

Agenda – Enterprise and Business Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: Thursday, 19

November 2015

Meeting time: 09.15

For further information contact:

Gareth Price

Committee Clerk

0300 200 6565

SeneddEcon@Assembly.Wales

Private pre-meeting including summary of the survey conducted on Bus and Community Transport Services in Wales (09.15–09.30)

1 Introductions, apologies and substitutions

2 Inquiry into Bus and Community Transport Services in Wales – Confederation of Passenger Transport Wales

(09.30–10.30)

(Pages 1 – 52)

John Pockett, Director, Government Relations, Confederation of Passenger
Transport Wales

Justin Davies, Chair, Confederation of Passenger Transport Wales

Attached Documents:

Research Brief

EBC(4)–27–15 (p.1) Summary of the Inquiry into Bus and Community Transport
Services in Wales Survey

EBC(4)–27–15 (p.2) Evidence from the Confederation of Passenger Transport

Break (10.30–10.40)

3 Inquiry into Bus and Community Transport in Wales – Local Government

(10.40–11.40)

(Pages 53 – 63)



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Jane Lee, Policy Officer, Welsh Local Government Association

Darren Thomas, Head of Highway and Construction, Pembrokeshire County Council

Richard Cope, Business Manager (Passenger Transport & Transport Strategy), Monmouthshire County Council and Chair of the Association of Transport Coordinating Officers Cymru

Huw Morgan, Team Leader of the Integrated Transport Unit, Caerphilly County Borough Council and Chair of South East Wales Bus Working Group

Attached Documents:

EBC(4)-27-15 (p.3) Evidence from the Welsh Local Government Association

EBC(4)-27-15 (p.4) Evidence from the Association of Transport Coordinating Officers Wales

4 Inquiry into Bus and Community Transport in Wales – Information and regulation

(11.40–12.25)

(Pages 64 – 93)

Nick Jones, Traffic Commissioner for the Welsh Traffic Area

Graham Walter, Managing Director, Traveline Cymru

Jo Foxall, Marketing and Deputy General Manager, Traveline Cymru

Attached Documents:

EBC(4)-27-15 (p.5) Evidence from the Traffic Commissioner for the Welsh Traffic Area

EBC(4)-27-15 (p.6) Evidence from Traveline Cymru

5 Papers to note

5.1 Rugby World Cup Transport Planning

(Pages 94 – 96)

Attached Documents:

EBC(4)-27-15 (p.7) Paper submitted by National Express in relation to the

Committee meeting of 5 November on the Rugby World Cup Transport Planning
EBC(4)-27-15 (p.8) Rugby World Cup 2015 economic impact report

5.2 Inquiry into the Potential of the Maritime Economy in Wales

(Page 97)

Attached Documents:

EBC(4)-27-15 (p.9) Letter from the Minister for Economy, Science and Transport regarding the Committee's visit to Dublin on 1 October

5.3 The Future of the Wales and Borders Rail Franchise

(Pages 98 – 100)

Attached Documents:

EBC(4)-27-15 (p.10) Letter from the Minister for Economy, Science and Transport regarding Funding of Rail Services in Wales

5.4 Employment Opportunities for People over 50

(Pages 101 – 102)

Attached Documents:

EBC(4)-27-15 (p.11) Letter from the Deputy Minister for Skills and Technology regarding Employment Opportunity for People over 50

5.5 Legislative Consent Memorandum on the Welfare Reform and Work Bill

(Pages 103 – 109)

Attached Documents:

EBC(4)-27-15 (p.12) Letter from Minister for Communities and Tackling Poverty on the Legislative Consent Memorandum for the Welfare Reform and Work Bill

Private de-brief (12.25-12.30)

Agenda Item 2

Document is Restricted

Enterprise and Business Committee

Summary of the Inquiry into Bus and Community Transport Services in Wales Survey

Background

This document provides a summary of responses received to the Inquiry into Bus and Community Transport Services in Wales' survey conducted by the Outreach team between 18 September 2015 and 2 November 2015.

Methodology

As part of the Enterprise and Business Committee's Inquiry into Bus and Community Transport Services in Wales the Outreach Team conducted a survey in both online and paper-based formats. Participants were asked a range of questions relating to the social, environmental and economic impact of any recent changes in levels of Bus and Community Transport services.

One survey was created with the aim of targeting the general public as a whole.

The purpose of this survey was to capture respondent's opinion of the Bus and Community Transport Services in Wales. The results outlined in this summary represent the views of those who responded, and not the general public as a whole. The survey was not based on a representative sample of the public as a whole.

Awareness Raising

In order to promote awareness of the survey and attract participants the Outreach Team contacted a broad-range of schools, colleges and organisations. Those contacted were able to raise awareness using a range of methods including – placing articles on websites; signposting on social media including Facebook and twitter; and emailing participants directly.

The surveys were also promoted by Assembly staff with relevant groups visiting the Senedd, receiving education visits, receiving Understanding and Engaging sessions and during the Assembly's presence at Senedd@Swansea.



Key Statistics

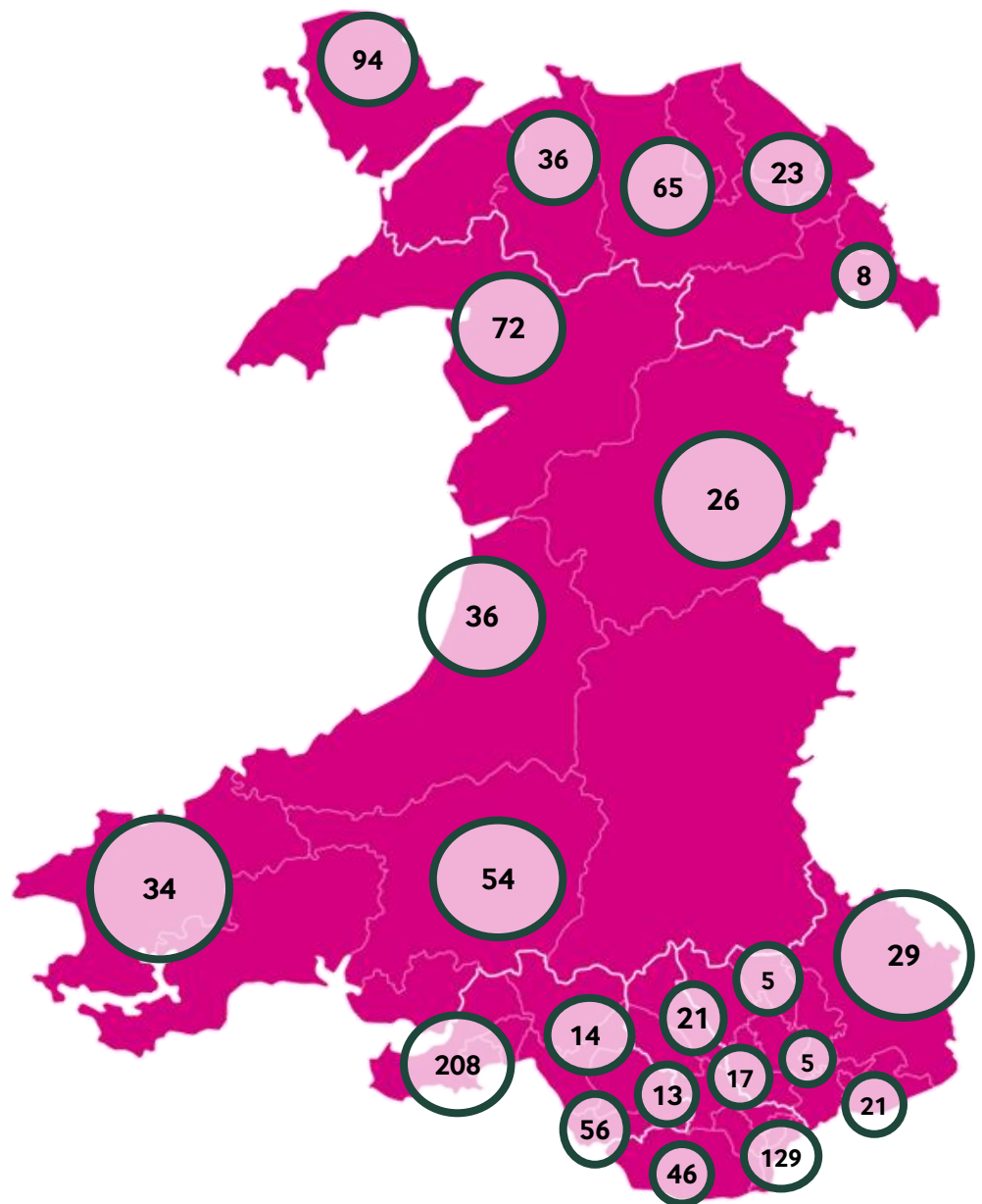
1,011 Total number of survey responses received

Geographical Summary of Responses

Number of survey responses broken down by local authority area

Total number of responses: 995

Blaenau Gwent: 4
Bridgend: 56
Caerphilly: 17
Cardiff: 129
Carmarthenshire: 54
Ceredigion: 36
Conwy: 36
Denbighshire: 65
Flintshire: 23
Gwynedd: 72
Isle of Anglesey: 94
Merthyr Tydfil: 5
Monmouthshire: 29
Neath Port Talbot: 14
Newport: 21
Pembrokeshire: 34
Powys: 26
Rhondda Cynon Taf: 13
Swansea: 208
Torfaen: 5
Vale of Glamorgan: 46
Wrexham: 8



Cyfathrebu'r Cynulliad

Assembly Communications

Pack Page 25

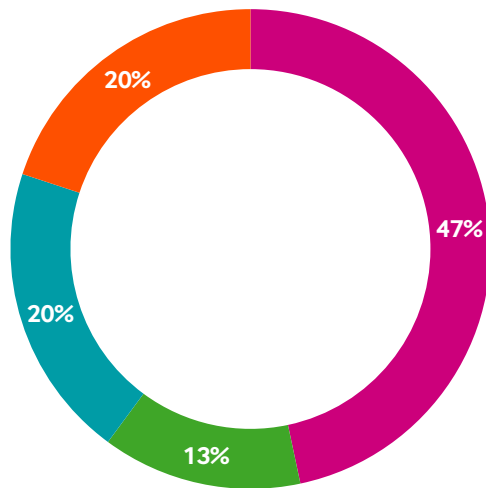
Summary of Responses

Question one – How often do you use bus and / or community transport services? Please answer separately for each service.

Bus Services

Total number of responses: 1,003

- At least once a week: **46.66% (468)**
- At least once a month: **13.46% (135)**
- Less than once a month: **19.94% (200)**
- Never: **19.94% (200)**

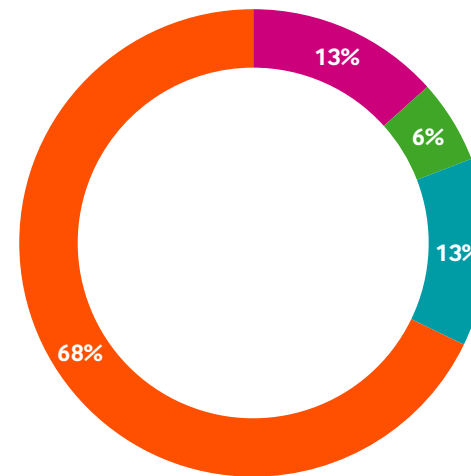


- At least once a week
- At least once a month
- Less than once a month
- Never

Community Transport Services

Total number of responses: 883

- At least once a week: **13.36% (118)**
- At least once a month: **5.78% (51)**
- Less than once a month: **13.02% (115)**
- Never: **67.84% (599)**

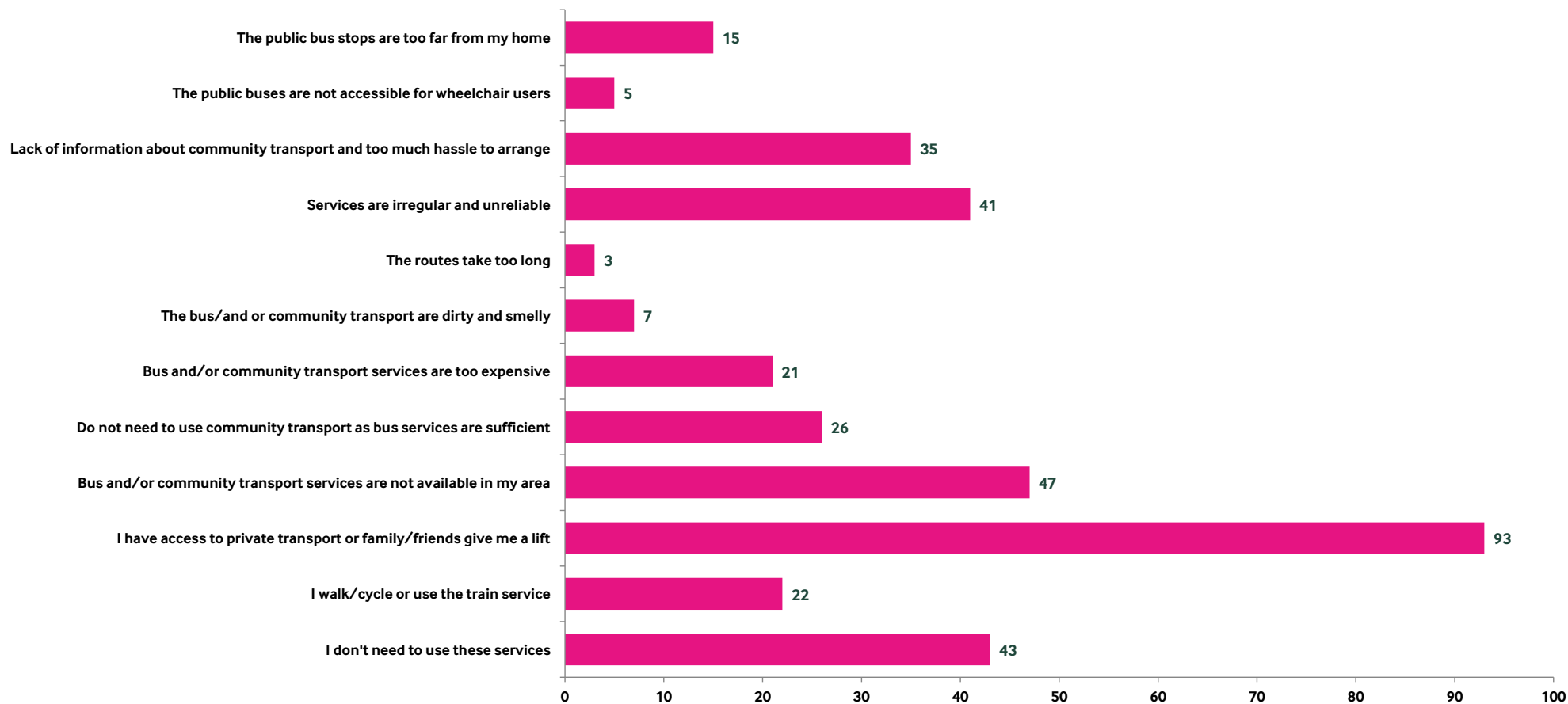


- At least once a week
- At least once a month
- Less than once a month
- Never



If you never use bus and / or community transport services, please explain why:

Total number of responses: 353



Total number of comments



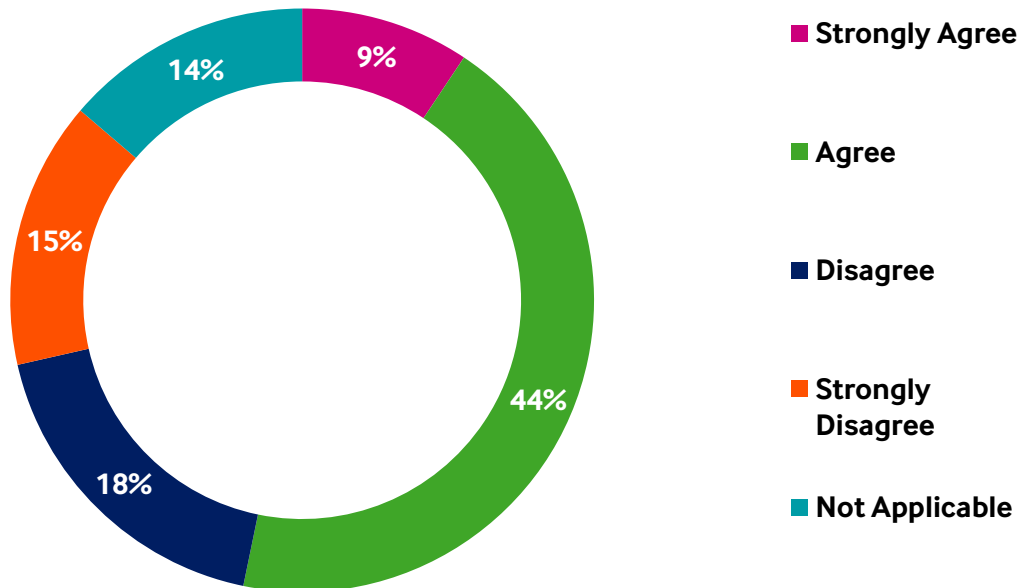
Question two - How far do you agree with the following statements in relation to both bus and community transport services in your area? If you do not use bus and / or community transport services, please select "not applicable".

Bus Services

Statement one: "I can usually get to where I want to go at the time I want to go using bus services"

Total number of responses: 1,005

- Strongly Agree: **9.35% (94)**
- Agree: **43.88% (441)**
- Disagree: **18.21% (183)**
- Strongly Disagree: **14.83% (149)**
- Not applicable: **13.73% (138)**



Statement two: "It is becoming easier to get to where I want to go by bus"

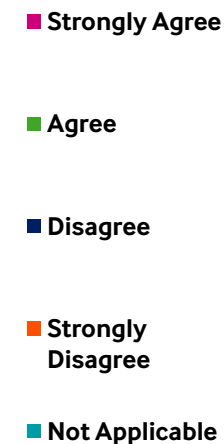
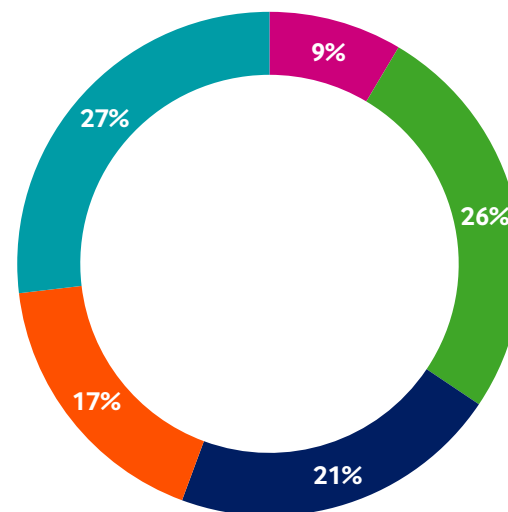
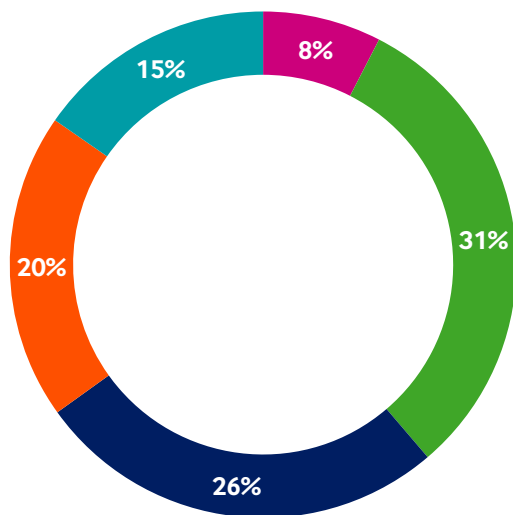
Total number of responses: 991

- Strongly Agree: **7.57% (75)**
- Agree: **31.18% (309)**
- Disagree: **26.34% (261)**
- Strongly Disagree: **19.58% (194)**
- Not applicable: **15.34% (152)**

Statement three: "I find fares reasonably priced"

Total number of responses: 989

- Strongly Agree: **8.59% (85)**
- Agree: **25.99% (257)**
- Disagree: **21.33% (211)**
- Strongly Disagree: **17.50% (174)**
- Not applicable: **27.00% (267)**

