



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

Y Pwyllgor Menter a Busnes The Enterprise and Business Committee

**Dydd Iau, 7 Chwefror 2013
Thursday, 7 February 2013**

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Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from the Meeting

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

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

Aelodau'r pwyllgor yn bresennol Committee members in attendance

Byron Davies

Ceidwadwyr Cymreig
Welsh Conservatives

Keith Davies

Llafur
Labour

Yr Arglwydd/Lord Dafydd Elis-Thomas	Plaid Cymru The Party of Wales
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Nick Ramsay	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
David Rees	Llafur Labour
Kenneth Skates	Llafur Labour
Joyce Watson	Llafur Labour

**Eraill yn bresennol
Others in attendance**

Jonathan Bray	Cyfarwyddwr, Uned Gymorth Grŵp Gweithredol Trafnidiaeth i Deithwyr Director, Passenger Transport Executive Group Support Unit
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**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance**

Ffion Emyr Bourton	Dirprwy Glerc Deputy Clerk
Andrew Minnis	Gwasanaeth Ymchwil Research Service
Siân Phipps	Clerc Clerk

*Dechreuodd y cyfarfod am 9.57 a.m.
The meeting began at 9.57 a.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Nick Ramsay:** Welcome to today's meeting of the Enterprise and Business Committee. The meeting will be held bilingually, and headphones are available for simultaneous translation on channel 1, or for amplification on channel 0. The meeting is being broadcast and a transcript of the proceedings will be published. I remind Members to turn off their mobile phones. There is no need to touch the microphones; they should operate automatically. In the event of a fire alarm, Members should follow the ushers.

[2] We have received two apologies, from Julie James and Alun Ffred Jones. There are no substitutions.

9.58 a.m.

**Ymchwiliad i Drafnidiaeth Gyhoeddus Integredig—Sesiwn Dystiolaeth
Inquiry into Integrated Public Transport—Evidence Session**

[3] **Nick Ramsay:** This is the final evidence session of the committee's inquiry into integrated public transport. This session was rescheduled from 10 January. I welcome Jonathan Bray to the meeting. Thank you for being with us. Please give your name and job

title for the record.

[4] **Mr Bray:** I am Jonathan Bray and I am the director of the Passenger Transport Executive Group support unit.

[5] **Nick Ramsay:** I suggest that we go straight into questions, as we have a fair number for you. The first question is from Eluned Parrott.

[6] **Eluned Parrott:** Thank you, Chair. Mr Bray, passenger transport executives are not a model that we have in Wales, so perhaps you could outline for us what the benefits are of that model, as you see them.

[7] **Mr Bray:** Passenger transport executives have been around in England since the Transport Act 1968. Their record overall has been good in terms of delivering a strategic transport direction and projects on the ground across local authority boundaries. So far, they have operated in the large conurbations in England only, but there is no reason why that model or a similar model could not be applied elsewhere, in my view, including in rural areas. One of the big advantages is that you have a transport planning body that fits with the economic realities on the ground and with journey-to-work patterns. You can also achieve economies of scale. For example, PTEs provide the bus shelters, bus stations and information in their areas, as well as undertaking a lot of other functions.

10.00 a.m.

[8] If you did not have that, every local authority within the area would be doing all that themselves, all with their own overheads. So, it can deliver efficiencies. It is very hard to prove this absolutely, as you would need an alternative world in which you did not have PTEs, but, if you look at the results on the ground and at the level of transport provision in PTE areas—they were the first to bring back trams in the country, they have generous concessionary fare schemes, many of them have reasonable heavy rail networks, and they have quality bus station infrastructure—you can see and feel the benefits on the ground, compared with some other large urban areas of England that do not have a PTE.

[9] **Eluned Parrott:** To challenge you on some of those points, you say that there is no reason why that model could not transfer to rural areas, but PTEs are concentrated in places where there is high population density, and, since the initial establishment of many urban PTEs, there has not been an expansion of them into other areas in England. Can you explain why you think that is the case?

[10] **Mr Bray:** There are many areas that have considered PTEs, but have come back from that. The creation of PTEs was originally pushed by the Government and sometimes you do need a little bit of a push and a little bit of an incentive to do things. There is a bit of administrative and political pain in any change in governance, because people have established positions and arrangements, and people do not always like change, so it helps to have some kind of incentive or a bit of a push to make that happen. We know that, in the west of England, for example, the new mayor of Bristol is keen to establish a passenger transport executive/integrated transport authority because he feels that the area that he has now taken over has a mandate to make some radical changes and improvements and the public transport provision and the transport vision in that area are not as good as he would like them to be.

[11] **Eluned Parrott:** Are you able to provide us with any published evidence or research that demonstrates that there is better performance in PTE areas than non-PTE areas of a similar population density and demographic?

[12] **Mr Bray:** When I was preparing this evidence and talking to colleagues, we were

thinking that it would be good to have that, but there would be a resource involved in us commissioning that piece of work, and it is not in our direct interests to do that at the moment. Although we are very happy to come and speak to yourselves and people in other parts of the country, we are not on an evangelical mission to convert people if they do not want to be converted. However, if people in Wales are looking at going down this route, you are perfectly right that that is the kind of work that would need to be done. As I said, it is quite hard to prove these things absolutely, because you do not have an alternative Greater Manchester that has not had a PTE since 1968 to compare with the one that has. Given the nature of our kind of areas—the largest conurbations in Britain are covered by PTEs—there is not a perfect comparator that does not have one. It is perhaps similar to the institution that we are in now: when there was a vote on creating the Assembly, there was not an enormous vote in favour, and there were many people who were questioning whether it would just mean more bureaucracy and whether it would really be better. However, now that it is here, I think that you would get a much bigger vote in favour of keeping it. Sometimes, you cannot prove these things scientifically, but you can look at the logical arguments and also there is a certain amount of intangibility relating to the effect that you get by creating a new body with a remit and clear focus across an area that is more than the sum of its parts.

