced partnerships'. Those would involve, for example, local authorities getting from the traffic commissioners the service registration powers, which would be powerful in their own right. In terms of air quality and disability access and other measures—. So, we think that the benefits of this will be a more passenger-focused and broader-based approach to buses and public transport and that it will address some of the issues that I mentioned earlier around network planning and ticketing and so on.

[179] **William Graham:** Rhun, do you have a question on this point?

[180] **Rhun ap Iorwerth:** I just want to recap and absolutely clarify whether you believe that the body responsible for running the public interest test on quality contract schemes has an inbuilt bias against allowing quality contract schemes and whether that's something that we, at all costs, should ensure we avoid in Wales.

[181] **Mr Joseph:** If I can comment on this, I think the conclusion that has been reached by Ministers and officials—having spoken to them a bit in the wake of the quality contract scheme board, Tyne and Wear—is that the current legislation needs fixing and that there should be, as my colleagues have said, a matter of democratic accountability. As we understand it, there is no intention to put any kind of test on the face of the Bill—that, in effect, it will be up to local authorities to make the decision based on the bus strategy and wider strategies that my colleague has mentioned. Obviously, there could be judicial reviews—there could be against any public body. The background papers suggest ways in which local authorities could guard against that, for example, by use of the Treasury Green Book, but we've

heard from officials and Ministers comments like, 'There is no intention to have anybody in central Government marking local authorities' homework', and I think that is an advance and we will be particularly keen to see that on the face of the Bill.

[182] **William Graham:** We're almost out of time, so one quick question, Dafydd.

[183] **Lord Elis-Thomas:** It's more a vote of thanks, really. It's really refreshing to see transport policy placed at the forefront of the idea of devolution, and I wish you all well.

[184] **William Graham:** Eluned, just to finish off.

[185] **Eluned Parrott:** Just briefly, Mr Hughes, you did mention earlier that there are factors that will persuade you between moving towards a partnership approach as opposed to a contract scheme a little earlier in your answer about that. I'm wondering what those differential factors might be. What factors would encourage you to prefer a franchising agreement over the quality partnerships?

11:30

[186] **Mr Hughes:** I explained earlier what the objectives of our bus strategy were, and, really, that is the beginning and the end point of what we do. When we started with it, we got lots of comments from the bus companies that we were wanting to work in partnership with about, 'Well, bus patronage isn't declining; accessibility's fine'. So, we need the evidence to assess where it is, and we're confident in the numbers that we've got. And I have to say, a body of useful data is an essential tool in developing bus policy.

[187] But some of the key factors for us are to do with ticketing, in particular, as I've mentioned. We've got a smart card, we've just introduced a pay-as-you-go system on the metro in Tyne and Wear and we have put funding forward to make that available on the bus. But it's against the commercial bus operators' natural instincts to have the type of fare system that we want to see, and I understand that from their commercial perspective. And this is where we're expecting them to make commercial compromises in order to enter into a partnership arrangement with us, because when a passenger is on the street they just want to leap on the first available form of public transport going, and use the single smart card that

they've got in their wallet and hopefully, in their mind, the fare will be roughly the same wherever they get on, and they don't have to worry about it.

[188] So, it's that type of thing that's important—integrated ticketing—and the ability for local elected members to have a say over how bus provision is planned and delivered. These were two of the red lines for us, along with absorption of funding reductions, which we know we have to make because of austerity measures in our budget, without that impact being too highly visible on the street. The services we provide with our subsidy are late nights, so night workers can get home, and early-morning ones on weekends—they're the services in the more rural, hard-to-reach areas. They're the services that will go as a result of our funding withdrawals, because they're not commercially attractive, and we were looking for the bus companies to fill that gap and basically do something that will make them less money. Those three areas, really, were the key for us.

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

[190] **William Graham:** Thank you very much. Thank you very much for your attendance today and for your evidence. Thank you.

11:34

**Gwasanaethau Bysiau a Thrafnidiaeth Gymunedol yng Nghymru:
Sustrans Cymru
Inquiry into Bus and Community Transport Services in Wales: Sustrans
Cymru**

[191] **William Graham:** Good morning, and thank you for coming to give us evidence today. Could I ask you to give your names and titles for the record?

[192] **Ms Lorimer:** Thank you. I'm Jane Lorimer, national director for Sustrans Cymru.

[193] **Mr Roberts:** Hello. I'm Chris Roberts. I'm head of external affairs for Sustrans Cymru.

[194] **William Graham:** Thank you very much. We'll go to the first question, which is from Jeff Cuthbert.

[195] **Jeff Cuthbert:** Good morning. Could I ask you, by way of a general question, your views on the current condition of bus and community transport services in Wales; whether you agree, as some of our evidence providers have said, that there's a 'crisis'; and whether you feel that the current bus policy is contributing in a positive way to the achievement of environmental goals? I know that, Chris, you'll be particularly familiar with the Well-being of Future Generations (Wales) Act 2014 and the goals that are incorporated within that.

[196] **Ms Lorimer:** Thank you. Chair, with your permission, we had prepared an opening statement, which particularly did sort of look at the aspects of, or links in with the Well-being of Future Generations Act.

[197] **William Graham:** We are a limited for time, but make a start.

[198] **Ms Lorimer:** I'll cover that very briefly and then answer your question, if that's acceptable. Thank you.

[199] So, really the key point, and what we believe most strongly, is that we approach this question with a clear sense of purpose, and, in that, why it is important that the public sector invests in bus services. What does it want them to do? Linking that in with the Well-being of Future Generations Act, Wales has set itself seven clear goals and established the principle for the manner in which we want to achieve them. The ways in which bus services can assist in achieving these goals should, therefore, be very clear, and the purpose for public sector investment in the industry. They should determine the outcomes we seek to establish from the investment in public bus services.

[200] With a key aim of the Act being to combat climate change—and this is the only issue that is referred to twice within the goals—buses can play a significant role in combating climate change. But this requires a very clear understanding that the purpose and support for bus services is to produce a modal shift away from car use. If buses are to reduce emissions, the current market-driven approach to the industry doesn't make sense. That is our view, therefore, because competition relies very much on buses running on the same routes, and that has no environmental benefits, clearly. Putting this right requires giving the Assembly and the Welsh Government the right to regulate the industry and Sustrans believes that the current system fails in this respect and, therefore, we would like to see a franchising system, similar to that in London, being brought into Wales.

[201] In relation to other goals within the Well-being of Future Generations Act, clearly a more prosperous Wales and a more equal Wales are also key elements where the bus has something to say. But this does, again, require effective planning to ensure that communities are linked to workplaces. There are many deprived communities in Wales with no bus services and for people to be able to get to employment sufficiently early in the morning is a key challenge, particularly for shift workers where shifts start early. We would therefore strongly argue and point to evidence where the most economically successful cities and urban areas throughout the UK and Europe have strong transport systems that are based on sustainable transport modes: bus, train and active travel, of course. And this, again, requires a concerted approach to modal shift and helping people to change their journey choice away from the private car to public bus services.

[202] There are other areas in terms of helping Wales to achieve equality and a clear provision and need for bus services, and I think we can turn to that in some of our other responses. I do think it's important to point out that Sustrans isn't positioning itself as an expert in relation to the bus industry. Our key expertise, clearly, is active travel: walking and cycling. But we actively promote all forms of sustainable transport and, particularly, the integration of all travel modes. We know that cities and countries that have a high share in active travel also have well-developed public transport systems and we'd like, you know, to look at what successful measures we can learn from integration and that can be brought to Wales. People need to complete whole journeys from A to B and so integration is vital to that.