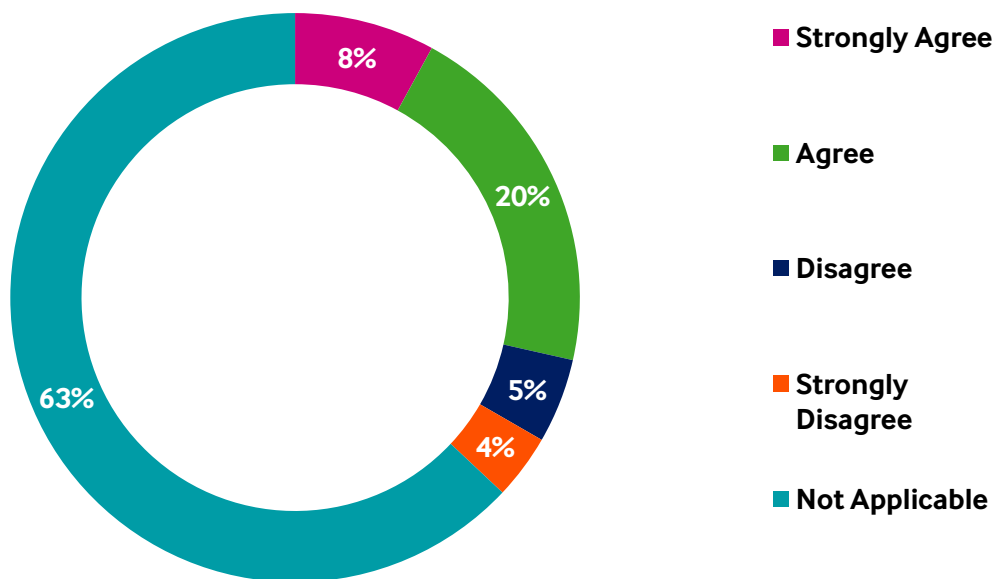


Community Transport

Statement one: "I can usually get to where I want to go at the time I want to go using community transport"

Total number of responses: 978

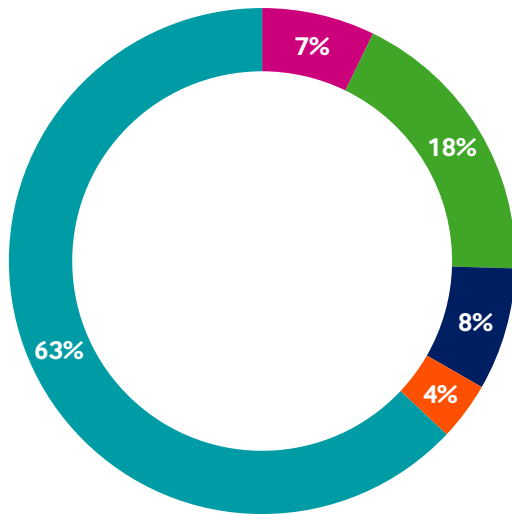
- Strongly Agree: **7.98% (78)**
- Agree: **20.50% (201)**
- Disagree: **4.81% (47)**
- Strongly Disagree: **3.68% (36)**
- Not applicable: **62.99% (616)**



Statement two: “It is becoming easier to get to where I want to go by community transport”

Total number of responses: 970

- Strongly Agree: **7.22% (70)**
- Agree: **18.25% (177)**
- Disagree: **7.84% (76)**
- Strongly Disagree: **3.71% (36)**
- Not applicable: **62.99% (611)**

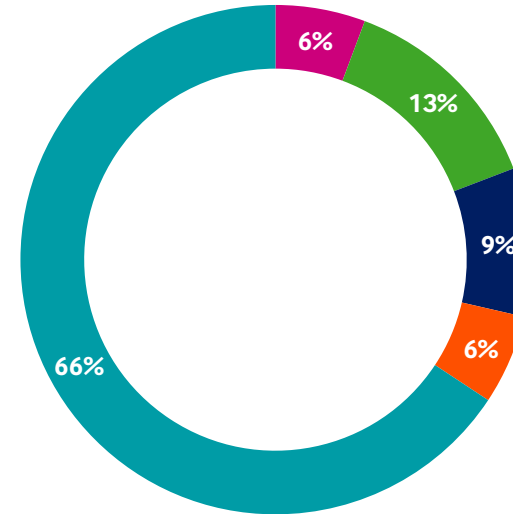


- Strongly Agree
- Agree
- Disagree
- Strongly Disagree
- Not Applicable

Statement three: “I find fares reasonably priced”

Total number of responses: 965

- Strongly Agree: **5.70% (55)**
- Agree: **13.47% (130)**
- Disagree: **9.43% (91)**
- Strongly Disagree: **5.70% (55)**
- Not applicable: **65.70% (634)**

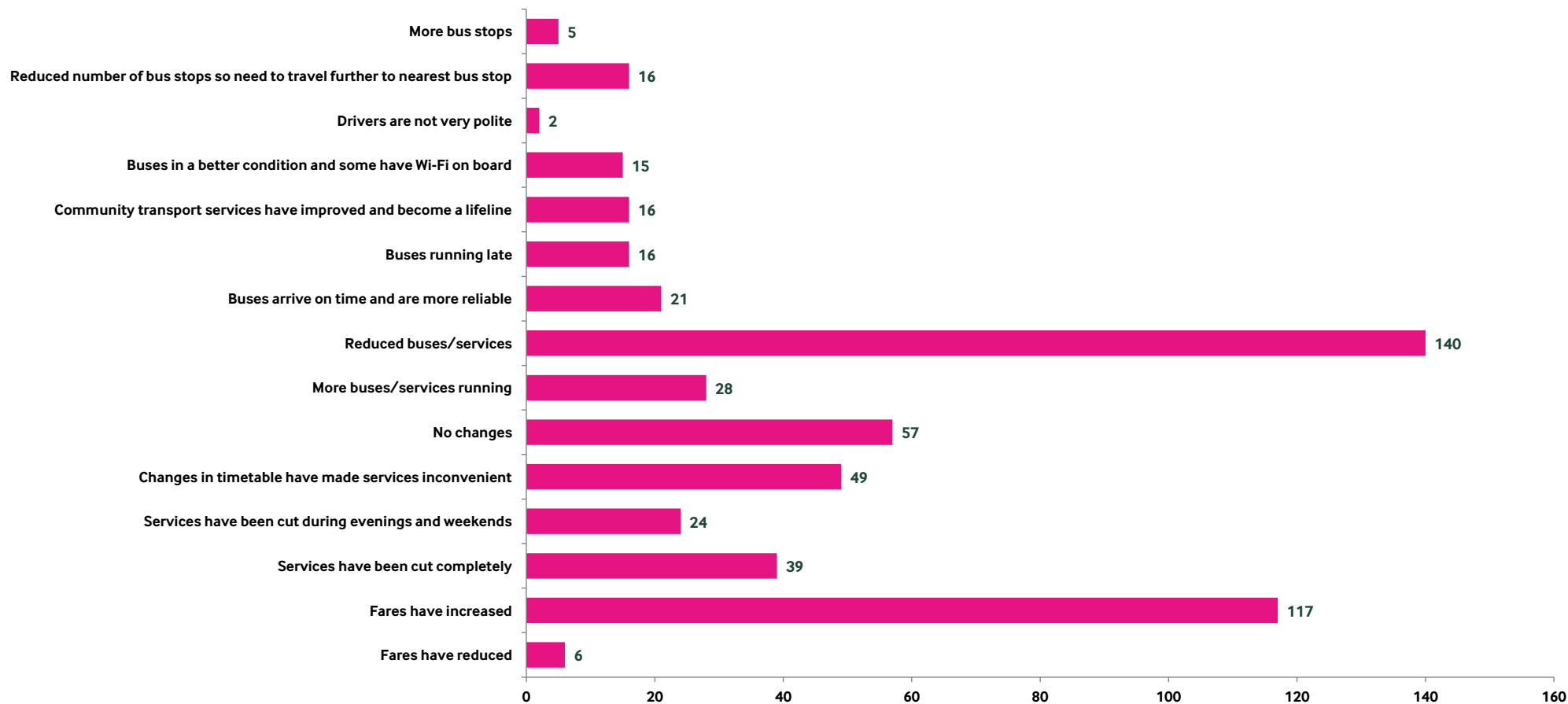


- Strongly Agree
- Agree
- Disagree
- Strongly Disagree
- Not Applicable



Question three - Please explain how, if at all, bus and / or community transport services in your area have changed and how these changes have affected you.

Total number of responses: 551



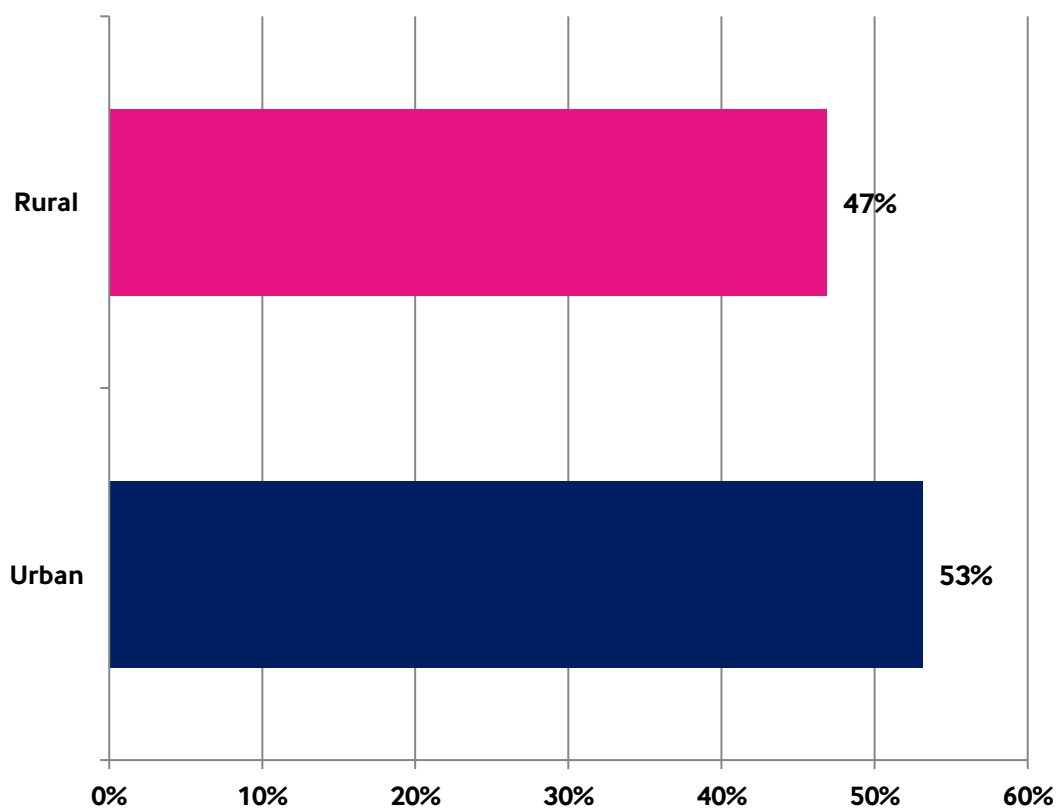
Total number of comments



Question four – Would you describe the area in which you live as urban or rural?

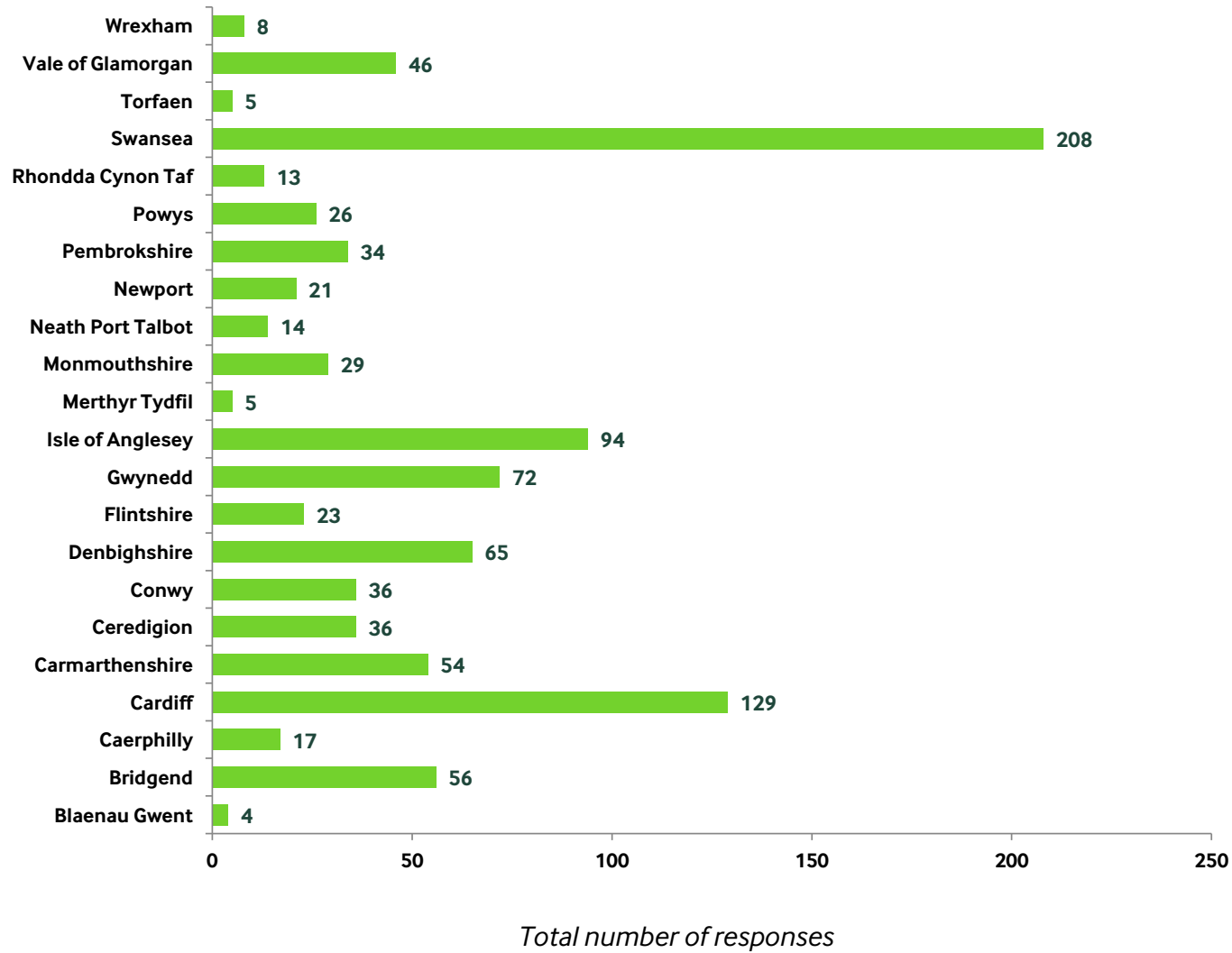
Total number of responses: 988

- Urban: **53.14% (525)**
- Rural: **46.86% (463)**



Question five – In which local authority area do you live?

Total number of responses: 995



Annex A

Demographic breakdown

Annex A relates to the total number of respondents who positively identified themselves as living in either “rural” or “urban” areas for the purposes of completing the survey.

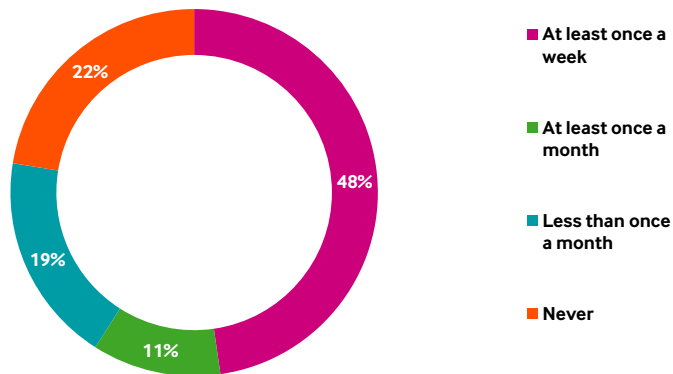
Question one – How often do you use bus and / or community transport services? Please answer separately for each service.

Rural

Bus Services

Total number of responses: 459

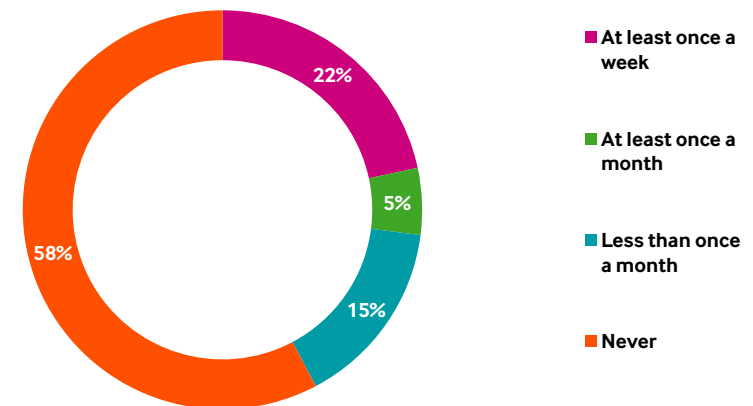
- At least once a week: **47.71% (219)**
- At least once a month: **11.33% (52)**
- Less than once a month: **18.52% (85)**
- Never: **22.44% (103)**



Community Transport Services

Total number of responses: 407

- At least once a week: **21.62% (88)**
- At least once a month: **5.40% (22)**
- Less than once a month: **15.23% (62)**
- Never: **57.73% (235)**

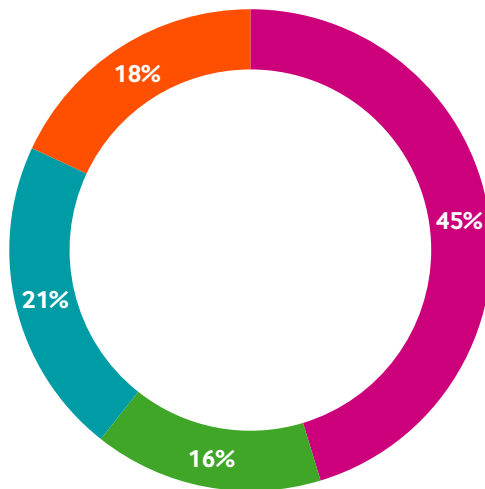


Urban

Bus Services

Total number of responses: 521

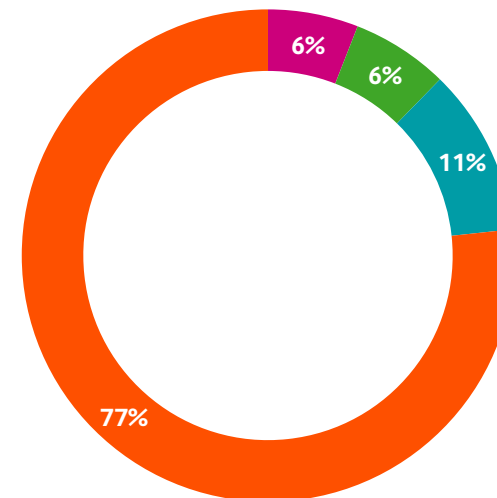
- At least once a week: **45.29% (236)**
- At least once a month: **15.5% (80)**
- Less than once a month: **21.30% (111)**
- Never: **18.04% (94)**



Community Transport Services

Total number of responses: 455

- At least once a week: **5.93% (27)**
- At least once a month: **6.37% (29)**
- Less than once a month: **10.98% (50)**
- Never: **76.7% (349)**



22% of rural respondents use community transport services at least once a week, as opposed to 6% of urban respondents.
Use of bus and community transport services are higher amongst rural respondents.

Question two - How far do you agree with the following statements in relation to both bus and community transport services in your area? If you do not use bus and / or community transport services, please select “not applicable”.

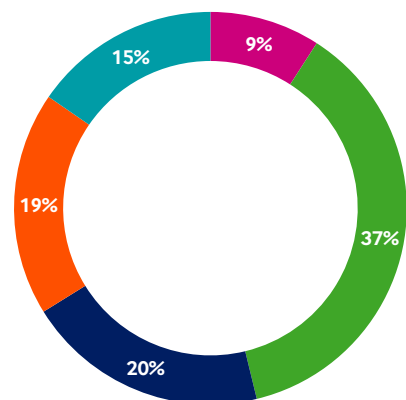
Bus Services

Statement one: “I can usually get to where I want to go at the time I want to go using bus services”

Rural

Total number of responses: 461

- Strongly Agree: **9.11% (42)**
- Agree: **37.09% (171)**
- Disagree: **19.95% (92)**
- Strongly Disagree: **18.5% (85)**
- Not applicable: **15.40% (71)**

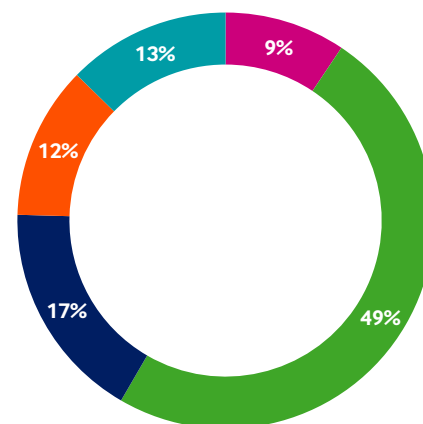


■ Strongly Agree
 ■ Agree
 ■ Disagree
 ■ Strongly Disagree
 ■ Not Applicable

Urban

Total number of responses: 521

- Strongly Agree: **9.40% (49)**
- Agree: **48.9% (255)**
- Disagree: **17.08% (89)**
- Strongly Disagree: **11.90% (62)**
- Not applicable: **12.66% (66)**



■ Strongly Agree
 ■ Agree
 ■ Disagree
 ■ Strongly Disagree
 ■ Not Applicable

58% of urban respondents strongly agreed and agreed that they could usually get to where they wanted to go, at a time they wanted to go by using bus services.

