

Agenda – Enterprise and Business Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: Thursday, 3 December
2015

Meeting time: 09.15

For further information contact:

Gareth Price

Committee Clerk

0300 200 6565

SeneddEcon@Assembly.Wales

Private pre-meeting (09.15–09.30)

1 Introductions, apologies and substitutions

2 Inquiry into Bus and Community Transport Services in Wales: Academic and Local Government Evidence

(09.30–10.15)

(Pages 1 – 71)

Professor Stuart Cole, Emeritus Professor of Transport, Wales Transport Research
Centre, University of South Wales

Stephen Pilliner, Head of Transport and Engineering, Carmarthenshire County
Council

Attached Documents:

Research Brief

Legal Brief on the Assembly's powers in relation to the regulation of bus services
in Wales

EBC(4)–29–15 (p.1) Evidence from Professor Stuart Cole

EBC(4)–29–15 (p.2) Evidence from the Regional Transport Forum for South West
Wales



Break (10.15–10.30)

**3 Inquiry into Bus and Community Transport Services in Wales:
English Bus Policy**

(10.30–11.30)

(Pages 72 – 111)

Tobyn Hughes, Managing Director, Transport Operations, North East Combined Authority / Nexus

Kamal Panchal, Senior Adviser, Local Government Association

Charles Loft, Adviser (Transport), Local Government Association

Stephen Joseph, Chief Executive, Campaign for Better Transport

Attached Documents:

EBC(4)–29–15 (p.3) Evidence from the North East Combined Authority / Nexus

EBC(4)–29–15 (p.4) Evidence from the Local Government Association

EBC(4)–29–15 (p.5) Evidence from Campaign for Better Transport

**4 Inquiry into Bus and Community Transport Services in Wales:
Sustrans Cymru**

(11.30–12.15)

(Pages 112 – 120)

Jane Lorimer, National Director, Sustrans Cymru

Chris Roberts, Head of External Affairs, Sustrans Cymru

Attached Documents:

EBC(4)–29–15 (p.6) Evidence from Sustrans Cymru

Break (12.15–13.30)

5 Inquiry into Bus and Community Transport Services in Wales: Welsh Government

(13.30–14.30)

(Pages 121 – 123)

Edwina Hart AM, Minister for Economy, Science and Transport

Rhodri Griffiths, Deputy Director, Transport Policy, Planning and Partnerships,
Welsh Government

Attached Documents:

EBC(4)–29–15 (p.7) Evidence from Welsh Government

6 Papers to note

6.1 Legislative Consent Memorandum on the Enterprise Bill

(Pages 124 – 125)

Attached Documents:

EBC(4)–29–15 (p.8) Letter from Leighton Andrews AM, the Minister for Public Services regarding the Legislative Consent Memorandum on the non-domestic rating provisions in the Enterprise Bill

Private de-brief (14.30–14.45)

Agenda Item 2

Document is Restricted

Document is Restricted

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 23	BCT 23
Yr Athro Stuart Cole	Professor Stuart Cole

CYNULLIAD CENEDLAETHOL CYMRU – Y PWLLGOR MENTER A BUSNES

Gwasanaethau Bysiau a Thrafnidiaeth Gymunedol yng Nghymru

Tystiolaeth o'r Athro Stuart Cole CBE BA MSc FCILT FICE

Athro Emeritws mewn Thrafnidiaeth, Canolfan Ymchwil Trafnidiaeth Cymru, Prifysgol De Cymru

NATIONAL ASSEMBLY FOR WALES – ENTERPRISE & BUSINESS COMMITTEE

Bus and Community Transport Services in Wales

Evidence from Professor Stuart Cole CBE BA MSc FCILT FICE, Emeritus

Professor of Transport, Wales Transport Research Centre, University of South Wales

Q1: The current position of bus and community transport sectors in Wales

Sector definition

There is a need to define what is meant by 'bus' services and by 'community transport' services.

The **bus network** includes those services operated profitably by private companies or municipal operators and which require no subsidy. This sector of passenger transport provision also includes subsidised services provided by the same private and municipal companies who, when local authority subsidy is included, are profitable for the operator. These are tendered services. 'Bus services' also includes but in a different form, *TrawsCymru* which is wholly funded by the Welsh Government currently through local authorities but with the Government's new procurement powers through the national transport company. *Bwcabus* the associated brand for demand responsive services is funded jointly by the Government, ERDF and Carmarthenshire / Ceredigion county councils in partnership with the University of South Wales.

These services operate as a 'business' with a clear corporate management style and lines of communication. The use of the term 'commercial' to distinguish them from community transport is a phrase recently taken up by some economy department civil servants which could be confusing as in the transport sector 'commercial' means a 'profitable' (i.e. a no subsidy requirement) service. This is not the case for most rural services and some urban routes.

Community Transport (CT) is in the main a volunteer driver based service. There are some exceptions in the larger operations where there is a more 'business' – style approach. Most CT operators are small local service providers. These can be in rural or urban areas and tend to be a demand responsive service with some timetabled operation. They operate in a closely defined area and do not as a matter of course provide passenger connectivity outside their locality and connections into a wider bus and rail network.

The service they provide in that locality is vital but many of them who receive public subsidy do need to examine their services to make full use of their vehicles for twelve or more hours each day. One way to do this is to feed spare bus capacity at agreed times into a sophisticated Bwcabus operation. This will reduce the cost per passenger trip in respect of seat capacity and so make better use of the capital invested in the vehicles

Financial Performance

Operating margins for bus companies during the mid – noughties (2004 – 2007) were between 2% and 4%. Since then Welsh bus companies' profit margins have been between 6.5% and 8%. This is well below the margins of the 1990's and before of up to 15%. Profit levels of bus companies are below those required by most companies to prosper and grow.

It is understood that the Welsh subsidiaries of UK companies did better than most with profit levels of around 10%. The profitability of the two major municipal operators, Cardiff Bus and Newport Bus, will be affected by partial social service objectives set by their owners.

Bus operating costs

An analysis of selected bus company accounts in 2004 and in 2014 show the costs split as:

Labour	60% (65 – 70%)
Fuel	17% (3%)
Overheads	8%
Insurance	3%
Maintenance	4%
Other	8%

(Source: Applied Transport Economics 3rd Edition Cole, S Publishers: Kogan Page; current bus industry statistics)

Figures in brackets are for 2004

Fuel costs for bus companies even with the benefits of hedging have risen by over 250% from 1999 to 2014. Prices have fallen more recently.

Driver productivity measured by miles operated has fallen due in the main to increased congestion particularly on urban roads

Q2: Reasons for a decline in bus service numbers and of bus passenger numbers in Wales.

Two separate casual factors are implied in this question but both are part of a vicious circle. The decline in bus passengers led to fewer bus services returning a reasonable profit level (considered to be 15% at the time (1960's – 1990's) and thus services being reduced despite subsidy being provided. This service reduction led to less accessible bus services in particular in rural areas but also on urban evening and Sunday services leading to passengers finding more convenient modes or not travelling at all.

Spatial changes

There has been an historic decline in bus usage since the 1960's following increased car ownership which gave wider opportunities to travel. This modal change has undoubtedly been the cause of most of the passenger loss. Simple journeys by young people based on the availability of the 'parent taxi driver' and the parental choice not to allow younger children to travel alone have reduced bus travel.

Other spatial changes which have contributed to the decline include:

- The development of housing estates with larger land plots per house (a change from terraced housing to detached and semidetached properties). In consequence a geographically compact population more easily served by buses was replaced by a pattern with a lesser critical mass.
- the creation of internet shopping (making travel to shop unnecessary); out of town shopping centres which unlike town centres do not have the critical mass of shoppers who can be brought to one central point in a town centre.
- fewer retail jobs exist;
- The development of employment centres and regional hospitals on the edges of towns or based at motorway junctions. These have made travel for shift work increasingly difficult or impossible by bus
- location of other health facilities

- The current procedure at major health centres where patients are asked to arrive at 09.00 when it may not be necessary to do so until later in the morning. This makes some journeys impossible by bus
- in those areas where community transport is provided, travel to doctor's surgeries and social service centres may have transferred from the bus service
- the decline of the cinema and theatre and other live entertainment both for sports fixtures and evening activities and the expansion of television channels and other home activities have led to fewer people 'walking the streets' of an evening.

'Fiscal changes'

- reduced petrol prices led to people returning to car use (140p > 101p > 132p > 104p) as prices changed
- a reduction in the use of concessionary passes (down 4% from 2014 to 2015)

These have reduced the bus market share and in turn have made it more difficult for bus operators to provide the previously wide range of service destinations. This led to the withdrawal of evening services by most companies with journeys after 19.00 either having reduced frequency or requiring subsidy or not operated at all

Bus operations have also received more of a negative press than a positive image. The comments have been about unreliability, high fares, old uncomfortable vehicles and unhelpful staff. This only reflects a part of the bus business with considerable investment by many companies in new vehicles along with customer care training for drivers. The role of the Traffic Commissioner and of Bus Users Cymru is to monitor the timekeeping and cleanliness / physical condition of the bus; the Traffic Commissioner also has statutory powers of enforcement through financial penalties and changes in or withdrawal of bus operating licences. But a combination of those projected views (whether accurate or not) and often a single bad experience can dissuade existing and potential passengers from using bus services.

Detailed analysis of some factors

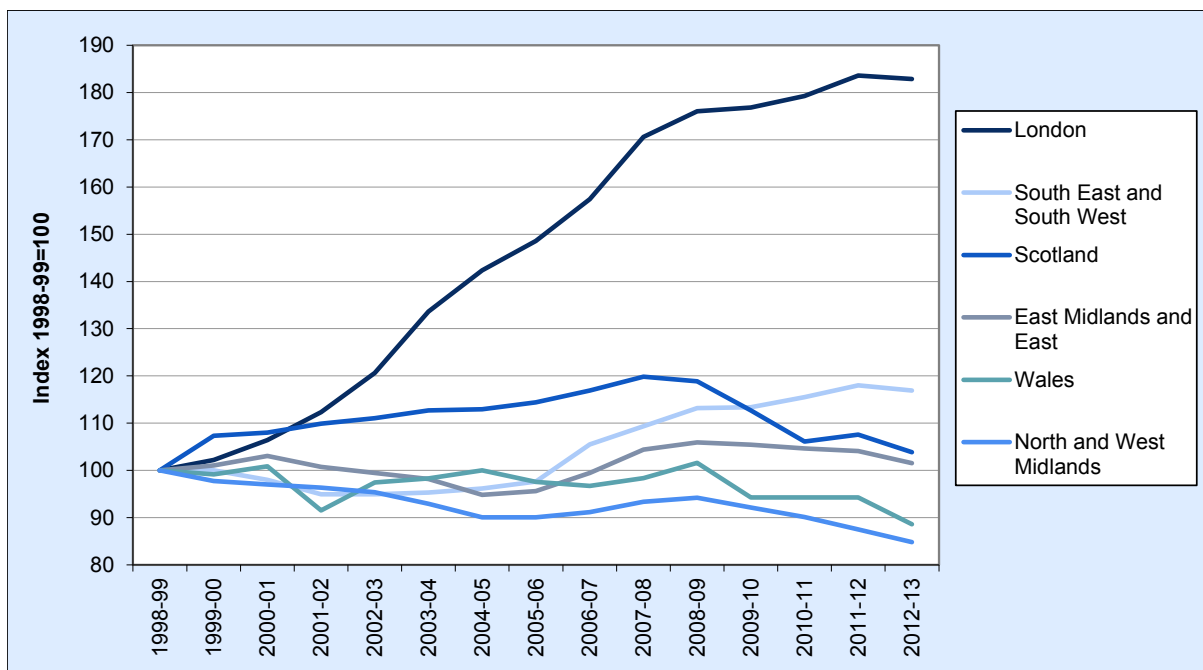
The bus market in Wales (according to DfT figures) has contracted more than elsewhere in Great Britain. Between 2008 and 2014 it was down 15.9%. In Scotland the fall was 13.6%; 3.1% in the English shires but a growth in London of 5.2%.

Bus fares in Wales rose by 1.0% above inflation in 2014 compared with 0.6% in England and 0.3% in Scotland over the last year. But this is not the full story as historically this would result in an annual demand reduction of 0.3%.

Numbers of routes (and route mileage) has fallen by 25% between 2005 and 2014. This is not the same factor as reduced patronage. It can be the result of

- Rationalisation through combining routes and thus reducing mileage.
- through a hub operation where passengers interchange
- changing the route structure to avoid time consuming diversions off the main direct route or as a means of reducing operating cost
- maintaining frequency or reducing operating costs but at the expense of a longer walk to the bus stop
- In urban areas reducing a 15 minute frequency to a 20 minute frequency with little impact on the travelling public. Such a frequency reduction would be preferable to a one hourly service being reduced to a two hour frequency in a rural area. Both would result in eliminating one bus working (with associated staff reductions)

Fig 1: Bus passengers: Trends in bus passenger numbers 1998-99 to 2012-13, Wales, Scotland and English regions



Source : Welsh Government Transport Statistics (Ref Fig. 410)

There is a close correlation between car ownership and bus use and in the most recent over 60's generation there are far more women drivers than 10 years ago. Also some passengers are wealthier than they used to be and are likely to use their concessionary passes less – but this important bus market segment requires more research.

Fewer evening journeys has reduced passengers because they may go *into* the entertainment and retail area but often have no return service after 7 pm so make neither trip by bus. Bristol has successfully increased services and demand on some

evening routes. Cardiff has market potential from a major retail offer, thriving night life, a major railway station and the Cardiff – Newport market. Swansea, though smaller, has a potential student market growth from SA1 to Oystermouth through the city centre.

Reduced frequencies, unreliable timekeeping, lack of information particularly for those not internet savvy, many people not knowing how to use the system or having the one bad experience have all played a part.

The change in demographics, internet shopping, store home deliveries and click and collect retailers has also led to a fall in demand. For many the car is more convenient with perceived costs (fuel and parking) being lower per person compared with a bus fare. Out of town, car based shopping parks with free and convenient parking; major chain stores and long opening hours are harder to serve than a traditional town centre. Llanelli's Parc Pemberton / Parc Trostre is an exception, served by existing inter – town services.

Q3: Social, Economic and Environmental impact of recent changes in bus and community transport service levels

Generalisations should not be made here. Each set of reductions in service level should be considered individually. It may be that some services have been removed as part of a rationalisation process and that a new set of services have been introduced to compensate. In many counties all services were assessed on the basis of a recognised process used in various forms in other countries.

In principle those services with the highest cost per passenger trip (cppt) are the first to be considered for closure. The reason for the high cppt is low usage. However the decision has to be tempered with accessibility to (usually) rural settlements.

In urban areas there may be a withdrawal of services but only through reducing frequency from every 15 minutes to every 20 minutes. This has often been done to achieve higher profitability. The risk to the company is a loss of patronage through a regular change in timetables. Generalised cost is a means of measuring in economic terms the impact on the passenger.

Generalised cost

The private company is interested in market success. This can (and seen by government authorities to) be achieved through:

- a professional approach to the management of the business
- achieving profitability so able to fund future investment

- customer care and satisfaction – this has to be a first priority; seen to be so; measured and the results published (as in the rail industry)
- high quality vehicles (as suggested above)

Generalised Cost is an economics concept developed (by Dr David Quarmby CBE a previous London Transport managing director) in the 1960's. Using this technique avoids a purely financial analysis which is appropriate for private sector project evaluation but not as a means of measuring output benefits from public sector investment or revenue account expenditure.

The public authority interest lies in the comparative cost in terms of different elements comparing a journey by car to that by bus. Only by reducing the bus generalised cost can we begin to reverse the trend. The elements of generalised cost are:

In vehicle time is the actual time travelling from e.g. Gorseinon / Pontybrenin (GP) to Swansea (High Street) Railway Station (SRS). It applies to bus and car but is longer by bus because of frequent stops, passenger time on and off the bus; driver time collecting fares; traffic congestion. Many passengers will allow extra time for possible road congestion.

Walking time for the car is zero. There is walking time at work / home end of the journey for the passenger to / from the bus stop / railway station

Waiting time for car is zero. For bus time at the stop can be disproportionate to the total journey time; passengers will often arrive early at the stop and have to face unpleasant elements (rain, wind, cold) with no shelter; uncertainty about the bus arrival as real time information is invariably lacking (Gwynedd and Cardiff at two ends of the population density do provide electronic timetables at bus stops). Often there are no up to date timetables at stops. Walking time is high value as it is non – productive

Money cost for the car is petrol and parking and is divided by the number of occupants so cost per person can be reduced to down to 25%. Sunk costs for car purchase are rarely considered. Bus fares reflect the total operating cost

Crowding factor – none for car. Crowding; queueing, general hassle; poor perception of bus users by others.

The journey between GP and SRS a distance of 6 miles will require a bus journey time (uncongested off peak) of 30 minutes plus 3 minutes walking and 4 minutes waiting time – a total of 37 minutes; by car 15 minutes. Cost by bus using DfT values of time is £3.75 plus bus fare (£2.50); by car £1.52 (plus possible parking charges (£variable) and petrol (81p) which can be divided by occupants).

The reduction in generalised costs for bus users relative to car users and in other ways would:

- reduce wasted time (through robust bus priority schemes which improve reliability and reduce bus journey time) and increase labour productivity from scarce resources
- Increase car costs through increased car parking charges. Future legislation could allow local authorities to set charges for privately owned car parks and workplace parking and top slice the excess for public transport investment
- positive environmental and health effects if more people modal - switched to bus (or train or walking or cycling)
- improve market image leading to modal change to bus
- reduce subsidy or obtain higher service levels for the same public funding
- improve commercial viability of non - subsidised services

Elements of Integrated Transport

If the analysis is confined (for the moment) to passenger transport then the elements identified below can be integrated (with a trade-off in expenditure between them based on a single multi-modal evaluation technique). The elements are:-

- road investment
- rail investment (infrastructure, rolling stock)
- bus investment (terminals and vehicles)
- public transport interchanges
- walking/cycling facilities investment
- traffic management (physical and fiscal)
- public transport fare levels) and consequent
- public transport service level) contractual payments

Rationale

The key objective of integrated transport for Wales would be to provide for a split between accessible and affordable modes of travel which are both sustainable and become the preferred modes of travel.