[203] In relation to your question—thank you—we're very concerned that bus use, patronage, in Wales is declining at a faster rate than elsewhere in the UK, clearly, from 118 million vehicle kilometres in 2006–07, declining to 113 in 2010–11. We have some experience from work that we've delivered over the last few years. We delivered a four-year project, personalised travel planning, on behalf of the Welsh Government, which gave us an opportunity to talk to residents over the doorstep about their travel choices. It was really clear that many people just feel that using the bus isn't an option for them, either because of complicated journey patterns and the buses just aren't timetabled to be able to cope with that—. But also people overestimate the amount of time it takes to travel by bus in comparison to using the private car. That's something it needs a concerted effort to approach. So, we point to the crisis, really, being as much about people feeling that they don't have alternatives to using the private car as the decline in the number of services

of buses. Our communities—their needs—are not being met. This is an area that we absolutely think is why—and if we turn back to the point I was making in our opening statement around this—public service investment is vital in this area to really addressing the community's needs and being able to give people an alternative to the private car.

[204] **Jeff Cuthbert:** Would you—? I think, certainly in terms of you've made it very clear what is your general approach to buses—would you say that the current situation is a 'crisis', which is a term that's been used by others?

[205] **Ms Lorimer:** I think that it's a crisis that people don't have a choice in being able to use alternatives to the car, particularly in light of what we're trying to achieve through the Well-being of Future Generations (Wales) Act 2015, and this is constraining people's choice.

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

[207] **William Graham:** Thank you very much. Keith.

[208] **Keith Davies:** Looking at the funding, your view that reduction in public funding will have an effect on the quality of the buses provided is one thing you've said, and the other thing you've said is that

[209] 'incentives to increase the number of passengers are significantly more effective than support to miles travelled'.

[210] So, perhaps you can comment on those, because funding is a real issue. We've asked all the people we've seen this morning so far, 'What do you think the effect will be in the reduction in public funding to buses?'

[211] **Mr Roberts:** Our concern is that, essentially, because the bus services in Wales run on a market basis, the bus operators are essentially in this to make a profit. They either make a profit through fares or through being paid a public subsidy for what would otherwise be considered uneconomic routes. Increasingly, local authorities are unable to provide that subsidy either because Welsh Government is unable to provide the funding to local authorities or the local authorities themselves are having to squeeze what they contribute to transport services. What is happening, at that point, is the company is simply withdrawing the service. We've seen throughout Wales a significant number of services withdrawn. But I think also there is a great deal of talk about the importance of quality bus partnerships and

partnerships generally. For a bus company to be prepared to go into a partnership, there has to be something in it for them. They will do it in order to get the bus priority routes—in order to get enhanced bus shelters, information services—all of which require significant investment from the public sector. If that investment is not there because of a reduction in funding, the likelihood of bus companies wanting to enter into those sorts of partnerships I would say is significantly diminished. We, though, strongly believe—again taking the issue of the future generations Act—that we need a much better approach to integration, because there is actually a phenomenal amount of public money going into the bus industry. We calculate that, if you include bus services support grant, concessionary fares, home-to-school transport—quite crucial—then you're getting into the region of some £200 million. And that's separate to what local authorities can contribute from their own rate support grant.

11:45

[212] So, there is a phenomenal amount of money going in to support buses, but it may be that there is a service that is having to be subsidised to service a village, running almost in parallel to a school bus. The wellbeing of future generations Act requires all public services and all Government departments to work together to produce the best outcomes and, really, looking at how those budgets are pooled and planned and set according to a purpose. Then I think there's a much better chance that we'll get a better bang for our buck.

[213] **Keith Davies:** Thank you. And the incentives.

[214] **Mr Roberts:** Oh, sorry, yes. In England—and, I think, in Scotland as well—bus subsidies are paid according to the amount of fuel used. The bus service operators grant gives x number of pennies simply if fuel is burnt. It doesn't actually require anybody to be on the bus in order to qualify for that. Now, environmentally, we think that that is unjustifiable in any circumstances. It was justifiable in the UK—in England—because it was essentially a rebate on fuel duty. Buses use fuel, they pay duty on it, it goes to the Exchequer, the Exchequer says that buses are a good thing, so they'll give some money back as a rebate. That system actually continued in Wales until 2013, for 14 years, when, basically, Wales was giving a rebate on a duty that it didn't receive. That made no sense at all and, environmentally, it was potentially very damaging. The Welsh Government has moved a considerable way from that position. What we would like to see is a perhaps more

complicated but more purposeful formula that rewards positive behaviour. As Jane has said, fundamentally, we want to see a franchise system, but, until that franchise system is in place, it's about using the leverage in the most effective way. So, perhaps a formula that takes into account whether a service is serving a hospital. You know, it could be that the subsidy should be increased for that. Perhaps where a bus service arrives at a railway station 10 minutes after the train has left there should be no subsidy at all. Again, it's about using the leverage that the public sector has in the most effective way possible. We certainly believe, though, that the number of people on the bus is a factor. It's a very important factor because we need to encourage people to use buses. We should be about modal shift. One of the really depressing things that we've seen recently is the average loading of buses. The Welsh Government's climate change report uses, as one of the indicators, the average loading on buses. It's fallen now to eight people on the average bus. That's very low. It's three fewer than we see across the UK. The environmental argument, the anti-congestion argument, for buses relies on the fact that they're taking a lot of cars off the road. When you're getting down to only eight people on a bus, the number of cars that you're displacing is not that great.

[215] **William Graham:** Quite so. Oscar.

[216] **Mohammad Asghar:** My question is just on the effectiveness of bus and community transport policy in Wales. What are the strengths and weaknesses of current Welsh Government and local government policy for the bus and community transport sector in Wales, and whether integration in Wales is improving or deteriorating, especially in terms of network integration and policy integration?

[217] **Mr Roberts:** In terms of strengths, we think a key strength is the fundamental commitment that the Welsh Government has had for a long time that buses are important. Not all Governments have always agreed that the bus is a significant and important way of getting people around and of dealing with significant social issues. So, that's very positive. I think the investment by the Welsh Government in the concessionary fares scheme has changed lots of people's lives, very much for the better. You know, a lot of elderly people now have much more enriched lives because they can afford to move around and it can help break down isolation. So, those are really, really significant pluses. We also appreciate Welsh Government's frustration that Wales does not have the powers that apparently at the moment Cornwall is about to get in order to have a proper franchise system that allows

effective planning and route organisation. So, there is a great deal of sympathy for Welsh Government.

[218] In terms of weaknesses, we are somewhat concerned about the time frame for action. Working within the current regulatory system, there is a lot of emphasis at the moment by Welsh Government on the introduction of partnerships, but it's taking a long, long time. As we said previously, as the number of passengers decreases and as the amount of public subsidy available decreases, the effectiveness and the attractiveness of those partnerships are decreasing. Welsh Government issued a statement in 2013 saying quality bus partnerships were the way forward. We are now in 2015 and there aren't any actually established in Wales. So, there is some concern about just how long these matters are taking.

[219] With regard to local authorities, they are obviously facing significant challenges. The constant pressure on their budgets is making it very difficult for them and at technical levels as well. If you lose one key person in your transport department, you may then find it extremely difficult to compete with the franchising department of a major bus company. We are dealing with bus companies in Wales who can call on international offices to strike a good deal, and we have some very, very small local authorities who may well be struggling in that regard. Again, there is a need there for better integration and better sharing of expertise and services.

[220] The other thing we would say—and I'm sure lots of other people giving evidence have said the same—is that there is a real need for a long-term approach to this. We, as has already been said, firmly believe that a key role of buses is to displace car journeys. When it comes to people who are on low incomes, the ideal would be that they have a bus service they can rely on to the effect that they can dispense with their car or at least one of the cars and rely on public transport. It would not only help the environment and help their health; it would also significantly help their pockets. There are people who impoverish themselves because they have to have a car, but, when somebody's got a job, albeit a low-paid job, they know that, if they can't reliably and for the long-term future get to that job, if there is a possibility the bus service they rely on is going to be pulled back because of a sudden funding crisis, then they're going to say, 'No, I still need my car.' And, if they're paying for the car, they won't use the bus and you get into a spiral of decline.