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

[14] **Nick Ramsay:** Joyce Watson is next.

[15] **Joyce Watson:** Good morning, Jonathan. What is the basis for PTEG's view that a PTE model is preferable to a voluntary partnership approach?

[16] **Mr Bray:** I know that I said earlier that we do not have that absolute evidence, but we have had a number of studies, one of which I cited in our written evidence, when consultants have looked around the world at city regions and areas with or without proper strategic transport planning body, and there is also evidence from a Scottish Government report in 2003 that looked at models around the world, when the Scottish Government was considering what it might do in Scotland, and that showed that the existence of a regional body, usually for the direction of public transport, was a key factor in getting better transport for an area.

[17] On having a voluntary partnership versus having a body, when you have a body like a PTE, you have a lot of the functions in-house permanently—legal, information, public affairs and strategic planning. If you do not have that, you tend to have to create those arrangements on a bespoke basis every time. When you have those functions in-house, you have momentum and can move forward. Also, with a passenger transport executive/integrated transport authority model, you have a formal governance system with representation from all the constituent districts, in our case, which is totally fair in terms of proportionality—political proportionality in representing the parties, and proportionality in representing all the constituent parts. So, any discussions between the constituent local authorities take place in an arena that everyone knows is fair. No deals can be done outside of that. That helps in terms of getting a common strategic direction; you do not have to keep having the same arguments all the time.

[18] I am not saying that there are not debates within the PTE areas about what the priorities should be, but these tend to be conducted in-house, within a governance structure, not outside in the media, and you are able to move forward on common priorities. Looking at some of our areas, there has been a focus on delivering big tram systems and heavy rail improvements focused on the main cities, but there has also been some very good stuff done on rural transport provision, because we do have some large rural areas within our overall boundaries.

[19] **Joyce Watson:** So, in your opinion, is local government control of public transport funding through the system we have, which is regional transport consortia operating on a voluntary basis and without the executive powers that you have just described, enough to create an effective, regionally integrated public transport network?

[20] **Mr Bray:** It is for the people and politicians of Wales to make their own judgments about whether or not that is delivering. It seems to me that some of the collective arrangements are a bit tentative. There is potential, as we said in our written evidence, for Wales to make more of a step change on transport. I gave the example of the Netherlands, where decision making on local transport is devolved to a variety of formats below local government, including some things that look and feel a bit like a PTE, and, at the same time, there is a movement towards smart ticketing, fully integrated ticketing, services being integrated with each other, full connections between trains and buses, and very good rural transport provision. That is in a country that, in some ways, has similarities to Wales. It is sometimes easier, perhaps, to move very incrementally on governance and transport, and you can get incremental improvements. If you want bigger outcomes, however, then sometimes there is a need to be more decisive in terms of the arrangements for achieving that, because you cannot get the ends very easily without having the means to achieve them.

[21] **David Rees:** A quick point: there is a big way in which Holland and Wales are not similar, and that is in the topography of the two countries, and that clearly has major implications for transport as a consequence. I read in your paper that the integrated transport authority in Greater Manchester, which was a statutory body, has been abolished and you are now running what is, technically, a non-statutory body, the Transport for Greater Manchester Committee. So, that is, technically, a voluntary approach in a sense. So, is that working in that area? Is the regional transport consortium, in a sense, working there?

[22] **Mr Bray:** What has been moved to in Greater Manchester relates to a wider point, I think. It has been recognised that stronger governance is needed, not just on transport across a conurbation like Greater Manchester, but more widely across the piece, and so a combined authority has been created that begins to give more collective decision making across the local authorities, not just on transport, but across everything. So, as part of that, the ITA was not needed in the same form. However, it is not a weakening of the desire to have greater strategic direction on transport across the conurbation, it is about asking why do only transport when there are other things that are important too, like economic development, planning and Greater Manchester representing itself more strongly nationally rather than as 10 individual districts.

[23] **David Rees:** Is it therefore a progression from your earlier analogy where you put statutory provision in place to create this and then it runs its natural course as a consequence afterwards?

[24] **Mr Bray:** Yes, and the legislation that definitely applies in England—I know that there are complexities about what applies in Wales as well—is quite permissive. The Local Transport Act 2008 allows local authorities anywhere in England to come forward and propose a PTE or an ITA in any form. It also allows for the creation of combined authorities. So it is permissive legislation, but it has not been used as much as it might have been. That is correct, because it is right that there is a lot of leeway for each area to determine what is in its own interest. At the same time, you need to be careful that you do not slip into a state of inertia and an administrative comfort zone. It is about finding the balance, which is quite a challenge.

[25] **David Rees:** So, establishing this is part and parcel of a wider city region approach.