39% of rural respondents disagreed and strongly disagreed with the same statement, in comparison to 29% of urban respondents.

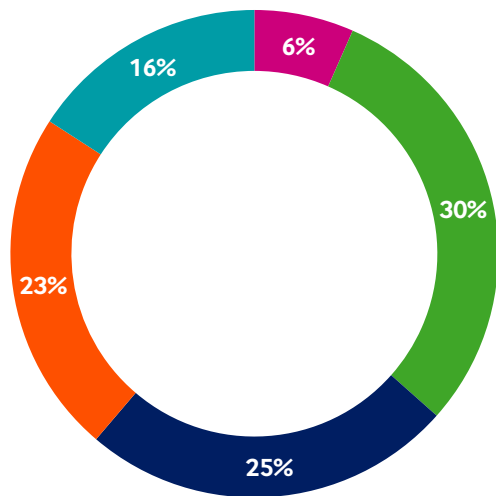


Statement two: "It is becoming easier to get to where I want to go by bus"

Rural

Total number of responses: 454

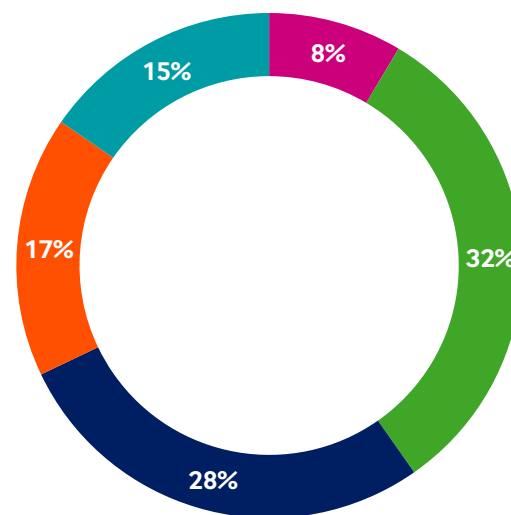
- Strongly Agree: 6% (30)
- Agree: 29.95% (136)
- Disagree: 24.66% (112)
- Strongly Disagree: 22.9% (104)
- Not applicable: 15.85% (72)



Urban

Total number of responses: 514

- Strongly Agree: 8% (44)
- Agree: 31.71% (163)
- Disagree: 27.62% (142)
- Strongly Disagree: 16.73% (86)
- Not applicable: 15.35% (79)



23% of rural respondents strongly disagreed that it was becoming easier to get to where they wanted to go by bus, as opposed to 17% of urban respondents.

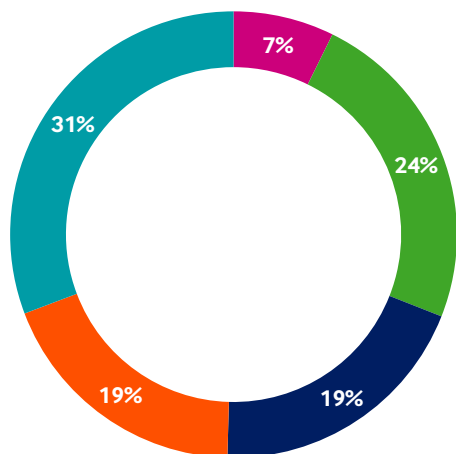


Statement three: "I find fares reasonably priced"

Rural

Total number of responses: 452

- Strongly Agree: **7.30% (33)**
- Agree: **23.67% (107)**
- Disagree: **19.46% (88)**
- Strongly Disagree: **18.80% (85)**
- Not applicable: **30.75% (139)**

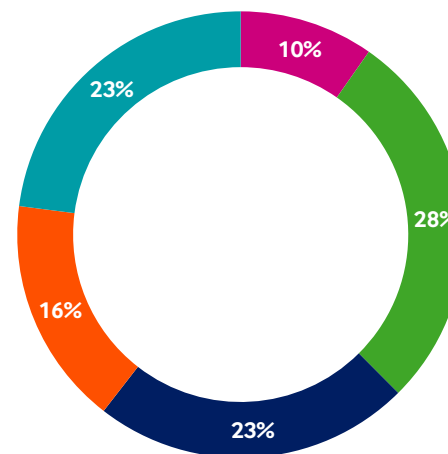


- Strongly Agree
- Agree
- Disagree
- Strongly Disagree
- Not Applicable

Urban

Total number of responses: 514

- Strongly Agree: **9.72% (50)**
- Agree: **27.82% (143)**
- Disagree: **22.95% (118)**
- Strongly Disagree: **16% (85)**
- Not applicable: **22.95% (118)**



- Strongly Agree
- Agree
- Disagree
- Strongly Disagree
- Not Applicable



39% of urban respondents disagreed and strongly disagreed that fare were reasonably priced, as opposed to 32% of rural respondents.

Question two - How far do you agree with the following statements in relation to both bus and community transport services in your area? If you do not use bus and / or community transport services, please select “not applicable”.

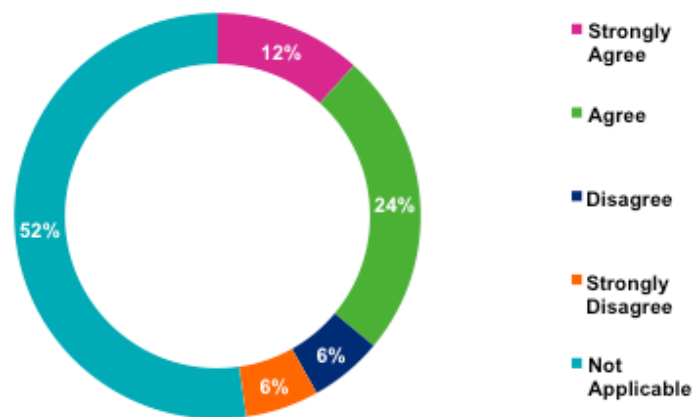
Community Transport

Statement one: “I can usually get to where I want to go at the time I want to go using community transport services”

Rural

Total number of responses: 446

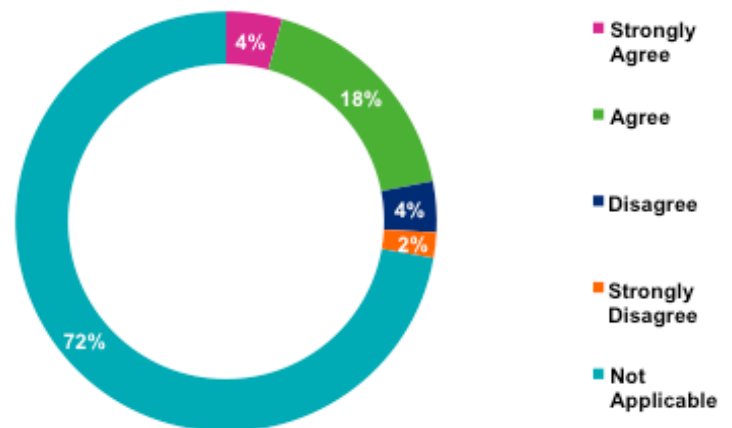
- Strongly Agree: **11.71% (52)**
- Agree: **24.32% (108)**
- Disagree: **5.85% (26)**
- Strongly Disagree: **5.85% (26)**
- Not applicable: **52.25% (232)**



Urban

Total number of responses: 511

- Strongly Agree: **4.30% (22)**
- Agree: **17.61% (90)**
- Disagree: **3.91% (20)**
- Strongly Disagree: **1.95% (10)**
- Not applicable: **72.21% (369)**



36% of rural respondents agreed and strongly agreed that they would get to where they wanted to go, at the time they wanted using community transport services, in comparison to 22% of urban respondents.



Cyfathrebu'r Cynulliad

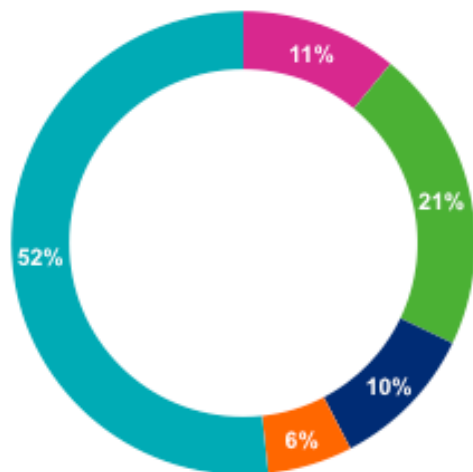
Assembly Communications

Statement two: “It is becoming easier to get to where I want to go by using community transport”

Rural

Total number of responses: 439

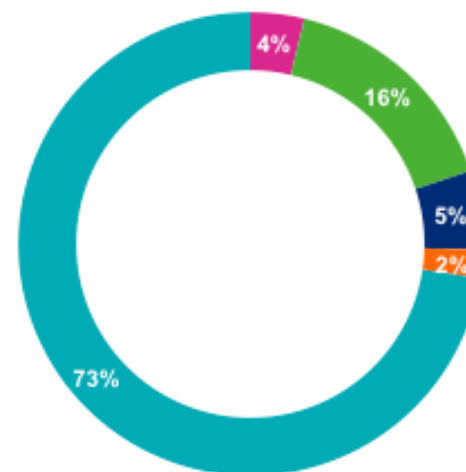
- Strongly Agree: **10.93% (48)**
- Agree: **21.18% (93)**
- Disagree: **10.25% (45)**
- Strongly Disagree: **5.92% (26)**
- Not applicable: **51.70% (227)**



Urban

Total number of responses: 508

- Strongly Agree: **3.74% (19)**
- Agree: **16.14% (82)**
- Disagree: **5.5% (28)**
- Strongly Disagree: **1.96% (10)**
- Not applicable: **72.63% (369)**



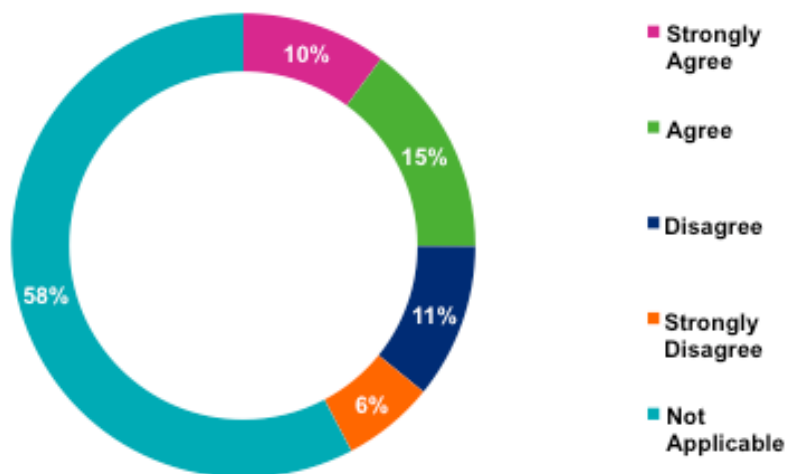
16% of rural respondents disagreed and strongly disagreed that it is becoming easier to get to where they wanted to go using community transport services, in comparison to 7% of urban respondents. However, 32% of rural respondents strongly agreed and agreed that it was becoming easier, in comparison to 20% of urban respondents.

Statement three: "I find fares reasonably priced"

Rural

Total number of responses: 435

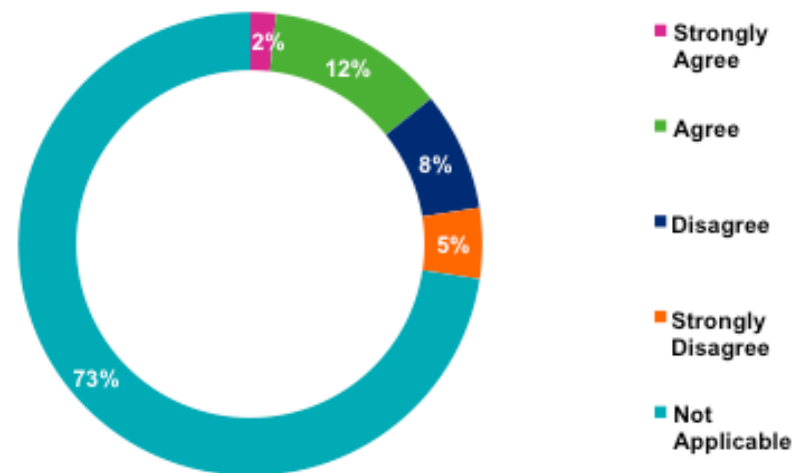
- Strongly Agree: **10.11% (44)**
- Agree: **14.94% (65)**
- Disagree: **10.80% (47)**
- Strongly Disagree: **6.43% (28)**
- Not applicable: **57.70% (251)**



Urban

Total number of responses: 507

- Strongly Agree: **1.77% (9)**
- Agree: **12.42% (63)**
- Disagree: **8.28% (42)**
- Strongly Disagree: **4.93% (25)**
- Not applicable: **72.58% (368)**



14% of urban respondents agreed or strongly agreed that they found fares for community transport services reasonably priced, in comparison to 25% of rural respondents.





Cyddfederasiwn Cludwyr Teithwyr Cymru
Confederation of Passenger Transport Wales

**CPT CYMRU WRITTEN SUBMISSION TO
THE ENTERPRISE AND BUSINESS COMMITTEE INQUIRY
ON BUS AND COMMUNITY TRANSPORT SERVICES
IN WALES**

Cyddfederasiwn Cludwyr Teithwyr Cymru/The Confederation of Passenger Transport Wales (CPTCymru) is the professional trade association of the bus and coach industry in Wales and is part of CPT UK. Its members in Wales include operators forming part of large multinational transport operators, municipally owned operators, medium sized independent operators and small family businesses. CPT Cymru members provide around 90% of all bus journeys and some 70% of all public transport journeys made across Wales and employ in excess of 4,000 throughout Wales.

Its governance includes the Bus Commission Cymru, Coach Commission Cymru and also its Committee for Wales, which all members may attend, and members are consulted widely on the whole range of issues affecting road based public transport.

We are pleased to be able to contribute this additional information in support of our comments to the pro forma questions provided by the committee, to this enquiry on bus and community transport services by the Enterprise and Business Committee of the National Assembly for Wales.

The paper consists of a bilingual digest of important facts and figures about the bus industry in Wales, and is based on a comprehensive study carried out earlier this year for CPT Cymru by the TAS Partnership, and independent and highly respected consultancy with a national, and indeed, international reputation. We hope that this data will help the committee in its inquiry.

CPT Cymru would be happy to provide any further information that would help the committee in its inquiry, and we have, of course, no objection to this submission being included in the public domain.

JOHN POCKETT

Cyfarwyddwr : Director

CPT Cymru

johnp@cpt-uk.org

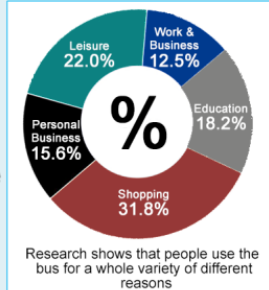
19 Hydref 2015 : 19 October 2015

Buses in Wales - the facts

Why do buses matter?

Bus services are a vital feature of the local community. They touch the lives of thousands of people every day who:

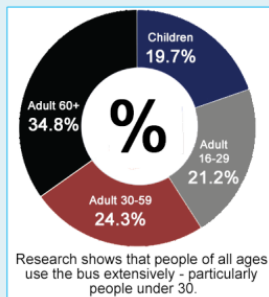
- Travel to work.
- Get to school or college.
- Go shopping.
- Visit their GP or local hospital.
- Enjoy a day out in the country or by the sea.



Buses are strong contributors to **economic growth and prosperity**, providing access to job opportunities, education and training. Operators in Wales employ around **4,000 staff**, putting more than **£80m a year** into the Welsh economy through wages and taxes.

Who uses buses?

More than **105 million** people use bus services in Wales each year, accounting for **4.5%** of all journeys that are made. This compares with just **1%** by train. Bus users are drawn from **all age groups** and income bands.



Satisfied customers

Bus services regularly achieve **high customer satisfaction** ratings. Independent surveys show that more than **85%** of bus passengers are satisfied or very satisfied with their journeys.

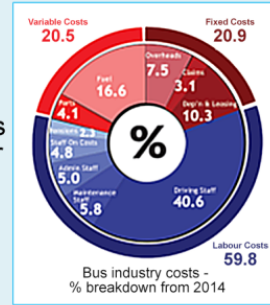
Who pays for buses?

87% of bus company income comes from payments for passenger journeys by paying passengers or pass holders. Support from public bodies amounts to just **24p** for each passenger journey. This compares with 25p in London and 31p in the rest of England...and with **£5.10 on the all Wales Rail Franchise**. Public support per head of population for bus services in Wales is **six times** less than on Arriva Trains Wales; **nine times** less than London and **three times** less than England.



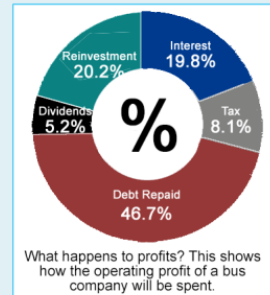
Bus Costs

Running buses is expensive - around **£135,000** a year for each bus on the road. And costs have been rising too. Over **30% more than inflation** over the last ten years, in fact. Fuel costs **doubled** before their recent fall. Staff costs, which account for **60%** of the total, rose by **18%** - affected by rising real wages, but also the need for more staff to keep services going in the face of rising traffic congestion.



What about profits?

Typically, bus company profit margins in Wales have been at a level between **6% and 8%** (2008-14) which is well below the level of **10-12%** needed to deliver the sort of returns suggested by the Competition Commission. Profits are needed to deliver investment in better services and in such things as smart ticketing and better information systems. Welsh bus companies invested **£114m** in their businesses in the last 10 years but only made **£87m** profit. Population density is a big factor in profitability of services. Welsh population density at 148 per square mile includes some of the lowest in the UK. Greater London has a density of 7500 and Cardiff 250 persons per square mile.



Future Growth

Studies in the UK have shown growth in bus services and passengers can be achieved by partnership between public bodies and bus companies leading to improved services through:

- Managing and reducing perceived time on the bus journey - bus priorities, active service management and effective parking control.
- Improving the bus stop environment - improved security, safer walking routes and improved information.
- Improved frequencies, reducing access time at the start and finish of the journey.
- Active and innovative promotion to play a part in transforming the perception of the bus.
- Innovative value for money fares initiatives to improve usage and perception of the services.
- Adoption of the latest technology to reduce transaction time and time at bus stops.