[221] **William Graham:** On that point, Joyce?

[222] **Joyce Watson:** On this point. Good morning, both. It is still the morning, I think. Talking about dispensing with the car, that could be the car as we know it. Because I know of an award-winning innovative scheme, a housing scheme, that is powered by photovoltaic that also has two cars onsite, equally powered in the same way, for those people to share. I'm quite willing to share the detail of that with you. In terms of that innovative thinking, because it's about car sharing and it's about not using the fuel in the way that you've described, have you explored that link between the way you build houses and maybe the way you provide transport in fuel-efficient, or actually fuel-surplus in this case, homes?

[223] **Ms Lorimer:** Thank you. I think our primary area in looking at developments and housing has been around active travel routes. We are obviously very encouraged by the approach that the Active Travel (Wales) Act 2013 will enable in this respect in that new developments will have excellent routes planned into them from the start. But, clearly, other modes and low-carbon transport are very important in terms of addressing some of the air-quality issues that we experience. I think cost still remains a big issue in the suitability of electric cars and alternatively fuelled cars for mass roll-out. But, I suppose, linking back to that point around displacement, we're not reducing the number of cars on the road if it's just the fuel source that is changing, and so, as an alternative to public transit, we still think the emphasis should be on buses and other forms of mass transit.

[224] **William Graham:** Oscar.

[225] **Mohammad Asghar:** Thank you, Chair. I think, on the role that community transport is playing in the community, and your comments, I want a little elaboration on that. Your comments support the view that the sector cannot and should not offer local public passenger services as a substitute for commercial operators. Could you elaborate, please?

[226] **Ms Lorimer:** Well, we think that that can happen at the moment in that, because there may be a very well supported and voluntarily run community transport service, that is seen as being an acceptable alternative to the provision of public services, and that's the wrong way around. However, in relation to understanding who uses and benefits from community transport, we absolutely acknowledge that, for many people, those journeys wouldn't be possible without community transport. So, we're not saying that those services shouldn't be provided, it's just that they're not equally available

throughout the country, because they rely so much on volunteer-led activity. So, our point is that there needs to be standard provision so that people who are able to use public transport have the choice available to them, but we recognise that it's probably unlikely, in terms of the wider point that we were making about shifting away from car use, that, for community transport, it's a different argument, because those aren't journeys that would be taken by people in their own cars, largely.

[227] **William Graham:** Eluned, please.

[228] **Eluned Parrott:** Thank you. I wanted to ask about the governance arrangements for public transport. You've referenced in your paper a lack of cross-authority partnership, and I'm wondering what you would like to see as an alternative if the current local-authority-by-local-authority management of public transport isn't working. Is it that you would like to see the consortia re-established, or passenger transport authorities? What kind of governance arrangements would you like to see?

[229] **Ms Lorimer:** I don't think we feel the need to be prescriptive about the solution at this stage, but we certainly feel that reframing what we're trying to achieve through asking that question is fundamental. Going back to our opening statement, linking it into the goals and the Well-being of Future Generations (Wales) Act 2015 can allow that purpose to be refocused, and then the solutions could be better matched.

[230] Currently, within the national transport plan, which has now become the finance plan, there's very little about the emphasis on mode shift and the role that bus, rail and active travel have in delivering mode shift. So, if we're really clear about what we're trying to achieve from our bus systems, then we'll start to see much clearer statements of intent within transport policy towards achieving those aims.

[231] **Eluned Parrott:** Within the Well-being of Future Generations (Wales) Act, how else would you expect that Act to be driving and changing bus, and also community transport, policy in Wales?

[232] **Ms Lorimer:** I think it delivers across all of the goals, really. So, in terms of connected communities, communities deserve to have publicly funded services that allow them to drive the economy. The two goals are really well linked. If people can't access employment and the local shops, then they're not going to be out spending their money and supporting the

local economy. So, I think the points link between all of the goals.

[233] The other key one for us is around the integration with active travel, of course, and a healthy Wales. People will be healthier if we can help them be active during the journey. The journey that they need to take may be too long to do by active travel in its entirety, but if we've got better integration with rural bus stops, for example—and we see this elsewhere, with secure cycle parking at rural bus stops—then people can switch modes. It becomes more viable. If we've got more people cycling even short distances, that helps achieve the goal of a healthy Wales.

12:00

[234] **Eluned Parrott:** Thank you. Just finally, one of the other suggestions raised by you was the idea that the local government review should take full and transparent account of sustainable transport issues. Partially, perhaps, this relates also to this issue of cross-border transport governance between local authorities, but how would you anticipate that that would actually happen in practice? What does that mean on the ground?

[235] **Ms Lorimer:** I think one of the things that we haven't really spoken yet about is around the opportunity of promotion, and obviously, as Chris was talking about, filling up the buses with passengers, and fare-paying passengers especially, takes a concerted integrated approach, and delivering that across combined authority areas. Then you can introduce not just the integration around ticketing and smart ticketing, but also around the brand. That's certainly what you see in greater metropolitan areas, for example, with Transport for Greater Manchester and Transport for London. Okay, they've got a scale there, but the emphasis is around your journey. Then, all of the information that's provided is very user-focused so that people can choose their travel method—a one-stop shop for all travel information. So, we think that's one of the main benefits, as well as the through ticketing. Promotion is one of the main benefits of this combined approach.

[236] **Eluned Parrott:** The use of the word 'transparent' there is very interesting. I wonder if that reflects an opinion from your part that currently transport planning and decision-making of funding is not transparent enough. Is that the case in Wales, would you say, and is it different between different authorities?

[237] **Ms Lorimer:** It's not something that we've particularly looked at from

public transport spend between authorities, I must admit, but, in relation to active travel, that's certainly an area where we would welcome more information being made available on the amount of spend towards active travel.

[238] **Eluned Parrott:** Okay. Thank you.

[239] **William Graham:** Joyce, on this point.

[240] **Joyce Watson:** On the point of local government proposed reorganisation, have you looked at any of the benefits? You started, and Chris mentioned the amounts of money spent in terms of travel for education, but my understanding—and I live on the borders between Carmarthenshire, Pembrokeshire and Ceredigion, or I certainly cover them—is that each authority would be responsible for its school-to-home transport but they would stop the crossover, necessarily, into the neighbouring authority. So, by looking at those funds as a holistic transport fund, how do you think we could start to marry that with also the thinking of working across boundaries that might be disappearing?

[241] **Mr Roberts:** Well, our understanding is that, actually, the Transport (Wales) Act 2006 gives enormous powers to Welsh Ministers to compel local authorities to work together on matters of transport, perhaps more on matters of transport than others. So, the extent to which we actually have to have a formalised body at a super-local authority level, there can be requirements that they collaborate, effectively.

[242] One of the areas that has shown to be one of the most expensive effects of local authorities not collaborating is getting children to specialist education. So, for example, in relation to north Wales, there are a number of quite well-used educational establishments in England that provide services that couldn't be provided in Wales for children with very specific needs. Now, Denbighshire would run a taxi because it would possibly have two children in all of Denbighshire who needed that school. They would run a taxi and take it through Wrexham to get to Liverpool, and Wrexham would run their own taxi. Some of that is a simple matter of IT—the local authority shares the IT; you don't need a super organisation to do that, you just need a willingness to do it, and also, again, this sense of purpose. We think that is what is fundamental. If local authorities, when they set their objectives under the future generations Act, are thinking about, 'Well, how do we reduce our carbon footprint?', well, this is clearly one of the ways, because having lots of

taxis running around across north Wales is no use to anybody, really.

[243] **William Graham:** Indeed.

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

[245] **William Graham:** Why does Sustrans believe that quality partnerships and quality contract provisions,

[246] 'do not offer the opportunities for integration and infrastructure management that proper regulation would support and wider networks would deliver'?