[26] **Mr Bray:** Yes, and we will likely see combined authorities in West Yorkshire and

South Yorkshire, and Tyne and Wear is looking hard at it. So, the trend is very much towards these combined authorities. In those circumstances, the PTEs will be more responsible to that wider body. Who knows how this will develop over time? As you are aware, what tends to happen with devolution is that people start at a certain level, a bit nervously, and then they realise that it is fine, that it is working and there is a momentum towards devolving more. That is beginning to be seen in what is going on with combined authorities in England. By and large, PTEs can fit with that because our boundaries are contiguous with these combined authorities. We are already here, and there is no point in getting rid of us and starting again, so we can work quickly with these new bodies. Part of what I am saying in the evidence is that I have noticed that some people have critiqued the creation of PTEs when it is not just about transport, but, potentially, about all sorts of functions—planning and economic development are the ones that spring to mind. I think that that is right, but there is a danger of letting the best be the enemy of the good and saying ‘Unless we can have everything, we won’t do transport.’ So, that is another trade-off.

[27] **David Rees:** I am sure that you will not get any objections to people having more devolution here. *[Laughter.]*

[28] **Byron Davies:** This is very interesting, but you have to go one step further to convince me about PTEs in Wales, and I say that based on the nature of our transport system, going east-west, in the north and the south, with a poor north-south connection. How do you think it will work in Wales on that basis?

[29] **Mr Bray:** The people around this table obviously have far more expertise and knowledge about transport in Wales than I do. There are issues, when you have a relatively small country, about how you devolve beneath that level. Scotland also struggles a bit with that, but in England it is easier, because it is a much bigger country and there is plenty of scope for further devolution below the English level. So, I would say that first. You have already divided Wales up into—is it four strategic transport areas, at the moment? Presumably, there was a rationale for that. I would also say that it is probably the Cardiff and the Valleys area that stands out. If you are going to do only one, that would be the one that stands out, because of the conurbation characteristics that are a good fit with what we already have with PTEs, and with rail electrification coming up for the Welsh Valleys, not to make the most of that opportunity would be a real shame. However, I am not here to present a master plan for Wales, or tell you what you should do.

10.15 a.m.

[30] **Lord Elis-Thomas:** I do not see why not. *[Laughter.]*

[31] **Mr Bray:** I suppose that what I am saying is that there are great strengths to the PTE model, and on the face of it, it could be viable to use the PTE model across Wales. Certainly, Cardiff would be the area to start with. However, there are issues with regard to smaller countries, and there is a need for a Welsh network with a single identity—the kind of thing that you have been talking about, in terms of having the coach links where there is not a rail service. However, it is possible to have sub-identities within a wider network with a national identity. To some extent, that happens already. There is a National Rail brand, with National Rail ticketing, but within that there are sub-brands, and even within Wales there are sub-brands within Cardiff and the Valleys, so there is potential for that. The other tricky thing is that, obviously, people identify with Wales, and want a distinctive Welsh identity for their transport network, but most people are not travelling across Wales all the time—they are actually most interested in their daily journeys in a particular sub-area, and that is where it is important to have buses and rail connecting up, and ticketing connecting up, and this kind of sub-brand that people can relate to. Having the collective governance arrangements can really help to achieve that.

[32] In rural areas there are opportunities, too. What we tend to do in rural areas in general at the moment, in England as well, is that every form of public transport is subsidised, just about—the local rail service, the local bus services, and on top of that, we potentially have subsidised health service transport, ambulances and other collective transport going around; we might have education transport, and social services vehicles, and all of that is being separately subsidised, often with someone making a return on that—a profit—and often with separate funding streams and bureaucracies. What some areas have done, including the Netherlands, is just pool all that and offer a collective transport provision that is accessible to everybody—it could be taxis or minibuses—and you have economies of scale, because you can franchise that out potentially, instead of everyone making a separate profit on every service, and instead of having a separate bureaucracy, you just do it once. So, there is potential to look at some quite radical options in rural areas.

[33] **Byron Davies:** You talked about the sexy bit, which is Cardiff and the Valleys, where the main population of Wales lives, but the real challenge is the rural areas—giving young people the opportunity to travel on a daily basis into Cardiff, for example, or older people to get to hospitals, and what have you. That is the real challenge, and that is what I was really interested in: how you think a PTE would improve that.

[34] **Mr Bray:** I think it could, but I will just go back to my other point before I come on to the PTE point, if I may. There is the potential to take a more holistic look at what is being provided in one way or another or subsidised by different forms of the state, whether it is the health service, education, social services, or public transport, and you have community transport on top of that. There is the potential to look at that as a whole, and as has been done in other countries, say, ‘Well, we have a branch line in this area’—or whatever the base rural network is—‘we have the commercial bus service, into which we put the bus service operators grant, and we pay them to carry pensioners, and then we have the tendered services’—which would probably be a big part of the service in a rural area, subsidised by the local authority—‘so why are we necessarily doing it this way? Why don’t we look at the extent to which we could pull that together and buy one product that would connect up with the others, rather than having all these separate overheads?’. That might be a reasonable return for somebody, fair enough, but not a silly return. You could look at fares integration, too. You do not necessarily need a PTE to do that, I agree, and there is only a point in having a PTE if it is larger than an existing unit of local government. Otherwise, there is no point.

[35] So, the next question is whether that would be more effectively done over a larger area than the current units of rural local government, both in terms of cost effectiveness and providing a meaningful network and that is where your ITA and PTE come in. Finally, sometimes, people look at PTEs in Manchester and West Yorkshire and say ‘My God, we don’t want a big office and all of those overheads’. However, you do not have to have that. Basically, this is a kind of collective, formalised decision-making process across units of local government, backed up by a number of officers who are specifically charged with carrying out those collective decisions.