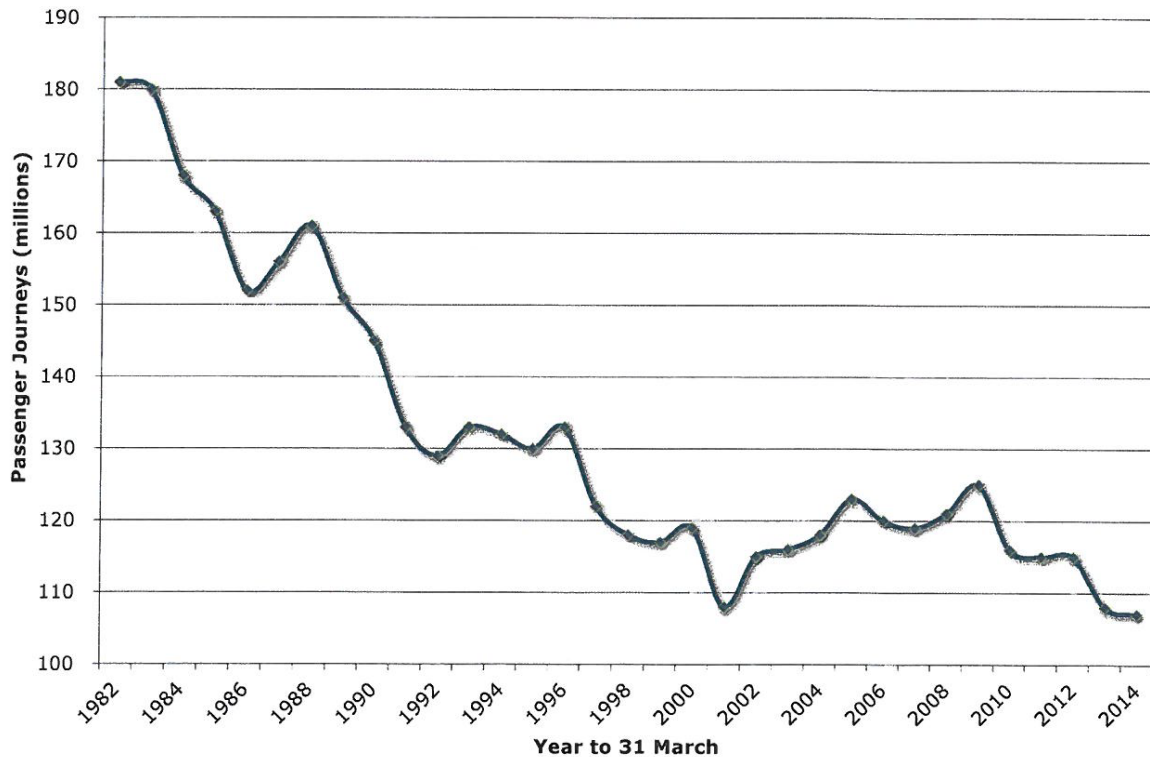
CPT RESPONSE

NATIONAL ASSEMBLY FOR WALES BUS & COMMUNITY TRANSPORT SERVICES IN WALES INQUIRY

Question 1 – how would you describe the current condition of the bus and community transport sectors in Wales?

Our answer uses data from the CPT Report 'Catch the Bus in Wales' published in June 2015

Figure A: Bus Demand in Wales since 1982



Bus demand has fallen consistently since 1950 reaching a low point in 2001/2. Recovery then took place reaching a peak in 2008/9 of 125million. Following the recession, demand has fallen back to 105million, the lowest number of people ever carried.

Table 3: Demand per Capita in Wales, 1991-2014

Year to 31 March	Wales	English Shire Areas	Scotland	Northern Ireland
1996	46	44	99	-
2000	40	46	90	-
2004	39	39	94	-
2005	42	37	90	38
2006	40	37	91	39
2007	40	39	93	38
2008	40	40	94	39
2009	42	40	93	39
2010	39	40	88	38
2011	38	39	82	37
2012	37	39	82	36
2013	35	38	80	37
2014	35	39	80	37
% change since 1996	-25%	-11%	-19%	-
% change since 2008/09	-17%	-3%	-14%	-5%

Source: TAS Analysis of DfT Annual Bus Statistics and ONS Mid-Year Population Estimates.

Per capita, demand has fallen 25% since 1995/96 compared to 11% in the English Shires and 19% in Scotland.

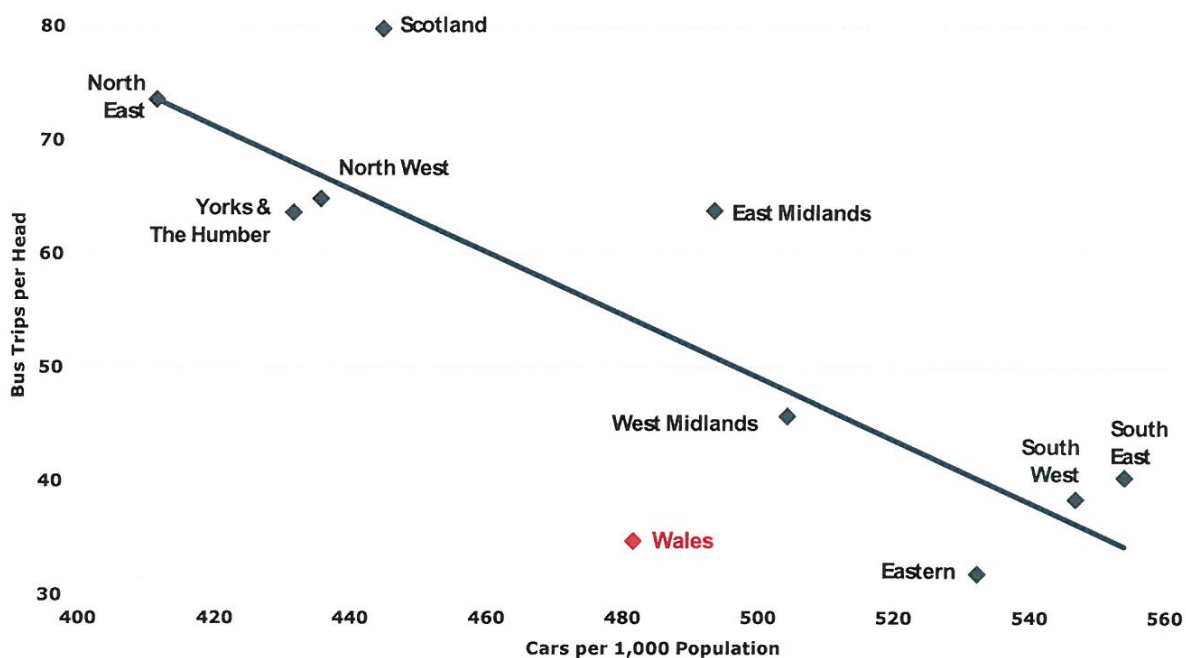
Overall ridership in Wales is currently 35 journeys per person per year. The comparative for Nottingham is between 160-170.

The key elements underlying the statistics are external factors, the regulatory, demographic and economic environments. Also important are product design, price, frequency and reliability.

Question 2 – why do you think the number of bus services and the number of bus passengers is declining in Wales?

There is clear evidence that a correlation exists between car ownership and bus use and the growth in the number of vehicles and drivers have been one of the biggest factors in the changing market for bus services. The reducing cost of petrol and diesel encourages car journeys.

Figure D: Car Ownership and Bus Use – GB Comparisons (2014)

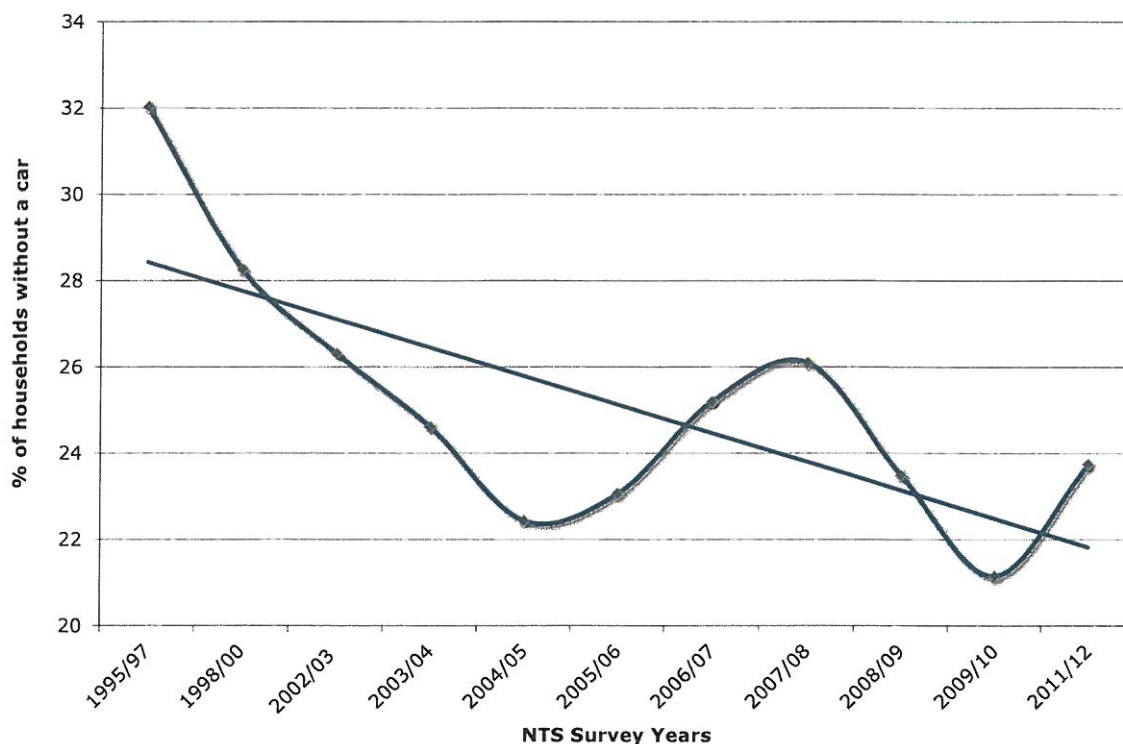


Source: TAS Analysis of Annual Vehicle Statistics and Annual Bus Statistics DfT.

Bus usage by household members without a car is three times higher than by members of car owning households. Wales has lower levels of bus use than might be expected because of the relative low density of population and the structure of the economy. The dominance of specialised home to school transport rather than the use of public bus routes also distorts bus usage.

The number of cars per 1,000 people has grown from 29 in 1985 to 473 in 2013, a huge 62.5% increase. Households with 2 or more cars now represent 36% of the population compared to 24% in the UK or Wales in 1995/96.

Figure G: Households in Wales without a Car (%), 1995-2012



Bus usage has also been affected by the changing socio-economic environment. The rise of internet shopping and out of town shopping centres has led to footfall decline in traditional High Streets. Employment has become more dispersed moving to industrial estates and trading zones. Large employers with significant numbers of employees on one site served by bus efficiently has reduced; coach, steel and shipping have all declined in favour of SME's spread across Wales, with poor land planning considerations in relation to transport links, encouraging car use.

Leisure has changed to more electronic central interests, the traditional pub and working men's clubs have declined and continue to close. More retired people have driving licences and access to a car and the level of support for bus services has declined, leading to a reduction of evening and Sunday services. As these fall away, confidence in the total product declines over a period of time leading to further passenger attrition. Train services have improved over the period with much higher levels of subsidy, competing with buses in some cases both in journey time and cost.

Question 3 – what do you think is the social, economic and environmental impact of recent changes in bus and community transport service levels?

As the number of bus services decline and fall, the impact in social and economic issues becomes more stark for those without a car. Reduction in revenue distribution with fewer bus journeys connecting passengers with retail centres, restricting job opportunities for those without a car or unable to drive.

The loss of evening and Sunday services leaves communities isolated and cut off, and in some cases where support for daytime services has been withdrawn, this equates to 24/7. Car ownership becomes essential and the default mode of transport. Those unable to access a car become disadvantaged and isolated.

Air pollution may increase as car trips increase and bus trips decrease and road traffic accident and pedestrian incidents may also increase. Increase in traffic congestion at busy times, creating demand to build wider roads, wider junctions in places with natural geological constraints.

Question 4 – what do you think the Welsh Government should do to support bus and community transport in Wales?

Through partnership working, providing transport infrastructure to improve passenger transport productivity (shorter journey times), less cost, encouraging growth, seek agreement on minimum service levels.

Minimising the generalised cost of public transport and increasing the generalised cost of car travel can be used to achieve a better balance of transport choice.

Increase car parking charges and set a minimum price, reduce the availability of car parking spaces, introduce more park & ride sites, restrict car access to the City Centre areas making them car free.

Lobby government to introduce a fuel tax escalator to increase the level of tax when the market cost of fuel declines, achieving a standard minimum retail price, providing additional public transport funding. Bus operator fuel tax not to change adversely in order to sustain current pricing and services.

Actual time to complete journeys needs to be minimised. Action should be taken to increase bus priority and tackle congestion and pinch points. Reducing bus operating costs and therefore the cost of travel.

Bus stop environments need to be enhanced, including lighting and help points. Greater emphasis on land planning and transport working together.

Safe routes to bus stops and destinations need to be developed.

Real time information at stops and via smart phones.

Developing with operators a better, simpler, more easy to use network of services.

Support current level of concessionary travel reimbursement and BSSG in order that bus ticket prices and service availability is not adversely affected, generating steeper decline through further cuts.

Question 5 – what do you think Welsh local authorities should do to support bus and community transport services?

Local authorities depend upon the Welsh Government for funding packages/budget. Therefore to a great extent the answer to this question is related to Question 4.

Local authorities however do have influence over parking policy, the development of industrial and housing strategy, retail developments and leisure facilities. Planning applications to pay for reduced price bus travel for 1 year for each new home developed.

The style, shape and form of new build can have a significant influence on bus usage. Housing sites need to have bus friendly roads, good walking routes, bus shelters and information facilities. Retail sites need to consider bus accessibility and parking controls. The price of car parking can have a significant impact upon public transport usage both standard bus services and Park & Ride operations.

Local authorities have influence over traffic light signal priority and the level of access of bus services compared to cars. Buses should be given priority at every opportunity.

A proper understanding of the components of the generalised bus cost model by Local authorities would ensure that greater benefit is given to bus operators weighted towards reducing cost inefficiencies and thus improving profitability.

Group local authorities together to form large County Council areas, seeking economy of scale and savings to return an increased public transport investment. Group by economic area and travel to work patterns

Question 6 – what do you think about proposals to devolve bus registration powers to Wales? How should these be used?

The devolution of bus registration powers would be useful if it resulted in a smoother, more easy to use service.

The current operation via Leeds is ineffective, of poor quality and does not serve the needs of Welsh operators well. The wholesale introduction of electronic registrations would assist greatly in the efficiency of the process, consultation with stakeholders and the reduction in paper usage. All bus registrations to be compulsory by EBSR.

Question 7 – please tell us whether you think further powers to regulate the bus industry in Wales are required and why?

CPT Cymru does not believe any further regulation of the Welsh Bus Industry is required.

Evidence from elsewhere in the UK points to growth in customer numbers coming from long term partnerships where bus services have been given priority over other road users, operators have invested in vehicles and frequencies and close working relationships achieved.

The key elements are walking time, waiting time, the journey, the service/vehicle, fares/ticketing and Stakeholder/Partnership/Quality aspects. None of these are achieved by greater regulation. Targeted investment produces tangible success.

The Bus Interventions toolkit produced by the Bus Advisory Group sets out the key elements for transforming the Welsh Bus Industry and ensuring growth takes place.

There is no evidence to suggest that greater regulation produces better services. London is often quoted as evidence of regulation working but London is a special case. The growth in bus use has been generated by focussed policy making, the application of significant amounts of money, considerable political courage and a lot of hard work by operators and Transport for London. The only City to have introduced congestion charging is London, car ownership in London has fallen from 311/000 people in 1985 to 303/000 people in 2013. The population of London is rising sharply, in 27 years the numbers have risen by 1.65million extra people.

These factors do not apply in Wales or many other parts of the United Kingdom. Yet customer growth has been achieved in Brighton, Bristol, Edinburgh and Nottingham amongst other places, without regulation, by good partnership and combined investment.

Regulation makes no difference to the economics of demand. Additional regulation will only restrict the supply and put up the prices of buses in selected areas to provide below cost somewhere else. There is a transfer of risk to the Government or Local Authorities, a loss of innovation and the customer ceases to be the focus of operator attention. Operations become more capital intensive for the local authority.

Question 8 – what other action can be taken to ensure that bus and community transport services meet the needs of people in Wales?

The objective should be to minimise the generalised cost of public transport use. Minimising this cost would:

- Reduce wasted time and less business lost time
- Reduce individual environmental impact
- Contribute to minimising the cost of operation - so
 - Increasing the market appeal of the product
 - Minimising the need for public sector support
 - Improve commercial viability of services
 - Improve productivity

A framework for taking forward the process for improving bus services is the Bus Advisory Group recommendations. In principle these are:

- The means of making journeys faster both perception and actual
- Improving the bus stop environment
- Promoting strong accessible networks
- Improving ticketing systems
- Network Partnerships producing efficient services, well marketed and reliable

Develop a strategy with public transport providers (by county/ district) with town planners, that aims to meet the aspirations of people and the needs of the local economy.

Please tell us anything else you would like to mention on this topic, thank you for contributing to our inquiry

Overall the strategy should be a bus network meeting the aspirations of the people and the needs of the local economy, efficiently managed and consistently delivered. The current regulatory system is applicable to this model.

The absent feature is strong consistent partnerships with clear joint aims and aspirations for bus travel.

Bus and Community Transport Services in Wales

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Gwasanaethau Bysiau a Thrafnidiaeth Gymunedol yng Nghymru	Bus and Community Transport Services in Wales
BCT 39	BCT 39
Cymdeithas Llywodraeth Leol Cymru	Welsh Local Government Association

Consultation questions

Question 1 –How would you describe the current condition of the bus and community transport sectors in Wales?

- The bus and community transport sectors in Wales are under strain and not fulfilling their potential. The service is patchy. In urban areas, generally the routes are commercially viable and therefore a more comprehensive bus network is available. In rural areas, services are usually subsidised and these services are under greatest threat. The reduction in rural services impact disproportionately on specific age groups such as pensioners.
- There is a lack of consistency with regards to service and quality across Wales and the future financial picture for local authorities is likely to result in a further cut to local authority funding for bus services in Wales. A number of local authorities such as Wrexham and Neath Port Talbot have ended their subsidies to local bus operators and a number of other local authorities have reduced the level of subsidy and are consulting on further reductions. For example, Rhondda Cynon Taff cut its local bus support budget by £400k in 2015/16 and is looking to reduce a further £100k in 2016/17. Without subsidy, bus operators will be forced to make the decision as to whether they can afford to continue to offer the level of service which may result in axing of the route or a reduction in the frequency of service. This makes the service less attractive as a means of transport.
- Bus services are delivered by a number of operators across Wales from the large operator with a large fleet such as Stagecoach through to local operators with a small number of vehicles. As a result investment in the fleet varies resulting in a different user experience across Wales.
- Fares also differ across Wales, with some operators increasing fares above inflation but in others operators such as Stagecoach have frozen their fares (last increased in April 2014 but held throughout 2015).

Question 2 – why do you think the number of bus services and the number of bus passengers is declining in Wales?

- Reduced WG and local authority funding has led to less resources being allocated to provide ongoing support to non-commercial services that are vital to the social, economic and environmental wellbeing of Wales.
- Bus services and the vital service they perform for many people in terms of access to services, social networks etc are not in many instances, given due consideration when decisions are made regarding for example location of services, closure of services etc.
- In many areas, the bus is not seen as a viable alternative to the car. Travelling by bus does not offer the flexibility, immediacy and convenience that today's commuters/passengers demand.

Question 3 – what do you think is the social, economic and environmental impact of recent changes in bus and community transport service levels?

- In many areas of Wales, bus transport is not a viable alternative to the car. As a result, there is an over reliance on cars with the associated environmental impacts.
- In rural areas, the lack of an alternative to the car can result in higher than expected car ownership levels. Running more than one car per household becomes a necessity rather than a luxury and the expense of more than one car directly impacts on the amount of personal disposable income available in the household for other expenses.
- The scrapping of routes or changes to the frequency will have impacted disproportionately on specific sectors of society namely older people and young parents without access to a second car. A report by Age Cymru in 2013, highlights how many older people rely on bus transport not only to access vital services but for social interaction. Without services, many older people choose not to travel. This can have a huge impact on their wellbeing.
- In the larger more urban areas of Wales the bus network is more comprehensive which enables people to use the buses to access places of employment. However, in those areas less well served by a frequent bus service it becomes increasingly difficult to use bus transport to access employment opportunities. The cost of fares can also be prohibitive and disproportionately impacts on those in poverty or on a low income.

Question 4 –what do you think the Welsh Government should do to support bus and community transport in Wales?

- The Wellbeing of Future Generations Act should improve the social, economic, environmental and cultural wellbeing of Wales. Decisions regarding the bus and community transport sector should be considered against the sustainable development principles. One of these principles is collaboration and the WLGA would welcome greater collaboration across WG portfolios as an improved bus and community transport sector has benefits for social services, health, climate change and economic development. Integrated ticketing has been piloted in the past but has not been progressed.
- There is a lack of strategic direction from WG. The National Transport Finance Plan makes reference to bus and community transport together with a number of schemes listed in the delivery schedule. There is little detail on the schemes including who will be involved in delivering, funding available etc with statements such as “Provide funding to support socially necessary services”. There also appears to be little integration between bus services and rail and active travel – different modes of transport which should complement each other.
- We would like to see greater investment in bus and community transport, both capital and revenue funding and for this funding to be on a stable basis over a number of years to encourage the necessary investment in infrastructure, fleet and network.
- Continued multi-year support for Traveline Cymru would be welcomed, enabling the organisation to invest to improving the service they offer to public and ensure that they can keep up to date with the latest information technologies.
- Currently, in England a Green Bus Fund helps bus companies and local authorities in England to buy new low carbon buses. Its main purpose is to support and speed up the introduction of hundreds of low carbon buses across England. There is no equivalent in Wales and if the Welsh Government is committed to climate change targets then such a fund should be considered.
- We would welcome a closer working relationship with WG on all aspects of support to bus and community transport in Wales as WG share the same aspirations as local government to improve bus and community transport in Wales. Specifically, local government has a key role to play in the delivery of the Metro for south east Wales and further developments regarding the City Region/City Deal for the same area. Given this role, it is clear that closer dialogue with WG would be advantageous for both parties.
- Improvements to the bus network infrastructure such as bus shelters/bus lanes/bus stations could be considered as part of WG regeneration funding.