[247] **Mr Roberts:** Well, a fundamental point is that quality bus partnerships are partnerships, and, therefore, both sides have to want to be involved. They've been available since 2000—the transport Act in 2000—at UK level. We don't have any in Wales—15 years of the possibility and they're not there, which seems to me to imply that bus companies are not breaking down local authorities' doors to establish these partnerships. I think bus companies see them as sometimes useful, but they would prefer to work—. You know, there are examples in Wales of voluntary partnerships. The delivery of the metro in Swansea is a voluntary partnership between the local authority there and First Cymru, I think it is. But that is very specific and doesn't involve extensive ticketing or extensive timetable co-ordination across the whole of the county, and bus companies seem to be very reluctant.

[248] As far as quality bus contracts are concerned, we've just seen in the north-east, the transport commissioner disallowing what have been several years of really hard work by the local authorities there to say, 'Look, what's happening here is inadequate. We want to be able to say to our residents that they will have a bus service and that we will be able to cross-subsidise bus services and we will allow the market to provide the best operator, but as a package over a number of years, so that we have a settled system'. The transport commissioner, mainly because the anti-monopoly rules around quality bus contracts are so strict, has said, 'It's not possible to make it happen'. So, that is probably the last realistic attempt at a quality bus contract.

[249] Going back to the ministerial statement in Welsh Government that first argued that quality bus partnerships were the way forward, it's interesting that they went on to say, 'And, if we don't get quality bus partnerships, we

will be looking at quality bus contracts'. The quality bus contract was a very effective tool, when it seemed possible, to get bus companies into the partnerships, and that, perhaps, is why bus companies have invested a phenomenal amount of money in the legal arguments against quality bus contracts. They really do not want them to happen.

[250] **William Graham:** Thank you. What about bus franchising? Do you think it's likely to be appropriate throughout Wales, particularly in rural areas?

[251] **Mr Roberts:** We think it's likely to be even more effective in rural areas. I know you had an earlier submission from the bus users committee and you had the gentleman who invented the franchise for the Llŷn peninsula and produced an extremely effective bus service.

[252] **Lord Elis-Thomas:** Bob Saxby—great man.

[253] **Mr Roberts:** Indeed. Essentially, in rural areas, almost all the services are subsidised by the local authority, but, under the current system, it's entirely possible, if, for some reason, perhaps in the summer or, you know, there is some development that happens that makes a particular route economically profitable, then a bus company can come in and say, 'All right, I'll run that for now' and there is no cross-subsidy; that profit goes back to the shareholders and it doesn't go into the bus service for that area. So, in some ways, when an area is particularly dependent on subsidy, franchising is actually even more—. You could argue that, in some more wealthy urban areas, the market might be able to help—never on an environmental basis, because it involves running three buses instead of one, but on an economic level it might be able to work. In rural areas, the market has clearly failed us.

[254] **William Graham:** Thank you very much for your evidence. Oh, Rhun—just one last question.

[255] **Rhun ap Iorwerth:** In terms of the principle of the quality contract schemes, you think they could work; your concern is that the system has made it difficult, if not impossible, to implement. You would like that provision in Wales on a statutory basis.

[256] **Mr Roberts:** My understanding of the history of this was that there was very strong pressure on the Westminster Government that was elected in 1997 to reintroduce franchising. They were not prepared to go that far, and therefore introduced a halfway house that was the contract, but it was only to

be there when it was absolutely clear that the market could not work. Proving it's absolutely clear that the market could not work is extremely difficult. I think the other really important thing about quality bus contracts is that the current Westminster Government is now giving to lots of city deals the full franchising powers. It's given Cornwall County Council full franchising powers. So, I think for Wales to take too much interest in quality bus contracts when there is a far greater prize of franchises, potentially, available; let's go for the real prize, I think.

[257] **William Graham:** Thank you very much for your evidence today and for your attendance. Thank you.

[258] The committee will retire now and we'll be back for 1.30 p.m. when we meet the Minister.

*Gohiriwyd y cyfarfod rhwng 12:12 ac 13:29.
The meeting adjourned between 12:12 and 13:29.*

**Gwasanaethau Bysiau a Thrafnidiaeth Gymunedol yng Nghymru:
Llywodraeth Cymru
Inquiry into Bus and Community Transport Services in Wales: Welsh
Government**

[259] **William Graham:** Good afternoon, and welcome back to our committee this afternoon. We're pleased to have the Minister with us this afternoon. Minister, could I ask you to give your name and title for the record?

[260] **The Minister for Economy, Science and Transport (Edwina Hart):** Thank you very much indeed, Chair. I'm the Minister for Economy, Science and Transport.

[261] **Mr Griffiths:** I'm Rhodri Griffiths, deputy director for transport policy, planning and partnerships.

[262] **William Graham:** Thank you very much. We'll go to our first question, which is from Keith Davies.

13:30

[263] **Keith Davies:** Good afternoon, Minister. The Campaign for Better Transport produced a report that said that we had the second-highest deficit

in funding for transport, bus services, in the last year, and they said that Welsh bus services are now in crisis. Do you agree with them?

[264] **Edwina Hart:** No, and the companies haven't indicated that to me. I understand you had a lone voice saying that this morning in the evidence that was given to you. Bus companies and others will always complain, and it would be nice, in an ideal world, to be able to give more financial support, but we are where we are in terms of what money we're given. We've had very challenging financial settlements, and we have maintained the grant at £25 million for the past three years. It would be nice to have more money in to see if we could get better usage of the service, I have to say, in Wales, because I think we all recognise it's vital to the economy in terms of the employment opportunities for people, the number of passenger journeys, and of course there are issues where we aren't seeing as many passenger journeys as we would wish in certain areas. Obviously, in south-east Wales, we've been very successful with the corridor in the Valleys, Cardiff to Pontypridd, and also, in Welsh terms, we've actually seen the fact that, in real terms, we actually haven't seen a major escalation in the fares. I think that contrasts well with what is happening elsewhere in the UK. I think we've also got to remember that the big usage and bus patronage area in the whole of the UK is London, in terms of who uses the fleet. But it has declined, really, across the whole of the UK, actually, since we've had bus deregulation, with the exception of London, although we've seen some slight improvements in our area.

[265] In terms of financial support, we've obviously got the revenue support grant, so there is an opportunity for local authorities to look at how they fund things. We're still maintaining issues on the ground with concessionary fares, which is good business for the bus companies, I have to say, especially with the introduction, as a result of our agreement with the Liberal Democrats, of the young persons pass, which I think is very important. Also as well, we require local authorities to look at how they operate their money and ring-fence it in terms of transport. So, I would encourage local authorities, probably, to do more work together. Obviously, in terms of our budget, we haven't made the cuts that people are alluding to; we've kept the budget at the same level. I'm not saying it wouldn't be nice to increase it, but I think we all discussed yesterday what our budget settlement looked like, and this is a very difficult agenda for us. But the one area I am concerned about is getting the balance right, particularly with some rural services, because sometimes I think they take the knock first on certain routes. That's why I think we have been successful in looking at other models on rural

services, and I'm sure that this will come out later, perhaps in questions.

[266] **Keith Davies:** Thank you, Minister. One of the issues that came up this morning is that it's really about commissioning across Government. When you talk about rural areas, obviously school transport and transport for health could be worked together. I just wonder where we are on that.

[267] **Edwina Hart:** On that, in terms of working, we've had a very good discussion particularly with the Vale of Glamorgan, who have been very interested in trying to do this work across the piece. The problem is that this involves lateral thinking, and sometimes people are not necessarily very good at joining up the issues on this particular agenda. We would encourage it, and we think that that's one of the key issues that local authorities could, speaking to their health boards, look at. Gwenda Thomas always made the point, if you recall, in debates when she was Deputy Minister for Social Services: what happens to those buses when they're not in use to take people to the day centres; could they be used taking the village to do certain things? In the Vale, of course, they've had the hub system, where they've got minibuses into the hub and people move on. So, there is a lot of work to be done in that area, but that is, I think, joining up not only central Government and local government, but all the partners, and I think they're best to do that and consult widely when they're looking at what services they're running on that basis, to ensure we can have those appropriate links.