[36] **Byron Davies:** Very briefly, disturbingly, we have heard evidence on this issue of integrated transport from train operators and bus operators, with all of them saying ‘We need leadership. We don’t know in which direction to go, because nobody is waving the flag and saying “Follow me”.’ Do you think that a PTE would do that?

[37] **Mr Bray:** Yes, it gives greater clout to the local government side of the fence vis-à-vis the operator side of the fence, assuming that we do not change anything else like bus deregulation. It gives greater clout. However, there are bigger issues around bus deregulation and wider structural issues that bedevil us as PTEs, even though we are bigger.

[38] **Keith Davies:** Roedd diddordeb mawr gennyf yn yr hyn a gynhwysoch yn eich papur ar yr Iseldiroedd, lle roeddech yn sôn am wasanaethau cymdeithasol, y gwasanaeth addysg, y gwasanaeth iechyd, ac yn y blaen. Rydym yn edrych ar yr holl faterion hyn yn awr yng Nghymru. Rwy'n gwybod y bydd y gwasanaethau cymdeithasol yn y siroedd yn colli cyllid. Rydym yn edrych ar yr holl wasanaeth iechyd yng Nghymru, a chyn belled ag y mae addysg yn y cwestiwn, y gyfraith bresennol yw bod disgyblion dros 16 mlwydd oed yn cael mynd am ddim i ysgolion ac felly mae myfyrwyr yn cael mynd am ddim i golegau. Mae nifer o awdurdodau yn awr yn edrych ar godi tâl ar bobl ifanc dros 16 oed. Yn yr Iseldiroedd, pwy sydd â'r gofal dros drafnidiaeth? Ai un corff sydd, ac a oes pobl o'r holl wasanaethau gwahanol hynny ar y corff hwnnw? Ai corff sy'n edrych ar drafnidiaeth yn unig yw neu a yw'r cyrff eraill ynghlwm ag ef?

Keith Davies: I was greatly interested by the section of your paper that covered the Netherlands, where you mentioned social services, the education service, the health service, and so on. All of these things are currently being addressed in Wales. I know that social services in our counties will lose some of their funding. We are looking at the whole structure of the health service in Wales and, as far as education is concerned, the law as it stands is that pupils over the age of 16 can travel free of charge to schools and so students can travel free of charge to further education colleges. A number of authorities are now considering charging young people over the age of 16. In the Netherlands, who has the overall responsibility for the transport structure? Is there a single body and are there people representing all of those different services on that body? Does it look only at transport or are the other organisations also involved in it?

[39] **Mr Bray:** First, I am interested in the kinds of things that you are doing in Wales, which you talked about, because I was not aware of them. We have been trying to bring people together, and we have called it the total transport agenda, namely pooling budgets and vehicle fleets. There is a lot going on across the United Kingdom, but it is useful to get more examples, because everyone is trying different approaches.

[40] In terms of the Netherlands, we commissioned a report a few years ago, and if you are interested in this, I would recommend having a look at that, because it is concise and well put together. The governance structures in the Netherlands on transport are quite complex. They have a mix between city authorities, which are what we would think of as counties, and, sometimes, they come together into larger bodies, and then you have the special case of the Randstad area—the big conurbations around Amsterdam and Rotterdam. I am most familiar with Friesland in the north of the Netherlands, because I went there, tried it out for myself and talked with the officials. I do not know how the governance arrangements work between health, education and social services, but I know that they pooled their transport budgets, unless they have stopped, but as far as I know, they are still doing it. The provision they offer across the rural areas of Friesland is a mix of fully demand-responsive—that is, you ring up and the vehicle turns up—and semi-fixed, in which there is some timetable with flexibility. If you have particular health or social service needs, they will send the right vehicle for that, and some of it will be taxi provision.

[41] The use of this network is open to everybody. The fare structure for it is the same as the fare structure in the rest of the Netherlands, because they have a zonal system, so you know exactly what you are paying wherever you are in the Netherlands. However, in Friesland, because it is demand-responsive provision, the fares are set at a higher level, but on the same geographic units. The system also links in to hubs on the rail network and the wider bus network. So, that is what the provision is like. As far as I know, people have been satisfied with that.

[42] I know that we have the shadow of Eric Pickles looming over us in terms of doing anything so rash as going abroad to look at how other people do things goes, but I would

certainly say that the Netherlands is a good place to go to see different models of how devolution can work with regard to transport and how you can get accountability, and at the same time still have a national minimum in the provision of a national public transport information service, so that everything links up. Also, in a lot of cases, there is private provision. So, Arriva despises the concept of bus regulation here, but when you go to the Netherlands, you will see buses that look exactly the same as the ones running in Wales, except that they are operating as part of these devolved arrangements and to contracts, and the company is not complaining that this is insane stuff. People are providing these services, often on a commercial basis, but to a contract with local government—however, there is a lot of leeway left to the Dutch transport authorities and Dutch local government in terms of how they want to set up these contracts.

[43] There are some areas that have not gone down this line of combining social services, healthcare and education budgets, because there are downsides, too. In this country, one of the things that we would like to do is to up the status of public transport. If you are mixing in social services, education and healthcare, there are issues around the overall image of public transport, and there are good reasons why you separate things out in other ways, too, because staff get to know their clients, and there are advantages to that. I am not saying that it is a panacea, but it is something that is perhaps worth looking at. In the Netherlands, however, they have the leeway to adopt that approach or not.