Wales, as indicated above, has a variety of spatial characteristics:

- densely populated urban areas (e.g. Cardiff, Newport, Merthyr, Ebbw Vale, Swansea, Wrexham),
- major towns (e.g. Neath, Port Talbot, Llanelli, Aberystwyth, Llandudno)

- important rural centres (e.g. Carmarthen, Haverfordwest, Castell Newydd Emlyn, Llandeilo, Brecon, Newtown, Ruthin, Denbigh)
- Deep rural Wales (e.g. Ceredigion, Powys, Gwynedd).

The potential for journey modal transfer from car to public transport therefore varies between urban and rural areas.

However this difference can be narrowed through a radical new approach to rural bus services. Regular-interval fixed-timetable operations suit urban areas with high patronage levels but have only limited value in rural areas. The Bwcabus computer/satellite/GPS and flexible scheduling bus system responds to demand and has enabled a radical and successful (in increased patronage terms) approach to rural public transport.

Generally there is a need for improvements in the public transport system before car users can be persuaded to change, and non-car owners are able, to make reasonably timed and priced journeys.

4I's Concept

The 4I's concept identified the following as the integration equation for passenger transport:

Information + Interchange + Investment + Imagination = Integration

The absence of any of these elements will hinder or even prevent the development of an integrated passenger transport system. The means of delivery for integrated public transport and an explanation of competitive franchising – see Appendix 1

Conclusion

The primary objective of any transport policy given the current state of the economy has to be Wales' ability to trade, remain competitive, generate jobs and increase social and economic inclusion. The last is dependent on successful achievement of the first three.

For that reason the order of priority for Wales is as follows:

- an efficient and effective transport network to make us internationally competitive;
- urban congestion solutions;
- Easy and affordable access to jobs and services by car, bus and rail services particularly from low-income communities and rural areas.

Achieving this requires a revolutionary change in public transport provision.

Q4 & Q5: Actions needed to reverse this trend in Wales

- **by Welsh Government**
- **by local authorities**
- **by bus companies and CT operators**

The challenge of reversing the trends suggested above can best be met through agreements between all bus and community transport providers and joint transport authorities, whether for county or region, using the Transport (Wales) Act 2006 and the Government's new public transport procurement powers.

One element not yet available, that of bus re-regulation, is dealt with under Q7

Reversing the trend

Over the period 2009 – 2013 there were several areas where the trend was reversed. In Bournemouth the recession impact was slight and where the buses are operated by RATP (Paris transport authority) increased demand by 16.7%. In Brighton parking charges and reduced spaces helped achieve passenger growth of 10.5%. Edinburgh, directly comparable with Cardiff saw growth at 7.6%, partly through Transport for Edinburgh which controls buses, trams and all local roads in the Scottish capital.

The significant increase in bus usage in London stems (please see Fig 1) from an expanding population, physical and fiscal car restrictions, a buoyant economy with TfL control over most of the road network thus putting car and bus regulation in the same hands.

Cardiff and Newport could become as successful in reducing car use through bus priority schemes on a similar scale to Bristol where £44m has been spent. The Capital Region Metro has to be part of a wider strategy to encourage public transport use through a joint transport authority franchising bus services and managing local roads, motor traffic, cycling and walking as an integrated whole. The closure of Cardiff Bus Station will result in a loss of about 10% of bus passengers. This was an unnecessary situation as my column predicted four years ago that it could have been avoided with a stand – alone development north of the station funding the bus element of the interchange now being planned.

In Wales for example, the *TrawsCymru* national bus network, the local *Bwcbus* operations in rural areas, the tourist based *Gower Explorer*, First's *Cymru Clipper*

and Arriva Bus Cymru *Sapphire* service have shown how passenger numbers can grow in Wales and reverse the national trend.

Actions by Government and local authorities have to be matched by operators providing a high quality service as suggested under Q2 as counteractions to decline. These include:

- Fare levels
- Reliability, frequency
- Ease of getting on and off the bus especially those who are mobility impaired, elderly or frail, or adults with children or buggies.
- Improving the bus stop environment. Waiting in the rain is not going to encourage bus use. Bus companies and different local authorities have to work together to achieve this.
- Designing easy and convenient interchanges e.g.at Carmarthen, Aberystwyth, Rhyl, (please see Appendix 2 on Cardiff Bus Station closure). Swansea has its bus hub and rail hub about two miles apart; well connected by bus services between 07.00 – 19.00 but requires a major covered bus interchange investment at the railway station.
- Public transport integration between all forms of public transport. This should encourage integrated timetables and in particular encourage CT to be a part of a connectivity agreement. making this a condition of funding by WG or local authorities would bring this aspect into being quickly
- Signage and waiting facilities at the railway station for bus passengers are less than acceptable for Wales' second city.
- Availability of information; particularly real time at bus stops or even easy to read hard copy.
- Create more bus priority measures
- Simple regular-timed frequent, punctual and reliable services
- The ambience of bus travel – new, clean buses, friendly staff with a customer care approach. Investment in new vehicles has been more apparent in recent years.
- Tickets which can be used throughout an urban area or throughout Wales (our population is less than that of London which has one ticket and Wales pioneered the national multi journey over - sixties bus pass)
- Under current legislation creating quality bus partnerships (but preferably the far stronger quality bus contracts)
- Establishment (currently in progress) of the national transport company to manage *TrawsCymru* and *Bwcabus* as an integrated bus business and through the new national transport company integrate fully with the new wales (& Borders?) rail franchise.
- Coherent well designed promotional material (within an overall marketing plan)

- Consideration of the public transport implications by planning authorities when approving or rejecting subject to conditions any new housing, retail and commercial land development. This particularly applies to town centres which could be well served by bus until an out of town shopping centre was constructed.

Reversing the trend – A Case Study: *TrawsCymru* and *Bwcabus*

TrawsCymru is Wales' newest bus operator. It is one of an increasing number of medium sized bus companies owned in Wales. Phase 1 in the creation of a long distance inter – regional luxury bus network is complete and its vehicles operate in all parts of Wales (including the *Cardiff Airport Express*). The brand is owned by the Welsh Government.

TrawsCymru is franchised to several operators by the Welsh Government (WG) currently through county councils but with its new transport procurement powers directly by WG. These routes operate as an integrated whole. Under the tendering process the public transport authority (Welsh Government) maintains controls over the quality of service offered through the strategy and brand values. Tenderers would have to comply with all operational, safety, maintenance and financial requirements under the public service vehicle licensing arrangements (controlled by the Traffic Commissioners) and under the terms of the *TrawsCymru* franchise contracts.

The author's vision is one of integrating long distance bus (*TrawsCymru*) and local demand responsive services (*Bwcabus*) across Wales with local tendered routes. This enables the Government to begin a franchised / contracted network providing evidence of how it can be successfully operated. Following the awarding of the new rail franchise in 2018 (or earlier if the present contractor agrees) rail (*Wales Rail Cymru*) routes would be marketed as an integral part of this pan – Wales national public transport network. Standard fares would be charged and all of the following would be accepted – concessionary passes; the national public transport (*GoCymru*) card; all other similar tickets valid on Wales' buses. Contracted *TrawsCymru* bus and *Bwcabus* feeder services already apply the appropriate brand to their own vehicles as well as Government owned buses. (Please see Appendix 1 for more detail)

The success of *TrawsCymru* and *Bwcabus* has been achieved by applying the actions described above through a unique three part business model:

- **Marketing** (the four P's) has been centrally organised by *TrawsCymru* and *Bwcabus* management teams (drawn from county councils, Welsh Government, University of South Wales and Traveline) who determine **price** (fares and through ticketing); **product** (vehicle quality,

timetables); **place** (the routes to be operated) and **promotion** (advertising and travel deals). Market research into demand patterns formed the basis of bus service provision in timings, prices and routes. But this is founded on local knowledge and information provision through a partnership.

- **A partnership** of the Welsh Government, Carmarthenshire, Ceredigion and Powys county councils, Traveline Cymru, the University of South Wales and private bus operators involved (First Cymru, Stagecoach, NAT, Express Motors, Lloyds Coaches, GHA, Brodyr Richards, Mid Wales Travel, Lewis Llanrhystud) and with more to come . This form of close working between government, academia and the private sector has for many years been encouraged by the business sector. This partnership in the next phase of Bwcabus will extend to Pembrokeshire CC and Community transport operators so strengthening the involvement of the communities themselves and local businesses. This will further expand the integrated rural bus network.
- **Integration** of public transport services is a key element in both Welsh Government and local authority policies through the 4 I's for which this column has pressed – information + interchange + investment + imagination

Bwcabus concept – reversing the trend

Bwcabus is a demand responsive service feeding into and out of a fixed time core bus route. In the first area of operation between Carmarthen – Newcastle Emlyn – Aberteifi (Cardigan) it connects into route 460 – to be a *TrawsCymru Connect* service. This operation, as with the more recent *TrawsCymru* T1 (Carmarthen – Lampeter - Aberaeron – Aberystwyth) and T5 (Haverfordwest – Fishguard – Aberteifi – Aberaeron – Aberystwyth) services, has to be seen as network of *TrawsCymru* and *Bwcabus* working with local county council tendered services.

The service is based on a sophisticated booking (by phone) mapping, routing and GPS behind the scenes structure. This enables passengers to simply book by phone the service / route they require (with a potential on – line facility to come) and be unaware of the control mechanism behind the scheme.

Bwcabus has been welcomed in the areas which it currently serves both as a connecting service (which is guaranteed through high technology) and as a local service connecting settlements in the licenced area.

The delivery model characteristics which have made *Bwcabus* and *TrawsCymru* so successful are:

- Connectivity / integration – rail and bus
- High quality service – new vehicles; fully DDA compliant
- Frequent service (replacing a once weekly service to 5 journeys per day with up to 24 journey travel options from 07.00 – 19.00 daily Monday – Saturday)
- Through ticketing – affordable travel
- Local and long distance traffic
- An improved public transport system

Performance: Passenger numbers / Subsidy levels – per passenger trip

Bwcabus / 460 integrated service operation (Carmarthen – Aberteifi)

2009 – 10: £2.83

2014 – 15: £2.33

Bwcabus / 460 / T1 integrated service

2015: £1.59

TrawsCymru (2015)

T4 (Cardiff – Newtown) £0.09

T1 (Carmarthen – Aberystwyth) £0.60

Annual Passengers carried (000.s)



	2010*	2012	2014**
<i>Bwcabus / 460</i>	12.6	23.7	27.9
(*first full year of operation / ** most recent full year of operation)			
	2007/8	2010/11	2014/15
<i>TrawsCymru (T1)</i>	101.2 (x40)	102.0 (x40)	234.6 (T1)

TrawsCymru™

Cysylltu pobl a chymunedau • Connecting people and communities




www.TravelineCymru.info
 0871 200 22 33 Gwybodaeth teithio didrafferth
 Trouble free travel info

- | | | | |
|---------------------|-------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------|
| TrawsCymru Services |  | T1 Aberystwyth to Carmarthen | T4 Cardiff to Newtown |
| Rail Services |  | T2 Aberystwyth to Bangor | T5 Aberystwyth to Haverfordwest |
| | | T3 Barmouth to Wrexham | T9 Cardiff Airport to City Centre |

Cartographics: ML/93/14.15 TrawsCymru 2014



TrawsCymru T4 service Cardiff – Newtown illustrating the national brand.

Q6: Devolved bus regulation / registration powers

The publication of the UK Government white paper 'Towards a lasting devolution settlement' in March was a disappointment in terms of this current discussion. The Wales Bill was not available at the time of writing

The Silk Commission report published exactly a year ago recommended the transfer of bus regulation policy and the traffic commissioner's bus role to the National Assembly. This would undoubtedly mean the end of the current free market competition and subsidised services based on the demand side model. In its place we need a TfL type body which researches the market, procures the services from the private sector and takes the revenue risk. This might be called TiG (Trafnidiaeth I Gymru) or TfW (Transport for Wales)

If my interpretation of "transferring powers to regulate buses (*in respect to bus service registration*)" is correct the UK Government has ignored the Silk recommendation on bus policy transfer to the Welsh Government despite the National Assembly having voted in the past to end the deregulated bus market.

The white paper does make changes to the role of the Traffic Commissioner and to bus service registration which allows 'the Assembly to determine how this function should be carried out. So it seems we can fill in the forms but not make the policy changes which the Minister needs to introduce an integrated transport policy.

It needs a clear statement on bus service regulation in Wales or we are nowhere near to seeing all public transport policy transferred to the Welsh Government so creating a stronger framework for bus, rail and taxi services in Wales.

Changes proposed in the white paper do not pass to the National Assembly the right to determine Wales' bus regulatory framework. The answer to Q7 addresses the future requirements to best provide this on the same footing as London. The question posed is why was the London regulatory system (which is similar to the position in Northern Ireland) not copied elsewhere in Wales, Scotland and England (please see Appendix 3).

Q7: Devolution of further powers to regulate bus services in Wales

The current legislation; problems and solutions

Set out below is the case for transferring powers in this area. This would for example propose the repeal of Part 2 of the 1985 Transport Act and its replacement with Welsh legislation. This is an essential prerequisite to an integrated transport policy.

Deficiencies in the current arrangements

The current provisions could be argued to have the following deficiencies:

- any subsidised service is prevented from competing with a commercial service
- but commercial services are generally cherry picked
- bus companies choose to operate profitable sections / times / days
- non-profitable sections or times of day and Sundays are subsidised by county councils
- the inability to cross subsidise means that counties' expenditure is increased
- The provision in the Transport Act 2008 for statutory quality bus partnerships (SQBP) and statutory quality bus contracts (SQBC) gives an opportunity for LA's to 'make' (set up) a SQBP / SQBC on any route or in any geographical

area. These go part of the way to helping government achieve integrated public transport but this paper suggests a more robust and efficient process is required

Consequences

Damaging consequences to passenger services and the travelling experience and easy of travel have frequently followed from the 'free market provides' philosophy of the 1985 Act

- Instability in the market (no control of timetable changes)
- Competition facing Welsh SME bus companies from large bus operators with dominance in a local market make the latter more able to spread the risks of a contestable market and reduce opportunities for Welsh SMEs. Changes in the economics of bus operation have recently seen changes in this position but supply-side competition will still remain the preferred means of operating for many SME companies.
- no coordination of timetables
- no cross subsidy

The fact that the implementation of part of the Welsh Government's National Transport Plan, the trans-Wales long-distance bus/coach service, *TrawsCymru*, on its T1 Aberystwyth – Carmarthen route, was stopped (2011 – 13) provides an example of the unfortunate consequences of the current arrangements.

Solutions

Arriving at the solution of the problem entails consideration of the question of who should own and / or control public transport in Wales.

The ownership and control of public transport in Great Britain (but not Northern Ireland) has changed considerably over the last fifty years. A largely state-owned function took over from a mix of private and public ownership in the 1960s but was replaced by an almost entirely private ownership structure in the 1980s and subsequently (see Appendix 3)

Statutory Quality Bus Partnership (SQBP) Statutory Quality Bus Contract (SQBC) Schemes

LA's are empowered to make a SQBP / SQBC scheme under provisions contained in the Transport Act 2000 (as amended by Transport Act 2008). These are made on a route commercially operated by a bus company and which receive no subsidy from WG or a LA.

The SQPC scheme is a stronger version in terms of governmental specification. The SQB Partnership scheme is described here.

The schemes set out minimum standards which typically include vehicle quality, service frequency, hours of operation, service reliability, minimum acceptable connection times between services at key interchanges, through and area ticketing, service timetable change dates, marketing and publicity, customer care and infrastructure improvements at key stops / interchanges.

Any new operator on a route or in an area has to meet these standards and an existing operator has to improve service standards to the defined level for that scheme. Those not doing so can have their registration declined or removed by the Traffic Commissioner who has a key role in the process and in enforcement.

The weakness in the system compared with franchising lies in two areas:

- The lengthy process to make a scheme
- The need to either obtain agreement from an incumbent operator (unless that operator puts in an admissible objection within the statutory period). If it fails to do so the LA can then make a SQBP in any event.

The SQB Contract provides for greater powers of enforcement. But both have to be 'made' i.e. set up.

A route or network franchise (of the *TrawsCymru* format) or tendered contract has conditions attached to it. Non-compliance can result in financial penalties or the withdrawal of the contract by the WG or LA. Thus in these circumstances a SQBP / SQBC scheme is not required.

Bus Franchising

The principles set out in this paper recognise that by its very nature private control of the bus industry cannot achieve certain key objectives. The SQBP / SQBC described above deal with some of the issues but not all.

Those outstanding issues can be dealt with through private ownership of the bus companies, but operating in a government-run competitive franchising context covering the whole of Wales through the consortia / JTP's (local bus services) and the Welsh Government (Wales & Borders rail, *Bwcabus* and *TrawsCymru*) working together. Branding could be on a regional basis but incorporating the national ticket brand *GoCymru*

This is the position in the Transport for London / Mayor of London administrative area and has been shown to work well. In this paper it is argued that that an opportunity can be created in Wales to tender bus services under the operational and financial aspects of such a public transport network outside the London context.

Powers and responsibilities currently held in wales (by the Welsh Government (WG) and/or local authorities (LA's))

(These are provided for in the Government of Wales Act 1997; Transport Act 2000; Railways Act 2005; Transport (Wales) Act 2006; Transport Act 2008).