[268] **Keith Davies:** Thank you, Chair.

[269] **William Graham:** Oscar, please.

[270] **Mohammad Asghar:** Thank you very much, Chair. Minister, my question relates to the all-Wales concessionary fares scheme. The Association of Transport Co-ordinating Officers has suggested that, as it stands, there's quite a deficit in the concessionary fares budget for 2016-17. Would you consider amending the concessionary fares rules to ensure the scheme is sustainable in future, or to extend its application to community transport, or would you like to have some sort of annual charge for the passes, which could be considered?

[271] **Edwina Hart:** Well, I have to say that this has been one of the most successful policies of any Government, with the support of the majority, I think, within the Assembly—the free bus passes, in terms of older people and now, of course, the youth concessionary fares. I think what the bus

passes have done is to enable individuals to get out from their homes, to enjoy the opportunity of socialising and to do journeys that perhaps they wouldn't have undertaken, and I think that's been an enormous benefit.

[272] As it stands at the moment, I was quite honest when we did the three-year funding: I made it quite clear that there would possibly be a deficit in the final year of the agreement in 2016–17. And, obviously, we're looking at further efficiency savings for that within budgets as well, and also when we look at a new financial package we'll have to look at the administration of the scheme to see if we can do anything better in those terms.

[273] But, I think it's important to recognise we've got that scheme, and we've now got the commitment, I think, on the young persons scheme, and that is very important, because how many have now taken up the young persons scheme? Over 100,000, isn't it?

[274] **Mr Griffiths:** Yes, about 110,000.

[275] **Edwina Hart:** Now, that, I think, is very good. It had a very slow start, but it shows there's a need there that I think we've got to deal with, because everybody always talks about older people and what their needs and requirements are, but when you look at some of the surveys regarding pensioners, they are relatively well-off; it's the younger generation I'm concerned about, about getting to education and into jobs. And I think this new scheme has been excellent from that point of view.

[276] Also as well, I think sometimes the bus operators moan too much about these particular matters.

[277] **William Graham:** Thank you very much. Rhun.

[278] **Rhun ap Iorwerth:** I was going to ask just one additional question on the same subject. On the idea of introducing an annual charge for the free concessionary bus pass, it was an idea that was mooted this morning by witnesses. Is that something that you'd consider?

[279] **Edwina Hart:** Well, it's not something I'd consider at this time at all, because if you recall when we had the discussion about free prescriptions, sometimes the administration of a matter is—. You know, you get the money in for your pound and then you have to administer it all. So, there's a balance there. And who would administer it for us? Would it be the local authority

that would administer it? Bearing in mind my experience with blue badges, that's not necessarily a route I would like to go down.

[280] **Rhun ap Iorwerth:** Okay. On comments made by the WLGA that, in their opinion, there is a lack of strategic direction from Welsh Government in bus policy, what would be your response to that, in particular, their assertion that there seems to be little detail on integrations between different modes of transport?

[281] **Edwina Hart:** Well, I don't think that's lacking on our side; we do a tremendous amount of work in that area. I think that some of the criticism has been meted out at local government level because of the way they might have spent money on transport, and having secured certain routes is making them rather defensive about the issue. I think that we actually have good ideas about integration and discussion, but we do realise that we've got to take the lead on this. But, also, they've got to take the lead locally on some of these issues, because they have responsibilities in this area. We have tried to ensure that they have had the ability to do certain things, and it's up to them to get up to the challenge on some of these issues, and not expect to be baby-sat by us as Government.

[282] **Rhun ap Iorwerth:** But, Government still needs a strategy. How would you describe the strategy that you believe you do have?

[283] **Edwina Hart:** I think our strategy is developing well. If you look at south-east Wales, the strategy is developing well on integration. You see all the work that has gone on in north Wales. You've also seen our interventions when we've been concerned about issues like the TrawsCymru service: we have been prepared as a Government to take that on. We've also been prepared to look at what future services we might have to look at in terms of delivery, and I know there's a very active discussion going on in Swansea between the four local authorities there about the work that they need to undertake.

[284] So, some of the good work that's actually been done about modelling whether train services link to bus services has sometimes been done by town councils and voluntary groups, who have actually taken the time to do passenger surveys and change the models. We saw in Welshpool where the town council did some excellent work in that area about making sure that buses link to trains and what we needed to do on timetables. That was a very bottom-up approach that we were delighted to embrace, because these

people were really on the front line with these things.

[285] You see the development particularly, and I have to compliment, I have to say—I know we're on buses—some of the rail groups. You ought to see the amount of work that they've put in to talk about the integration of services, and the work that they're prepared to do. And that might be a lesson learned elsewhere about when you've got real commitment to something, how the work can be done and you can get results.

[286] **Rhun ap Iorwerth:** Another criticism we've heard from ATCO was that they believed that the current approach to policy delivery via working groups is not very effective, and, on its own, not very efficient.

[287] **Edwina Hart:** Well, I find working groups very effective; they've got a task, they finish it and that's the end of it. They're not talking shops, because they actually came out with a series of recommendations. Not everybody will necessarily be happy with what they've said in the blue badge review, but Members have had an opportunity to say what they think. That will be on our website. Others can think about it and we'll come to the endgame there about what we're going to run to try and improve it. I found working groups very effective because individuals give a lot and individuals are very prepared to work on these types of groups, give their time for a limited period and then move on. Sometimes—can I say—representative organisations have sometimes a slightly different agenda to what I might want to be delivered out of a working group, because I might want outcomes that I can actually ensure take place, not people worrying about their own budgets, their own position and where they are in the pecking order.

[288] **Rhun ap Iorwerth:** Do any examples spring to mind?

[289] **Edwina Hart:** I don't think they spring to mind, it's just a general comment, Rhun, about the position as I see it.

[290] **Rhun ap Iorwerth:** On resources, obviously, we'd all like to see more resources being put in to routes and buses and so on, but also, there's the human resource within both Welsh Government and local government. They might be looking for leadership from Government because they haven't got the resources that they'd like to manage bus transport. Is there an issue there? How stretched are we in Wales, at national and local level, in terms of personnel, people on the ground to deliver the services we want?

[291] **Edwina Hart:** We have some excellent working relationships with some excellent officers within local government who've actually delivered and have been very helpful to us in the delivery of our policy agenda. Obviously, local authorities themselves have cuts in their budgets and, obviously, some officers that are very experienced have left the service of local government and that's bound to have an impact, I think, on policy delivery, if I'm absolutely honest about it. But, in the main, where we've got good leads in local authorities you can see the difference then between authorities about who really understands the agenda.

[292] **Rhun ap Iorwerth:** It was raised, actually, as an issue this morning—I don't remember who by—that as finances become ever more squeezed, local government will, perhaps, be put in positions where they have to let some of their staff go, which will compound the problems that, perhaps, they already have in terms of capacity. Do you share that view?

[293] **Edwina Hart:** Yes, but I think that they've got to collaborate more to share skills and capability themselves, because there is a big agenda out there. We don't want to go into local government reorganisation today, but there is a big agenda out there about how they can share more of their things, because we've talked for a long time about whether people can share social services directors, can they share education directors, could they even share chief executives. Well, the issue is can they share and be collaborative between each other at a local authority level? I think that is particularly important as the world moves on and the world changes, because a bus doesn't stop at the boundary of Blaenau Gwent. You know what I mean? We've got to make sure there are those elements, and I think there's a good collaboration agenda that could emerge from closer working within local government. In terms of the skills base, there is an issue, because we've had to enhance our skills base to look at the metro, because we've improved and developed our proposals and we're going to do it through a not-for-dividend transport company, because we feel that's the right mechanism to bring people in to give us that element of capacity. Some of the projects that we're looking at are big projects and you would need help and assistance, like you need help and assistance on any, sometimes, large projects that come in to a small nation like ourselves. We've got to have the best people in place. But the issue for me is good collaboration, which we do have at a regional level on transport, and closer working together.