Question 5 –what do you think Welsh local authorities should do to support bus and community transport services?

- Local authorities play an important role in supporting bus and community transport services in Wales, from administering the Concessionary Fares Scheme to implementing bus infrastructure. However, in the future individual local authority involvement in supporting bus services will be subject to the availability of resources, both financial and human.
- Local authorities are also subject to the Wellbeing of Future Generations Act. The Act establishes Public Service Boards for each local authority area and these PSBs could have a role in discussing proposals to cut funding to bus services so that all service providers can assess the impact and if appropriate consider funding specific routes. For example, reduction in funding may lead to the axing of a service to a hospital; therefore the Primary Care Trust may consider it necessary to provide funding for the route. That said, PSBs will need prioritise the issues for consideration as there are many issues such as bus funding which could advocate a PSB involvement.
- If given sufficient notice, local authorities could explore more fully alternatives if bus services are to be cut such as services provided by the CT sector or in a small number of cases, there may be active travel alternatives to bus services.
- Improvements to the bus network infrastructure such as bus shelters/bus lanes/bus stations could be considered as part of development planning or regeneration funding.
- In the current financial climate, it will be extremely difficult for councils to find additional funding for bus services. Local government could have a role in raising awareness of wider social, environmental and economic benefits of bus transport with partner organisations and to work with partners to identify solutions to potential reductions in the network.
- Local authorities in the south east have introduced an outcome based quality standard in order to push up standards and this approach is being considered by other areas in Wales. However as the impact of the other cuts in funding have hit the pence per kilometre payments are actually lower in 2015/16 (with the highest quality outcomes being met) than was the case in 2014/15. With this scenario there is clearly a lack of incentive on behalf of the operators to drive up standards. The standard of service varies across Wales.
- A number of local authorities operate Integrated Passenger Transport Units which co-ordinate the transport operated by local authorities across a number of service areas such as education and social services. Subject to resources, there may be opportunities for further consideration of such units in local authorities or across local authorities.

Question 6 - what do you think about proposals to devolve bus registration powers to Wales? How should these be used?

- We understand that the Traffic Commissioners Office is in agreement with a Traffic Commissioners Wales Office, however we would stress that any changes to current arrangements need to ensure that the service is comparable if not better than the service currently received.

Question 7 - please tell us whether you think further powers to regulate the bus industry in Wales are required and why?

- Regulation on its own will not necessarily bring about an improved bus industry in Wales. It also requires stable funding and long term commitment and investment by all parties as referenced in the response to Q4.
- Regulatory powers will offer an additional option that could be used. We would advocate that regulation should be considered in partnership with WG, councils and operators working together. There is not a one size fits all; approaches need to be tailored to the differing requirements across Wales

Question 8 - what other action can be taken to ensure that bus and community transport services meet the needs of people in Wales?

Please tell us anything else you would like to mention this topic, thank you for contributing to our inquiry.

ATCO Cymru

Chair: Richard Cope



William Graham AM
Chair, Enterprise & Business Committee
Welsh Assembly

Date 21 October 2015

Response to Bus and Community Transport Services in Wales consultation

Dear Chair,

Please find attached our response to your consultation on bus and community transport services in Wales.

ATCO, the Association of Transport Coordinating Officers, is the professional body for local authority officers whose work involves responsibilities for passenger transport. In their authorities ATCO members are responsible for the provision and promotion of bus services and supporting associated infrastructure, rail issues, securing or providing education and / or social services transport services and developing and implementing policies under which passenger transport services are secured or promoted. Our response is based on the practical experience of members in securing and managing local public transport services.

If you have any further questions please do not hesitate to contact us. We are looking forward to appearing in front of you committee again.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Richard Cope', is written over a faint, light-colored circular stamp or watermark.

Richard Cope
ATCO Cymru Chair

Appendix A – completed questionnaire

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Gwasanaethau Bysiau a Thrafnidiaeth Gymunedol yng Nghymru	Bus and Community Transport Services in Wales
BCT 44	BCT 44
Cymdeithas Swyddogion Cydgysylltu Trafnidiaeth Cymru	Association of Transport Coordinating Officers in Wales

Consultation questions

Question 1 –How would you describe the current condition of the bus and community transport sectors in Wales?

The bus and community transport sector in Wales is not fulfilling its full potential. While in some parts of Wales services are good, performance (by operators and councils) is variable and lacks consistency. There are some examples of very good practice, and whilst we can build on this to provide and facilitate services that allow more persons to access employment, education, etc, there are also examples leave a lot to be desired.

Reduced Welsh Government and local authority funding has led to less resources being allocated to provide ongoing support to the non commercial services that are vital to the social, economic and environmental wellbeing of Wales. Council-supported journeys make the commercial offer more attractive through the provision of services during evenings or Sundays, or by connecting communities with transport hubs for example and help maintain the viability of commercial bus services, such that any reduction in local authority support undermines the viability of commercial services, particularly at the margins. More importantly, for passengers, supported services enhance networks and provide more journey choices, which can facilitate access to employment, education and health etc.

Question 2 – why do you think the number of bus services and the number of bus passengers is declining in Wales?

In our view the key reasons are:

- Lack of funding
- Fares increases
- Lack of consideration when decisions are taken that affect bus and CT services
- Long-term socio-economic reasons

Concerning the lack of funding, this refers to both revenue & capital, and funding by both Welsh Government and by councils which has been reduced significantly in the last three years as public sector finance has been constrained. As an example, there was a 25% cut in nominal Welsh Government funding for Regional Transport Services Grant¹ (between 2011/12 and 2013/14) – and further real term cuts since. Rhondda Cynon Taf CBC has cut its local bus support budget by £400k

¹ Now called Bus Services Support Grant, previously Local Transport Services Grant and Bus Services Operator Grant (originally the Fuel Duty Rebate)

in 2015/16 and is looking to reduce a further £100k in 2016/17.

Concerning fares increases, there have been substantial fares increases above inflation over the past couple of decades, and in some places these are still continuing though some operators have lately frozen fares, e.g. Stagecoach South Wales last increased their fares in April 2014 and have held them throughout 2015.

Concerning lack of consideration when decisions are taken that affect patronage, this refers both to location of services (e.g. out-of-town business and retail parks, proposed removal of certain health-related service to new out-of-town site in Cwmbran) as well as the difficulty introducing and maintain well-designed bus priority measures.

Concerning long-term socio-economic trends, these include growth of car ownership. These trends can be overcome, especially in urban/metropolitan areas but this requires consistent transport, economic and land use policies and practice in favour of public transport.

Other reasons include

- Public transport organisation – there is insufficient network integration
- Funding stability and efficiency – a lack of funding stability makes it difficult to plan, the methods of channelling funding into industry could be improve
- Network stability – in some places the network lacks stability but where partnerships add value (such as selling college season tickets on local bus services) the network has been insulated and encouraged to grow
- No Green Bus Fund in Wales

Concerning regulatory issues, see answer to question 7.

It also needs to be realised that performance varies. In Wrexham, for example, there is no evidence of a major decline in bus use. There have been increases from 2003 to 2011, and it has remained largely stable since then with the possible exception of some small decline over the last year or so as cuts to supported services have kicked in. It is likely that areas where the economy has been in general decline and where services have actually been significantly reduced have borne the brunt of the passenger reduction.

Question 3 – what do you think is the social, economic and environmental impact of recent changes in bus and community transport service levels?

As bus services are generally more efficient in transporting large numbers of passengers, there are economic costs for Wales. Higher public transport modal share generally means less spend on transport overall which means more spend on other things. Underperforming buses are in particular weakening key economic centres which, because of their high transport demand, are reliant on good public transport. Enhanced bus services should be seen as a tool in the regeneration of town and city centres.

That bus and community transport services are not fulfilling their potential means a reduced quality of life of those reliant on buses and CT services. For example, Age Concern Cymru's study "Buses – a lifeline for older people study" describes how bus services are vitally important to older people. In many parts of Wales, supported non-commercial services are often tailored to respond to the needs of older people, yet public spending cuts mean that such life-line non-commercial services are under significant threat.

Work undertaken by the Welsh Government funded Regional Travel Planning Coordinators has also found that access to jobs can be a major particular problem for unemployed and that bus services are often the only option available – and the lack of bus services at the required times can be an insurmountable barrier for taking up some job opportunities.

There are also quite direct costs to the health and education sectors, that is health boards and education services spend more on transport than they would need if bus services were better (e.g. through poor alignment of catchment areas and with existing bus services.)

A better bus network should also lead to more trips on buses, which would mean less car journeys and a reduction of negative environmental consequences to those exposed to traffic.

Question 4 –what do you think the Welsh Government should do to support bus and community transport in Wales?

The key issues where Welsh Government could lead are funding, network integration, policy integration and sector organisation.

In terms of funding, Welsh Government should provide additional funding through an independent and secure funding stream. There should be multi-year capital allocations for bus and CT-related projects, with clear structures to ensure that benefits are maximised (e.g. peer reviews) and an independent revenue funding stream. It should be noted that this is true for councils and council funding too – further slicing of budgets will not enable support and investment in local economies and may undermine the proposed Metro system for south-east Wales and comparable initiatives in the other city-regions.

Effective network integration is an essential part of any high-class public transport system, and would benefit the buses in Wales too. With some additional funding and better organisation there is no reason why, for example, full ticketing integration as set out in the Metro proposals could not be a quick win, and be delivered within a year or so.

Welsh Government could also ensure that buses and community transport are properly considered in wider decision making (e.g. in economic development and enterprise zones, in spatial planning, in the set-up of health services and education) and that there are mechanisms that ensure that the implications on the public transport network are sufficiently weighted in decision making.

The Welsh Government should also ensure that there are separate bodies/body focussing on public transport strategy and leading on delivery – as set out in our response to your consultation on an integrated city-region transport network. This could be regional bodies or a single national body or a mixture, and whilst there are options for set-up / structure / framework, there is no example of a successful public transport system without such a body. Such a body, once established requires organisational stability, a certain medium term funding stream, a partnership approach and the ability to administer funding more efficiently. (The current system of WG-operators-council working groups and WG-led delivery does produce some results, but is not very effective and on its own is not efficient. It should be noted that such bodies/body would be expected to lead and coordinate, with day-to-day delivery to continue with councils and operators. It should further be noted that Traveline Cymru is already undertaking some of the functions that such a body would be expected to lead on.)

Concerning regulatory issues, see answer to question 7.

Question 5 –what do you think Welsh local authorities should do to support bus and community transport services?

As stated above, councils should also provide additional funding. It must be noted though the current financial environment makes it extremely difficult for councils to dramatically improve performance. One option that may be worth reviewing is to ring-fence council bus / public transport expenditure.

The South East Wales Transport Alliance had develop an outline framework of how to improve performance through regional strategies, whilst still taking account of local circumstances but was

not provided with funding to progress many of the aspects of the work.

In terms of bus quality, this work has been carried forward in south east Wales, and an outcome based quality standard system has been introduced as part of the Bus Services Support Grant (BSSG) process in the region which incentivises operators to improve standards. However because of funding cuts and corresponding reductions in mileage in the more urban areas, the pence per kilometre payments for the highest quality operators are actually lower in 2015/16 than for all operators in 2014/15, which somehow dampens the systems' ability to turn funding into quality improvements. Additional funding for bus quality should be ring-fenced.

Some councils look to incorporating bus service improvements (infrastructure and services) in travel plans (e.g. Wrexham), and this is an area where others could follow and us to improve services.

In practice councils can also have discussions with bus operators and make suggestions that can influence commercial service provision to some extent. However, without adequate funding this is more difficult.

Question 6 - what do you think about proposals to devolve bus registration powers to Wales? How should these be used?

In our view the Traffic Area Office dealing with Welsh bus service registrations in Leeds is not fit for purpose. A new system for Wales could see Traveline Cymru become owner of all registration data, which would improve the quality of information provided, efficiency of data management and may enable better coordination of information provision between Traveline Cymru and councils. However to enable Traveline Cymru to undertake this work would require it to be more financially and organisationally stable. Furthermore, new powers are not actually required to deliver this objective, as it could be achieved through the BSSG process. We note that the Traffic Commissioner for Wales is also in favour of such devolution.

Question 7 – please tell us whether you think further powers to regulate the bus industry in Wales are required and why?

In our view the regulation of bus services is not currently biggest obstacle to improved bus and CT services.

It must be noted that regulation is a tool to achieve other objectives such as better quality, integrated ticketing / fares, higher frequency, better evening/Sunday services, management of competition, network stability, etc., and that there are alternative delivery mechanisms that can also deliver many of these objectives.

For example, improved quality could be delivered through BSSG quality standards, though more funding would be needed to do this (see question 5).

For the other objectives it is more difficult to see how they can be delivered in the current regulatory environment without more funding, for example frequency enhancements.

Some existing alternative delivery mechanisms, such as Quality Contracts, are in our view not workable in the current organisational and financial framework in Wales. Full franchising and a more regulatory framework is likely to require substantially more money than is currently being provided by WG or councils at the moment.

A partnership approach as exemplified in South Yorkshire, can also deliver such objectives, and whilst it would still require some additional funding, it should be less. Partnership though still requires a two way approach – while operators are investing in new buses and services, Welsh Government and councils must deliver infrastructure and other projects as set out in questions 4 and 5.

It should though be noted that further powers to regulate the bus industry does not need to mean (and should not mean) going back to the pre-1985 system or adopting a London-style system. Any change in the regulatory framework should allow a range of approaches to be applied in partnership by Welsh Government, councils, operators and public transport agencies working together. As current performance varies across Wales, and indeed the needs and requirements of bus and CT services differ across Wales, there is no one-size-fits-all system. Where bus operators act in their own interests without considering the overall picture, some influence over the commercial bus network could indeed be helpful.

Furthermore, additional regulatory powers on their own will have limited impact, but with increased funding and partnership working will support (and improve the impact) of other proposals set out in question 4.

Question 8 – what other action can be taken to ensure that bus and community transport services meet the needs of people in Wales?

Delivery of integrated ticketing now should make a noticeable difference, though there are examples where this has stalled in multi-operators corridors due to resistance of the individual operators

Please tell us anything else you would like to mention this topic, thank you for contributing to our inquiry.

There appears to be a suggestion that bus operators in Wales currently enjoy very high profit margins – e.g. the Public Policy Institute for Wales’s report on “A Fare Deal? Regulation and Financing of Bus Services in Wales” states that operators were “earning monopoly rents” and enjoy “supernormal profits”. We do not believe this to be the case. The TAS Bus Industry Monitor shows that profit margins for the largest operators are on average substantially below the UK average.

Agenda Item 4

Cynulliad Cenedlaethol Cymru
Y Pwyllgor Menter a Busnes

National Assembly for Wales
Enterprise and Business Committee

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Gwasanaethau Bysiau a Thrafnidiaeth Gymunedol yng Nghymru	Bus and Community Transport Services in Wales
BCT 48	BCT 48
Comisiynydd Traffig dros Ardal Drafndiaeth Cymru	Traffic Commissioner for the Welsh Traffic Area

Consultation questions

Question 1 –How would you describe the current condition of the bus and community transport sectors in Wales?

There are over 800 bus and coach operators registered in Wales with a combined authority to operate over 6000 vehicles. Wales accounts for 9% of PSV operators in Great Britain, a similar number to the West Midlands Traffic Area. The average number of PSV discs issued per operator is 7.7, this compares to 8.7 in the West Midlands and a GB average of 10.5.

The composition of the PSV industry in Wales features a significant portion of small family run businesses. These businesses are often the first to suffer in times of falling patronage or when exposed to an unlevel 'playing field' as a result of a lack of enforcement. My annual report of 2014-15 highlights some of my concerns in this regard.

<https://www.gov.uk/government/publications/traffic-commissioners-annual-report-2014-to-2015>

In 2014-15 I held 29 public inquiries into existing PSV licence holders. My findings in 13 of these cases were that the level of non compliance was so severe that it was appropriate to revoke the holder's operator's licence. These cases have been identified with the relatively low level of enforcement. It is likely that increases in the resources available to the enforcement agencies would lead to more licences being revoked and prevent the holders transporting members of the public in unsafe vehicles.

With regard to local bus services, only 23% of these licence holders run services which is a comparable figure to the rest of Great Britain. In 2015 there were 1483 live bus registrations in Wales. Many of these services will cover the major urban areas and the majority will be operated by major bus operator groups such as Stagecoach and Arriva or smaller independent operators such as Cardiff City Transport. It should be noted that the so called 'big five' bus operators, Stagecoach, Arriva, First, Go Ahead and National Express have a much smaller presence in Wales compared to England and Scotland.

Since 2010 there has been a small reduction in the number of operators and vehicles authorised. Of bigger concern is the reduction of local bus services from 1866 in 2010 to the 1483 registered today. More detailed analysis of the type of services affected is not possible but the loss of services will mean that communities are no longer served by good public transport. It should be remembered that this reduction is of entire services rather than just individual journeys.

Again there is a general lack of enforcement of bus services across Great Britain. As a result of an initiative to improve the enforcement of bus services the Driver and Vehicle Standards Agency replaced the network of c17 Bus Compliance Officers responsible for on-street monitoring of services in 2011 and replaced them with a wider network of Bus Operator Account Managers who are also dedicated vehicle or traffic examiners. There was no increase in man hours spent on bus compliance. Rather than on-street monitoring of services the emphasis changed to meeting operators and assessing their systems. The effectiveness of this approach is debatable and DVSA are currently piloting a new approach using the operator's own monitoring evidence.

To the credit of the Welsh Government a decision was taken to retain the three former DVSA Bus Compliance Officers in a part time capacity within Bus Users Cymru. This approach does allow for on-street monitoring to continue but obviously with only three people covering the entirety of Wales it only allows for reactive monitoring of services when complaints are received. This level of monitoring did not create a single public inquiry case in 2014-15 down from five the previous year. The positive to take from this is that none of the reports I received from either the DVSA or Bus Users Cymru were severe enough to take action against the operator under the Transport Act 1985 and the guidance issued by the Senior Traffic Commissioner.

A further positive feature of the Bus Users Cymru activities is that the experienced specialist bus monitors are well respected by industry and in the event of a serious complaint can intervene promptly to address problems. The quality of services in Wales is better as a result of the specialists funded by the Welsh Government.

The use of the term community transport sector can be ambiguous. Permits are issued to 'not for profit' groups to enable them to provide transport services for 'hire or reward'. There are two types of permits issued under the Transport Act 1985; Section 19 Permits and Section 22 Community Bus Permits.

The legislation governing these permits is vague and there are several hundred bodies who are permitted to issue Section 19 permits in Great Britain. These range from local authorities to organisations, such as, the British Olympic Wrestling Association. This diversity of issuing bodies makes it more difficult to achieve consistency and increase competence in the sector, although the Community Transport Association does provide very good advice for its members.

Section 19 permit holders cannot carry members of the general public. The groups holding permits include educational bodies, voluntary groups or dedicated Community Transport Groups supporting defined sections of society or geographical areas. Although many of these groups carry out good work on behalf of the community, competition issues can arise as they do bid against licensed PSV operators for contracts and are usually more competitive as a result of lower costs. This is a source of concern to PSV operators who see permit operators as less regulated and stretching beyond the remit that they were initially created to fulfil.

This opposition has resulted in a challenge from PSV operators to the European Union and the issuing of an Infraction Notice to the UK Government as a result of UK legislation not being aligned to EC Regulations. DfT officials are currently working with stakeholders on what revisions should be made to UK legislation

regarding permits and it is essential that the Welsh Government is represented in these discussions.

The vagueness and lack of effective enforcement provisions in the law relating to permits has meant that there is very little enforcement, it is ineffective and this has led to abuses.

In England there are several Section 19 permit holders that operate a large number of vehicles and are being awarded a number of Local Authority contracts. Wales does not have any community transport groups of a similar size and I have had no specific complaints regarding those Bodies operating under the permit system, contrary to the West Midlands where I have received complaints. This may suggest that the balance is in greater harmony in Wales.