Bus

- Bus service subsidy/contract payment levels: (WG, LA's)
- Bus service frequencies / routes: shared between bus companies (commercial routes) LA's and WG (tendered services).
- User group representation is through Bus Users UK Cymru Wales – semi autonomous body.
- 'Making' statutory quality bus partnerships (SQBP) or statutory quality bus contracts (SQBC): LA's. (See more detailed note below)
- Bus Services Advisory Group – preparation of ad hoc reports

Powers to be transferred

In order to achieve an integrated transport policy for Wales, key responsibilities, powers and functions should be transferred to the National Assembly which could then consider the transfer of some of these powers/obligations to Joint Transport Authorities or local authorities. The policy-making role and power to finance would therefore be located within Wales. In all cases any responsibilities transferred to the Assembly would require a commensurate transfer of additional financial provision via the Welsh Block grant.

Generally speaking, it would be logical for any powers conferred on local authorities in previous legislation to also be ascribed to the National Assembly. The making of quality bus partnerships / contracts is an example where they may be made by LA's but not by WG. Any further powers would be devolved to the National Assembly which could then as appropriate devolve them further or by statute to both levels of government. This would assist in cases, for example, where WG is procuring bus services under the terms of the Transport (Wales) Act 2006 but is unable to manage the route structure directly.

(Note: Organisation names in brackets in the following section indicate current holders of the responsibility where this has not been conferred upon the National Assembly.)

Public Transport Policy

- public transport policy generally (from DfT)

Bus

- bus industry regulation (DfT) – see Appendix 1
- current powers of the Traffic Commissioners (.DfT)
- Aspects of traffic reduction/traffic management policy and regulation currently retained by DfT.
- personal safety of pedestrians, cyclists and provision for those groups
- Bus user group representation (The operation of Bus Users (UK) Cymru Wales originates from Bus Users (UK) an England based body. It is however funded in Wales by the WG. It is a statutory consultation body but has no powers of direction over bus companies (see Appendix 1).

Q8: Other actions needed to meet the bus passenger transport and CT needs of travellers in Wales

The primary actions which the Government should follow are summarised above.

One further aspect which involves fiscal policy is a 3 / 5 year funding period for bus subsidy either direct or indirect through county and city councils. This would put bus service provision on the same financial agreement footing as the Wales and Borders rail franchise where the financial commitment has been up to 15 years. This provides the stability to develop the service product and build up passenger numbers to assist in reducing the cost per passenger trip and in the longer term a reduction in subsidy.

More important is the confidence it gives to the traveller particularly those who use the bus as a means of getting to and from work. For them to be able to arrive on time and to know they have employment which they can reach a guarantee of travel is vital. Thus the employment aspect of bus operation and subsidy is an economic factor in local areas.

APPENDICIES

Appendix 1: Competitive Franchising in Wales – an alternative framework for competition

The author's vision is one of integrating long distance bus (*TrawsCymru*) and local demand responsive services (*Bwcabus*) across Wales with local tendered routes. This enables the Government to begin a franchised / contracted network providing evidence of how it can be successfully operated. Following the awarding of the new rail franchise in 2018 (or earlier if the present contractor agrees) rail (*Wales Rail Cymru*) routes would be marketed as an integral part of this pan – Wales national public transport network. Standard fares would be charged and all of the following would be accepted – concessionary passes; the national public transport (*GoCymru*) card; all other similar tickets valid on Wales' buses. Contracted *TrawsCymru* bus and *Bwcabus* feeder services already apply the appropriate brand to their own vehicles as well as Government owned buses. (Please see Appendix 1 for more detail)

The *GoCymru* card would then be available on all franchised or tendered local authority services (Bus, Wales and Borders rail, *TrawsCymru*, *Bwcabus*). All vehicles operating the network and all stops / stations would be identified through the *GoCymru* brand. Multi-journey travel on all participating modes is then made easy and convenient for users.

This process is very different from the current approach under the 1985 Transport Act and the Competition Act whereby market forces determine the network, with competitive tendering restricted to loss-making services only. Rather it follows the 'London technique' which takes competition firmly *off* the road and keeps it as a supply-side competitive tendering process.

The advantages of this will be continuity of service, integrated services and standard fares, but achieved at a lower cost than either direct ownership by the public sector (other than at arms-length not-for-dividend options) or the present mix of market-led profitable 'cherry-picked' routes with subsidised loss-making services.

Franchising therefore provides the best of both worlds:

- public control and service-specification
- private operation of the services through supply-side competition

It recognises that a free market is unsuitable for surface public transport operations because:

- they are unlikely to meet key objectives such as social inclusion, reduction in congestion and environmental sustainability
- the real competitor is not often bus or rail companies but the motor car, a factor that is clearly not recognised by the current competition legislation emanating from both the UK Government and the European Commission
- It is difficult to combine the profit motive (an appropriate financial objective within a mixed economy) and the public service objectives referred to above.

The network has much in common with National Express. They are operated by locally based private companies under contract using high quality new vehicles on a series of strategic routes. The network is based on integration of bus and rail timings so enabling easy through travel – an essential part of the attraction for car users to become passengers

TrawsCymru and the Wales and Borders rail franchise, operated by Arriva Trains Wales, and funded by WG, will form the core of a long distance national public transport network and linked with local bus services in particular at Cardiff, Pontypridd, Merthyr, Llandrindod, Newtown, Carmarthen, Haverfordwest, Aberystwyth, Machynlleth, Bangor and Wrexham. There are also key bus inter change stations at Brecon and Dolgellau

The form of competitive tendering currently in use is intended to apply to loss-making routes for which revenue support is required. However, the perfectly competitive market conditions envisaged for other services under current legislative provisions however result (outside London) in a number of problems:-

1. Instability

It is possible under the free market arrangements for companies to enter and leave the market relatively quickly. A period of notice is required but a company leaving the market because of low or no profit is unlikely to wish to continue to operate at a loss for the notice period. Even with an enforced notice period, movements into and out of the market, especially in the early years when companies are testing market potential and profitability, will lead to instability.

Passengers need stability and continuity of service in terms of routes, services, operators, fares and times. However under current arrangements these will all be subject to change at short notice. This instability may last for some considerable period of time before a new equilibrium is established. Instability resulting from service reorganisations has been shown to have a retrograde effect on levels of patronage.

2. Lack of co-ordination

The registration period envisaged is unlikely to provide Welsh Government / county councils with sufficient time to produce up-to-date, reliable timetables and online information. Such timetables are of particular value to tourists, who are important contributors to the Welsh economy and their loss would be a particular inconvenience to them.

Co-ordination of services along individual corridors or on common routes prevents “bunching” of vehicles at certain popular times, and provides for a more regular headway between buses. And while the Traffic Commissioner has a vital role in quality and safety within the bus and freight sectors, and in adherence to bus timetables, the office cannot determine adequate demand levels and service provision or the associated financial commitment.

3. Competition on subsidised routes

The majority of rural routes are usually (i) radial routes from a town centre extending beyond the urban area or (ii) inter-urban routes which also service urban areas at both ends of the route. A small proportion may be services operating solely within a rural area (e.g. Gower Explorer, Bwcabus) and connecting into a through route.

The highest revenue yield per bus mile is in the urban areas; consequently any competition with subsidised rural services will be met on these sections of route. Deregulated competition will also be concentrated on high-yield times of the day (e.g. from 7.30 am to 5.30 pm Monday to Friday) but may not supply the total capacity required. These competitors will abstract revenue from the subsidised rural service and the latter will have two possible options for its fares policy:-

- If the subsidised service fares remain high passengers will tend to wait for the lower-fare vehicle. This will reduce patronage on the subsidised service and the subsidy level will need to rise if the service level is to be maintained.
- If the subsidised service reduces its fare to compete on the urban section of the route, the internal cross subsidy within the route will be reduced and public subsidy will have to be increased.

Where services are operated on a purely commercial basis they will be limited to the more heavily populated sections of such urban-rural routes. Any services into a town centre will be limited to those roads which are suitable for bus operation. It is likely, therefore, that subsidised and commercial services will operate along the same sections of road and both operators will pick up and set down along that road. The tendering operator for the subsidised service will find it relatively easy to forecast the costs of operation, but revenue will be dependent on the extent of the competition and this will be very difficult to predict, especially at the start of the scheme.

A county council would therefore have to choose between the two fares-policy options for subsidised services described above. This would result in either the withdrawal of services considered socially necessary or a new round of tendering with a possible increase in subsidy, unless the commercial operator considered that the return was insufficient (because the route did not yield enough revenue for several operators), and in the meantime gave notice of withdrawal.

4. Establishing demand patterns

If the powers of public authorities are restricted solely to registration through the Traffic Commissioners, the county council will have no role in collecting and making available market data... Smaller companies, especially in early years, will not have the resources or the expertise to carry out the type of market analysis which the big groups have undertaken. The passenger will not be fully aware of what services are available (despite the development of electronic and telephone information systems such as Traveline Cymru), and will not be able to demonstrate what the

demand pattern might be. Frequent changes resulting from an unstable range of services will lead to a proportion of them seeking alternative travel modes.

A Competitive Franchising System – Objectives

The objectives of such a system would be in line with those of competition legislation

- enabling bus services to be provided in a competitive market
- reducing operating costs and revenue support levels
- making bus operations more demand-sensitive
- improving value for money
- preventing large companies from dominating the market

Such objectives could be achieved within a competitive framework while reducing the instability referred to above. The franchises would be issued by the Welsh Government or a local transport authority – the regional consortium, a JTA - which would also be the coordination and subsidy authority for a route, group of routes, travel corridor or small area. This is similar to Transport for London bus route / network tendering and the Great Britain railway franchising process. This is closer to commercial retail franchising than to deregulation, and its adoption suggests that there are variations between the two which could provide a better competitive framework than the one currently in use.

Competitive franchising will prevent a return of the pre 1930s situation when there were many operators' no multi-operator tickets, constant changes in timetables, together with confusion and inconvenience for the passenger. In the present state of the bus passenger market and given the presence of the car as an alternative (unlike the 1920's) many passengers are likely to change modes. Competitive franchising will take competition *off* the roads and instead establish pre-operational (supply-side) competition under the aegis of the franchising authority. A form of competitive franchising can meet many of the operation and financial problems inherent in the current competition-based approach established by the 1985 Transport Act. It would:-

- allow competition;
- provide a more secure market for restructuring bus service provision;
- prevent instability
- enable the retention of the county council (JTA or Consortium) co-ordinating function, and the continuity of timetables and regular operations;
- provide value for money;
- take competition off the roads, but allow its full value to be realised through the franchising process;
- enable a phased introduction of its proposals;
- allow alternative forms of competitive franchising to be pursued;
- allow for an integrated bus network;
- enable the subsidising authority to predict its subsidy expenditure more accurately;
- Achieve efficiency without the existence of an unstable market.

Characteristics of a Competitive Franchising System

- Routes would be specified by the franchising authority and tenders invited from potential operators. Such routes might be profitable or unprofitable.
- The operator awarded the contract would not have to face subsequent competition on the routes specified during the contract period.
- The franchise would be granted on the basis of the lowest subsidy requirement for a specified group of services. (An alternative would be to allocate a specified amount of money for the service package and award the contract to the operator providing the highest service level.)
- The subsidy would be awarded for the whole of the contract period.
- The contract period would be three to five years. The minimum period would be determined by the operators' requirements to make a reasonable return on investment and the maximum period would allow for competitive re-advertising sufficiently frequently to encourage the contractor to provide the quality of service required by the passenger and the franchising authority.
- The right to develop subsidiary interests such as vehicle maintenance, advertising etc. as profit-making functions would be assured.
- An operational plan and financial forecasts would be provided at the application stage. Performance could then be monitored against this plan.
- Assets such as buses and garages, as well as employees, could, if required, be transferred from an operator losing a contract to the newly contracted operator at the end of the franchise period. This would provide further encouragement for a higher quality of capital equipment to be included in an operator's investment programme.
- All revenue and profit together with the agreed subsidy figure could be retained by the operator in a shire-county franchising arrangement. Alternatively the present Transport for London (TfL) process could be used. TfL receives all fares revenue and the operator receives an agreed sum for running the services.

The size of each franchised operation would be small enough to enable companies of varying size to compete, so achieving the competition objective of the 1985 Transport Act.

Such a system of competitive franchising has features in common with that currently operated by the Department for Transport (previously the Strategic Rail Authority) for rail services. It has also been accepted as a suitable method for London's buses and has already been shown to be a workable framework for competition and subsidy. In the free competitive market it is a common means of selecting operators for food retailing outlets. This parallel with the highly competitive and profitable franchised operations used by familiar high street companies such as MacDonald's (fast food retailing) or Holiday Inn and Marriott (hotels) or production outsourcing (Mark& Spencer) suggests that it is suitable for the competitive aspects of bus operations.

It would achieve the benefits of competition whilst providing greater stability and co-ordination of services. Such a scheme has wide support amongst a variety of organisations in Wales but also in England and Scotland.

Competition in public transport is accepted as a valuable means of achieving better defined value for money from bus subsidies and the alternative outlined here is essentially about the detailed implementation of a competitive scheme.

The passenger railway has been franchised as a part of the privatisation of train services. Considerable discussion took place on the form of privatisation and the belief was that network benefits (e.g. integrated timetables and tickets interchangeable between companies) could only be achieved if a franchising authority (OPRAF, then the SRA and now the Rail Directorate DfT and the Welsh Government) was in place.

Appendix 2: Powers of the Northern Ireland Assembly; Scottish Parliament and Westminster in comparison with the national Assembly for Wales

Power / Responsibility	Wales	Scotd	NI (1)	Eng (DfT)	Eng (PTE) (3)	Eng (Lond) (2)	GB (DfT)
BUS							
Subsidy contract payments	Y	Y	Y	Y	Y	-	-
<u>Frequencies, fares</u>							
Commercial routes - deregulated	Y	Y	N	Y	Y	N	-
Tendered (WG,SG,CC, PTE)	Y	Y	N	Y			
Franchised (London)	-	-	-	-	-	Y	-
State owned and controlled	-	-	Y	-	-	-	-
<u>User groups</u>							
PTUC / PVS	Y	Y	-	-	-	-	-
Passenger Focus	Y	Y	N	-	-	N	-
London Travelwatch	-	-	-	-	-	Y	-
Bus Users (UK)	Y	Y	N	y	-	-	-
NI Consumer Council	-	-	Y	-	-	-	-
<u>Bus Industry Regulation</u>							
Traffic Area (Nation specific)	Y	Y	Y	Y	-	Y	-
Traffic Commissioner responsible to Senior Traffic Commissioner	Y	N	N	Y	-	Y?	Y
Traffic Commissioner appointed by domestic minister	N	Y	Y	Y	-	Y	-
Concessionary fares policy determined internally	Y	Y	Y	Y	Y	Y	-

Appendix 3

Up to the 1960s the structure of the UK bus industry was as follows:-

- Tilling Companies (state owned Transport Holding Company)
- British Electric Traction (BET Federation - private company)
- Municipal operators (state sector)
- Independent companies (private companies)
- Alexander/Scottish (state-owned Transport Holding Company)

This structure was replaced as from 1969 when parts of the previous structure were nationalised

- Tilling Group became the National Bus Company (NBC) which also took over British Electric Traction (BET)
- Municipals operators were taken over by in some areas by Passenger Transport Executives (PTEs) while in others they were retained by the Local Authorities. There were no PTEs in Wales
- Alexander/Scottish along with Tilling Group companies in Scotland became the Scottish Bus Group
- Independents, generally small companies, remained independent

The Transport Act 1985 led to two policy developments

- Deregulation of bus services
- privatisation of state-owned (National Bus Company subsidiaries; Scottish Bus group companies; Passenger Transport Executive bus operations; municipally owned bus departments/operations) bus companies/operations.

In Wales Cardiff Bus and Newport Bus still remain in public (local authority) ownership

The consequence in terms of ownership in Wales was to create dominant private groups reflecting the pre-nationalisation (1946) position with regard to the percentage of buses in major private sector groups

1946 (50% private):

- BET
- Tilling
- Red & White

1980 (5% private)

The big groupings were PTEs, NBC, SBG and Local Authorities. The private sector was represented by smaller independents

2013 (90% private)

- First

- Stagecoach
- Arriva
- Go Ahead
- National Express
- Veolia (to 2012)
- SME (often family owned private sector companies)

This reflects the trend towards a few large privately-owned groups alongside many very small companies in the bus industry.

Appendix 4: Cardiff Bus Station –

This has been covered extensively in my column in the Western Mail. Two relevant articles are included here

CARDIFF TRANSPORT INTERCHANGE - ARE WE THERE AT LAST?

(Western Mail, Wales in Motion column by Professor Stuart Cole CBE. Wednesday 5 August 2015)

A state of the art Cardiff Transport Interchange (CTI) at Cardiff Central Station discussed for ten years has seen over recent months, negotiations and complex documentation (now almost finalised) which will complete the jigsaw.

Last Friday saw the final transfer of the land now occupied by Marland House and the NCP car park (both in private sector hands with the latter having a complex ownership) transferred into city council ownership. The Network Rail land is in advanced transfer discussions.

This is the only site which can be considered as it faces the central business / retail district and the land south of the station is too small in area and Network Rail has its own plans

For many years some political elements within the city council put the southern site forward as an alternative plan but it was a hopeless case from the start as shown in a 2010 SWOT analysis (of which I was an author).

A serious consideration for relocating the bus station to the Marland House / NCP site was not possible to achieve by the city council until it was able to acquire all the land. The move to ownership of all the land around the present bus station was essential to negotiate with any developer.