[294] **Rhun ap Iorwerth:** And within Welsh Government, of course, if we're moving towards a situation where, certainly, you would like to see bus

regulation in Wales—there are others of us who would also like to move in that direction—there would have to be further capacity in the system in the Welsh Government.

[295] **Edwina Hart:** Yes, but even where we have done something very good like they have done, of course, in south-east Wales, where they've introduced the bus standard across the area, they were able to do that through collaboration and working together. So, there is the means to do it out there and some additionality might help in terms of resource with ourselves and discussing through issues.

[296] **Rhun ap Iorwerth:** Thank you.

[297] **William Graham:** Oscar, on this point?

[298] **Mohammad Asghar:** Yes. A few years ago I raised this one question in the Chamber with the previous Minister that our school leavers should have free travel for seeking jobs around Wales. My request had a negative answer by the Minister: 'We haven't got the money'. So, basically, would you Minister, consider that sort of approach for our young children to have free travel in Wales for job seeking once they leave the school?

[299] **Edwina Hart:** Well, I have to say that we've just implemented now, which I've indicated—I think it was £110,000 wasn't it, Rhodri—the young persons card, which is a concessionary arrangement, which is the start of a process. So, we have listened to what people have said to us about getting into training and getting into employment and I think that's been very important. We did this as part of our agreement with the Liberal Democrats and I think it'll make a real difference to the agenda and the issues that you have raised.

[300] **William Graham:** Joyce Watson.

[301] **Joyce Watson:** Good afternoon, Minister. I want to move on and discuss the community transport sector and its support in Wales and whether you believe that it is the case that Welsh Government and local government policy supports community transport effectively. Because, in some parts of that sector, they are raising concerns about, and I quote, 'unrealistic expectations' for them to fill the gaps—very often, at short notice.

13:45

[302] **Edwina Hart:** Well, I'm not sure where the 'unrealistic' is coming from. I don't think it's coming from me, because I really understand the difficulties that community transport organisations can have, in what is a very harsh world, financially, at the current time. We've been supporting allocations for community transport—I think it's 5 per cent that local authorities have to look at currently, which must be spent on community transport. I haven't done any other limits on that, because I've got to give the flexibility to local government. I think we are trying to deal with some of the issues. Also, my colleagues in Rural Communities are looking at the rural development plan, to see what help and assistance they can give to community transport to develop a pan-Wales support package for the sector, which, hopefully, will help in other areas that currently feel marginalised, and don't have the ability for proper and effective public transport.

[303] **Joyce Watson:** Thank you. The other issue that has been raised is about whether Bwcabus is providing value for money, and how that has been assessed so far.

[304] **Edwina Hart:** Well, I have to say that I think that Bwcabus is a really good service, and I think the proof of the pudding is in the eating, because the level of patronage has actually increased for Bwcabus. More people are aware of it now than they ever were before, and it's a real pleasure when you go round parts of Wales and you see Bwcabus going in front of you, pulling up—I think it's really good. Carmarthenshire led the programme, and they're now looking at the rural development programme, to see whether we can actually enhance that, because it was a European-funded project. But I think the fact that it's working well is good, and I think, over seven years, we've put almost—well, it'll be shortly over £900,000; it'll be up to £1 million shortly.

[305] It is working, because people are using it. I had some very complimentary comments when I was actually on holiday somewhere, about some holidaymakers who had been involved with Bwcabus, because they'd been advised by their hotel. People thought it was an absolutely first-class service, and it's something that fits a particular need. We don't recognise, I think, when we look at some areas, how important it is to have something that's very different. Because conventional bus services wouldn't work there, so we've got to have everything that's appropriate. So I'm very pleased that they're looking at what they can do in the future, because Bwcabus has actually outperformed all its key performance indicators. If you'd like a note

about them, and their key performance indicators, Chair, I'd be delighted to circulate one, because it is a good-news story.

[306] **Joyce Watson:** I'm pleased to hear that, Minister, because that was my very next question. I don't underestimate the use of Bwcabus, because it operates in my area. I know that we had evidence this morning, from Professor Cole, which said that the figures have doubled—I'm sure it was more than doubled, in fact. But I suppose one of the other questions that arises out of that is whether Bwcabus is actually community transport, or whether it's private transport, because we keep hearing this argument all of the time.

[307] **Edwina Hart:** It's just Bwcabus to me. As far as I'm concerned, it's something that's aiding people. I don't care what it's badged as, or anything. The important thing is it's working as a service, it's got excellent patronage, we are prepared, through the moneys that are available, to put money in, and, as far as I'm concerned, I don't care what your identity is, as long as it's working, it's a good thing for me, in rural areas.

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

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

[310] **Eluned Parrott:** Thank you, Chair. I don't denigrate at all the social value of making sure that those communities are connected, but there are questions to be asked about the transparency of the funding for Bwcabus, and the level of subsidy per journey. We've been given evidence that that subsidy is £2 per passenger. However, if we look at the latest figures that we can find for funding—say, 2012—the funding from Welsh Government was £400,000, there was £600,000 from the two local authorities, and £1.8 million from WEFO. That's £2.8 million. You'd need to have 1.4 million passengers for that to be a subsidy of £2 per person. But, in that year, we were told this morning it was 23,500 passengers, which is more in the region of £120 per passenger journey subsidy. I mean, it's almost cheaper to hire them a limo, let alone a taxi, to take them from their journeys. So, on what basis are we assessing the value for money, and whether or not this is providing a financially credible solution to the challenges we face?

[311] **Edwina Hart:** Yes, well, obviously, with our partners in Carmarthenshire we do look at whether it is value, and we have looked at it as a service that we wanted to support. But in light of your comments today,

Chair, I'd be more than happy to take this back and have a look at the points that you raised, and do an analysis together with the issues around key performance indicators and do a note to the committee in the new year.

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

[313] **William Graham:** Keith.

[314] **Keith Davies:** Could I just follow up on that, Minister? I did ask one of the people who were in front of us this morning, because I'd heard that Carmarthenshire had set up small Bwcabuses in the area of Llanelli and in the area of Burry Port, so that when the main bus lanes don't go on to these smaller estates—

[315] **Edwina Hart:** It's about hub and spoke—

[316] **Keith Davies:** —they can use the Bwcabus. And there's a Bwcabus precisely there for Burry Port I'm told. So, in your report notes—I'd be really interested in seeing that kind of development, because we could use it everywhere, then, if it's successful.

[317] **Edwina Hart:** Yes, and the hub and spoke arrangement has been used successfully by other local authorities and I think they are talking to each other. So, it's certainly something we can have a look at to see if there's any pattern emerging across Wales. It's important to think about what could be actually utilised. The first point that came up: social services buses, buses that are used for school—when could they be used outside other hours to actually provide a different type of service? So, this is the work that the bus group has been looking at, in terms of the work that they've been undertaking, but I'm more than happy to pick up those points on Bwcabus when I do a little note back in the new year, Chair.

[318] **William Graham:** Minister, I wonder if we might discuss with you the extent of current competence to regulate the bus market and the effectiveness of the current powers. I think we need some clarification if we can. You'll recall that we had evidence from the Department for Transport that suggested that the Assembly already has power to legislate to 'allow the deregulated market to be suspended'. Would you agree with that?