The law relating to the issue and grant of permits is in urgent need of a thorough overhaul as it is not fit for purpose. The paucity of regulatory action does not reflect a good compliant sector, instead it is a result of considerable difficulties in effective enforcement within the existing legal framework. In fairness to the Community Transport Association, of the various entities that have power to issue licences, it is the most effective, I confirm that I consider that it has better oversight than the existing traffic commissioner arrangements. Ineffective enforcement has been a contributory factor in the financial disadvantages suffered by good, compliant PSV operators. I suggest that this contributes to the rationale for the legal challenge by the PSV industry.

It is not yet clear whether the UK Government will seek to legislate as a result of the EU Infraction Notice. For this reason the Welsh Government might seek to have this power devolved so it can ensure that the community transport sector is run in an effective manner that suits the needs of the people of Wales.

The number of Section 22 community bus operators remains small in comparison to PSV local bus service providers.

Question 2 – why do you think the number of bus services and the number of bus passengers is declining in Wales?

Undoubtedly one major cause of this is the reduction of the public subsidy for operators to run loss making local services. The level of public subsidy available for public transport is a matter for the Welsh Government and local authorities but it is often smaller, more remote communities that are worse affected.

Poor reliability of services, increasing fares and increasing car ownership will all have an impact on passenger patronage.

Other respondents may be able to give a more detailed insight into the level of the

average fare rise and how that may have affected patronage and whether car ownership has increased in recent years. It should be remembered that buses often compete against all other forms of transport. This can include the obvious contenders of car, taxis and trains but also the bicycle where local authorities have installed cycle friendly road systems.

The absence of cross ticketing schemes can also dissuade patronage if it means passengers having to buy two tickets for a single journey at increased cost. This may make the car a more cost and time efficient form of transport for any given journey.

It should also be mentioned that in times of economic hardship bus patronage falls either as a result of people not requiring to travel to the workplace or reducing the leisure journeys that they make.

The reliability of services is an important motivator for using local bus services. Where services do not run to time passengers are more likely to switch modes so that their journeys to work or appointments are more reliable. In order to maintain public confidence in bus services there needs to be effective enforcement. When enforcement is minimal some operators will lower their standards to increase profits. Effective and visible enforcement helps to prevent this lowering of standards. It is essential that the appropriate level of resource is invested in the enforcement of this important industry. I remarked in my 2014-15 annual report that I was encouraged that the DVSA is to recruit in an attempt to address some of the historic staffing shortfalls in the South Wales area. It will be interesting to see what happens with the work that is likely to be referred to a traffic commissioner as a result. I look forward to being in a position to better regulate on behalf of stakeholders. Currently I have concerns that the many fine hard working family businesses and bus passengers in Wales suffer as a result of the lack of a level playing field,

Question 3 – what do you think is the social, economic and environmental impact of recent changes in bus and community transport service levels?

This is a question that is more appropriate for the political leaders or the local authorities to respond to.

Question 4 –what do you think the Welsh Government should do to support bus and community transport in Wales?

The existing PSV legislation is often confusing and contradictory in its objectives. The devolution of operator licensing and bus registration matters would allow the Welsh Government to reshape the legislation to resolve these issues and ensure that it can respond to local transport issues.

The Welsh Government already provides additional assistance for the monitoring of services and the devolution of BSOG allows for the Welsh Government to create legislation or guidance that more effectively targets the public funds available to provide bus services.

As outlined in my answer to question 1 above, there is a strong case to review and reform the law relating to community transport. If this were undertaken on an England & Wales basis, that should address the needs of Wales. However, reform of community transport in Wales might be easier if the function were devolved.

Question 5 –what do you think Welsh local authorities should do to support bus and community transport services?

In these times of increasing restrictions on the financial resources available to local authorities it is understandable that the subsidy for bus operators is reduced. Local authorities should consider whether they are currently working with operators in an effective manner and consider whether the existing provisions for partnership schemes (both voluntary and statutory) are being used to maximum effect. A properly constructed Quality Partnership Scheme would allow greater local authority participation over the routes and services without necessarily increasing the subsidy in support. It could also enable better use of cross ticketing schemes and other ‘soft measures’ that enhance passenger experience.

Legislation also allows for the regulation of bus services through the implementation of a Quality Contracts Scheme. A QCS scheme could enable the local authority to decide what services are provided in an area, paying a subsidy to the successful bidder for loss making services or receiving a premium for profitable routes. Or, alternatively, the local authority can take the increased risk of receiving the revenue from the services.

Despite being available to local authorities since the Transport Act 2000 and made easier in the Local Transport Act 2008 only Nexus (on behalf of the North East Combined Authority) has made an official request for a scheme to be considered. The report of the QCS Board was released on 3 November 2015 and highlighted a number of areas where the re-regulation of the bus market under current legislation would prove difficult. For your benefit I have attached the summary of the report and the Appendix 3 that sets out some of the issues in greater detail. A copy of the full report can be accessed at –

www.gov.uk/government/news/qcs-board-publishes-report-on-tyne-and-

wear-scheme

Any move for Local Transport Authorities in Wales to implement a QCS will result in an increased challenge from operators and there are a number of implications, not least on legal challenges. In the case of Wales it should be recognised that a distinctive characteristic of the industry is the preponderance of family businesses, rendering any implementation of a QCS more problematic logistically, that is aside from the cost/subsidy implications.

Targeted Quality Partnerships Schemes can produce good results and I recommend politicians who are reflecting on QCSs to study the extent of and success of the partnership approach in the West Midlands controlled by Centro. Centro introduced a Statutory Quality Partnership Scheme in 2012 following extensive work with the local operators and this has brought benefits to all parties involved in public transport in the centre of Birmingham. It is also open to Local Transport Authorities to enter into voluntary partnership arrangements with operators and this has proved to be successful in a number of areas.

Consideration may also be given on whether Wales would benefit from the creation of an Integrated Transport Authority (ITA) in urban areas currently under the control of several individual authorities. ITAs could deliver a more coordinated approach in the provision of transport in an area across all modes and would give authorities a stronger negotiating hand with the operators of services.

Question 6 - what do you think about proposals to devolve bus registration powers to Wales? How should these be used?

The move to devolve bus registration powers in Wales has my full support. Bus services are local issues and need to be resolved locally. The staff supporting my role in Leeds have little practical knowledge of the networks and infrastructure of Wales. The lack of adherence to the requirements of the Welsh language legislation is a feature that I have raised consistently and the devolution of bus registration in Wales is the most effective means of addressing this.

Devolution of bus registration powers would enable the Welsh Government to consider whether services should continue to be registered with the traffic commissioner or whether another body would allow greater benefits or 'added value'. PTI Cymru currently provide information that is of a greater detail than that required by legislation to be supplied to me. It should be considered what the benefits that may be realised by placing the requirement on bus operators to provide the registrations to PTI Cymru, whilst retaining the role of the traffic commissioner to regulate the compliance of the services. Consideration is being given to moving bus registrations from traffic commissioners in England, I support this approach as others are better equipped to undertake the task.

The Electronic Bus Service Registration system (EBSR) has been in operation for eight years but take up by operators is stubbornly low. Stagecoach and Arriva services are registered using EBSR but few other Welsh operators use the system. The benefit of the system includes the more efficient transfer of bus registration information between operators, local authorities, PTI Cymru and the traffic commissioner. The provision of better information benefits the passengers and could help to increase patronage. Although DfT is keen to encourage the wider use of EBSR the devolution of powers enables the Welsh Government to consider its own strategy that could include making financial incentives available to the operators who use EBSR encouraging increased take up, e.g. a reduction in the registration fee. An obvious option would be to set a relatively high standard fee of £x with a heavy discount to £y for a registration that was: (a) undertaken promptly and in good time; and (b) met service standards to be set by the Welsh Government. Service standards could include effective communication with the relevant local authority – and - use of electronic communication clearly showing all requirements.

Question 7 – please tell us whether you think further powers to regulate the bus industry in Wales are required and why?

The extent of further regulation is a political decision that I should not comment on.

Question 8 – what other action can be taken to ensure that bus and community transport services meet the needs of people in Wales?

Please tell us anything else you would like to mention this topic, thank you for contributing to our inquiry.

The role of the traffic commissioner in Wales is different to the other areas in Great Britain as it is the only traffic area that does not have its own dedicated traffic commissioner. I refer to successive annual reports with consistent references to the outcome being in Wales being lower safety standards.

I am seeking a meeting involving interested parties as the existing triennial review of traffic commissioners for Great Britain provides an opportunity to address longstanding issues.

Summary of the QCS Board's Opinion

10.1. This is the first time that the 15-year-old legislation supporting Quality Contract Schemes has been put to the test. It seems to us, that the legislators probably had in mind that it would be tested in a rather smaller scale first. The scale of the Tyne & Wear proposal is large. The proposal is enormously ambitious and could, if delivered successfully and the risks don't materialise, provide Tyne & Wear with a transport system unrivalled in Great Britain outside London.

10.2. By its very nature, virtually everything that Nexus was trying to assess was a novel intervention. There was little, if any, truly relevant research for them to draw upon. It is the Board's view that they have done exceptionally well to get where they have got to today. It is always far easier to criticise, than to create. Appendix 3 deals with some of the learning points we have found in our consideration of the proposal.

10.3. In the VPA, Nexus can be proud that it has led three bus companies to put forward a proposal that is in itself novel and groundbreaking, with the makings of potentially effective governance allowing local citizens real influence over their bus services. From our understanding, it is likely that there will be clauses in the forthcoming Buses Bill that could allow, should they wish to, Nexus to establish greater certainty through a new version of a statutory quality partnership. It is against that very difficult background, and recognising the immense progress made by Nexus, that we set out here a summary of our findings.

Consultation

10.4. It is our opinion that Nexus fails to comply with the statutory requirements on consultation set out in Section 125 of TA2000. This is primarily because the representation of the difference in scale of benefits between the QCS, and the VPA in the formal consultation document was such as potentially to mislead respondents and we saw evidence respondents had been so misled¹.

The public interest test criterion

10.5. Nexus did not apply an optimism bias on top of its modelling of the four specific risks chosen. We saw that the risk contingency was likely to be spent on 31% of possible outcomes. An optimum bias should have been applied on top of this risk contingency. There is therefore a likelihood that the scheme will run out of money. There is a further cash flow issue in the early years. For those reasons, the Board is not convinced that the scheme is affordable and, on that basis, we cannot conclude that it will lead to an increase in the use of bus services and it is our opinion that the requirements of Section 124(1)(a) TA2000 are not demonstrated.

¹ For example, see paragraph 4.19 above

10.6. We are satisfied that service quality would improve compared to the *do minimum*. In our opinion, section 124(1)(b) TA2000 is satisfied.

10.7. We saw how the QCS would contribute to local policies and strategies. In our opinion, section 124(1)(c) TA2000 is satisfied.

10.8. The effectiveness of the QCS has been significantly overstated due to errors within the modelling. In particular, Nexus attributed benefits associated with simplified ticketing to passengers who did not buy a ticket. We reject, as reverse engineering, the latest version of events that simplified ticketing and customer charter were simply a proxy for a wider package of benefits. That assertion is not supported by any of the core documentation of the scheme. It is our opinion that Section 124(1)(d) TA2000 is not met.

10.9. The proposals generate negative cash impacts on the three existing operators in the range of at least £85 million to £226 million. The mean of those figures is significantly in excess of the net present value of benefits likely to be delivered by the QCS. The sheer scale of those figures is such that they will do real harm to the existing operators. The Board is firmly of the view that Parliament never had in mind that the introduction of a quality contract scheme would lead to cash impact on businesses of the order of hundreds of millions of pounds. In addition, the benefits that could be delivered by the VPA are of similar orders of magnitude to those delivered by the QCS. In fact, in cash terms as modelled, they are greater but we accept that the governance arrangements for the QCS are superior, at least as the VPA is currently defined. We have no hesitation in concluding the negative impacts on the operators are wholly disproportionate to the benefits accruing both to the travelling public in Tyne & Wear and the well-being of the wider citizens. It is our opinion that Section 124(1)(e) TA2000 is not met.

Lessons learned relevant to wider franchising proposals

Note – this Appendix is not part of the Board’s formal opinion

Introduction

1. This is the first time that any local authority has taken advantage of the legislation to seek to introduce a Quality Contracts Scheme. Since the start of the proposal, and particularly very recently, there has been much discussion, and in some areas progress in agreements to devolve powers, funding and responsibilities to authorities (as in the case of Cornwall) and to combined local authorities usually based on recognised economic areas or city regions (as in the case of Manchester Combined Authority, North East Combined Authority and Tees Valley). Some of the devolution deals include powers to franchise bus services in the area within a broader package to tackle the barriers to economic growth in those regions. It is possible then that this could be the only example of testing Quality Contract proposals against the criteria and that future proposals will take some form of franchising in a variety of situations.

2. Whatever approach is pursued to seek changes in the operation of bus services in the future, this Board considers that there are valuable lessons to be learnt from this QCS process which has now taken three years and involved a great deal of public and private investment in time and money. The following thoughts and suggestions are not seen as an exhaustive list of lessons to be learnt but merely some helpful ideas to help others involved in discussions or proposals to change the way bus services are provided in their area. They are grouped into a number of themes but there are strong links between the themes and the suggestions that follow and the reader is recommended to consider the appendix in the round.

Initiation, funding and subsidy

3. In a Foreword to a recent book on London’s Buses, then Commissioner of Transport for London, Sir Peter Hendy commented “*Public transport in a major city properly designed to cope with the peak flows of people to jobs creating wealth, education, healthcare and leisure, consumes public subsidy..*” (emphasis added). The QCS in Tyne and Wear was driven by the need to protect services in the light of reducing public sector funds. Whilst a laudable aim, any such approach has inherent conflicts. A more positive approach would be to identify where enhancements to bus services would eliminate constraints to enhanced economic growth and well-being, develop an enhancement plan to the point where incremental costs began to outstrip incremental benefits, and thus identify a subsidy requirement for a new network. An appropriate procurement structure might then be more readily apparent.

Process of development and assessment

4. There were many things which contributed to the lengthy timescale for this QCS proposal and which, in the Board's view, could have been reduced. All the way through the process, the Board has had to consider differing views on the information, assumptions and guidance and as the report shows in some areas we can see a range of outcomes that seem equally to be right. One of the key problems was that, even with the offer of confidentiality agreements, important base information was not made available to Nexus at the start of the process.

5. The economic advisors sought to achieve common ground as far as possible over a considerable period of time. In fact, a further error was conceded (in relation to risk modelling) only a few days before the oral evidence sessions began. It's notable that the statement of common ground was dated 10 July – the Friday before the hearings began on Monday 13 July. In addition it was well into the process before there was an opportunity to openly debate and constructively challenge the views of all parties. As a result it is suggested that the following is considered

- There should be a staged, independently scrutinised, approach to the process of development and assessment of any proposal. This staged process would require agreement at each stage before progression to the next stage.
- The first stage may agree the scope of the initiative and the area to be covered. This would, for example, examine the relevance to the proposal of LA boundaries, the recognised economic area, and travel to work areas. Approval at this stage may place an obligation on parties to make relevant data available to the local authority on a confidential basis. We recommend that obligation is statutorily defined and includes information on patronage, ticket sales and fare box revenue at an individual route and time basis). A further stage would involve agreement to the intelligence from the data and parameters/forecasts to be used.
- The independent scrutiny should be supported by independent expert capability and the costs borne by the sponsor of the proposal.
- In addition to economic experts, experts in accountancy, procurement contracting, commercial bus operation, and public sector bus network planning should be called upon
- The independent scrutiny process could continue following the introduction of a scheme with annual scrutiny review of progress in delivering outcomes/ adequacy of governance arrangements etc. This could usefully include a SWOT analysis.
- It is recommended that advice be developed on an appropriate staged process for future proposals.
- There should be an agreed process for changes to the existing bus services once the project development/scrutiny process has started.

Scope

6. The remit and functions of the Quality Contracts Scheme Board are governed by the statutory provisions contained in the Transport Act 2000 and the associated Quality Contracts Schemes Regulations. Further insight is provided by the Statutory Guidance. In short the issues for the Board were twofold:

- i. To form an opinion whether the proposal meets the conditions of the public interest test, and
- ii. To form an opinion on whether the consultation complied with the requirements.

7. It is the Board's view that scrutiny of any future proposals should enable a wider view than the QCS Board remit allows. Any assessment must be more about how the proposal will contribute to tackling the key issues of the area e.g. local economy, accessibility to employment etc on a more subjective basis, supported by, rather than potentially constrained by monetary benefits. Whilst it may appear that Criterion B, contribution to local policies, addresses this, its scope is strictly limited to simply whether or not the proposal does more than the *do minimum*.

8. The Board encouraged an inquisitorial approach to the process but it was inevitable with the scale of financial implications possible for all parties that a more adversarial approach to the process emerged. However it is acknowledged that many of the errors identified may not have been uncovered without an opportunity to independently challenge. We recommend:

- The adoption of an independently scrutinised, staged approach to the process as outlined above could encourage a more inquisitorial and less adversarial and less academic approach.

Guidance

9. The statutory guidance for quality contract schemes suggests that LTAs may wish to refer to the Department for Transport's extensive guidance on transport scheme appraisal found in the WebTAG documents. The QCS guidance also states that compliance with this guidance is not a legal requirement, but it may assist LTAs in preparing a high-quality and persuasive assessment of different impacts that might arise from their proposed scheme. All parties agreed that use of the guidance in WebTag (and documents that had informed WebTAG such as the Aecom report - The Role of Soft Measures in Influencing Patronage Growth and Modal Split in the Bus Market in England) was appropriate and helpful.

10. WebTAG has been shaped over many years essentially for the development and evaluation of capital transport schemes, both highway and public transport. The Quality Contract proposal is different. There is not a large up front capital cost. There is an ongoing stream of contract costs to be judged against potential fare box revenues for the scheme proposer and real financial implications for operators to be

assessed. The Board found that, because it was not developed for this kind of project, the guidance was in some cases not helpful and encouraged different views to be taken on key issues. As a result the Board recommends:

- The appraisal process must be more about sensible judgement and less about the minutiae of economic/statistical factors.

Flexibility

11. The July 2013 consultation document explains in section 2.10 the development of the QCS proposal. During 2011/12 Nexus developed an initial QCS proposal based on a theoretical bus route network which it considered might, if implemented, deliver enhanced social and economic benefits across the region as well as delivering enhanced patronage levels. Nexus recognised however that this proposed route network did not reflect the current network in actual operation across the region. Following informal dialogue with Operators and other stakeholders on the untested route structure, Nexus decided to abandon the first proposal and develop a QCS based on the current route structure in day to day operation.

12. The proposed QCS therefore assumes the bus network as it exists and contracts for bus services across that network for a minimum of 7 years with the potential to extend to 10 years (the life of the QCS). Within the QCS, there is scope to vary the contracts but this does not give the opportunity for reducing services or for radical change. The collection of new data from day one of the QCS or for any other proposal would enable planning for network changes to follow a settling-in period. This suggests that any rationalisation proposals could be contemplated much sooner than 7 years. We therefore recommend that:

- Consideration should be given to a mixed approach with 3,5,7 year contracts (with the option to extend a further 2 years). The shorter contracts could be those where it appears there is scope and need for early change e.g. for rationalising main corridors, optimising the network to reduce costs, stimulating demand by increasing frequencies and/or widening the service day, developing routes which are not constrained by historic operating areas, or improving accessibility to employment, education, retail and leisure.
- Mix contract lengths and starting dates would smooth out the demands for contract renewal.

Risk

13. It is well understood that the drivers of risks can be financial, operational and strategic, influenced both internally and externally. The identification, quantification and management of risk in the development, assessment, introduction and monitoring of the QCS proposal is a subject that has engaged the Board throughout this process. There are some obvious key risks such as the way in which the Tyne & Wear QCS proposes the shift of an enormous financial risk from the private sector to

the public sector but there are many other key risks that impact both positively and negatively on the potential success or otherwise of the proposal.

14. The QCS as proposed essentially moves the majority of the financial risk for operating services from the private sector to the public sector. Under the proposed QCS Nexus will put the main group of services out to tender in 11 lots. Operators will consider the lots and submit bids to operate the services in each of the 11 lots for contracts of 7 years duration and the possibility of extension to ten years. Operators would bid on the basis that Nexus would retain all revenue from fares collected.

15. The financial risk of meeting the contract cost during the lifetime of the contracts would be with Nexus. Alternative forms of a QCS could be considered that retained the key features considered vital to securing the benefits and which would leave the majority of the financial risk with, or shared with, the operators. Contracts could be let on a subsidy /premium basis or a mix with Nexus taking a proportion of the risk.