[44] **Nick Ramsay:** Joyce Watson, have you finished your questioning?

[45] **Joyce Watson:** I think that my questions have been covered.

[46] **Nick Ramsay:** Okay. Ken Skates is next.

[47] **Kenneth Skates:** You have spoken about the costs, and I think that you have indicated that the cost of setting up a PTE-type body in Wales would not be prohibitive. How could cost savings be made to justify it, or could cost savings be made to justify the initial setup costs?

[48] **Mr Bray:** In preparing for this meeting, I looked at some the costs of PTEs in England, to give you an idea. I think that for the typical PTE directorate and secretariat functions—the kind of higher brain functions—you are looking at about £3.3 million a year and, beyond that, there are other costs, too.

[49] To look at it another way, we looked at the costs of providing the PTE service in Greater Manchester and other PTEs if you were to get rid of it. You would then be looking at a cost of about £40 million to £60 million a year. That is because, at the moment, the PTE does bus stops, shelters and interchanges; it does the tendered bus network and specification funding; and it prepares and brokers the local transport plan. It does the concessionary travel administration funding, public transport information, rail network developments, light rail system developments, the promotion of public transport, and cross-sector co-ordination with health, education and welfare, which we were talking about earlier. So, if you were to take what is currently provided by a PTE and broke it all up again, you would get costs the other way. The idea is that by co-ordinating, you reduce duplication.

10.30 a.m.

[50] There would clearly be costs in setting up such a structure. As I said before, just because an English PTE is set up in a certain way, it does not mean that PTEs or ITAs in other parts of the country have to be set up in the same way. You have to consider what you save by pooling. At the same time, if you want a step change, you need people to plan for that; you need the provision, do you not? If you want the ends, you have to have the means.

Those are the kinds of things that need to be weighed in the balance. Once you start thinking about a PTE, people will then potentially ask, 'Why are we only looking at transport?'

[51] **Kenneth Skates:** On governance, would the inclusion of experts from outside local government on the governing body of a PTE, in your view, strengthen its effectiveness, or could it weaken the democratic element of it?

[52] **Mr Bray:** We have the ITA, which is purely political, to keep that balance. The PTEs have executive boards and non-executive directors who bring in expertise from all sorts of different walks of life, including business or private sector transport expertise. There is, therefore, potential to get that expertise in. Of course, you can set up a governing body like an ITA with non-political members. It is about striking a balance between what works, in having a political body that everybody knows is fair and for which everyone knows the rules, and also ensuring that any business interests can raise questions about the priorities they may choose to have, which may or may not be seen to affect their own commercial interests.

[53] **Kenneth Skates:** Byron Davies touched on the rural question earlier. Do you think that there is a risk that a regional transport executive approach could lead to a concentrated focus on services where you have larger populations, thereby neglecting more rural areas?

[54] **Mr Bray:** Overall, no; I do not think that that has been the record of PTEs. Some PTEs cover very large rural areas—south Yorkshire in particular is more rural than it is urban, as is west Yorkshire. There has been a lot of initiatives and support for rural bus services in those areas. I would contend that the rural provision in many of our areas is better than in a lot of the English rural shires. We have had award-winning schemes; we have bought minibuses for community transport operations; we have invested in bus stations in rural hubs and we have supported pretty high levels of rural tendered services. I think that the record is good.

[55] You get a balance where people recognise that the light rail system is probably going to be about the core city in an area that is driving the wider economy. However, in the outlying areas, there is appropriate transport provision. Plus, by supporting the heavy rail network, you provide that wider spine. Finally, if it really was not working and people thought that there was nothing in it for them, the whole system would not have survived as long as it has.

[56] **Yr Arglwydd Elis-Thomas:** Diolch yn fawr, Jonathan; rwyf wedi mwynhau yn fawr iawn y profiad o gael swyddog mewn trafnidiaeth gynaliadwy ranbarthol yn Lloegr yn ein pwyntio ni yma yn y Cynulliad Cenedlaethol yn ôl at Friesland. Rwyf wedi bod yn Friesland yn y gorffennol ar faterion rhanbarthol gwleidyddol ac ieithyddol, ac efallai y dylai Keith a fi fynd draw eto. Fodd bynnag, ar wahân i ddiolch am y pwynt hwnnw, yr hyn yr oeddwn am ei wneud oedd, yn gyntaf, llawenhau eich bod chi a'ch sefydliad wedi goroesi'r dinistr ar ddemocratiaeth yn Lloegr pan gafwyd gwared ar awdurdodau metropolitaidd. Rwyf wastad wedi bod yn ffan mawr o'r hyn a oedd yn digwydd, yn enwedig mewn trafnidiaeth, yn yr ardaloedd hynny. Mae'n dda gen i weld, felly, bod y corff yn gweithio mor effeithiol ac yn gweithio mewn

Lord Elis-Thomas: Thank you very much, Jonathan; I have very much enjoyed the experience of having an official in regional sustainable transport in England pointing us at the National Assembly for Wales back to Friesland. I have been to Friesland in the past on political regional and linguistic matters, and perhaps Keith and I should go there again. However, apart from thanking you for that point, what I wanted to do first was to express my joy that you and your organisation have survived the destruction of democracy in England when the metropolitan authorities were abolished. I have always been a big fan of what was happening, especially with regards transport, in those areas. I am pleased to see, therefore, that the organisation is working so effectively and that it is working in partnership.

partneriaeth.