A major city centre building scheme requires a clear specification from the city council which now appears to have been agreed; a competition to determine the developer (with the required expertise not available within the city council), architects

and a traffic and bus operations designer and final discussions on the fine detail of the architectural and transport proposals. Rightacres, a local experienced and successful property developer prepared to take the risk of acquiring the land interests believe that satisfactory revenue streams to repay the loans can be delivered.

This column has consistently suggested that the scheme has been developer – led rather than transport – led through a developer with a clear specification from the city council. It remains developer - led in financial terms but several new factors (set down in this column as pre-requisites of a successful interchange) have arisen which enables the proposal to be transport – led. But this depends on passenger needs being put first and the master plan being amended in terms of land use to achieve that.

An upturn in the economy providing a more buoyant office and residential market has helped. The BBC Broadcasting House plan for the existing bus station site for a while was a catalyst and remains a major accelerator to the development; it raises the profile of the area and highlights the most accessible location in Wales by public transport but the CTI is a standalone development.

The same principle of a stand - alone development was suggested by this column four years ago and would have avoided the inconvenience passengers will encounter during the demolition and construction period planned for completion in early 2018.

The key transport elements have to meet passenger needs. The land footprint allocated to the bus operations has to include all the ground floor area; the use of 'dynamic' bus stands is not popular with operators or passengers. They have been used in other development proposals to fit a bus station into the land available but that is not acceptable in Cardiff

The design must encourage all bus operators to use the new interchange for the maximum number of routes; the future passenger demand increases have to be included as there will be no new facility for another fifty years. This is a *transport* interchange which also has to provide for park and ride, cycles, pedestrians, car pick up / drop of and those with mobility difficulties

It is clear that the future economic development of south east Wales requires a quite different transport approach than is presently available. The use of the car will not be efficiently achievable because of limited road space and apart with few opportunities possibilities for increased capacity. The modal split target for travel into central Cardiff has to be at least 50% by public transport.

Electrification of the rail network with traditional trains or trams; the Metro and an integrated bus network centred on the Cardiff Transport Interchange meets the needs of our capital city.

The CTI must also present a modern dynamic image of Wales to inward investors and tourists many of whom arrive by train. The present uninspiring buildings and bus station from the 1960's came nowhere near achieving that.

CARDIFF SQUARE – DEVELOPMENT LED OR TRANSPORT LED

(Wales in Motion column Western Mail by Professor Stuart Cole CBE 2 July 2014)

Now that the euphoria about the new iconic building for a national institution designed by one of Europe's leading architects has passed it is time for Cardiff City Council to progress construction of the new bus station.

This becomes more urgent following approval last week of the Cardiff Local Development Plan (LDP) and its lack of clarity on how the residents of 40,000 new homes are to be moved without new infrastructure and an efficient central transport hub

The Welsh Government's policy of providing easy public transport interchanges within a wider integrated transport policy is not fully achieved in Cardiff because of an old style bus station which is not now fit for purpose and should be replaced. The opportunity to achieve modal switch from car to public transport is now within the grasp of Cardiff City Council.

However the rush to develop the land to the front of Cardiff Central Station (now to be called Capital Square) has been the subject of debate for many years within the city council where the development – led factors were getting the upper hand. There has been a 'fluid' master plan. Straws have been clutched at by the city council in a desperate bid to redevelop the bus station site; one only two years ago which did not go forward.

In 2010 a SWOT analysis (by an independent transport team of which I was a member) identified two acceptable bus station options in central Cardiff both north of the railway station. The preferred option was the redevelopment of the existing bus station and the demolition of unprepossessing buildings and the multi storey car park (east of Capital Square) which do not give an image of a successful capital city to inward investors and tourists. This would result in a state of the art bus station with an adequate operating area, buses facing into Capital Square (as in Swansea bus station) a high quality retail link to the railway station and above it attractive offices and a car park. An option for four separate terminals around the city centre was not acceptable to passengers.

The new bus station can be built before the closure of the existing site thus minimising passenger inconvenience and confusion on where to find particular

services. To persuade car drivers to change for at least part of their journey, public transport usage has to be easy. The current position also risks not achieving the Government and city council urban areas transport policies

Two years ago to the day this column set out this preferred site for the creation of a new bus station and did not underestimate the complex real estate challenge with agreement required from the existing leaseholders although the freehold is owned by the City.

The city council is to be congratulated on securing the land and with a developer is now able to construct a landmark bus station and business complex creating *Porth Caerdydd* – the gateway to Cardiff. Although the financial aspects are more challenging, a transport - led proposal is preferable since the new bus station would remain open while the present bus station site was redeveloped. City centre development architects and transport advisors indicate there is sufficient space for both in parallel and bus services could operate on event days.

All bus (including 'bus box'), train, long distance coach and taxis services could operate through the new hub with future Metro trams in adjacent St Mary's Street and secure bicycle storage and car pick up and drop off at the new south frontage of Central Station

A new bus station has been promised but no detailed plans or timescale appears (from recent comments by city councillors, officials and the developer) to have been produced. The decision on a public transport interchange given the nature of city politics and of the real estate market has to be certain. Consequently to be credible to travellers in Cardiff, construction has to be planned now, with funds allocated, developer named and contracts signed.

The Cardiff LDP has been finalised without detailed transport plans and before the Government's Capital Region Metro plan is published. These two plans are an essential pre-cursor to implementing the LDP as they will specify the transport requirements for south east Wales.

The development –led approach by the city council in Capital Square now requires a transport – led plan on an equal footing to give travellers into Cardiff's central business district an attractive public transport system

**Professor Stuart Cole CBE is Emeritus Professor of Transport, Wales
Transport Research Centre, University of South 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 26	BCT 26
Fforwm Trafnidiaeth Rhanbarthol ar gyfer De Orllewin Cymru	Regional Transport Forum for South West 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 is made up (simplistically) of three main parts; Bus operators, Community Transport Operators and Local Authority Passenger Transport teams who work with Bus and Community Transport Operators. In this section the condition of each is discussed separately and then an overall condition is suggested.

Bus Operators – the cost of labour is the main cost to bus operators (60% of total cost). Fuel is the next largest cost at almost 17%, with overheads at 8%, insurance and claims at 3% and maintenance materials at 4.5%. The remainder of costs relate to rental and leases and depreciation of fixed assets. In the last 10 years bus operators costs have increased by 31.3% in real terms. Productivity has fallen with km operated per employee having dropped by approximately 14% in 10 years. The reasons behind this are not clear. Fare levels have risen by almost a third in the last decade (slightly lower than GB as whole where the rise has been 35.2%). The age of bus fleets in Wales is higher than the national target of 8 years, although there are many operators who maintain their vehicles in excellent condition, whatever the age. Profit margins in the last 6 years for the larger bus operators in Wales have been between 6.6 and 7.9%, but this is below the level needed to ensure that the industry can meet growing expectations of customers, increasing competition from the private car and a move towards a greener fleet. Even this level of profit though is significantly higher than many of the smaller operators who form a strong core of the Welsh Bus market. The bus market has seen a great deal of change in the last five years. There have been:

- 3 different funding arrangements for what was Bus Service Operators Grant
- Changes to concessionary fare reimbursement levels
- The recent introduction of new young persons' concession
- Reduced levels of subsidy from Local Authorities as a result of reductions in the revenue settlement grant.
- Reduced levels of subsidy from the Wales Government

There have been no opportunities to secure funding for new buses or significant bus priority measures (similar to the Green Bus fund or Bus Challenge in England) in urban areas and in the context of the level of funding that goes into the Wales & Borders franchise in Wales and the significantly smaller volume of passengers using trains in comparison with buses, there is a tendency to view the bus market as very much third class (behind cars and trains). Buses should be providing the lifeblood to our communities and the people of Wales. Buses should be linking people and communities with the services and facilities which make for a good quality of life and supporting work, leisure, medical and social journeys.

Community Transport Operators – There are 114 Community Transport (CT) organisations in Wales and more than 2 million passenger journeys were made in 2013. The most common services provided by CT organisations are community car schemes, followed by Section 19 Dial a Ride services and Non –Emergency Patient Transport. Over half the CT groups in Wales are membership based and there are

approximately 83,000 active members (i.e. those who have used a CT scheme in the last 12 months). Membership has increased by 20% in the last five years.

The total fleet size in Wales of the CT sector is 1,140 vehicles and this includes cars, accessible minibuses, and accessible cars/MPVs. The average age of CT fleet has increased in the last five years and this has implications in terms of increasing maintenance costs.

The main issues facing the CT sector now are:

- funding - to replace or upgrade vehicles has decreased in the last five years as public sector finances have tightened up and other funding opportunities have declined
- Volunteers – rise in retirement age, less interest in being part of a more strategic scheme, changes in driver licensing (removal of automatic minibus entitlement from 1997), employers are less sympathetic to volunteering
- Concessionary travel – Many CT users are elderly or have mobility impairments and many will have concessionary fare passes, however the passes cannot be used on section 19 operated CT services. This makes journeys for especially vulnerable users more expensive

The CT sector is built on a great deal of good will and selfless public service and it provides a valuable resource in allowing some of the most vulnerable members of communities to retain some independent living. However, it is struggling to meet all the demand because of the lack of funding to increase and replace ageing fleet, a shortage of volunteers and ultimately the lack of support from the Local Authorities and the Community Transport Association, all of whom are facing severe budgetary constraints.

Local Authority Passenger Transport Teams – There are significant differences across the region in terms of the number and skills levels of officers working on public or CT support. What is not different is that there has been significant squeeze on public transport spend over the last four years. As a non-statutory service, public and community transport has been a victim of budget cuts and this has impacted on the number and frequency of bus services which are subsidised across the region and also less money being made available to support CT services. Whilst there have been significant savings through efficiencies, re-tendering and non-replacement of vacant posts, there has been a real terms cut in actual budgets and also in the support and advice function in local government. This looks set to continue in the next few years and with a significant cohort of passenger transport officers in the over 50 age bracket, there is likely to be a skill shortage in the next 10 years unless some longer term planning within or across Local Authorities takes place.

Overall the current condition of the bus and CT sectors in Wales is not healthy. There are excellent examples of good practice (An integrated transport passenger transport system involving Bwcabus, Traws Cymru and the 460 service in North Carmarthenshire and Ceredigion which has stimulated growth in patronage year on year. Community Bus Services in north Gower replacing bus services) and new initiatives (for example the new tranche of University Bus Services which have developed to provide connectivity between Swansea University's Singleton and Bay

campuses). There remains a tremendous amount of goodwill and willingness to make things work better for current and new passengers, but patronage is falling, revenues are at a level which is not conducive to re-investment or long term growth and a real injection of stability and a foundation for growth is needed to ensure that buses and CT can provide the quantity and quality of access opportunities to residents, businesses and visitors alike.

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

There is no simple answer to this question as there are a number of likely causes for this decline. Some of the most likely reasons are as follows:

- Planning decisions which create locations (for housing, employment, health or leisure) which are hard to serve by public transport – leading to increased car dependence
- Lack of available funding to invest in high quality bus fleet
- Failure to introduce bus priority measures on key corridors leading to slower bus journeys and more expensive fare levels
- Concerns about the viability of town/district centres which lead to more/cheaper parking and thus reduces any incentive to travel by public transport
- Reducing and unstable levels of support for bus services leading to a failure to innovate or experiment by operators
- Many smaller operators (and some larger ones) fail to market services and maximise usage as there is no middle management structure
- Lack of competition in some areas of Wales with dominant operators who show less willingness to try and grow the market
- Increasing car ownership levels – once a car is purchased drivers tend only to count the variable costs of their journey (parking and fuel) and so consistently view car travel as cheaper than bus travel
- Ageing population, more older people with more complex health problems are less likely to be able to travel independently and may rely on CT or passenger transport services
- Generation of working age people who have never used public transport and who do not understand how to access information on services, ticketing, stopping points etc.
- Increasing use of digital media to manage social life, leading to less need to travel to meet up and more online contact time
- No clear lead being taken in Wales about the value and benefit of bus services to our communities. There needs to be a more positive approach to acknowledge the reliance on local and longer distance access that buses provide and work more in collaboration with bus operators of all sizes to stabilise and then grow markets
- Closure of local pubs and facilities
- Lack of marketing and promotion

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

Economic – reducing levels of bus or CT services impacts on the ability of those on lower or minimum wage levels (who are less likely to own or run a car) to access job and training opportunities. Thus economic growth in communities and reducing dependency on benefits can be stifled where poor, limited or unstable levels of bus or CT access are available. Fewer bus or CT services also means that car reliance is increased, especially for those living in rural areas. This increases the proportion of individual or family expenditure on travel and reduces the amount of money available to spend on social or leisure opportunities, so it can have a downward spiral effect on local and regional economies. Ultimately lower levels of bus and CT services can create or enhance economic inequalities with a clear division in terms of income and spending power between car owning and no car families. In district/local centres the small businesses suffer declining footfall and income as a result of reduced bus and CT services. This can have a long term impact on viability and create a cycle of local closures meaning the need to travel further to access facilities and services.

Social – Reducing bus and CT services means that those people who rely on those services have reduced abilities to access a wide range of services and facilities. This means not only jobs or training opportunities (and the benefits that arise from productive lives) but also access to health care and especially to preventative health care opportunities and to wider social and leisure opportunities. The physical and mental health of those who rely on bus and CT services is affected by reducing levels of service. This in the longer term could have a real economic cost in terms of medical interventions, residential care requirements or the need for increased community psychiatric support.

Environmental – Fewer public transport opportunities means that more people have to use private transport and this increases congestion, greenhouse gas emissions, noise, vibration and reduces air quality, especially on key corridors into local, district and town centres. More individual travel, which is vital to allow access when bus and CT services are reduced, creates more community severance in villages and suburbs and reduces the attractiveness of more sustainable modes like walking and cycling. This creates a downward cycle of increasing use of private transport, reduction in sustainable transport use and an increase in the impact on local communities and habitats.

Overall – the case for supporting and enhancing bus and CT in the region is convincing. It makes good economic sense to support access to jobs and training and to allow people to access local services and facilities to ensure they remain viable. It makes good social sense to ensure people can access medical, shopping, leisure and social activities and so remain healthy and active and socially engaged for as long as possible. It makes perfect environmental sense to ensure that public transport is available as a viable alternative to private car ownership and use.

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

The WG needs to create a stable basis on which bus and CT services can flourish and grow. This is not just about stable levels of funding (important though that is), it also about a consistent approach to support and investment set against a backdrop of a clear understanding of the role of bus and CT transport across Wales.

There have been a number of changes over the last 4 years in the way in which funding support for public transport is delivered and there is no sense of long term commitment or stability in the market which could generate the confidence that Wales means business in terms of supporting the conditions within which bus services and CT services can serve existing, and attract new, customers.

There is a need to support the move to low carbon fleets, in a similar way to that adopted in England and Scotland. The WG needs to move ahead with the development of integrated ticketing across Wales.

The WG needs to stop focusing on the need to control bus operations through increasing regulation and recognise that where significant improvement and increased patronage levels have been evidenced, it has been about long term partnership working between the public and private sectors and about sustained and consistent levels of commitment and investment in the conditions which make for good public transport operation. Stability of funding/investment will enable Local Authorities to commit to working with operators to develop Quality Bus Partnerships, which can influence all areas of service provision and enhance customer experiences.

The WG should consider approaching the bus and CT sectors in the same way that the walking and cycling modes have been approached through the Active Travel Act. Therefore, agreeing that using public transport is good at an economic, social and environmental level, the WG could set out a clear way ahead, an expectation about the level and types of services required to serve built up areas across Wales and require Local Authorities to provide minimum standards of bus or CT access and seek to improve that over time.

Sustained delivery and growth will require investment for the longer term benefit and help mitigate the costs to the Social Care and Health sectors in caring for people who become isolated in their homes.

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

In the current financial climate the focus of Local Authorities is narrowing down to those areas where there are statutory responsibilities they are obliged to fulfil. Whilst LAs have a responsibility to consider the public transport needs of communities there is no obligation to provide a minimum level of access. This means inevitably that funding for bus services is more likely to be squeezed than funding for vulnerable children and adults or for statutory age educational needs.

Some Local Authorities make a significant contribution towards the concessionary

fare reimbursement system (where existing schemes were in place prior to the All Wales scheme introduction) and in those instances if the funding could instead be invested into supporting extra or enhanced public transport provision that would be helpful. The lost funding would need to be supplemented by extra WG concessionary fares funding as approximately 50% of patronage in the region is on concessionary fares. The alternative option would be for the WG to allow a small charge to be made for the Concessionary pass, which would guarantee an income to LAs to allow them to generate the investment required to sustain (and improve) services.

Ideally the support from LA would be about providing a stable market within which bus and CT operators could work. That means stable levels of financial support of course, but perhaps more importantly a consistent approach in terms of providing infrastructure to support bus service operation, whether that is good interchanges, bus & coach parking, bus priority measures, bus access into new developments and a consistent and appropriate approach to parking availability and enforcement across Councils.

Rural areas will require greater levels of financial support due to the challenges of topography and population dispersal if public and community transport is to grow in these areas.

Also a collaborative approach to making the best use of resources where operators and Local Authorities work together to try and address current and new markets, to manage changes to demands and priorities and keep dialogue open. This could be through formal or informal Quality Bus Partnerships.

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

It makes sense for bus registration powers to be devolved to Wales and Traveline Cymru would be the best placed organisation to manage the process, providing the proper staffing and IT resources are put into place.

A more “local” registration service should ensure that all appropriate information on changes to bus services or new services is dealt with and circulated quickly to interested parties.

Wales should have its own Traffic Commissioner and this will become even more important once more power over bus service operation is devolved to the Welsh Government.