16. The capacity and capability of an organisation to develop and take forward a project that is possibly larger and different to its core functions may require additional and new skill sets. These additional and new skill sets may be within the organisation itself or provided by experts contracted to support it. The Board has suggested in this Appendix that the scope of assessment of such proposals should also look at the broader economic issues of the area and the big picture and the skills need to be available to do this. This would also reinforce the value of an intelligent client function.

17. In addition the persistent risk management problem, that of over-optimism and unrealistic expectations, referred to as optimism bias has also exercised the board in this process. It is recognised that the risks associated with optimism bias and therefore the allowance can be reduced as more is known and agreed in the development of a project. The process adopted for this project, which meant that independent challenge or scrutiny took place sometime after the publication of the proposals, meant that it was difficult to readily identify the level of optimism bias that should be allowed in the risk contingency. The Board considers that the staged scrutinised approach to such a project would allow an appropriate and proportionate approach to optimism bias to be adopted.

- Adopt an appropriate and proportionate application of optimism bias within the proposed staged scrutinised approach to project development, assessment and approval.
- Carefully consider the capacity and capability and skill sets needed to develop and deliver such projects.

Proportionality

18. Proportionality in the context of a QCS or franchising is a subject that the Board consider could benefit from clarification in law, in particular, in considering the adverse effects on operators against the relevant benefits. The QCS is novel and is

unlike a conventional transport project. It is the Board's understanding that in a conventional transport project the possible adverse effects on individuals, communities and businesses are identified and where possible quantified. This QCS involves a significantly different set of effects.

19. The statutory QCS guidance recognises that it is inevitable that there will be a degree of subjectivity associated with this where the adverse effects on one group need to be weighed against benefits that accrue to another. The guidance also suggests that it would be appropriate to attach different weight to different benefits and adverse impacts. The difficulty in the context of this proposal is weighing up whether the notional benefits gained are proportionate to the real financial adverse effects to be experienced by the operators, not least where pension schemes are affected. In view of this, the Board recommends:

- Legislation enabling franchising should specifically address the issue of proportionality of financial loss of bus operators. It may be that some form of compensation is considered appropriate.

Bus and Community Transport Services in Wales

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Gwasanaethau Bysiau a Thrafnidiaeth Gymunedol yng Nghymru	Bus and Community Transport Services in Wales
BCT 09	BCT 09
Traveline Cymru	Traveline Cymru

Consultation questions

Question 1 –How would you describe the current condition of the bus and community transport sectors in Wales?

Our role is one of providing public transport information; we do not think we are in a position to comment fully on this question.

However our work load is influenced by changes to the bus service network and its accompanying infrastructure; we have seen many changes in recent years including large scale bus station redevelopments, and wholesale bus network changes as operators refine their networks in light of economic priorities and local authorities reduce their subsidies to ‘supported’ services. One might describe the bus sector therefor in recent years as changeable.

Question 2 – why do you think the number of bus services and the number of bus passengers is declining in Wales?

From the perspective of information providers we have seen a reduction in the number of bus services on our systems from 1,412 services in 2010 to 1,091 on Sept 29th 2015

We understand that to be as a result of consolidation of services by some operators, a reduction in local authority support for socially necessary services and more stringent commercial route viability assessments by operators. A consequence of fewer services, might inevitably lead to fewer passengers.

Question 3 – what do you think is the social, economic and environmental impact of recent changes in bus and community transport service levels?

As information providers we do not consider ourselves in a position to comment substantively on this question. However verbatim feedback from our last 2 call centre customer survey's reveals higher levels of dissatisfaction, as quoted below:-

“There wasn't a bus when you needed one”

“They (agents) can't improve but fare's should be reduced”

“Nothing wrong with 'call just lack of Sunday service”

“They were very helpful with a route but the buses don't run frequently enough for my requirements”

“The bus times aren't as frequent (The X91)”

“the person was lovely, the bus service isn't good”

“the telephone call was perfect but the timetable was appalling”

Question 4 –what do you think the Welsh Government should do to support bus and community transport in Wales?

We believe that Welsh Govt might do more to ensure more consistent and effective provision of public transport information at street level, by using / creating powers to require local authorities to offer a minimum standard consistent across Wales. We have argued this before in evidence to Public Transport Users Committee and others.

Question 5 –what do you think Welsh local authorities should do to support bus and community transport services?

We believe that local authorities should do more to market the availability of bus services in their area perhaps by partnership working with operators and others. In the same way that for instance a leisure facility, local theatre or similar is promoted so that everyone has the opportunity to use it, and is aware of opening times and prices, the same should apply to bus services with operating times and fares being more widely promoted.

Question 6 - what do you think about proposals to devolve bus registration powers to Wales? How should these be used?

This is an area which could directly affect our role and we therefore make the following comments.

Traveline Cymru believes that there would be significant benefits to bus users (our customers) and bus operators (our stakeholders) if bus registration powers were devolved to Wales.

Firstly, we understand that the bus registration process, which is currently managed in Leeds, is not able to offer a bi-lingual service, and that is frustrating to bus operators. Anecdotal feedback suggests that there is an element of 'rubber stamping' of registrations and insufficient scrutiny applied – potentially causing consequential difficulties for bus users.

Secondly, the process itself involves the examination, collation and data input of timetable and other relevant information. This process is also undertaken by Traveline Cymru, who need all of the information submitted to Leeds, in order to update its systems and provide accurate and up to date bus timetable/routing information to the travelling public.

Thirdly, there is currently no requirement for a bus operator to notify Traveline Cymru of any new, cancelled or amended service. This means we are totally reliant upon operator goodwill/relationships to obtain changes in order to keep our data to the bus user as up to date as possible. By taking on the task of managing bus registrations – mandatory for bus operators – Traveline Cymru would in one stroke remove the biggest source of complaints from customers – 'not knowing what we don't know'. While Traveline could physically process bus registrations, the current legislation requires that the Welsh Government would be responsible.

We have long argued that if the bus registration process was undertaken by Traveline Cymru in Wales it would:-

1. Speed up the time taken to process registrations – with benefits to bus users and operators.
2. Offer a bi-lingual service to operators.
3. Reduce duplication of effort, ie two different organisations handling the same information, saving overall cost.
4. Keep the fee's paid by operators in Wales (£60 per registration).
5. Ensure the very best level of accuracy and up to date information is available to bus passengers in Wales.

Please see also attached a copy of our submission to the House of Commons Transport Select Committee, dated February 2014, in regard to this issue

Question 7 – please tell us whether you think further powers to regulate the bus industry in Wales are required and why?

We have no view about Bus regulation; we simply wish to have all information about any bus service made available to us at the earliest opportunity, so as to inform passengers / potential passengers.

Question 8 – what other action can be taken to ensure that bus and community transport services meet the needs of people in Wales?

We have no view in relation to this question.

Please tell us anything else you would like to mention this topic, thank you for contributing to our inquiry.

Please see attached briefing note about the role and scope of Traveline Cymru, thank you.

PO Box 83, Cardiff CF11 8TB

02920 344470

About Traveline Cymru

PTI Cymru Ltd is a company primarily funded by Welsh Government and formed as an output of the Transport Act 2000 by Wales' large Bus operators, and operates on a not-for-profit basis. Its' core purpose is to provide bi-lingual impartial travel information about all forms of public transport in Wales. It does this under the brand name Traveline Cymru by collating information from local authorities, bus, coach, ferry and train operators, and then making this information available to the public.

Traveline Cymru delivers around 2.2 million journey planning / travel solutions via its award winning website, and circa 1.4 million 'App' based travel solutions per year. The organisation has seen significant growth in demand for information over recent years and supplied a total of 3.8 million pieces of information in 2014.

We are committed to offering a telephone service in order to provide an accessible service to the people of Wales, especially those without internet or mobile 'phone access, the aurally and visually impaired and others for whom modern technologies present usability issues. The company has continually developed its bi-lingual contact centre operation in recent years, and it now delivers a high quality service on a 364 days per year basis.

The facility is based in Penrhyndeudraeth, Gwynedd and it operates from 7 am to 8 pm, 7 days per week except Christmas Day. The contact centre handles around 100,000 'calls a year for Traveline Cymru.

The facility also services other contracts including full customer service provision for Arriva Trains Wales, First Cymru Bus and Welsh language 'calls for NRES, several utility companies and the Bwcabus scheme for Carmarthen and Ceredigion councils. These contracts generate commercial revenue helping to offset the cost of the Traveline Cymru service provision.

More recently the company has taken on the role of operating the 'mytravelpass' initiative which offers discounted bus travel for young persons aged 16 – 18 yrs.

Company objectives include:-

- Providing all public transport users *one location* where they can get any information needed, both in timetable or real time format, together with printable journey plans.
- Supporting Welsh Government policies around public transport integration, improving provision of travel information and to improve customer experience of public transport services.
- Working closely with other organisations such as local authorities in order to distribute the information, thereby maximising the return on investment and avoiding duplication of expenditure and expertise.
- Marketing and promoting the availability of the travel information on a consistent and wide ranging basis throughout Wales, paying particular attention to ensuring the information is accessible to all sections of the community.

- To delivering a highly cost effective service by continual review of costs and exploiting the ever reducing costs of technology.



PO Box 83 Cardiff CF11 8TB

PTI Cymru Ltd t/a

TRAVELINE CYMRU

Evidence to:

House of Commons Transport Select Committee

'Inquiry into the user experience of Government motoring agencies'

Contents

1. **Executive Summary**
2. **About Traveline Cymru**
3. **Traffic Commissioners, Office of the Traffic Commissioner and VOSA – Bus Service Registration**
4. **Bus Service Data processing within Traveline Cymru**
5. **How to make things better for Users in Wales**

Prepared by:

Graham Walter CMILT,

General Manager

February 2014.

1. Executive Summary

- Traveline Cymru provides impartial travel information to the public about all forms of public transport in Wales. The service is totally dependent upon receiving accurate and up to date Bus service information from bus operators and / or local authorities.
- This same information is required by law to be submitted by bus operators to the Office of the Traffic Commissioner (OTC) supported by VOSA in Leeds; there is no obligation upon operators to submit it to Traveline Cymru.
- There is a significant duplication in effort which could largely be avoided if the Registration process were handled, under licence or otherwise, by Traveline Cymru.
- In so doing there are further benefits to bus operators, the travelling public, and others. These include saving money, the ability to process Registrations in the medium of Welsh, speed up the process by use of better local knowledge, and apply greater rigour to the process itself (especially with short notice changes).

2. About Traveline Cymru

- 2.1 Traveline Cymru is the brand name of PTI Cymru Ltd, a company primarily funded by Welsh Government, and formed as an output of the Transport Act 2000 by Wales' large bus operators. Operating on a not-for-profit basis, its' core purpose is to provide impartial travel information to the public about all forms of public transport in Wales.
- 2.2 In 2013 the company delivered 3.9 million pieces of travel information via different modes as detailed at 2.6 below.
- 2.3 The company operates independently from UK Traveline governance but within agreed service arrangements.
- 2.4 The company and also provides data to bus companies, local authorities and other suppliers supporting the provision of real time bus information services, bus stop and timetable information, and publically accessible information displays.
- 2.5 The Traveline Cymru service is completely dependent upon the maintenance of an accurate database which forms the basis of all public transport information provision; this database is compiled from data supplied from bus operators and local authorities in Wales (plus national rail, coach and air data). It requires constant updating as bus operators are able to change timetables at any time, subject to statutory notice requirements.
- 2.6 Demand for public transport information in Wales is growing at a very high rate. The emergence of digital and mobile technologies means that Users now expect the very latest up to date information at their fingertips, and while on the move. This trend is evidenced below:-

Information volume and modal distribution 2009 to 2013

Information Delivery Mode	2013 total	2013 share by mode	2012 total	2011 total	2010 total	2009 total
Calls answered at Contact Centre	152,283	3.9%	176,037	224,236	300,408	319,529
Texts	150,530	3.9%	151,432	174,271	146,885	106,558
Tablet / phone Apps	1,401,615	35.9%	739,382	143,511	67,206	13,296
Website derived info	2,198,412	56.3%	1,953,449	1,471,299	1,154,686	998,378
Fares via Web/App	3,475					
Total Info Provided	3,906,315		3,020,300	2,013,317	1,669,180	1,437,761

- Total Information provided increased by 29.3% in 2013, mainly driven by demand for Tablet & 'Phone Apps which were nonexistent 5 years ago.

- 2.7 Now more than ever, it is vital that information known to bus operators and VOSA is made instantly available to the traveling public via services such as Traveline Cymru and others, yet the means of obtaining such information is not supported by legislation, only voluntary mechanisms, meaning inevitable delays, duplication of effort and unnecessary costs, as set out below.

3. VOSA and Bus Service Registration

- 3.1 In practice, the Office of the Traffic Commissioner (OTC) is staffed by employees who are employed by VOSA (soon to be DVSA) but who work for and on behalf of the traffic commissioners either with regard to administrative matters or with regard to exercising delegated functions.
- 3.2 All bus operators running services in Wales have to register the proposed service, and any variations to existing services, by application to the Traffic Commissioner using procedures set out by the OTC. There is a fee of £60 per registration payable to VOSA.
- 3.2 For most, this means the completion of Department of Transport form PSV350 which is sent to the OTC's office in Leeds, who handle the registration process on behalf of the Traffic Commissioner. Operators are also required to send a copy of the paperwork to all local authorities in which the service operates.
- Often in Wales, where the service is tendered, i.e. subsidised by the local authority, and the operator is a smaller independent, the registration is completed and submitted by the local authority.
- 3.3 A properly completed registration must include a clear route description, accompanying maps and a full timetable. It should be submitted on time, ie, **at least fifty six days before** the proposed commencement date, or if late, must be supported by letter from the relevant local authority endorsing the reason for the late submission.
- 3.4 An electronic means of registering services (EBSR) was introduced a few years ago. This process was meant to simplify the procedure, offer efficiencies and speed up the process. However the system is not perfect, and take up generally has been slow.
- 3.5 We understand that there is currently no provision for the registration paperwork to be submitted via the medium of the Welsh language, nor any provision for dealing with subsequent telephone conversations between the bus operator and the OTC in Welsh.
- 3.6 We further understand that the Traffic Commissioner for Wales has previously commented that due to the lack of local knowledge there have been complaints from users that services were registered from "ysgol to ysgol", or "school to school" for example; demonstrating – from a Welsh operator's perspective – a frustrating lack of local knowledge. There being many schools in Wales, the registration was of limited value.
- 3.7 Further, there is plenty of anecdotal evidence that in many cases, detail submitted fails to reach the minimum level, requiring OTC officials to contact operators directly; anecdotal evidence suggests that this is done to save time, when documentation should be returned for correct submission.
- 3.8 Other noted concerns are that due to limited staff resource in Leeds, registrations are "rubber stamped" without being properly scrutinised. It is widely accepted that the issue of late / short notice registrations is largely ignored. Operators are required to give 56 days' notice to OTC in the event of a variation to or withdrawal of a service. This is to ensure, amongst other things, that passengers are given adequate notice. Statistics held by Traveline Cymru show that for 2012, 95 of 1,248 registrations were received by Traveline Cymru **after** the service change date, let alone 56 days prior to

it. This leads to frustration by the travelling public and adds to misconceptions about public transport reliability.

4. Bus Service Data processing within Traveline Cymru

4.1 As set out above, in providing a comprehensive public transport information service, Traveline Cymru requires information from the bus operator about every service operated, and every change made to existing services. In other words the company requires sight of everything the bus operator is legally required to submit to OTC at para 3.3 above.

4.2 However, Traveline Cymru has no legal entitlement to receive bus operators' statutory registration documents, including changes and variations.

4.3 Instead, copies of the Registration form PSV350 are often obtained from the local authority or operator via voluntary arrangements. Where these fail, other more creative yet time consuming measures are taken to establish up to date information.

Because the accuracy of the Traveline Cymru service is wholly dependent upon local authorities and operators sending copies of registration details; when these are not made available inaccurate timetable / journey planning information is be provided to the public.

This system is not robust enough and it is often the case that 'we don't know what we don't know'.

4.4 Complaints about inaccurate data provided by Traveline Cymru are highly visible, leading to missed journeys and upset customers; in 2013 there were 80 data related complaints.

4.5 Traveline Cymru is in effect handling the same document from a bus operator as the officials in Leeds, and extracting largely similar information from it; this is a duplication of effort that could be avoided thus reducing cost to the public purse.

5. How to make things better for Users in Wales

5.1 In this context we define 'Users' as public transport users, potential users, local authorities and other parties displaying timetable / journey planning information.

5.2 Following investigation work carried out in 2011, Traveline Cymru believes that there would be real benefits in their undertaking the processing of bus service registrations for the Welsh Traffic Area on behalf of, or in the place of the OTC in Leeds. These benefits include:-

- Improving the quality public transport information for Users.
- Improving scrutiny, checking of route geography and timetable logic and accuracy.
- More robust approach to incomplete or most importantly, late registration content.
- Reduced turnaround time from receipt of service registration to availability of information for the public (and other stakeholders).
- Processing of registrations in Wales, with local knowledge and most importantly via the medium of the Welsh language.
- Removing significant duplication of effort in data capture activity.

- Saving money for the tax payer.
- 5.4 Traveline Cymru is also deploying new IT systems to improve the position for Wales by minimising internal registration processes and improving the depth and quality of data. Relocating the service registration process from the OTC in Leeds to Traveline Cymru would place the starting position of the data supply chain where it can best support Welsh public transport information needs.
- 5.5 In our view the simplest way of migrating the handling of registration processing from the OTC in Leeds to Traveline Cymru would be to negotiate with OTC, VOSA, DfT, and the Traffic Commissioner for the Welsh Traffic area, to undertake this activity on the Traffic Commissioner's behalf under some form of licensing arrangement.
- 5.6 Alternatively, it might be possible to promote changes to the legislation for Wales allowing the activity, and possibly other related public transport regulation activities to be brought under the direct control of the Welsh Government.
- 5.7 The approach at 5.5 does pose some difficulties that would need to be addressed including:-
- Obliging operators to submit their registrations to Traveline Cymru instead of the OTC. This may be comparatively simple, or achieved by redirection from Leeds, but it is not reflected in the current legislation.
 - Ensuring Traveline Cymru staff are legally entitled to bear delegated responsibility for aspects of registration processing, currently reserved for 'servants of the Crown'.
 - Finding acceptable and affordable systems solutions providing the link and necessary integration between Traveline Cymru and the OTC.
- 5.8 If undertaken within the framework of a broader change to legislation (see 5.6), the process of migration would be simpler, the systems implications less onerous, and Traveline Cymru would have the flexibility to independently implement processes customised for Welsh requirements rather than ensuring full alignment to the OTC's existing work-flow. This is an important consideration as Traveline Cymru would wish to improve on the current situation rather than just relocate the activity.

Ends

Agenda Item 5.1

national express

William Graham AM
Chair, Enterprise and Business Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

23 October 2015

Dear Mr Graham

I was pleased to learn that the Welsh Assembly's Enterprise and Business Committee will be examining the impact of transport issues during the recent Rugby World Cup games in Cardiff.

The Committee is right to highlight the importance of efficient public transport networks in realising the economic benefits of major events, such as the Rugby World Cup. Notwithstanding the fact that the transport problems related to this particular event relate primarily to capacity and increased demand on the rail network, I wanted to take the opportunity to outline the vital role of coach travel as part of the national public transport offer and the flexibility and resilience of our services.

National Express is the UK's largest scheduled coach operator. Each year we serve around 1,000 destinations and 18 million passengers. Over 550 National Express coaches travel more than 84 million miles. Cardiff is one of our most important locations and we continue to make a valuable contribution to the local economy. With over half a million people each year using National Express coach services to travel between Cardiff and towns, cities and airports across the UK, we are a critical part of the local public transport mix.

We are extremely well-placed to respond to gaps in connectivity where there is demand for travel, but where a rail, or local bus solution does not exist, or would not be operational within required timescales. We are highly experienced and successful at adapting our network to provide scheduled services on routes of 20 miles or more to infrequent events including major sporting occasions, or concerts. This is demonstrated by the fact that we are the official travel provider to Wembley and that we provide transport to festival-goers from 73 towns and cities in the UK each year, including almost a quarter of those attending Glastonbury.

During the Rugby World Cup this year, we provided 5,000 additional seats on to our national coach network to meet demand from passengers attending matches. 2,000 of these seats were between London and Cardiff and included special late-night services following games with a later kick-off. Our location at Sophia Gardens in Cardiff is just a short walk from the Millennium Stadium. We would have been able to add further capacity as required, had more been done to actively promote coach as part of the overall transport offer and as a viable alternative to rail.

national express

Our coach network is highly responsive to temporary planned or unplanned rail disruption, or insufficient rail capacity. For example, over the summer we added 18,000 additional seats during the ongoing disruption in the South West due to the electrification programme. This is particularly critical when disruption coincides with large-scale events, such as the First Great Western rail strike in July, which would have impacted on rail passengers travelling to the Ashes test match in Cardiff.