[57] Fodd bynnag, yr hyn sydd gen i dddidordeb arbennig ynddo yw'r cysylltiad rhwng cynllunio trafnidiaeth a gweddill polisi cynllunio. Mae nifer ohonom hefyd yn eistedd ar y Pwyllgor Amgylchedd a Chynaliadwyedd, a byddwn yn trafod Bil cynllunio cyntaf Cymru yn fuan iawn. Sylwais ar yr adroddiad *'Thriving Cities: Integrated Land Use and Transport Planning'*. Beth sydd gennych i gynnig i ni, i sicrhau bod cynllunio gofodol a chynllunio trafnidiaeth yn cydweithio gyda'i gilydd?

However, I am particularly interested in the link between transport planning and the rest of planning policy. A number of us also sit on the Environment and Sustainability Committee, and we will be discussing Wales's first planning Bill very soon. I noted the 'Thriving Cities: Integrated Land Use and Transport Planning' report. What can you offer us to ensure that spatial planning and transport planning work together?

[58] **Mr Bray:** There is plenty of evidence to support that, particularly in large urban areas where you want to get that density—public transport can support that. As you are aware, at the moment, in Westminster, planning is being fingered as an obstacle to growth and there is a real assault on the planning regime—

[59] **Lord Elis-Thomas:** Not by Lord Heseltine?

[60] **Mr Bray:** No. [Laughter.]

[61] This concerns us. It has been helpful for the PTEs to be able to work with the districts on planning and on transport for major developments, but it is not perfect. There is still a tendency for people to build hospitals or propose hospitals or schools and then say to the PTEs that they need bus services, and the response is 'What? You did not tell us about this before'. So, it has certainly not been perfect. That is why, when you are looking at things like combined authorities, you are perhaps starting to move tentatively towards what we used to have, or some of the benefits of what we used to have when there were metropolitan counties, and planning and economic development were done at that level, rather than the district level. The other issue in PTE areas is that highways are a district responsibility, whereas public transport responsibility is at the PTE level. In my view, it would be better if strategic highways were at the metropolitan level. So, when you look at the governance of transport, you need to look at it, not just on its own, but at these other issues as well and how it all links together.

[62] **Yr Arglwydd Elis-Thomas:** Mae Cymru'n wlad gyda 3 miliwn o boblogaeth, 22 o awdurdodau cynllunio a thri pharc cenedlaethol, ond rydym yn dechrau symud i'r cyfeiriad rhanbarthol. Rydych chi'n dweud, yn arbennig yn yr adroddiad rydych yn ein cyfeirio ato, y dylem integreiddio cynllunio defnydd tir a thrafnidiaeth â chynllunio ar y lefel ranbarthol. Dyna yw'r neges rydych wedi ei rhoi i ni'r bore yma. A yw hwnnw'n grynnodeb teg?

Lord Elis-Thomas: Wales is a country that has a population of 3 million, 22 planning authorities and three national parks, but we are starting to move towards a regional model. You are saying, particularly in the report to which you have referred us, that we should integrate land use and transport planning with regional level planning. That is the message that you are conveying to us this morning. Is that a fair summary?

[63] **Mr Bray:** Yes. Obviously, it is down to Wales to decide, but these issues need to be carefully considered without the best being the enemy of the good. It is better to have a strategic transport authority without all these wider linkages than not; but it is not sensible to consider these things in isolation.

[64] **Keith Davies:** A yw darpariaethau Deddf Trafnidiaeth 2000 yn ddigonol, neu a oes angen newid y pwerau er mwyn i ni integreiddio'r system o fysiau?

Keith Davies: Are the provisions of the Transport Act 2000 sufficient, or do we need to change the powers therein, so that we can integrate the bus transport system?

[65] **Mr Bray:** I would say so. I think that you need the full range of powers. Buses are key to a lot of the discussion today. A lot of focus tends to be on rail, which is important, but buses are the mainstay of public transport provision and we have serious problems. Having seen the statistics, we are still seeing a significant decline in patches of Wales and fares going up by 10% in a single year. This is not unfamiliar in our areas either. The full powers, including the powers to introduce the franchising of bus services, are important. Even if you did not use them, they give you a greater negotiating position. In my view on buses, you can achieve a lot of improvements without going to the full franchising option. However, you will not get everything that you might desire without that, in terms of integrated ticketing, co-ordination and the ability to get things happening quickly without the need for endless meetings and negotiations to achieve anything, and the kind of integration that we were talking about, with the potential to introduce links between health, education, social services and community transport, particularly in larger areas, in order to get that fully integrated, smart, simple zonal ticketing. Particularly if you are looking at the Cardiff and Valleys electrification, not to take the opportunity to link in bus services and to co-ordinate fares at the same time would, I would suggest, be a major missed opportunity. If you want those types of outcomes, that is the tool that will achieve them. The other tools will hopefully get you something better than you currently have, but they will not achieve the full set of outcomes that you might be looking for.

[66] **Keith Davies:** Mae'r cwmnïau bysiau yn dweud bod y contractau ansawdd yn eu gadael allan o'r broses gynllunio, a'u bod hefyd yn beryglus i awdurdodau o ran creu mwy o gostau a risgiau. A ydych yn cytuno â hynny?