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

The issue of further regulation for the bus industry seems to be based on the fact that regulation will of itself bring about a significant improvement in the bus offer in Wales. There is actually no evidence to prove this assumption. The most regulated bus environment in the UK operates in London. It is the area which has seen the biggest

rise in bus patronage and many new services and extended hours have had to be introduced to meet the demand for bus travel in London, supported by significant levels of public subsidy..

However, the link between the regulation and the patronage growth is not that simplistic. The growth of patronage in London relates to the economic performance and population growth of London, but also to other factors like population density (which is much higher than that of Wales) which supports public transport operations and other regulatory factors like congestion charging, red routes and high parking charges and low parking capacity. It is all of these factors which have made the biggest impact on the quantity and quality of bus provision in London.

The other factor which has supported such growth in London has been the consistent approach of a policy supporting public transport operation and this is a key factor in some other areas of the UK which have bucked the trend in terms of declining bus usage. Areas like Brighton and Nottingham have seen improvements in patronage as a result of a sustained and consistent approach to bus policy and bus priority in the urban centres.

Wales doesn't need more or better regulation to manage an increase (not a decline) in bus patronage. What is needed is stability and a consistent and long term approach to trying to improve the bus "offer". We already have the ability to establish Quality Partnerships or Contracts which provide more regulation than the existing free market conditions do. However, most Local Authorities are reluctant to enter into either agreement without any longer term certainty that any financial commitments (whether for new structures or maintenance) can be met beyond the current financial year. In addition the process for establishing Quality Contracts implies that there has been a failure to work collaboratively with operators to improve services and there are generally very good working relationships with bus operators in our region of Wales. The current central funding support for bus service provided to Local Authorities (Bus Service Support Grant) could link quality enhancements to bus or CT services to a higher level of mileage based reimbursement and this is already under consideration. But the key point should be to avoid over complicating or changing radically a funding mechanism which has changed every year for the last four years, which flies against the main call which is for long term planning and stability.

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

- Commitment to 3-5 year spending stream for bus and CT services
- Opportunities for specific funding pots to encourage vehicle replacement/greening of fleets and innovative transport projects
- Clarify the role/status of groups such as the Bus Policy Advisory Group/ Bus Users Cymru/ Community Transport Association/ Public Transport Users Group
- Development /encouragement of SPG or TAN to ensure development is bus friendly
- Work with operators to raise the profile of buses

- Work with the industry to support multi journey/operator ticketing
- Investment in marketing and promotion to stimulate passenger growth.

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

Agenda Item 3

National Assembly for Wales

Enterprise and Business Committee

Inquiry into Bus and Community Transport Services in Wales

RESPONSE OF TOBYN HUGHES, NORTH EAST COMBINED AUTHORITY/NEXUS

In this paper I set out the background to the provision of, and funding for, bus services in Tyne and Wear, followed by an explanation of how bus franchising can contribute to meeting transport policy objectives. My experience is based on work over the last four years in Tyne and Wear, a metropolitan conurbation that is a different transport and operating environment to Wales in many ways. However there are some lessons from our work in Tyne and Wear that can inform the transport debate in Wales.

In this document I will variously refer to Tyne and Wear, the North East Combined Authority, and Nexus. Tyne and Wear is a metropolitan area of approximately 1.2 million people in the North East of England, comprising the council areas of Gateshead, Newcastle, North Tyneside, South Tyneside and Sunderland. The recently-formed North East Combined Authority covers Tyne and Wear, Durham and Northumberland. The North East Combined Authority is the local transport authority for the entire area. Nexus is the Passenger Transport Executive (PTE) covering Tyne and Wear, and acts as a delivery agent for the North East Combined Authority in the Tyne and Wear area.

In my role I am the Managing Director (Transport Operations) for the North East Combined Authority, which incorporates the statutory role of Director General of Nexus.

The Committee will no doubt be aware that bus patronage outside London is declining, a trend that has continued for several decades. There is much discussion about whether this decline is due to the deregulation of buses, due to the growth in car ownership or due to the different characteristics of people's home and work life – in reality it is likely to be a combination of these three inter-related factors, alongside many other influences.

What is evident though, is that if there is an objective to arrest and even reverse the decline in bus patronage, leaving things as they are will be very unlikely to meet that objective. It appears from your questions that this is the current experience in Wales.

In Tyne and Wear we have three objectives set out in our bus strategy – to arrest the decline in bus patronage, to maintain and improve the accessibility offered by the bus network, and to deliver good value for public money that we spend.

Accepting that the status quo is very likely to lead to further decline in bus patronage, and that is something to be avoided if possible, there are options that need to be considered. These generally boil down to:

- **working in closer partnership with commercial bus operators** to deliver service improvements, infrastructure improvements and other quality benefits that will encourage existing passengers to stay on the bus and new passengers to switch to the bus;

- **local transport authorities taking control of bus networks** in a more formal contractual framework, commissioning bus operators to provide services using the operational skills they have built up over many decades, and adding quality benefits through a franchising arrangement that allows the transport authority to determine networks, fares and service standards.

In England the Transport Act 2000 (and the subsequent amendments in the Local Transport Act 2008) made provisions for both of these approaches, by setting out the legislative framework for various forms of bus quality partnerships, and for quality contracts schemes.

In Tyne and Wear our challenge is similar to that faced by local transport authorities across the country - it is a story that is also mirrored by other forms of public service. At a time when the cost of delivering our statutory obligations¹ is growing, the funding available for providing those statutory services and other discretionary services is declining, or at best remaining steady in cash terms.

Concessionary travel reimbursements will grow because the population is growing older, but more significantly because bus fares are very likely to rise in line with the increasing cost of providing staff, vehicles and fuel to operate buses. Funding for bus services is being squeezed by public sector austerity, continuing the trend that has pushed down on transport revenue funding for many years. There are no signs that this trend is to be reversed in the foreseeable future.

In Tyne and Wear we are therefore faced with a conundrum. We want to deliver accessibility, we want to stop the decline in patronage, we want to give good value for public money - but the money that we have to spend on bus services is being increasingly consumed by the concessionary travel scheme. This means that discretionary spend is being squeezed, resulting in the disappearance of funding for secured bus services, child fare concessions, group travel for elderly and disabled people and other bus services prized highly by our political leaders. In Tyne and Wear we think this squeeze will be complete in 8-12 years' time when all discretionary services will have gone, depending on what assumptions one makes about trends in fares and concessionary travel usage. The first significant cuts will be happening in 2016 if left unchecked, and Nexus has only avoided these cuts in recent years by spending its reserves on securing bus services, something that evidently cannot continue for ever. Accessibility and patronage associated with bus services will decline, and our bus strategy will inevitably fail.

It is important to say that this decline is not simply "the commercial bus operators' fault". They have undoubtedly had a role to play in the decline of bus patronage, pushing up fares ahead of inflation, withdrawing less profitable services and focussing their attention on the most popular routes (and sometimes making startling profit margins in the process). However, factors such as growing car ownership and the decline of discretionary local government spending are clearly not in their control. But this background leads to the conclusion that if the current trend is to be reversed, relying on existing structures and funding streams is highly unlikely to be enough to deliver.

So what has Nexus done about this?

¹ In the case of bus transport, this is principally Nexus' statutory duty to reimburse bus operators for revenue forgone as a result of carrying eligible passengers in compliance with the English National Concessionary Travel Scheme.

Our discussions with bus operators in Tyne and Wear over the last three years have led to a draft Voluntary Partnership Agreement (VPA) that is widely seen as industry leading, in terms of a large-scale conurbation-wide agreement. It brings three operators together to work in partnership with the public sector (insofar as competition law allows) to agree shared objectives and work in partnership to deliver them, with the final commercial decisions on fares and networks lying with bus operators (who after all, receive the fares and are taking many of the financial risks). Bus operators will provide and develop bus services; local transport authorities will provide the roads and infrastructure for their operation as well as funding for socially necessary links. This is an enhanced version of the status quo.

Our draft VPA would bring benefits once enacted. It has secured a promise of new cheaper fare products for 16-19 year olds, a move towards integrated smart ticketing. It includes a commitment to operate some of Nexus' secured bus services as commercial routes without subsidy, as part of an annual network review process. It provides targets for investment in new buses. And it promises 50 additional buses on new and strengthened commercial services across Tyne and Wear. These initiatives will, as long as they are carried through², address to some extent the decline in bus patronage and accessibility that would otherwise occur.

But does that go far enough? The VPA does not provide simple, effective and integrated ticketing throughout the area, nor does it allow smartcards to be exploited to their full potential. It does not avoid the eventual removal of funding for, and the operation of, secured bus services, although it does delay it somewhat. It does not provide a commitment for a stable bus network that remains in place for the long term, allowing people to make life choices based on using the bus and not bothering with a car. It does not introduce real democratic control over the provision of such a vital public service, and it doesn't address the growth in bus fares that could squeeze out people on low incomes wanting to get to a new job opportunity, access a college course or visit their relatives and friends.

My sense is that while the geographies and social make-up of Tyne and Wear and Wales might be different, these underlying issues with working in partnership with operators in Tyne and Wear may well also apply to Wales. A voluntary partnership can be progressive and secure genuinely meant and achievable benefits – but it can't entirely address the underlying problems that lead to declining bus services and bus use, it can only delay them.

An alternative that we have considered in Tyne and Wear is to be more radical – to sweep away the current commercial freedoms in the provision of bus services, procure bus operators on low risk and lower margin service specification contracts and take the fare revenues directly into the public purse. Any growth in fare revenues that can be generated will then be matched with the revenues previously diverted to the more excessive profit margins of operators, and used to “buy” bus passenger benefits:

- **Reduced fares** - Nexus proposes to peg bus fares to inflation, whereas bus fares have in the last decade increased well above inflation.

² Nexus has some real concerns about the many termination clauses that operators can invoke to bring an end to the VPA, although they have recently said that these clauses can be revisited and reworked.

- **Simpler fares** – the current multiplicity of operators’ own fares and multi-modal fares will be swept away and replaced by one simple zonal fare structure that applies to any bus as well as any Metro train and ferry in Tyne and Wear.
- **A stable network** – the revenues generated will, we believe, allow us to maintain secured bus services (be they socially necessary links or child fare concessions) even in the teeth of declining funding from our district councils.
- **A democratic say** – bus boards and user forums will be established in order that elected members and the travelling public can bring their ideas to us for improving bus services and track those ideas through a business planning process.
- **Improved service standards** – achieving high levels of reliability (the bus turning up at all) and punctuality (the bus turning up on time) will be contractualised and incentivised, and a higher standard of vehicle will be specified in order to deliver air quality benefits and an improved passenger environment.
- **Technology advancements** – Nexus will work with its contracted bus operators to deliver further improvements to vehicles, information and the passenger environment as they become affordable, ensuring that the Tyne and Wear bus network is amongst the most advanced in the UK.

Members will be aware that our proposal for a Quality Contracts Scheme in Tyne and Wear has recently been examined by an independent panel, the QCS Board, a time consuming and unnecessarily adversarial requirement of the current legislation. That Board published its opinion in early November, and stated that it thought our scheme was not in the public interest. Their opinion (it is only an opinion, the final decision to progress, amend or halt the scheme rests with our political leaders) boils down to three issues:

- They considered that the **economic benefits** that we claimed for the scheme were not always supported by evidence - hardly surprising as we have no experience of other QCSs to draw upon, that’s the danger of “going first”. We don’t believe the Board’s criticisms are fair and we are considering whether additional evidence can be gathered in support our case.
- They considered that introducing a QCS could expose Nexus to **risk of spiralling costs**, and optimism bias should be applied on top of our assessment of the cost of operating bus services. Nexus has already said that it will establish a contingency that will see 6½p of every £1 of bus fares set aside to deal with unanticipated risks and shocks to our revenue, but the QCS didn’t appear to think that was enough. We respectfully disagree, but will review our risk management arrangements and consider any further recommendations.
- They considered that the **adverse effects on operators’ future profits** were so severe that the public benefits that arise from the QCS (or indeed any scale of public benefit that the Board could envisage) could not justify these lost future profits – in particular because compensation is not on offer, and the Scheme could not be considered proportionate. Nexus is clear that there is no legal requirement to compensate operators for their future lost profits³. In any event, who is to say what operators’ profits will be in ten years’ time, given that the bus market is fully commercial and open to competition from new market entrants and new technologies? Will new disruptive technologies such as Uber have halved Stagecoach’s profits in ten years’ time, for instance?

³ Operators are not being prevented from operating buses, Nexus is simply introducing a control on those operations.

The North East Combined Authority is reflecting on its position, and the way forward will emerge following this pause. We remain of the view that our QCS is financially sound and brings real benefits to bus passengers in Tyne and Wear that outweigh the adverse effects. We suspect that the QCS Board's opinions are founded on the portrayal of the benefits and risks of the Scheme as presented by litigation experts in a highly charged and adversarial cross-examination environment, rather than inherent weaknesses in our Scheme. We therefore believe that there remains a strong case for bus franchising, be it in Tyne and Wear or elsewhere, and it is gratifying to know that the Chancellor of the Exchequer evidently agrees with us as he brokers devolution deals with English regions willing to elect a mayor, deals that make provision for bus franchising in the future.

So what are the implications for Wales?

Firstly, bus regulation and bus franchising is not a panacea for bus services everywhere. Taking control of bus services is only a benefit to the public if the public sector can generate the necessary funds – from growing patronage and growing bus fares, from diverted operator profits and from external sources – to fund measures that will arrest the decline in bus use.

Secondly, bus franchising allows the local transport authority to receive and approve all bus service registrations, which can be a powerful way in which bus service standards can be driven up – but this can also be achieved through less intrusive means than franchising the whole network.

Thirdly, community bus service provision in Tyne and Wear is relatively modest, in contrast with many rural parts of Wales, so my experience in advising you in this regard is limited. However it is evident from my experience that when bus services decline around the margin, it is less profitable services operated by community transport providers that are often the first to go. So affirmative action to arrest the decline will be of benefit to community transport operators.

Finally, and perhaps most importantly, are the social and economic consequences of taking no action. As set out above, Nexus believes that in 8-12 years' time the child fare concessions and the socially necessary links that it subsidises will all be gone. While these bus services by their very nature carry relatively few passengers, it is still the case that this loss of service will affect numerous people: workers getting to the jobs; youngsters getting to school and college; older and disabled people getting the chance to interact and socialise and improve their quality of life; and people in isolated communities getting the chance to do basic things such as shop, socialise and meet up with their friends and relatives. Bus services are a vital social lifeline to many people, and the current trends, if left unchecked, will see those lifelines removed. Taking no action appears to me to not be an option.

Tobyn Hughes
Managing Director, Transport Operations
North East Combined Authority

November 2015

LGA submission to the National Assembly for Wales Enterprise and Business Committee inquiry into Bus and Community Transport Services in Wales 18 November 2015



1. About the Local Government Association

- 1.1. The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government. We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government.
- 1.2. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems. The LGA covers every part of England and Wales, supporting local government as the most efficient and accountable part of the public sector.

2. Key Messages

- 2.1. The LGA have long called for reform to the regulatory and funding rules associated with local bus provision. Our recent report, Missing the Bus?, which assesses bus provision in English non-metropolitan areas, provides further evidence of the need for policy reform. We have attached this report and present it as formal LGA evidence to the Committee's enquiry. For ease of reference, we have summarised the key messages and findings from the report below.
- 2.2. Buses are an essential public service but reductions in Government subsidies, changes to the way the English National Concessionary Transport Scheme is funded and reductions of 40 per cent to core council funding have put at risk those services supported by councils.
- 2.3. However, councils have been working hard to mitigate the impact of funding pressures and to ensure that bus users are able to access health, education, leisure services and jobs as well as preventing social isolation. Such measures include:
 - a) working in partnership with operators to restructure the network and reprioritising council supported bus services
 - b) working with the wider public sector in planning a more cost-effective and coordinated public transport service through a 'Total Transport' approach
 - c) consultation with public and bus users on the best ways of minimising impact
 - d) identifying commercialisation opportunities in partnership with bus operators
 - e) exploring alternative opportunities to scheduled bus services
- 2.4. Despite their best efforts, councils are finding it difficult to identify further innovations that can sustain existing services unless there are changes in rules and funding that support local public transport.

Submission

For more information please contact:
Charlotte Taylor, public Affairs and campaigns Adviser
Local Government Association
Charlotte.taylor@local.gov.uk 0207 664 3060

2.5. The Local Government Association (LGA) believes the following measures will help to ensure that buses continue to play a vital role in connecting people to vital services and prevent social isolation and we have called on the Government and others to play their full part by ensuring:

- a) the lessons from the Total Transport pilots are rapidly disseminated and that councils are empowered to build on them
- b) that there are no further reductions to the Bus Services Operators Grant and that the grant is devolved to councils
- c) a suite of regulatory reforms, perhaps through the forthcoming Buses Bill, to help the bus network deliver better value for the financial support it receives. This includes the availability of franchising powers to all areas, changes to the role of Traffic Commissioners, changes to make smart-ticketing easier and London-style moving traffic enforcement powers to aid bus journey times
- d) fully funding the cost of operating The English National Concessionary Transport Scheme.

3. Conclusion

3.1. LGA research shows that councils have demonstrated sensitivity and innovation in dealing with the pressure on bus funding, working with operators, communities and other stakeholders to improve value for money and minimise the impact on communities of the budget reductions they have needed to make. Councils are now asking for tools to do more to support bus services. The financial pressures behind bus budget cuts have not gone away. It seems very unlikely that Community Transport and other bus substitutes or commercialisation initiatives will be able to significantly mitigate further reductions in bus budgets.

3.2. The Total Transport pilots and the Buses Bill provide government with an opportunity to offer real practical assistance to the bus sector, bus users, and improve value to the taxpayer - it is an opportunity that must be exploited to the full. While some of the hopes for 'Total transport' may be unrealistic, it is vital that lessons are drawn from the pilots as soon as can be done without diminishing their value and that these lessons are acted upon.