[319] **Edwina Hart:** Well, I think it's far more complex than was indicated by DFT officials, perhaps. I'll have to check what they exactly said. I think we all

agree, Chair, when it was deregulated in 1986, it was a big mistake and I don't think anybody regards deregulation as an unqualified success anywhere. We need to exert more control on bus services in Wales and there are several important mechanisms we can use for that. So, if I may give the background. There'll be the local authority ticketing schemes, voluntary partnerships, statutory quality partnerships and quality contracts, which is an area I will update the committee on here. We also believe that matters relating to public service vehicles, except their construction, vehicle accessibility and route operator registration are within the competence of the National Assembly for Wales to legislate under the Government of Wales Act 2006. However, the current legislative framework—and I shall check my notes on this now—the current legislative framework is designed to enable the commercial local market—. Where there is a market failure or where services are not provided to the required and appropriate standard, public authorities, in some cases Welsh Ministers, have limited powers to act. So, I don't have total powers to act. Now, the St David's Day command paper set out that the registration of bus services would be brought within the National Assembly's legislative competence. This would extend the scope of competence, meaning it's more likely that an Assembly Bill to amend the regulatory framework with the provision of bus services would be within competence. So, that is the current position. We don't have total control over these particular issues. I have been able to take powers to do some work with buses—we obviously do the TrawsCymru network—but we haven't got everything that we require in terms of bus regulation that we would want.

[320] **William Graham:** Thank you. Dafydd.

[321] **Lord Elis-Thomas:** Is that going to be the case, as far as you understand, Minister, and as far as you're currently advised, under the draft Wales Bill, in relation to those aspects that might, under the new system, be regarded as not in competence because they were specifically indicated as not reserved but also exceptional? I'm referring in particular to the competition and reservation aspects and the consumer protection reservation aspects. Is it not the case that you would be constrained—or your successors in title, God bless them—might be restrained in legislating in this Assembly, on account of the way in which the draft Wales Bill has been written?

[322] **Edwina Hart:** Yes there's probably a possibility that that is the case.

[323] **Lord Elis-Thomas:** Thank you.

[324] **William Graham:** Minister, we heard some evidence that quality partnerships have been used quite effectively, perhaps in Birmingham—what are your views?

[325] **Edwina Hart:** Some have and some haven't. There've been some that were very unsuccessful, because it requires a lot of resources and time for a local authority to look at. In Wales, local authorities have actually never sought to use these powers at all, I'm fairly certain—aren't I, Rhodri? Do you want to—?

[326] **Mr Griffiths:** We have encouraged local authorities to join in voluntary partnerships. There are no statutory partnerships, which are far more administratively burdensome, and they've not proved to be particularly useful in other parts of England. Obviously, there is, then, if you overlay that with quality contract schemes that may come on, a requirement to prove that there is a market failure for them to be able to move to quality contract schemes. So, quality partnerships, particularly the voluntary partnerships—we have some, and we'd encourage them—are a really good way, a good value-for-money use of funding, to get local authorities with operators and other bodies to work together to drive up standards and quality in their regions.

[327] **Edwina Hart:** But the issue is: I do have final powers, don't I, at the end if some of these partnerships don't work across the piece with the network of bus operators? I can actually take some action.

[328] **Mr Griffiths:** Through direct contracting.

[329] **Edwina Hart:** Through direct contracting, which would be the option for us. But in terms of the wider issues on Welsh bus quality standards, I'm about to send out a consultation paper on this, aren't I?

[330] **Mr Griffiths:** Yes, indeed. So, the bus policy advisory group have come up with quality standards that are based on a south-east model, and that sets a level of expectation from bus operators to provide things like vehicle attributes—sorry, signage on buses—through operator training and through information systems. There is potential for that to be linked to the bus services grant as well, so that there are minimum standards that will be required of operators before they get a full component of their grant.

[331] **William Graham:** That leads me on, then, to quality contract schemes.

Really, how effective are they for franchising?

[332] **Edwina Hart:** We think that they are—they will be quite effective for franchising arrangements.

[333] **Mr Griffiths:** Quality contract schemes—. You've heard from Nexus this morning. The traffic commissioner has turned down their application to have a quality contract scheme. Potentially, they could be, but I think, in terms of the administration and improving-public-interest test, getting one of these off the ground is overly burdensome. They are franchising, in a way, but only where there is a market failure, and that's quite a difficult thing to prove.

[334] **William Graham:** Thank you very much. Eluned.

[335] **Eluned Parrott:** Thank you. There is a difference, though, isn't there, between quality contract schemes in England and Wales, in that we wouldn't have to set up a quality contract board in order to assess that? I understand those powers rest with the Minister. So, with the future buses Bill coming forward in England, are you anticipating that there will be changes to the structures that would extend to Wales that will streamline and make it easier to develop those kinds of contracts in the future?

[336] **Edwina Hart:** We are aware, because the passenger transport executive group is calling for this thing in an English-only Bill to give a clearer legislative framework to simplify the processes. Obviously, we'll watch what's going on across our border and see if we have to take any appropriate action. So, anything that the committee feels it might want to recommend in its report, I will be delighted to hear.

[337] **Eluned Parrott:** With regard to bus regulation, if you were to gain further powers—. If I were being mischievous, I might suggest that, given the Department for Transport's statement that you already have the powers, I might be tempted to legislate to test how far that statement actually goes, but if you were to get powers that you feel that are required, how would you want to see those regulatory powers used to, as you say, give us better value for money in improving the quality of bus transport in Wales?

[338] **Edwina Hart:** I'd like to see them very much for the benefit of the travelling public, because the focus of anything we do, in terms of getting powers, should be to improve services to the general public, give equity in terms of service provision and know that what money we're putting into the

system benefits the most that we can. I think that that's the whole purpose of trying to get control over buses. We need to recognise that when we had deregulation, all we set up, effectively, was private operators doing certain things in areas. They do it on the basis of what profit they might make, which is understandable—they are private operators—but I think, in the context of Wales, when we look at us as a nation, there are some areas where you're never going to make a profit on routes. So, it's very important that we are actually able to give guidance—to not just discuss, but to be able, if we need to, put the appropriate mechanisms in place. Part of this, as I always think, is that it's absolutely ridiculous—here we are; we've no dedicated traffic commissioner. From my point of view, that is absolutely ridiculous. We want a dedicated traffic commissioner. It's been supporting everybody else. The responsibility for registration of buses would remain with that commissioner, and we need to resolve some of the delays that we get over this already. So, we're obviously discussing this issue because the current traffic commissioner, I think, has made his views known about these issues. I think that it's very important that we support that.

14:00

[339] I think that we've got an uncompleted thing in terms of the whole transport agenda in the Welsh context. We have no control over Network Rail, when we look at the rail issues; we will have control over the franchise arrangements; we do have a porous border so we've got to acknowledge all the issues there; we can't control buses in the way that we want to. Until we get all of those powers in place, how on earth are we going to get a proper integrated transport system? That must be the endgame: something that improves things for the passenger across the piece.

[340] Sometimes, I appreciate that, as a Minister, it sounds like an excuse because I haven't got the powers, but we have tried within the limit of devolution to do what we can, and I think we've done a good job where we've had to put bus services on in terms of Traws. We're doing a good job in terms of what we are developing in terms of the metro project and other things, but you can't do all of it until you have all of it and, at the end of the day, I think, as a devolved nation, we are entitled to have it to run our transport policy. London can run it. They can get on with it under Transport for London and, if it's good enough for London, it's certainly good enough for Wales.

[341] **Lord Elis-Thomas:** And Cornwall maybe.

[342] **Edwina Hart:** And Cornwall maybe. Exactly. This, to me, is the unfairness of the settlement.

[343] **Eluned Parrott:** Can I ask, in terms of the practical implication of that, if we were to want to move towards franchising in Wales—? At the moment, obviously, since the regional consortia were disbanded, we have a situation where that might perhaps rest with local authorities or with the Welsh Government, but there are no intermediary regional authorities, if you like. So, there is a risk on the one hand that, if it were with local government, the silos would develop and there wouldn't be that regional collaboration that we wish for, perhaps. If it was with the Wales transport company, the risk might be that individual local communities feel that their needs are forgotten, perhaps, in bigger projects such as the metro. So, how would you envisage the structures working to govern a franchised Welsh bus regime?