Keith Davies: The bus operators claim that the quality contracts exclude them from the planning process, and that they also pose risks to authorities in terms of creating further costs and risks. Do you agree with that?

[67] **Mr Bray:** No, I do not think that I would. There is already a lot of public money going into bus services in terms of the bus service operators grant, and the new format that you have for that in Wales in terms of concessionary travel and tendered service budgets. So, there is quite a lot public money going in already.

[68] The advantage of a franchising system is that you put that money into a single pot to buy a single outcome. At the moment, you are paying separately for everything. If you want to introduce further concessions for young people in the future, there will be a separate bill for that as well. If you want to introduce buses to serve areas of new developments, you will pay extra for that. I understand that it is a problem that you have had with creating coach services where there is no rail service. So, the advantage of a contract system is that you pool all that money and you buy a single output. The work that we have done suggests that, without any additional funding, you will get something better than you have now, not necessarily transformed in every possible way, but better because you are getting better value for that pot of money.

[69] If the public sector is struggling for funding, that will be the case under your existing system and under this new system, but I would suggest that you are in a better position under a franchise with the available public money. If you get additional resource, you can get it into the system much more quickly and more directly, and into things that you cannot do under deregulation, such as fares. It is very difficult to put additional public money into fares in a deregulated system, because that is down to the commercial operators.

[70] I am sorry, but what was the other point that they were making?

[71] **Keith Davies:** The bus companies feel that they will not have a say.

[72] **Mr Bray:** As we mentioned before in terms of a franchising system, there is a heck of a lot of different variations that you can apply, such as in the Netherlands system. The London system is very strict; everything is totally specified. You do not necessarily have to do that. You can go to an area and say, 'These are the parameters for the service in terms of first and last; this is roughly the network that we are expecting, but bidders can come to us with some ideas'. You can also have systems that are based on incentives, where you say, 'If you get patronage growth, we'll reward that; if you don't, we won't'. That is up to the specifier. Franchising covers a whole variety of different methods that you might want to apply.

[73] Sometimes, there is a bit of mystification about bus planning. Towns and cities are not going to move—it is probably not going to be that dramatically different—so it is sometimes not as hard as they make out. However, if you want a system that brings the ideas of the market to bear, you can go down that route.

[74] **Byron Davies:** The provision of public transport information in Wales is not at its best, although Network Rail seems to be slightly ahead of the game. Do you have any views on good practice in England outside of London?

10.45 a.m.

[75] **Mr Bray:** In general, things are getting better. Technology can do just about anything these days. It is often about the administrative arrangements catching up with that. Things are rapidly changing with social media; increasingly, people will expect to be able to not look at a timetable but to have a tweet telling them when the next bus is coming. That is the way that things are going and it will have fundamental implications for the way that people run their businesses. The simpler the overall governance arrangements are for public transport provision, the easier it is to co-ordinate these services. It can be a struggle sometimes to get operators to be as enthusiastic about funding national information services as we might like. The cost of that is not always reflected in their bottom lines. Finally, you want national minimum information services, but you also need information provided in a way that works for particular travel markets and areas, be they Cardiff and the Valleys or more rural areas.

[76] **Byron Davies:** Have you any views or examples of best practice as regards integrated ticketing in England outside of London?

[77] **Mr Bray:** Everyone wants the Oyster system, particularly in our cities, which are asking when they will have it. We are working hard to introduce smart ticketing in PTE areas. The danger is that we will have smart ticketing, but it might not be simple. We might end up with people having two or three smartcards in their pockets and, when they get on a bus, they will still have to say to the driver exactly what they want. People will be quite frustrated, because when they hear that we are introducing smart ticketing, they are expecting Oyster, but that is not necessarily what they will be getting. We are having good discussions with the Department for Transport about how we can make sure that we get the best outcomes in the large cities in England. Politicians often say that they want a smartcard that you can use from Land's End to John O'Groats or even from one end of the EU to the other. I am sure that we will get there eventually, but it will be complicated.

[78] **Nick Ramsay:** Is there quite a difference between integrated ticketing and the e-purse idea, which we have heard a lot about in our evidence sessions?

[79] **Mr Bray:** Yes, people want that; they want to be able to have their season tickets and they want the e-purse. They want it to be as simple as possible. Once they have been to London, that is what they want. Starting with the large urban areas is sensible, because that is where much of the travel is done and where people are making more connecting journeys. Looking at England, once you have done London, which has around six or seven million people, and our areas, which cover 11 million people, you can fill in the gaps. We are concerned that, because of the fragmented provision of public transport, with different bus and rail operators, people will not get the outcomes that they want. Again, this will be difficult to achieve under bus deregulation,

[80] **Nick Ramsay:** As the capital city, it is easier to bring in the Oyster system in London than across wider rural areas or somewhere like Wales or your neck of the woods.

[81] **Mr Bray:** Not necessarily. Technology can do anything. It is all moving so fast that, by the time we get there, it will have moved on. London is already looking at bank cards and mobile phones. Logically, you have a smartcard in your mobile phone. That mobile phone can be your ticket and your information provider. In a few years' time, you will potentially get live updates about delays of your connections, and your ticket will be on your phone. This is the way it is probably going—although you can never say for sure—but, logically, that is the way it should be going. By the time we will have cracked smartcards, things will probably have moved on. You need to think about the outcomes that people want, and there is no reason why you cannot do a lot of this stuff in rural areas. It is about the cost, the investment and the pay-off. If you do it in the most complicated places first, it gets easier to do it in rural areas. In addition, you have to think about the amount of connections that people make in using these systems. However, I know that they have had these mobile phone trials in some rural areas in the Netherlands.