3.3. Without reform, further contractions in bus provision will almost certainly be unavoidable, with a direct impact on access to jobs, shops, education and healthcare in a way which is likely to cost the taxpayer more in the long run than is saved in the short-term.

Missing the bus?

Councils and the future
of the bus in non-metropolitan
areas

Foreword

Over five billion bus journeys every year are made in this country, which is three times more than the total number of journeys by rail. Yet it is the plight of neighbourhood bus services that we read about in many of our local newspapers. Buses play a vital role in enabling people, especially the carless, to access health, education, leisure services, shops and of course jobs. They are crucial to many people's general well-being – especially those who are at risk from social isolation. For public administrators, buses also play a vital role in the efficiency and effectiveness of public services. Transporting people to schools and clinics is not a separate function to providing education and health services – it is an essential and integral part of providing those services.

There is a lively public debate at the moment about bus services, with the Government expected to produce a Buses Bill this year and various organisations having published their thoughts on the future of buses. The importance of bus services in cities is also well-understood and has been detailed elsewhere.¹ Therefore I felt it was important that we were able to present the perspective from councils, particularly those areas outside our main big cities, where the impact of reduced bus services is often most acutely felt. Outside of London, local government does not currently control local bus networks, however, it is local government where people will go to for local leadership and it is local government that is uniquely placed to bring together all partners in the interest of finding lasting solutions.

The financial pressure on councils has developed as a result of a 40 per cent cut in councils' core budgets since 2010 coupled with insufficient funding for the English National Concessionary Transport Scheme. Faced with such pressures, councils continue to make difficult decisions on all non-statutory services — and council support for local bus services is no exception. However, this report shows that councils are doing what they can to mitigate the impact of further budget pressures.

For example, it was councils, in partnership with other parts of the public sector, and with bus operators, that devised the Total Transport approach to planning a more cost effective public transport solution which Government is now piloting. Councils could achieve much more, even within constrained budgets, but we need Government to play a fuller role. Their support for Total Transport is welcome but the Government has an ideal opportunity to help, through the forthcoming Buses Bill, by bringing forward a suite of improvements to the transport and buses regulatory environment and by ensuring the next Spending Review doesn't further jeopardise local buses. Without proper funding or the tools to manage an effective bus network, we may find we are turning off the engine of the local economy just to save the cost of its fuel.

Cllr Peter Box

Chair of the LGA's Economy, Environment, Housing and Transport Board

Contents

Executive summary	4
Introduction	5
Bus service funding	6
How are councils responding to reductions in bus funding?	7
Consultation	8
Partnership working	8
Commercialisation	9
Is a bus the right solution?	9
Links with the local growth agenda	10
What does the future look like?	12
Total Transport	13
Devolution of BSOG	14
Regulatory reforms	14
Conclusion	16
Endnotes	17

Executive summary

Buses are an essential public service but reductions in Government subsidies, changes to the way the English National Concessionary Transport Scheme is funded and reductions of 40 per cent to core council funding have called into question the future of many services.

However, councils have been working hard to mitigate the impact of funding pressures and to ensure that bus users are able to access health, education, leisure services and jobs as well as preventing social isolation. Such measures are explored further in this report and include:

- working in partnership with operators to restructure the network and reprioritising council support services
- working with the wider public sector in planning a more cost-effective and coordinated public transport service through a 'Total Transport' approach
- consultation with public and bus users on the best ways of minimising impact
- identifying commercialisation opportunities in partnership with bus operators
- exploring alternative opportunities to scheduled bus services
- linking with the growth agenda.

Rural bus subsidies are being cut across much of the country and councils will have to continue to find new and innovative ways of meeting their communities' transport needs. Despite their best efforts, councils are finding it difficult to identify further innovations that can sustain existing services unless there are changes in rules and funding that support local public transport.

But the future does not need to be so bleak. The Local Government Association (LGA) believes the following measures will help to ensure that buses outside metropolitan areas continue to play a vital role in connecting people to vital services and prevent social isolation and we call on the Government and others to play their full part by ensuring:

- the lessons from the Total Transport pilots are rapidly disseminated and that councils are empowered to build on them
- that there are no further reductions to the Bus Services Operators Grant and that the grant is devolved to councils
- a suite of regulatory reforms, perhaps through the forthcoming Buses Bill, to help the bus network deliver better value for the financial support it receives. This includes the availability of franchising powers to all areas, changes to the role of Traffic Commissioners, changes to make smart-ticketing easier and London-style moving traffic enforcement powers to aid bus journey times
- fully funding the cost of operating The English National Concessionary Transport Scheme.

Although the report focuses on non-metropolitan areas, many of the issues discussed apply in cities and the measures proposed are ones we expect will benefit all of England and Wales.

Introduction

There is no doubt that the bus is an essential public service.

- Three times as many journeys are made by bus as by train.
- More people travel to work by bus than by any other form of public transport.²
- Bus passengers spend £21 billion in retail outlets and £6.2 billion on leisure activities.³
- Twelve per cent of students depend on buses to get to class; job seekers depend on them to find work and, as the population ages, the role of the bus in connecting patients and health services becomes ever more essential.⁴

Small wonder, then, that 'public support for socially necessary bus services can generate benefits in excess of £3 for every £1 of public money spent'.⁵ Yet, outside London, bus network funding fell by around half a billion pounds in real terms in the four years after 2010/11.⁶

According to the Campaign for Better Transport, over 2,000 services have been reduced, altered or removed since 2010. It says buses are 'in crisis'.⁷

This report, based on interviews with officers from a small number of non-metropolitan councils, representing a broad range of circumstances, examines the reality of how councils have faced the challenges presented by increased pressure on bus budgets during the past five years, asks what the future of the bus sector looks like and makes recommendations that the LGA believes can avert a crisis.

Although the report focuses on non-metropolitan areas, many of the issues discussed apply in cities and the measures proposed are ones we expect will benefit all of England and Wales.

Bus service funding

A diverse range of bus services operate outside England's major cities, from inter-urban connectors through small networks around towns to relatively long-distance services often providing the only transport link to small communities other than the private car. The type of travel varies according to the nature of an area, with tourism more important in some places and travel-to-work more important in others. However links to healthcare are seen as a vital service across the board.

Around 80 per cent of bus services nationally are commercial. These services are primarily funded by passenger fares, with no direct funding from councils. However, commercial operators receive Bus Service Operators' Grant (BSOG) – a fuel duty rebate paid directly to operators by Central Government – and are reimbursed by councils for journeys made under the English National Concessionary Transport Scheme (ENCTS).

Councils receive funding for ENCTS reimbursement through their grant from central government, but the grant falls short of the true cost of reimbursement and this means that even journey on 'commercial' services are costing councils money. The fact that BSOG is tied to fuel duty means that its benefits accrue to operators irrespective of the wider social and economic benefits of a service and is paid even when a service would be profitable without it. Nevertheless, despite these inefficiencies, BSOG still provides a critical financial lifeline to many bus services so it is vital that it is maintained at its current level.

Where councils perceive a need for bus services that is not being met by the commercial network, they can fund services directly. These may be specific services put out to tender by the council or additional (eg late evening) journeys, funded under de Minimis rules, on routes that are otherwise commercially run.

Councils also have a statutory obligation to provide free home-to-school transport for children under 16 who live more than a certain distance from their nearest school or who have special educational needs (SEN) and in some other circumstances. Typically, the cost of home-to-school dwarfs the budget for supported services.

The 2010 spending review led to a 20 per cent cut in BSOG.⁸ In the ensuing four years Government reimbursement to local authorities for the cost of ENCTS was reduced by nearly 40 per cent.⁹ The Department for Communities and Local Government (DCLG) budget, from which council funding for bus subsidies comes, has seen larger reductions in funding than any other government department and, as a non-statutory service, council bus funding has inevitably suffered.¹⁰

'We are paying out £1.25 million more to operators in ENCTS reimbursement than the Government gives us.'

How are councils responding to reductions in bus funding?

Councils have done much to maintain the benefits of bus services in the face of reduced funding by working with operators to restructure the network, reducing frequency, identifying those services offering least value and seeking alternatives to the bus. Some services have been commercialised and some additional sources of funding identified. Fares on some tendered services had fallen below those on the commercial network. Others are pioneering a 'Total Transport' approach to delivering a more cost effective public transport service, by coordinating and aligning their transport plans with other parts of the public sector (as discussed in more detail below).

Where councils feel this can help keep a service on the road they have been increased, although this may not reduce subsidy for tendered services until the tender is re-let, depending on the contract. The picture is one of partnership and innovation in the face of necessity; nevertheless, there have still been significant reductions in bus services. The key question is 'On what basis do councils decide to remove one service and retain another?'

Councils tended to have a pre-existing means of prioritising services for funding. Cost per journey, fares as a percentage of costs or passenger numbers tended to be used to rank services, but this was a broad guide rather than an absolute test. The type of journey involved was significant; the need to maintain access to work, school, healthcare and shops was considered and whether a decision might leave a community without any service at all. Councils asked how the tendered services fitted into the bus network as a whole and what sort of network the area required.

'We held a public consultation on our proposals. We considered factors such as car ownership levels, demographics and income and made some assumptions – for example that young people are less likely to own a car and more likely to be dependent on public transport.'

Where home-to-school transport was already integrated into the bus budget, savings could be found by withdrawing non-statutory elements – payments for journey to schools chosen in preference to the nearest school or to post-16 students.

Councils have found that improving cycle ways and footpaths can help to reduce home-to-school transport costs but is not popular with the public if it means subsidised transport is cut and there is a limit to what can be achieved here: 'we do not expect children to traipse across fields'.

In general, councils looked to reduce frequencies rather than to withdraw services altogether and were reluctant to remove 'last link' services, in particular those providing access to healthcare. Cuts tended to fall on evening and weekend services as these were less likely to provide access to jobs, shops, healthcare or schools; but councils understand that cutting evening services can reduce daytime patronage and that weekend services can have an economic value in providing access to leisure services as well as to jobs in the night-time economy. It was therefore vital to consult with communities and operators if the effects of cuts were to be mitigated.

One council, which ceased funding 70 scheduled bus services, provided transitional funding to enable services to continue while alternative solutions were explored and was able to ensure that 49 of them continued, through a combination of support to community transport operators, increased fares and persuading operators, a number of parish councils and other stakeholders (a housing association, a hotel and some town councils) to take on funding responsibility.

Consultation

Public consultation has proved essential. One council has just completed work on a significant reduction in its bus budget over two years. Careful consideration of consultation responses, combined with a good operator relationship, meant that the number of estimated passenger trips no longer catered for dropped from almost 400,000 in the original proposals to just under 170,000 – out of a total 5,000,000 on all supported services. This means that over 96 per cent of passenger trips on the supported network would carry on unaffected by the service reductions, without sacrificing savings.

‘Every suggestion in the consultation responses was considered. 90 per cent were undoable but there were some very useful ones’

Consultation has also provided an opportunity to raise public awareness of the reasons behind service reductions and explore the needs of communities.

Partnership working

Councils see their relationships with local bus operators as essential, both in providing an effective network in the first place and in managing the impact of cuts. Where this relationship breaks down, communities feel the impact. For example, it was reported that in one area where relationships are poor a bus operator withdrew service and the first the council knew about it was when pupils were unable to get to school. Where relationships are effective operators will feel comfortable raising problems with councils before a crisis is reached and councils can mitigate the effects of any withdrawal before buses cease to operate. This relationship is often dependent on the informal partnership between individuals.

Councils can encourage operators to run services of borderline commercial value with promotional support or investment in facilities. Discussions between officers and operators can find work for buses which would otherwise be idle. Councils talk to operators to resolve service issues without infringing competition law and as an independent guarantor that discussions are within the legal framework...

‘The question is can we find a week’s work for a vehicle possibly on three different services two days each’

This kind of informal partnership requires trust on both sides and can involve a lot of work. In one council, for example, 42 operators were involved in discussions about how to manage funding reductions, both as a group and through individual meetings. In another, which cut all direct funding, officers are still working with operators to support the commercial network, home-to-school transport and mitigate the effects of cuts. One of the less obvious effects of cuts to bus funding is the reduction in council staff available to undertake such work and the risk that over time this erodes or even ends the relationship.

Commercialisation

Several councils report success in getting operators to take on services that were previously subsidised and running them as commercial operations. One semi-rural county council is currently implementing a policy of making services with low subsidy levels commercial, rather than cutting services with higher subsidies. Such initiatives depend on good relationships between councils and operators and illustrate the contribution councils can make to supporting bus services by non-financial means, through ticketing policies, digital information provision, infrastructure investment, promotion and procurement (increasing fares is usually a part of the process as well).

It is easier to persuade operators to 'give it a go'; and take on the risk of funding a service when the alternative is redundant vehicles, the loss is small and the council has support to offer; but only time will tell if 'commercialised' services have a long-term future. Another source of savings for one council was its ability to turn its park and ride scheme into a commercial operation, saving £ 2 million.

Is a bus the right solution?

A further important element in framing service cuts was whether alternatives to the traditional bus could meet needs at a lower cost. Where passenger levels do not justify a taxpayer contribution, councils have sought to ensure alternative services are provided but this is easier to attempt than achieve. There is a broad consensus that 'community transport works well where it works but is no universal panacea' while on-demand transport has relatively high per-passenger costs.

In one area, which already had a well-established community transport (CT) network, that network was able to expand to fill some of the gaps created by reduced bus services. Around £200,000 of the council's bus funding was diverted to establish a CT umbrella organisation to act as an advocate and support for CT.

For example through joint procurement initiatives for fuel, insurance and training.

However CT has suffered from similar difficulties to the mainstream bus industry. In one area two large CT operators went out of business at the same time as cuts were being made and CT did not take much displaced business.

New CT schemes take time and effort to develop and are often dependent on key individuals in organising roles. Volunteer drivers can be difficult to find (a factor here is the change in driving licences from 1998 which means that those passing their test after this date are not automatically able to drive a minibus).

'CT works best where it supplements conventional services rather than replacing them'.

On demand services (variously referred to as taxi bus, flexi bus demand-responsive transport) are another option that has been widely explored. These services tend to encounter initial resistance from users who do not like the idea of having to prebook: 'I don't know I'm going to be ill a day in advance'. A good operator providing a good service can overcome this resistance. New technology can reduce the need for advance notice required but it requires funding.

'A key challenge is changing people's mind-set. We had a complaint that one user could no longer get the bus to visit the doctor on Tuesday as they could not get a booking. This person did not realise that the bus now ran Monday-Friday and they could visit the doctor on a different day.'

Taxi buses are essentially a taxi which runs at a given time from a given place (eg meeting a rail service at a remote station). The council may pay a per-head fee, the taxi has a guaranteed fare and the customer also pays. Alternatively taxi-bus services can be tendered like any other. The service then sets fares – but concessionary pass holders travel free.

In one area, reductions in mainstream buses saw a pre-existing scheme supported by the Countryside Agency provided in a more targeted way to create a community transport car-sharing scheme. Users pay using a smartcard, providers – usually taxi companies – have handcard readers. The scheme bridges the gap between what users can pay and what operators need to charge.

Some councils have taken provision to the individual level by funding Wheels to Work schemes. Wheels to Work is a well-established scheme providing mopeds to young people so they can access education and employment.

Links with the local growth agenda

Local Enterprise Partnerships (LEPs) can play an important role in successful bus networks by ensuring bus priority and interchange is built into road and rail infrastructure development and recognising the value of public transport when promoting large new developments, such as housing projects and business parks.

‘An important success has been the thought that went into bus services at an early stage in major development – for example in attracting major government service to relocate – the main bus operator were involved at an early stage’.

However, councils tell us that LEPs have had little or no involvement in bus services. This is largely because bus networks need secure medium/long-term revenue support whereas LEPs are generally capital rich and revenue poor bodies, focused on unlocking growth and development.

Revenue funding which can be guaranteed over five year periods is vital in encouraging operators to establish new services or expand existing ones, even if the expectation is that the service will eventually be commercial. Travel patterns take time to establish and if the funding for a service is withdrawn after a couple of years, the operator is left with funds tied up in redundant vehicles or there is pressure on the council to subsidise of the service on a permanent basis.

This is particularly relevant where new housing or new centres of employment are constructed and councils wish to use s.106 developer contributions to ensure adequate transport links.

Councils warn that if the new bus service is established too quickly, funding can dry up before the development is fully-used and the bus established as the means of access. If the service starts too late, people are used to the fact that access is only possible by car and do not transfer to the bus in sufficient numbers.

‘Capital funding for highways improvements can be found, but without revenue guarantee over several years this cannot be translated easily into improved services.’

In some areas low LEP involvement reflects the fact that the LEP is still developing and establishing its role. Nevertheless councils may need to do more to emphasise the role and value of bus services in ensuring that infrastructure investment delivers maximum value.

There is a feeling among some officers that they need to get better at making the case for buses but the evidence that case requires cannot always be obtained (although Greener Journeys have done much to address this issue). Others point out that transport budgets are divorced from the services (health and education) that require good bus networks.

‘LEP members may support capital spending on bus priority measures but they don’t really connect that with a strategic policy on sustainability’.

What does the future look like?

‘Fifteen per cent of my council’s population would lose all bus services without council support’

At the time of writing several councils are considering or about to implement further reductions in their bus budgets. In several other cases any further reduction would effectively bring the budget to zero. Councils are finding it very difficult to identify further innovations that can sustain existing services unless there are changes in rules and funding that support local public transport.

It might appear that the future will see a growth in community transport and demand-responsive services at the expense of the conventional bus. However, councils we interviewed tended to believe that community transport is as likely to struggle and reduce in size as it is to fill any further gaps in the bus network, as CT schemes are squeezed between state aid rules on the one hand and a lack of volunteers and funding on the other.