Furthermore, our network can support large-scale events that attract an international audience, as we are able to cater for both inbound and domestic visitors. In addition to serving the main airports to and from 414 locations across the UK, we are part of the consortium that owns Eurolines, the largest scheduled coach operator in Europe. Our Eurolines operation from London Victoria Coach Station facilitates connectivity to and from mainland Europe, covering 500 destinations across 33 countries.

While I recognise that major events can also be impacted by disruption on the strategic road network, we are able to utilise alternative routes where necessary. Coach travel also provides a more efficient use of road space than other forms of transport. A full coach can take the equivalent of one mile of motorway traffic off the road.

The advantages of coach travel as outlined above are clear. We believe there is an opportunity to support greater passenger demand if coach travel could be more widely and effectively promoted as a transport option alongside rail. Coach travel plays a key role in providing passengers with reliable and affordable public transport, maximising the economic benefits of major events and tourist attractions, and supporting the visitor economy. We would encourage the Committee to afford greater recognition of this role, particularly with regard to any emerging recommendations following the meeting on the 5th November.

If you would like any additional information on the role of coach travel and National Express in Cardiff, please feel free to get in touch at charlotte.ritchie@nationalexpress.com.

Yours sincerely



Tom Stables
Managing Director, Coach

Please see the link below for the economic impact report of the Rugby World Cup 2015 by Ernst & Young that was published in November 2014:

[http://www.ey.com/Publication/vwLUAssetsPI/The-economic-impact-of-Rugby-World-Cup-2015/\\$FILE/RWC%202015%20Economic%20impact%20study.pdf](http://www.ey.com/Publication/vwLUAssetsPI/The-economic-impact-of-Rugby-World-Cup-2015/$FILE/RWC%202015%20Economic%20impact%20study.pdf) (40 pages)

A post tournament report will be available in March 2016.

William Graham AM
Chair, Enterprise & Business Committee
National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

10 November 2015

Dear William

Thank you for your letter of 12 October about the potential of the maritime economy in Wales and dialogue with Ireland.

I agree that the Blue Economy represents real and exciting opportunities for Wales and that it is important to explore potential joint projects with Ireland.

I wrote to Minister Donohoe last year about exploring joint 'Motorways of the Sea' projects, including hinterland connections with our ports. Officials have been following up with counterparts in the Irish Government and the British-Irish Chamber of Commerce.

We would also be happy to engage directly with the Port of Dublin.

If your clerking team could forward contact details to Julia Williams, the Welsh Government TEN-T lead, at: julia.williams@wales.gsi.gov.uk that would be very helpful.

Edwina Hart



Llywodraeth Cymru
Welsh Government

William Graham AM
Chair
Enterprise and Business Committee

12 November 2015

Dear William

Thank you for your letter of 30 September regarding the funding of rail services in Wales. There is a significant amount of work currently being undertaken in this area as we work towards the transfer of rail functions.

I have attached information relating to funding for the current and next rail franchise in Wales. It is not possible to provide you with figures through to 2018-19 as these are dependent on various factors such as retail price index, average weekly earnings and Arriva Trains Wales' performance, which is subject to a bonus and penalty regime.

Edwina Hart

FUNDING FOR THE CURRENT WALES AND BORDERS RAIL FRANCHISE

- 1. Details of the total annual payments made by the Welsh Government to Arriva Trains Wales for each year from 2006-07 until the end of the franchise in October 2018 (including forecast payments).**

From the periods 2006-07 to 2014-15, we have made total payments of £1.5 billion to Arriva Trains Wales (ATW).

- 2. Details of the element of each annual payment which is provided by the Department for Transport to meet its liabilities for services entirely in England.**

Payments for England only services are made directly to ATW by the Department for Transport (DfT).

- 3. Details of the element of each annual payment which is met by the Welsh Government.**

See point 1 above.

For those payments which are the responsibility of the Welsh Government (bullet point 3 above), we would be grateful if you could also break these down into the following items for each year:

- 4. The element met from the original transfer into the Block Grant which is not index linked.**

In 2006-07, the UK Government transferred circa £141million to the Welsh Government. In 2007-08, the transfer was circa £142.5 million. After this date, this funding was transferred to the Welsh Block and so it is not possible to provide any further detailed information in relation to rail specific funding.

- 5. The element which represents an additional cost to the Welsh Government in meeting its contractual obligations and which results from the failure to index the Block Grant transfer.**

It is not possible to provide accurate figures for the “additional costs” to the Welsh Government resulting from specific elements of the funding arrangements, such as indexation, due to the nature of the transfer agreement and the structure of overall rail funding. The agreement did not fully transfer responsibility for the franchise to the Welsh Government, with the UK Government retaining ‘reserved rights’ with significant financial risk implications.

The 2006 resource transfer followed UK Government protocols for inter-Departmental transfers. The actual costs of the transferring responsibilities were agreed between all relevant parties (the ORR, Network Rail, ATW, the two Governments and HM Treasury) at the point of transfer. In line with those protocols, after two years of transfers through the annual Supply Estimates process, the flat cash amount of the second year costs was transferred from the Department for Transport baseline budget to the Welsh Block. The Welsh Block has since increased or decreased reflecting the on-going budget settlements across comparable UK Departments, including the Department for Transport, as per the operation of the Barnett Formula.

6. The element of the payments which are in addition to franchise contractual obligations (i.e. additional investment to meet Welsh Government priorities).

Additional services provided to meet Welsh Government priorities above those provided in the original franchise from 2006-07 to 2014-15 has been £153.6 million.

FUNDING FOR THE NEXT WELSH RAIL FRANCHISE

7. How this settlement will support the investment necessary to improve the next franchise, given wider pressure on Welsh Government budgets.

The business case for the service option provisions for the next franchise is being developed alongside the consultation with the public and alterations to the franchise to meet the aspirations of the Metro integrated transport principles. It is expected that any future franchise, if powers were transferred, would provide the Welsh Government with overall better value for money.

8. The implications of the remapping exercise referred to in the St David's Day Command Paper for the next franchise, particularly any financial implications and its impact on passengers.

If any remapping does occur, it has been agreed that the Welsh Ministers would be in a no better or no worse financial position as a result. The financial impact and any other consequences, particularly for passengers, of any services being taken into or out of the franchise will be assessed and will be subject to consultation.

Eich cyf/Your ref
Ein cyf/Our ref: MA-P/JJ/0582/15

William Graham AM
Chair, Enterprise and Business Committee

12th November 2015

Dear William,

Report on Employment Opportunities for People Over 50

Thank you for your letter dated 21 October regarding my recent attendance at the Enterprise and Business Committee to discuss the recommendations from the report on employment opportunities for people over 50. I am glad that members found the session helpful and productive.

I would like to take this opportunity to reiterate that the rationale for accepting in principle a large proportion of the recommendations made by Committee is because I am taking a pragmatic approach to understanding how the recommendations fit with what is already being taken forward through our overarching employment and skills policy.

Over the past year, I have attended Committee meetings to give evidence on the subject of older people in Wales and I fully recognise the issues which have been discussed and later presented within the Committee's report. My most recent meeting with the Older People's Commissioner for Wales was extremely useful and I am confident that we share the same perspective in how best to take forward a number of the recommendations made by the Committee. I am holding a further meeting with the Commissioner next month.

One of the areas I am particularly keen to progress is the issue of labour market intelligence which is also raised within your letter. On this subject, I can confirm that there is no intention to rely on the Older People's Commissioner or the third sector to fill any gaps in existing intelligence. At this stage I am seeking to work with the Older People's Commissioner and the various groups involved to scope what are the gaps in existing intelligence before assessing how best these gaps could be filled. I believe that getting the labour market intelligence right will provide the evidence base on which to inform future policy actions and on which to consider other recommendations made by the Committee.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

On the particular recommendation on taking forward a skills strategy for older people in Wales, I remain of the view that producing separate versions of our policies for different groups could potentially take away from the work which is already underway. A more practical approach, which I intend to implement, is to understand how we better communicate our policies to older people in Wales and how we promote the value of older people within the workforce to employers. As such, I have already agreed to support a communications plan working with the Ageing Well in Wales Expert Advisory Group which is responsible for reviewing opportunities for learning and employment for older people. My officials will work with this group to develop communication channels for promoting the services on offer aimed at engaging older people and employers with training.

Finally, the points you raise about the Apprenticeship Levy and devolution of employment support are duly noted and I welcome the opportunity to come back to Committee next year to discuss how our policy actions are evolving.

Yours sincerely

A handwritten signature in black ink that reads "Julie James". The signature is written in a cursive, flowing style.

Julie James AC / AM

Y Dirprwy Weinidog Sgiliau a Thechnoleg
Deputy Minister for Skills and Technology



Ein cyf / Our ref: MA-L/LG/0148/15

William Graham AM
Chair
Enterprise and Business Committee
National Assembly for Wales

17 November 2015

Dear William

I understand the Business Committee has remitted the Legislative Consent Memorandum on the Welfare Reform and Work Bill for scrutiny by the Enterprise and Business Committee.

As the Committee will note, the Memorandum concerns Clause 5 of the Welfare Reform and Work Bill (HL Bill 69, as brought from the Commons), which sets out the United Kingdom Government's proposals to fundamentally reform the UK Social Mobility and Child Poverty Commission so it will no longer have a focus on child poverty. Clause 5 of the Bill outlines proposals to amend the name of the Social Mobility and Child Poverty Commission to the 'Social Mobility Commission'. Clause 6 of the Bill makes related amendments to the Child Poverty Act 2010. The Bill has completed its passage through the first House (the House of Commons) and first reading in the House of Lords took place on 28 October.

The Memorandum deals with only two provisions in the Bill, as these are the only provisions which we consider to be within the Assembly's legislative competence and which remain in the Bill following Report stage in the first House. The purpose of this letter and attachments is to explain what the provisions included in the Memorandum mean within the context of a package of amendments to the Social Mobility Commission provisions which were made at my request.

The decision to change the remit of the Commission has been made alongside other decisions by the UK Government, which will result in a loss of focus on child poverty. On 1 July this year, the Department for Work and Pensions announced its decision to step away from the target to eradicate child poverty by 2020 which underpinned the Child Poverty Act 2010. It also announced its intention to no longer use the relative income measure of poverty and to report instead on measures which are focussed on worklessness and educational attainment.

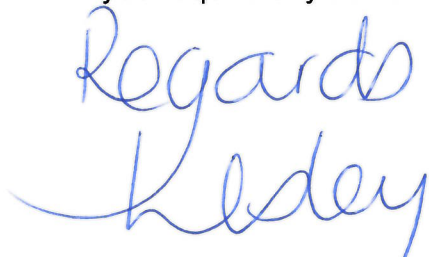
I responded to this announcement on 13 July when I issued a Written Statement informing members of the Welsh Government's intention to maintain its ambition to eradicate child poverty by 2020. I also reaffirmed our continued use of the relative income measure of poverty to assess whether we are delivering against this ambition, as one of a suite of poverty indicators we already use to measure the outcomes of low income households. A copy of my Written Statement is at Appendix A.

I gave detailed consideration to the provisions relating to the Social Mobility Commission included in the Bill at introduction and a full explanation of my consideration, including details of the amendments I requested, is attached at Appendix B. The key points are:

- I agreed the requirement that the Social Mobility Commission must publish an annual report setting out its views on the progress made towards improving social mobility in the United Kingdom should remain in the Bill. This provision, therefore, is one of the provisions which I consider to be within the Assembly's legislative competence and for which I am seeking the Assembly's legislative consent.
- I asked that the provision originally included, requiring the Commission's report to describe the measures taken by Welsh Ministers in accordance with a Welsh strategy, should be removed. The UK Government agreed this and the provision was removed by amendment at Report stage in the first House. As this provision has now been removed from the Bill, it is no longer relevant and is not included in the Legislative Consent Memorandum.
- I requested an amendment to the provision in the Bill at introduction which would have allowed a Minister of the Crown to direct the Commission to carry out activity relating to improving social mobility in the United Kingdom. The UK Government agreed to amend the Bill at Report stage, so that the Commission will not carry out this activity in Wales. As this provision has been removed from the Bill, it is no longer relevant and is not included in the Legislative Consent Memorandum.
- As a result of the Commission's change of focus, away from child poverty, I also sought an amendment to remove Welsh Ministers' function of appointing a Welsh Commissioner to the Social Mobility Commission. This is the second provision referred to in the Legislative Consent Memorandum.

These amendments, as further explained in Appendix B, reflect the continued focus of the Welsh Government on the issue of child poverty, and the Social Mobility Commission's increasing focus on social mobility in England. The UK Government agreed these amendments which were tabled on 21 October and subsequently agreed by Parliament and included in the Bill. Similar amendments have been agreed in relation to Scotland.

If you require any additional information, please let me know.



Lesley Griffiths AC / AM

Y Gweinidog Cymunedau a Threchu Tlodi
Minister for Communities and Tackling Poverty

Written Statement issued 13 July 2015

Lesley Griffiths AM, Minister for Communities and Tackling Poverty

On 1 July 2015, the UK Government issued an Oral Statement on child poverty. The Statement outlined their intention to step away from the UK Government target to eradicate child poverty by 2020, which underpins the Child Poverty Act 2010, and introduce legislation to change the way child poverty is currently measured. This will mean a move away from measuring child poverty using a relative income measure, which is defined as the percentage of children living in households below 60% of the median income. Instead, the UK Government plans to introduce a new statutory duty to report on measures which are focussed on worklessness and educational attainment. Alongside these new statutory measures, they will also be developing a range of other indicators to measure the progress against the root causes of poverty. This will include measures on family breakdown, problem debt and drug and alcohol dependency.

Whilst the target in the Child Poverty Act is a UK Government target, the purpose of this Statement is to confirm the Welsh Government will maintain its ambition to eradicate child poverty by 2020.

We will also continue to use the relative measure of poverty to assess whether we are delivering against this ambition, as one of a suite of poverty indicators we already use to measure the outcomes of low income households, as part of our Tackling Poverty Action Plan and revised Child Poverty Strategy. This includes indicators on the number of children living in workless households and educational attainment amongst pupils eligible for Free School Meals. We also have no intention of amending the Children and Families (Wales) Measure 2010, which provides the legislative framework for tackling child poverty in Wales.

Despite recognising the considerable challenges posed by the ambition to eradicate child poverty, our recent consultation on our revised Child Poverty Strategy has shown how important it is to maintain a focus on this ambition. It maintains momentum, prioritises the issue and sends a strong and clear message to all partners and external stakeholders that tackling child poverty should be a key objective for all of us. Everyone needs to concentrate their efforts to support those living in low income households to achieve better outcomes.

We are fully aware of the significant challenges ahead in terms of delivering on our ambition. Ongoing analysis of the impact of welfare reform in Wales continues to highlight their disproportionate impact on those around the poverty line and particularly those households with children. Despite this backdrop, we remain committed to doing all we can with the levers available. Our revised Child Poverty Strategy sets two new objectives for tackling child

poverty in Wales. The first is to use every available lever to create a strong economy and labour market which supports the tackling poverty agenda and reduces in-work poverty in Wales. The second is to support families living in poverty to increase household income through debt and financial advice, action to address the “poverty premium” (where households pay disproportionately more for goods and services) and action to mitigate the impacts of welfare reform. At the same time, we will continue our focus on reducing the number of children living in poverty, increasing skills to enable parents and young people to secure well paid employment and reducing the inequalities which currently exist in the health, education and economic outcomes of those living in poverty.

Through our Tackling Poverty Action Plan, we will continue to tackle the root causes of poverty, with a specific focus on investing in the early years, improving educational attainment and supporting people into work. The targets we have in our Action Plan are all driving progress and we remain fully committed to delivering each one.

As stated in the revised Child Poverty Strategy, we will continue to develop our understanding of what it will take to achieve the required shift in the headline indicator on child poverty. Work will be taken forward to provide an assessment of what needs to be achieved by when, if we are to eradicate child poverty. We will be using this work to develop interim outcomes and milestones. Partnership working and a collaborative approach to tackling child poverty will be critical in taking this work forward.

WELFARE REFORM AND WORK BILL

Consideration by Welsh Government of Provisions in Relation to the Social Mobility Commission

Clause 5: Social Mobility Commission

A1C Promotion of social mobility, advice and reports

A1C(4): The Commission must publish a report setting out its views on the progress made towards improving social mobility in the United Kingdom.

- **Agreed:** This function should include Wales.

While I remain deeply concerned at the UK Government's shift in focus away from child poverty, I recognise the value of the Commission publishing its annual State of the Nation Report on social mobility. In previous annual reports, the Commission has included specific sections on work being taken forward to tackle child poverty and improve social mobility in the devolved administrations.

Reports have included observations and recommendations for the different countries of the UK, including Wales, which is something we have found useful in the past. The report also draws comparison between the countries of the UK and provides us with examples of good practice, enabling us to learn from one another.

The report does not just consider the work of Governments. It also looks at, for example, the role which non-governmental bodies such as business and the professions can play in improving outcomes for low income families. I welcome this broad focus which identifies cross-boundary issues which have an impact on social mobility in all the countries of the UK. I have, therefore, asked officials in the Welsh Government's Tackling Poverty Division to remain engaged with the Commission on this aspect of its work.

A1C(5): The report must also describe (b) the measures taken by the Welsh Ministers in accordance with a Welsh strategy.

- **Amendment:** Reference to the Commission describing the measures taken by Welsh Ministers in accordance with a Welsh Strategy to be removed.

Background: The Bill as originally drafted proposed the Commission's annual State of the Nation report on social mobility in the UK, should describe the measures taken by Welsh Ministers in accordance with a Welsh Strategy.

The Welsh Government does not have a social mobility strategy for the Commission to report against and it would not be appropriate for the Commission to use our Child Poverty Strategy as a basis for reporting on what the Welsh Government is doing to promote social mobility in Wales. I therefore requested an amendment to the Bill which has resulted in the removal of the reference to the State of the Nation report describing the measures taken by Welsh Ministers in accordance with a Welsh strategy.

The Welsh Government is obligated by legislation to undertake its own analysis of its child poverty policies and programmes. In line with the requirements of the Children and Families (Wales) Measure 2010, the Welsh Government will continue to report every three years, providing an assessment of progress made towards achieving the objectives contained in the Child Poverty Strategy for contributing to the eradication of child poverty.

Clause 6(6) “Welsh Strategy” means a strategy prepared by the Welsh Ministers under Part 1 of the Children and Families (Wales) Measure 2010.

- **Amendment:** As a consequence of the amendment to A1C(5), the description of what a ‘Welsh strategy’ means, which is set out in clause 6(6), should also be deleted.

A1C(10): A Minister of the Crown may direct the Commission to carry out any other activity relating to improving social mobility in the United Kingdom.

- **Amendment:** The Commission should not carry out activity relating to improving social mobility in Wales.

Background: The role of improving social mobility in Wales is a devolved matter as the area of ‘social mobility’ is within the legislative competence of the National Assembly for Wales. I therefore requested the Commission should not carry out activity relating to improving social mobility in Wales and this reference has been removed.

Clause 6: Other amendments to the Child Poverty Act 2010

Paragraph 1(1)(c) of Schedule 1: The members of the Commission are to be (c) a member appointed by the Welsh Ministers.

- **Amendment:** This paragraph should be omitted and the term in office of the Commissioner for Wales should come to an end when the Welfare Reform and Work Act is passed and the changes to the Commission take effect.

Background: The appointment of the Chief Executive of Children in Wales to the post of Commissioner for Wales reflected the Welsh Government's priority of tackling child poverty.

The decision by the UK Government to move away from a focus on child poverty does not fit with the priorities of the Welsh Government. I therefore requested the term in office of the Commissioner for Wales should come to an end when the Welfare Reform and Work Act is passed and the changes to the Commission take effect. The UK Government agreed to table an amendment to the Bill, to amend the Child Poverty Act so that there will no longer be a requirement for a member of the Commission to be appointed by Welsh Ministers.

My decision to withdraw the Commissioner for Wales was not taken lightly. The Commissioner was well qualified to act as a spokesperson for child poverty and to present the work the Welsh Government is taking forward to address this. She will remain engaged with our Tackling Poverty External Advisory Group through the policy sessions they hold on an ongoing basis. Her views and opinions, as well as her extensive knowledge of child poverty, are very much valued.

The Welsh Government is not alone in taking this action. Reducing child poverty is also a central priority of the Scottish Government and the Scottish Minister, Alex Neil, felt the child poverty element of the Commission's work was key to its remit. As a result of the changes to the Commission, the Scottish Minister has also taken the decision to withdraw their Commissioner for Scotland.