[82] **Byron Davies:** One of the problems in Wales is that there is a generation that is not very tuned into that sort of thing, and those people are in rural areas. That is the real battle for us.

[83] **Mr Bray:** Yes; a danger with this approach is that people will get left behind.

[84] **David Rees:** On integrated ticketing, is there any evidence that establishing integrated ticketing is encouraging more people to use public transport? Following on from that—but I will give you a moment to think about it—are we in danger of focusing on integrated ticketing rather than creating the connectivity needed for integrated transport in the first place?

[85] **Mr Bray:** We commissioned a report, which can be seen on our website, because we were getting some kickback from some of the operators, who were asking, 'Do people actually want Oyster?'. We got consultants to do a global survey, which showed that wherever you introduced simpler ticketing, you saw an uplift in passenger use. So, there is evidence that it encourages greater use of public transport. We need that connectivity between bus and rail, and the Valleys has to be an example, but rural areas are just as important, and they are even more important in another way, because of frequencies. It comes back to what we talked about earlier in terms of the way that buses are run, applying the PTE model across Wales, the ability to plan bus and rail services together, with the add-ons of community transport and demand-responsive services in the most rural areas. So, it all fits together. Interestingly, in the Netherlands, they take this to an absolute extreme. I do not know whether you have seen this, but, in Friesland, they build rural bus stations in the middle of nowhere—

[86] **Lord Elis-Thomas:** We could build a lot of those. [*Laughter.*]

[87] **Mr Bray:** All the rural buses come in to interchange and then they disappear. That is

the Dutch for you. That is taking connectivity to an extreme, but connectivity does matter, particularly in rural areas. Information matters as well, because if you have missed your bus, you need to know it, do you not, if it is at a two-hour frequency? So, the real-time information could be particularly important.

[88] **Joyce Watson:** You started talking about the interconnectivity of rail and bus. Do you have any examples of good practice in ensuring that the new rail franchise will support wider public transport integration, because we have an opportunity there? Do you have some examples?

[89] **Mr Bray:** That is a good point. There is a danger of the rail franchise being looked at in isolation, which would be a missed opportunity, because, as discussed, the Welsh rail network is important, but most people are not travelling around Wales all the time by train, but they want to know that their local bus will connect with the train when they want to use it. Preferably, they would like a ticketing system that had a degree of integration too. There are plenty of examples in the UK of where this happens but, with bus deregulation, getting that consistency can be difficult. We have experienced it sometimes in our areas, where we have the same multinational operator providing some degree of rail service and a bus service, but we are not getting the co-ordination. I am sure that you have had a similar experience here.

[90] I feel that I am labelling the Dutch point, but the Netherlands is a good example. However, you can see this all over Europe, and Germany is another example. Ironically, Arriva is part of the German Government-owned Deutsche Bahn, and it would never tolerate some of the things that we have seen in the United Kingdom in terms of deregulation and connectivity in its own country. There is no reason why we cannot emulate the kind of things that people already have in the Netherlands and other European countries. There is no reason why we cannot do it.

[91] **Joyce Watson:** Having said that, what provisions do you think need to be included in the new franchise to support an integrated system? Have you any ideas?

[92] **Mr Bray:** It is more about the franchise being looked at in the context of wider Welsh aspirations for transport policy. Ideally, if you had the governance systems and more say over the buses, you would want to get more co-ordination between rail and bus services. How would you do that in practice? Well, I come back to the PTE model in a way, because that is the body that can broker arrangements between the rail provision and the bus provision. You could do that at an all-Wales level, but I would never feel comfortable with every single bus service in an area as large as Wales, with all its local considerations, being planned out of Cardiff. You could do that, but the advantage of the PTE model is that you bring it down a level. Clearly, every train is not going to connect with every bus. You are not going to get all that.

[93] **Lord Elis-Thomas:** Now they invariably do not. *[Laughter.]*

[94] **Joyce Watson:** Yes, a start would be a good thing.

[95] **Lord Elis-Thomas:** We should start with Bangor, should we not? *[Laughter.]*

[96] **Mr Bray:** Also, the idea of having a coach service where you do not have a bus service seems to make perfect sense to me. There are precedents in other countries. However, you do not want coaches competing directly with rail or with each other, as that is where you lose value.

[97] **Nick Ramsay:** I thank our witness Jonathan Bray, director of the Passenger Transport Executive Group support unit. The evidence has been really helpful today. Thank you for

travelling all the way from Leeds, I think that I am right in saying, Mr Bray, to attend today's committee meeting. It really is much appreciated.

[98] **Mr Bray:** I enjoyed it, thank you.

[99] **Nick Ramsay:** Thank you for your help in contributing to our inquiry.

[100] **Mr Bray:** It was a pleasure.

[101] **Nick Ramsay:** Have a safe journey back.

[102] **Lord Elis-Thomas:** Join us in Friesland soon—[*Inaudible.*]

10.57 a.m.

**Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from
the Meeting**

[103] **Nick Ramsay:** Before the meeting goes too much into merits of Friesland and the different reasons for going there, I ask a member of the committee to move a motion under Standing Order No. 17.42.

[104] **Byron Davies:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(ix).

[105] **Nick Ramsay:** I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10.57 a.m.
The public part of the meeting ended at 10.57 a.m.*