[344] **Edwina Hart:** I think I'd be crossing that hurdle in very real terms when I come to it. I obviously have some thoughts as a Minister, and I've had some discussions with my officials, but I wouldn't say that they were necessarily for public discussion at this stage. We've dealt with the metro company there. We have to see where we go on some of this stuff, and we'll also require greater engagement because I do take very much to heart the point you made that we don't want a silo mentality but we want people to feel engaged. So, how did you get over the hoop? Because the easiest engagement is obviously through local authorities and then to us rather than us over to people. So, I think we have to give some concern and some considered thought. In the context of what you're doing now, Chair, I don't know whether the committee wanted to give some thought to some of these in what they might put forward in their report as the ongoing discussion that has arisen, because it would be quite helpful to broaden the debate out from civil servants, out from experts on the industry to have, perhaps, a real-world view.

[345] **Eluned Parrott:** Clearly, bus operators are not thrilled with the prospect of franchising necessarily. Generally speaking, you wouldn't be surprised by that, but, clearly, the make-up of the bus industry in Wales is quite different to the make-up of the bus industry in England—

[346] **Edwina Hart:** Yes, very.

[347] **Eluned Parrott:** We have a lot more of the smaller local family

businesses, for whom direct franchising and the bureaucracy involved in some of that and potentially the financial risk or the lack of opportunity in that might actually be a threat to their continued existence and might give preference to some of the big operators moving into Wales and taking over that business. How would you safeguard that, if you like, particularly community-focused rural bus network that we currently enjoy whilst making sure that we deliver the services that are a little marginal?

[348] **Edwina Hart:** Yes, we've got excellent examples of small operators working within areas who provide a first class service to the public, so I would always be mindful of that particular point. Bureaucracy isn't always necessary. Sometimes, we have a tendency to add to bureaucracy because it suits us in terms of protection of the centre and protection of other layers of government, so that you can say that you've done it this way and everybody's ticked every single particular box under the sun. I think we've got to look at a service that is fit for purpose in order to ensure that small operators aren't disadvantaged. We'd have to look at the way that the system was structured. That's the type of engagement we would have to have with small operators about how they see us taking this agenda forward when we are able to do so. I think I'm quite transparent on that issue because I valued working with some of the small operators who, to be honest, have done an excellent service in parts of Wales.

[349] **Eluned Parrott:** Okay. Thank you.

[350] **William Graham:** Jeff Cuthbert.

[351] **Jeff Cuthbert:** Bus registration powers could be devolved. Do you think that that would be of benefit?

[352] **Edwina Hart:** Well, I'm not sure. It is something we've discussed—

[353] **Mr Griffiths:** It is, yes. It certainly would give Welsh Ministers powers to provide guidance to the traffic commissioner on, for instance—

[354] **Edwina Hart:** From that point of view.

[355] **Mr Griffiths:** —the Welsh language scheme—

[356] **Edwina Hart:** And things like that.

[357] **Mr Griffiths:** —which aren't currently in the remit at the moment.

[358] **Edwina Hart:** No. So, on balance, yes.

[359] **Jeff Cuthbert:** Okay. Right, do you have any other plans how it might be used, apart from what you've just given examples of?

[360] **Edwina Hart:** Well, I think, in terms of buses when you look at the overall agenda, it's just more of the element of control that you have on things, which I think is important. Because, you know, we do put quite a lot of money into the system through various things. So, we would want to be able to control it, I think, more effectively. I think that that's one of the key benefits.

[361] **Jeff Cuthbert:** Okay.

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

[363] **Rhun ap Iorwerth:** We had some very firm evidence earlier, during this inquiry, that for purely practical reasons to bring registration of buses—

[364] **Edwina Hart:** Would be good.

[365] **Rhun ap Iorwerth:** —to Wales would be hugely advantageous and that having a single office in Leeds, I believe—isn't it—is causing some real problems for operators in Wales. Is that something that you've become aware of? I guess that they could have an office in Wales and it not be devolved. But presumably it would make sense to give it to us at the same time.

[366] **Edwina Hart:** Yes. These are practical issues that have been raised with us. But I think that if we are to have an office in Wales, it should be linked to the devolution.

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

[368] **Eluned Parrott:** I wanted to move on, if that's okay, Chair.

[369] **William Graham:** Yes, please carry on.

[370] **Eluned Parrott:** Thank you. I wanted to ask about the TrawsCymru network, which you mentioned a little earlier. Obviously, I see the buses on a

regular basis in my own local area. It's been very difficult, we found, under the course of this inquiry to find clear information about passenger numbers on some of the bus services and the funding that is going to them. I'm wondering if you would be able to give us a breakdown of the passengers that are using the service. One service I'm particularly aware of is the one that runs north-south. It goes through Merthyr, but when it gets to Merthyr, obviously it ceases to be TrawsCymru and it becomes, I think, Stagecoach, which runs that particular service. And whether or not the passenger figures that are published for that counts the passengers who get on before Merthyr but carry on beyond it twice, as both Stagecoach passengers and TrawsCymru passengers—

[371] **Edwina Hart:** Nobody has actually ever asked me for these figures as part of this inquiry, so we'll actually have a look at some of the issues and see what we can report. But I can't see any difficulty with all of this. Can I say that, in terms of the TrawsCymru service, it's good that it's used, but we also need to recognise that it's a proper service? Because there will be a lot of connections. As a service, perhaps you'd look at it and say, 'Are there really enough passengers on it?', but I think it's there for good public purposes in terms of TrawsCymru as well. But we will endeavour, as part of the further information, Chair, to give what the Member has asked for in terms of the breakdown. We'll have some of these figures available, but we might have to check elsewhere as well.

[372] **Eluned Parrott:** That's great. Thank you very much.

[373] **William Graham:** Thank you very much. Minister, we've heard a lot of the evidence now on buses, and I think that we're probably all a bit surprised this morning by some of the contents in that you'll know that about 75 per cent of bus-operating costs are met by some form of subsidy, and yet we were told that the average number of people on a bus is eight. Now, does this help your case for further regulation, or rather regulation being devolved and registration being devolved, or hinder?

[374] **Edwina Hart:** At the end of the day I think we've got to encourage greater bus use. If we had the resource and we had the powers and we could regulate and get things more smoothly aligned, I think we'd get more people to use the buses. Where they've done some really good work, I think, in south-east Wales, we've seen a difference, and if you look at that Pontypridd-Cardiff corridor, we've enhanced the numbers that are going on there because of efficient, effective services being run. It encourages people

to use them. I think there's also an issue about the perception of bus use as well out and about—that when you see some of the buses, people say, 'I don't want to go on them'. Now, some of the new fleets that I've seen, which companies are investing in, when you go on, they're absolutely lovely in terms of the style; they've got aircraft lighting on the floor and all this. I think that encourages greater public usage. Also, the ease of being able to get your tickets, whether that's weekly or monthly, what you can do online and all that type of thing will help. Eventually, when we get smart ticketing organised in terms of the network, I think that will encourage more people. I also think the benefit as well of travelling by that will be enhanced more when you see the improvements in what the companies are doing with the new buses that they are providing.

[375] **William Graham:** Thank you very much, Minister.

[376] **Edwina Hart:** And thank you very much, Chair.

[377] **William Graham:** As usual, we're very impressed by the way in which you managed to answer all our questions well within our allocated time. Thank you very much for your attendance today.

[378] **Edwina Hart:** Thank you.

14:10

Papurau i'w Nodi Papers to Note

[379] **William Graham:** Could we just look at papers to note, please—item 6? Agreed. Thank you very much. The public meeting is now closed.

*Daeth y cyfarfod i ben am 14:10.
The meeting ended at 14:10.*