While it is too early to judge the extent to which commercialisation has secured a long-term future for a significant number of services, there may be scope for more councils to benefit from this approach. However, in areas where certain services have been commercialised further savings are likely to be very limited.

The support of council officers is vital in growing CT schemes, establishing demand-responsive services and encouraging operators to commercialise services. If this resource were to disappear, it would take with it both the relationship between councils and operators and the ability of councils to tailor local non-bus transport networks to any extent.

‘We expect further cuts and will have to look at service cuts. Our aim is to understand how to reduce costs with minimal impact on services. We need evidence on the nature of the link between bus services and social care costs. There is plenty of anecdotal evidence that bus cuts can leave the elderly unable to manage on their own because they dot go out, can’t get to the shops and so they become ill and there is a cost to the health service. young people find it harder to move to reach employment and cannot afford to learn to drive or get insured ; employers cannot keep apprentices who cannot get to work.’

Pressure on bus funding threatens elements of home to school provision. There may soon be post-16 pupils who are legally obliged to attend school but unable to get there, as councils cut non-statutory provision or seek to pass on the cost to schools that are unwilling to pay.

Parental choice has increased demand for home-to-school transport but the decline of non-statutory provision seems likely to continue, gradually restricting parental choice to those who have the money and time to drive children to school. Reductions in bus services already mean that even where home to school transport is provided, rural children have reduced opportunity to participate in after-school activity.

Is it inevitable then that buses outside metropolitan areas face a bleak future? We think not. The LGA believes that taken together, a total transport approach, the devolution of BSOG funding and a package of regulatory reform can help bus networks deliver economic and social benefits while providing excellent value over the next five years.

Total Transport

One cause for optimism is the Government's enthusiasm for 'Total Transport' (TT), an initiative devised by councils. Essentially this involves councils taking over all public transport in an area, pooling spending that includes non-emergency health transport, BSOG, home-to-school transport and potentially ENCTS, creating a more customer focussed service based on consumer choice and what they are willing to pay, rather than a centralised system. The Government has commissioned 37 Total Transport pilots.

The Total Transport approach helps to ensure that transport costs are considered when planning services. This is particularly important in the health sector where a trend towards concentration of services is transferring costs from the health service to patients, transport operators and councils.

'All liver treatment in the health service regionally has been concentrated outside the county. Patients go but their family can't get to visit them – research shows this is likely to extend their recovery time and lead to them spending more time in hospital; meanwhile there are repercussions for the family. Yet when the health service plans these changes they don't think about transport. The consequence of thinking through the transport implications will not necessarily be that you don't concentrate services, but it might be that you build in better transport links to avoid cost-shifting and prevent the disbenefits of reduced accessibility.'

Similarly, journeys for Special Educational Needs (SEN) pupils can cost up to ten times those for non-SEN pupils and this needs to be considered – along with all other relevant factors - when discussing the merits of concentrating SEN services in particular schools rather than allowing SEN pupils to attend their nearest school.

'We have two pupils attending a special deaf school who face 90 minute journeys each way and an annual cost to the taxpayer of £20,000 each. Allowing them to receive the services they need at a school nearby would save the taxpayer money and give them a better all-round experience.'

Worthwhile as TT pilots are, it would be too much to expect that this approach alone will be sufficient to preserve the existing bus network. Some pilots, although worthwhile in themselves, are very small scale. Some councils question the potential for further savings. Many already do as much as they can to integrate home-to-school with the rest of the bus network and there are often good reasons why non-emergency NHS transport cannot be integrated with the wider bus network.

‘It is very very challenging to integrate these services in a rural area. We have tried to work with health for years but they change [organisation] more often than we do’

Councils do not believe that there are easy solutions to these issues but recognise the need to look at them. It is essential that the results of Total Transport pilots are rapidly disseminated and that councils are empowered to build on them.

Devolution of BSOG

Devolving BSOG to councils would allow resources to be targeted rather than simply paying operators a rebate on the fuel they consume, irrespective of the value and profitability of the service. Councils will also prove better at spotting fraudulent claims than the Department for Transport (DfT), because they have better local knowledge. BSOG paid on tendered services has been devolved to councils as lump sum payments since 2014 and this has helped mitigate budget cuts by allowing councils to target payments as contracts come up for renewal.

The councils we spoke to generally support devolving BSOG to councils if it can be done without damaging the commercial network.

Any devolution process will need to be carefully managed to ensure that bus services which cease to be viable without BSOG are not withdrawn before councils have a chance to fund them under the new arrangements. This risk is mitigated by the fact that bus companies exist to make money by running buses, the new system will still allow them to do so, and a permanent loss of worthwhile services is not anticipated.

However, councils are concerned that further cuts to BSOG will eradicate any benefit from devolution. There may also be concern among some users and bus operators that if BSOG is abolished, the funds will not be ring-fenced to buses and will therefore not be spent on buses. However, while the five Better Bus Areas (in which BSOG is being devolved) are at an early stage and the extent of their impact has yet to be determined, it is already clear that the devolution of BSOG creates an opportunity for potentially significant investment in measures that benefit operators and passengers that would not otherwise be undertaken: for example, bus priority measures, active traffic management and improved ticketing.¹¹

Regulatory reforms

The proposed Buses Bill offers an opportunity to amend bus legislation in a way that would help the bus network deliver better value for the financial support it receives. While the Government's interest in franchising offers cities and city regions the opportunity to build on the undoubted success of bus franchising in London, not all counties will want to establish an entirely franchised bus network and regulation need not always follow the London model. The availability of franchising powers would undoubtedly help encourage any less cooperative bus operators to engage in informal or even formal partnerships. Even authorities which do not see a county-wide scheme as attractive, are nevertheless interested in the possibility of franchising in specific towns in which the bus market is failing and franchising offers a solution.

Some councils certainly want to retain Quality Partnerships as an option. Quality Partnerships should allow authorities to treat a commercially viable route and its loss-making branches as one network and to ensure that if there is competition it is regulated.

It may be that greater powers for Traffic Commissioners and greater powers for councils to influence traffic commissioners could also help address these issues. Traffic Commissioners are seen as too remote from councils and too weak, both in terms of powers and resources. There is a significant contrast here between the regulation of buses and the role of Office of Rail and Road (ORR) in regulating rail.

Other useful regulatory reforms include requiring bus companies to participate in multi-operator ticketing schemes and to make data available, for example on passenger numbers. Some operators have been obstructive of multi-operator ticketing, failing to promote schemes or setting a high premia to make such tickets unattractive. Current arrangements to impose schemes are considered to be too complex.

Operators are reluctant to disclose data which would assist council bus policy-making on grounds of commercial confidentiality but they should be operating on a par with rail in terms of transparency.

Giving councils outside London the powers to enforce moving traffic offences (in particular banned turns and yellow box junctions) would help unblock congestion hotspots that delay buses and lengthen journey times. A relatively small programme of targeted enforcement could make a significant difference in some county towns and cities.

This would also strengthen councils' 'offer' to operators. The LGA urges Government to engage in meaningful discussions with local government over the introduction of a targeted and proportionate approach to enforcing moving traffic offences at key locations in local bus networks – a measure we believe could also have an appreciable impact on local air quality.

Conclusion

Councils have demonstrated sensitivity and innovation in dealing with the pressure on bus funding, working with operators, communities and other stakeholders to improve value for money and minimise the impact on communities of the budget reductions they have needed to make. Now they need to be given the tools to go further. The financial pressures behind bus budget cuts have not gone away. It seems very unlikely that Community Transport and other bus-substitutes or commercialisation initiatives will be able to significantly mitigate further reductions in bus budgets.

The Total Transport pilots and the Buses Bill provide government with an opportunity to offer real practical assistance to the bus sector, bus users, and improve value to the taxpayer – it is an opportunity that must be exploited to the full. While some of the hopes for ‘Total transport’ may be unrealistic, it is vital that lessons are drawn from the pilots as soon as can be done without diminishing their value and that these lessons are acted upon. At the very least councils need access to quality research on the potential impact of such cuts and the social and economic value of public transport in particular in relation to health and education.

Without reform, further contractions in bus provision will almost certainly be unavoidable with a direct impact on access to jobs, shops, education and healthcare in a way which is likely to cost the taxpayer more in the long run than is saved in the short-term.

Although the report focuses on non-metropolitan areas, many of the issues discussed apply in cities and the measures proposed are ones we expect will benefit all of England and Wales.

Endnotes

- 1 PTEG, The Case for the Urban Bus - the economic and social benefits of investing in the urban bus. www.pteg.net/resources/types/reports/case-urban-bus-economic-and-social-benefits-investing-urban-bus
- 2 PTEG press release www.pteg.net/media-centre/press-releases/major-new-report-shows-urban-bus-exceptional-value-taxpayer
- 3 Greener Journeys www.greenerjourneys.com/benefits/growing-the-economy/
- 4 PTEG 2011, Total Transport. www.pteg.net/media-centre/press-releases/major-new-report-shows-urban-bus-exceptional-value-taxpayer; DEFRA: Sustainable Development Indicators in your pocket 2009 <http://www.greenerjourneys.com/benefits/growing-the-economy/>
- 5 Making the connections: The cross-sector benefits of supporting bus services, 2014 pp. 10 <http://www.pteg.net/resources/types/reports/making-connections-cross-sector-benefits-supporting-bus-services>
- 6 Making the Connections, p.13 <http://www.pteg.net/resources/types/reports/making-connections-cross-sector-benefits-supporting-bus-services>
- 7 Campaign for Better Transport Buses in Crisis a report on bus funding in England and Wales 2010-2015 http://www.bettertransport.org.uk/sites/default/files/pdfs/Buses_In_Crisis_Report_2014_Final.pdf
- 8 IPPR Total transport authorities: A new deal for town and rural bus services. <http://www.ippr.org/read/total-transport-authorities-a-new-deal-for-town-and-rural-bus-services#what-s-happened>
- 9 LGA press release 28 February 2014 Funding needed to save vital concessionary bus services. http://www.local.gov.uk/media-releases/-/journal_content/56/10180/5971406/NEWS
- 10 IPPR Total transport authorities: A new deal for town and rural bus services. <http://www.ippr.org/read/total-transport-authorities-a-new-deal-for-town-and-rural-bus-services#what-s-happened>
- 11 Department for Transport Better bus areas programme 2015 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/457634/bba-final-report.pdf



Local Government Association

Local Government House
Smith Square
London SW1P 3HZ

Telephone 020 7664 3000
Fax 020 7664 3030
Email info@local.gov.uk
www.local.gov.uk

© Local Government Association, September 2015

For a copy in Braille, larger print or audio,
please contact us on 020 7664 3000.
We consider requests on an individual basis.

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 51 Ymgyrch dros Drafnidiaeth Well / Campaign for Better Transport



Buses in Crisis

A report on bus funding
across England and Wales
2010 - 2016

Contents

1. Foreword	3	9. Case Study 2 – Rural areas - Cornwall	16
2. Executive summary	4	10. Bus fares: a story of above inflation increases	18
3. Key findings	6	11. Conclusion	20
4. Methodology	8	12. Recommendations	21
5. Are buses in crisis?	8	13. Recommendations for the Welsh Government	24
6. The cuts in buses – the numbers	10	14. Next steps	26
7. Central government funding and the Bus Service Operators Grant	13		
8. Case Study 1 – Urban areas - Nottingham City Council	14		



Pack Page 98

1. Foreword



Stephen Joseph
Chief Executive, Campaign for Better Transport

More people commute to work by bus than by all other public transport combined. Yet buses are still looked upon as a local issue – they rarely make national headlines and politicians rarely don their hard hats and hi-viz jackets to visit bus projects. Yet they matter, to individuals and communities, and to the economy.

For millions of people buses provide everyday transport and the decisions made about buses and their funding matters a lot to many people in their everyday lives. Buses are essential for the quarter of UK households without a car; over half of households on the lowest incomes fall into this category and bus use rises as income falls.

Young people need reliable and affordable bus services in order to access education and employment, particularly apprenticeships. Bus services are therefore vital if the Government is to achieve its target of three million apprenticeships. For older people buses are a lifeline away from isolation and loneliness, giving them access to social activities, health services and shops. Accessible public transport is often crucial in keeping disabled people connected to their communities.

For many people in rural areas buses are essential, not just for work and education, but for independence. Buses are also important for leisure use, helping people gain access to and travel around the countryside more sustainably; they often also contribute to the overall visitor experience.

This report looks at what has been happening to supported bus services (supported by funding from local authorities) across England and Wales. With local authority funding being cut, support for bus services has been cut too. We have now been monitoring the impacts of annual cuts to supported bus services for five years and this report gives us a very clear picture as to what is happening on the ground.

We have found that 63 per cent of local authorities have made cuts to supported bus services in England and Wales. Supported bus services may only represent 17 per cent of bus services, but they are often the ones people and communities need most where no alternative transport exists.

Buses in England and Wales are at a crossroads. Whilst the Government has recognised for England the urgent need for legislative changes in its forthcoming Buses Bill, there is also the possibility of further funding cuts to the Bus Service Operators Grant (BSOG) in the current Spending Review. To ensure the legislative changes to buses in the Buses Bill are successful, bus funding must at the very least be kept at current levels.

On the current trajectory local authority supported bus services have a very uncertain future. This report highlights what is happening to these bus services but also makes practical suggestions for local and national government to adopt to ensure our buses have a bright future.



Page 99

2. Executive summary

Local bus services across England and Wales are under threat. Government reductions in local authority funding have caused significant cuts to bus services supported by local authorities.

This report gathers together a picture of these cuts across England and Wales. This is the fifth year that Campaign for Better Transport has conducted this research, mapping and painting a very clear picture of what is happening to supported bus services across England and Wales and ultimately holding central and local government to account.

These supported bus services are services that are subsidised by local authorities because they are not provided by commercial bus companies. They often serve communities where no alternative transport exists, meaning that any cut or alteration can often have a huge impact on residents and local economies, creating what we describe as public transport deserts.

Supported buses also provide services in evenings and at weekends when services would otherwise cease. These subsidised or supported services represent

17 per cent of bus provision in England; this is a fall of two per cent on last year and a decline of seven per cent since its peak in 2009/10.¹

Our research shows that this year 63 per cent of local authorities in England and Wales have cut funding for bus services, whilst 44 per cent have removed or withdrawn services. Local authority funding for supported bus services has fallen by £22.6 million. Around 425 routes have been reduced or altered, of which 145 have been withdrawn altogether. Since 2010, local authorities in England and Wales have cut £78 million in funding and over 2,400 routes have been reduced or withdrawn altogether.

This report highlights how, despite unprecedented financial pressure on local authorities, bus service withdrawals are not inevitable. The report includes two case studies from Nottingham City Council and Cornwall Council highlighting different positive approaches to bus provision in an urban and predominantly rural local authority area.

Our report recommends that a new approach is needed to support buses and public transport. We suggest three key areas for the Government to focus on three recommendations:

1. Buses Bill

The Government is promising a 'Buses Bill' to devolve new powers on buses to local authorities. We support this in the hope that it allows local authorities to plan networks properly and introduce simple, unified fares structures. This will be through franchising on the London model, or, as franchising may not to be the desired model for bus service delivery in all areas, through the strengthening of partnerships between bus operators and local authorities. However, with this legislation promised the Government must now avoid further reductions in the overall funding for buses as such cuts would undermine these reforms.

2. Connectivity Fund

A 'Connectivity Fund' should be established by bringing together the existing BSOG fund (around £230 million in 2014-15) with additional 'top slicing' from 11 other government departments that benefit from having good bus networks including the Department for Work and Pensions, the Department of Health, the Department for Environment Food and Rural Affairs and the Department for Education, into a ring-fenced pot for local government to support bus services.

It is suggested that this could pay for itself by reducing the cost of other public services and by supporting economic growth.

3. A Total Transport scheme

This is about bringing together the commissioning of local transport services by different public bodies in the same area, creating more sustainable and integrated networks. The Government has funded an £8 million pilot scheme across 37 local authorities and the early indications show potential gains in efficiency and services. We suggest the Government builds on these pilots by rolling out the scheme to allow all interested local transport authorities to bid for funding for this coordinated commissioning.

These three approaches should be linked into a government strategy and long-term vision for public transport. Without some of these reforms, and if nothing else changes, bus services will continue to be reduced or in some areas cease entirely, creating what we describe as 'public transport deserts' leaving people isolated and unable to get to work or access key facilities and public services.

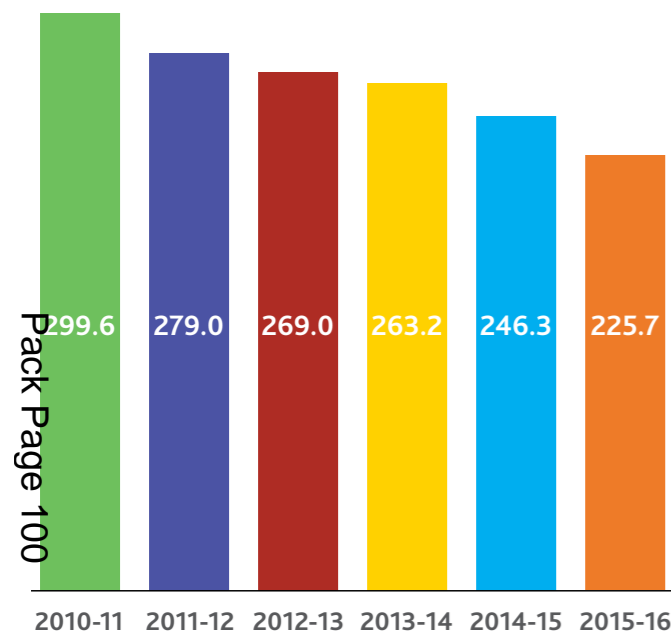


3. Key findings

England

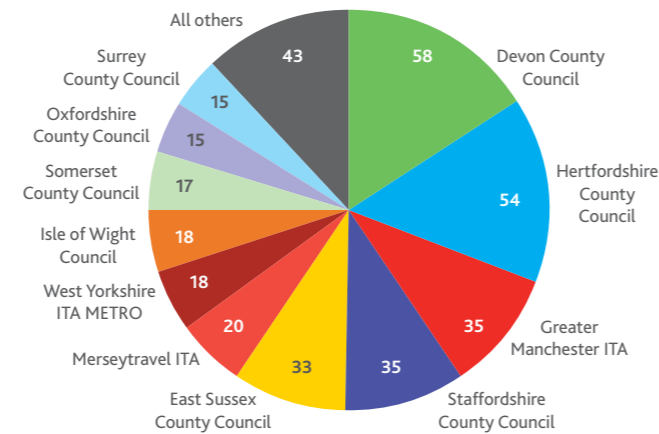
The key finding from our research is that in total £22.2 million has been cut from supported bus funding in England in 2015-16. With a £1.6 million increase in spending by some local authorities, a net reduction in funding of £20.5 million has been made to supported bus services in England. This is an 8.4 per cent reduction since 2014-15. Since 2010-11 a total of £73.8 million has been cut from supported bus services in England, a reduction of 25 per cent.

Total English spend on supported buses since 2010 (£m)



In England a total of 372 bus services have been reduced, altered or withdrawn in 2015-16. When broken down this equates to 248 bus services being reduced or altered whilst 124 bus services have been withdrawn altogether.

Total number of bus service cuts, alterations and withdrawals by local authority

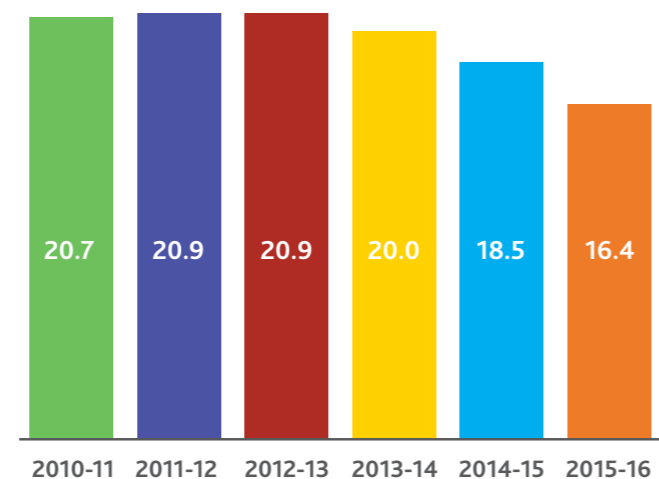


Wales

In Wales responsibility for bus services is devolved to the Welsh Assembly. The key findings from our research in Wales are that in total £2.1 million has been cut from supported bus funding in 2015-16. This is an 11.3 per cent reduction since 2014-15 and a 14.9 per cent reduction since 2010-11. In Wales a total of 53 bus services have been reduced, altered or withdrawn in 2015-16. When broken down this equates to 32 bus services being reduced or altered whilst 21 have been withdrawn altogether.

All but five of the 22 Welsh local authorities have made cuts to bus funding in the past year.

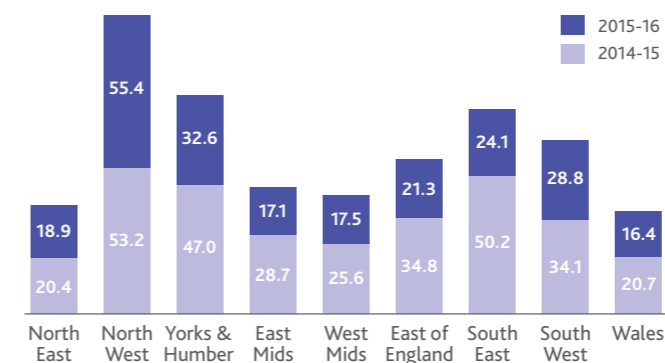
Total Welsh spend on supported buses since 2010 (£m)



England and Wales

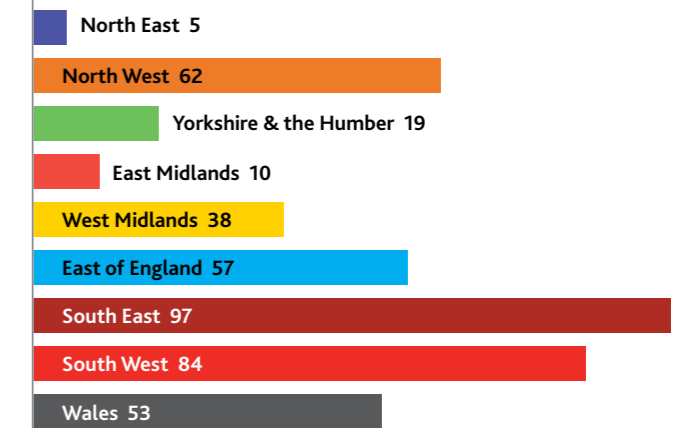
Our research shows that this year 63 per cent of local authorities in England and Wales have cut funding for bus services, whilst 44 per cent have reduced or withdrawn services. Since 2010-11 over 2,400 bus services have been reduced, altered or withdrawn altogether across England and Wales. Since 2010-11 the total cuts to supported bus services in England and Wales is £78.1 million, a reduction of 25 per cent.

Cuts across England and Wales 2014/15 vs 2015/16 (£m)

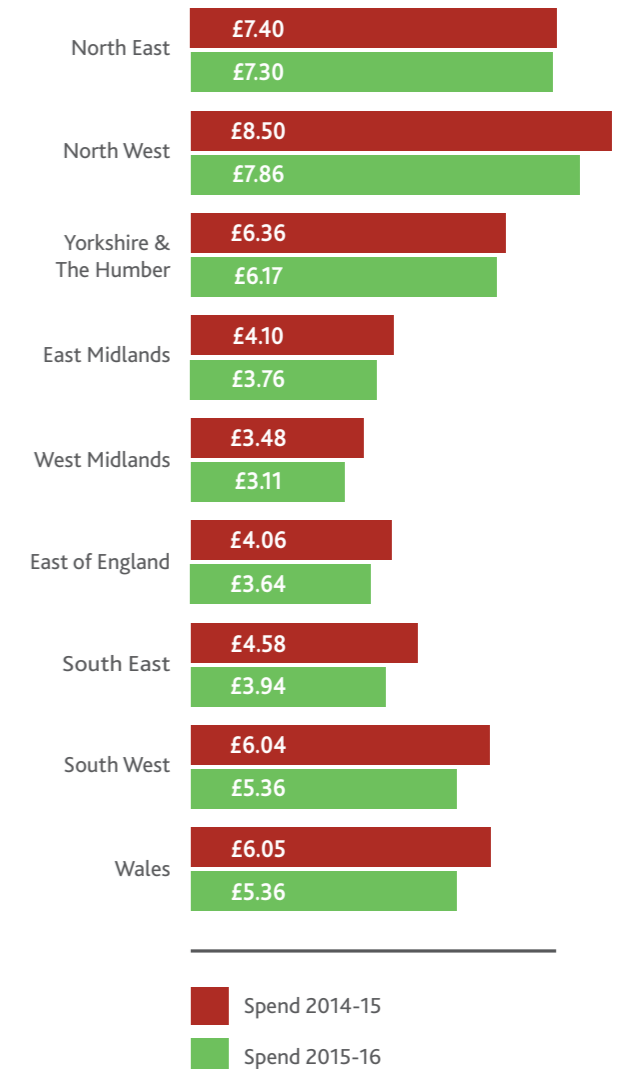


When comparing the budgets in the metropolitan areas covered by the six Combined Authorities/ Passenger Transport Executives (PTEs)² and non-metropolitan area budgets there are some interesting results: since 2014-15 non-metropolitan areas have cut in total 10.6 per cent from their supported bus budgets whilst overall metropolitan areas have cut 4.6 per cent. Since 2010 non-metropolitan areas have cut 25.3 per cent of bus funding whereas metropolitan areas have cut 7.3 per cent of funding.

Total number of bus service cuts, alterations and withdrawals by region



Spend per person 2014/15 to 2015/16



4. Methodology

The information about funding for supported buses and withdrawn routes has been collected by contacting all 82 local transport authorities in England as well as the six transport authorities responsible for public transport within large urban areas. We also contacted all 22 single-tier authorities in Wales. Freedom of Information requests under the Freedom of Information Act 2000 were issued to all local authorities in England and Wales and all combined authorities or PTEs.³

The information requested this year looked at the previous financial year 2014-15 and this financial year 2015-16. Due to some minor anomalies in previous studies the questions we asked in the freedom of information requests for this report were more detailed to ensure that this survey is more comprehensive than those we have carried out previously. Some figures are slightly different from previous reports, because some local authorities have previously provided budgetary information rather than reporting their actual spending. All local authorities responded to our freedom of information requests.



5. Are buses in crisis?

Public funding for buses has seen reductions, year on year, for the best part of a decade. As part of the Coalition Government's Spending Review in 2010 it was announced that government funding to local authorities for transport would be cut by 28 per cent; and that BSOG - which provides direct support for all bus services - would be cut by 20 per cent from 2012-13.

In addition, the Department for Transport (DfT) changed the formula for funding local authorities for the statutory free travel scheme for older people and those with disabilities, and there have been further changes by the Department for Communities and Local Government.

Many local authorities have had their grants and other income severely reduced over the past five years and it is sadly inevitable that non-statutory services like buses are often the first in line to be lost. However, the performance of local authorities in dealing with the cuts in funding has been a mixed picture. In some cases there have been reductions to services even though budgets for supported services have increased slightly, in other cases local authorities have managed to protect supported bus services despite a cut in budget. Our two case studies focussing on Nottingham City Council and Cornwall Council highlight how urban and rural local authorities are using innovation to ensure their bus networks do not disappear.

Statistically it does not look good for buses. According to the DfT's annual bus statistics,⁴ there were 4.65 billion passenger journeys on buses in England in 2014-15, meaning a fall of 27 million in the number of bus journeys taken in England since last year. Over the last decade in England outside of London, local authority supported bus services mileage has decreased by 55 million miles, and mileage on commercial services has not compensated for this loss rising by 13 million miles in the same time frame.



The percentage of bus mileage on supported services (which we focus on in this report) has decreased from 24 per cent in 2009-10 to 17 per cent in 2014-15.⁵ This year marks the thirtieth anniversary since Royal Assent of the 1985 Transport Act which de-regulated bus services. Since then local bus passenger journeys made outside of London have decreased by 37 per cent. More than half of all bus passenger journeys made in England in 2014-15 occurred in London which has seen a 105 per cent increase in bus use since 1985.

It is clear from these statistics that when supported bus services are cut, commercial operators are not always able or willing to step in and fill the gaps left. Even when commercial operators do take on formerly tendered routes we are seeing cases where they then pull out after some months because they have been unable to make the services viable.

The current situation facing local bus services has recently been highlighted by Oxfordshire County Council. The council has just agreed to cut all funding for supported bus services which may result in over 100 routes and services being cut, many serving rural communities that will be effectively cut off if these changes go through.

Most bus services are provided commercially and, as noted already mileage here is rising. However, local authority supported bus services, which are often those meeting vital social and economic needs, are clearly in crisis and if there are further cuts to the BSOG and local authority transport funding this crisis will deepen and will affect commercial services too. Without a new approach this will hit hard the many people and communities across England and Wales who rely on buses for their everyday transport.

6. The cuts in buses - the numbers

The following tables aim to provide a clear picture of spending on supported bus services across England and Wales in 2015-16 and 2010-16.

The table opposite shows which local authorities that have reported cuts in spending, with the percentage of the cuts levied in 2015-16.

The table below highlights the level of supported bus spending by region since 2010.

Every region apart from the North West has seen a cut in spending over this time; the North West's performance is due to a significant increase in spending by Merseytravel Integrated Transport Authority since 2010, which has made up for cuts by other authorities in the region.

	Supported Bus Budgets (£)					
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
North East	20,448,790	20,243,874	20,201,269	19,443,496	19,201,675	18,955,405
North West	53,175,690	54,598,022	57,587,719	58,304,709	59,970,207	55,457,659
Yorkshire & Humber	46,977,558	42,358,666	38,630,086	36,500,195	33,654,100	32,606,296
East Midlands	28,678,202	24,191,248	22,473,358	22,448,526	18,613,943	17,068,376
West Midlands	25,611,840	24,308,450	22,527,920	21,910,910	19,510,581	17,464,631
East of England	34,843,222	30,335,659	28,080,997	26,378,232	23,810,091	21,357,174
South East	51,039,646	47,826,479	45,562,333	44,793,066	39,598,009	34,080,814
South West	38,844,600	35,148,902	33,945,198	33,494,546	32,009,131	28,798,938
Wales Total	20,677,951	20,870,107	20,864,508	20,028,822	18,518,953	16,413,309
England Total	299,619,549	279,011,301	269,008,880	263,273,680	246,367,737	225,789,293

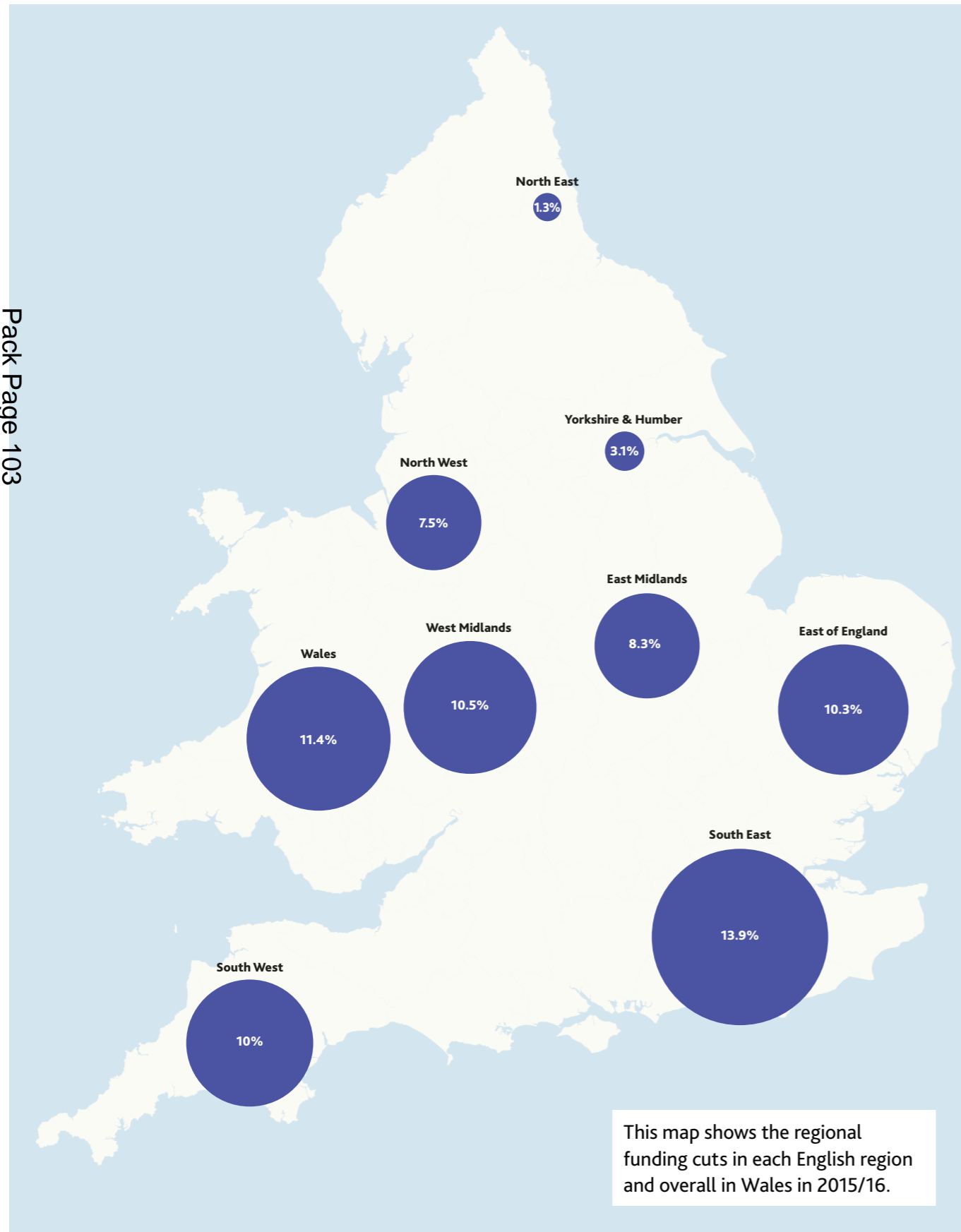
Regional Funding Cuts 2015-16	£	%
North East	246,270	1.28%
North West	4,512,548	7.52%
Yorkshire and the Humber	1,047,804	3.11%
East Midlands	1,545,567	8.30%
West Midlands	2,045,950	10.49%
East of England	2,452,917	10.30%
South East	5,517,195	13.93%
South West	3,210,193	10.03%
Wales Total	2,105,644	11.37%
England Total	20,578,444	8.35%

Spend per person	2014-15	2015-16
North East	£7.40	£7.30
North West	£8.50	£7.86
Yorkshire and the Humber	£6.36	£6.17
East Midlands	£4.10	£3.76
West Midlands	£3.48	£3.11
East of England	£4.06	£3.64
South East	£4.58	£3.94
South West	£6.04	£5.36
Wales	£6.05	£5.36
England Average	£5.49	£5.03

The councils spending nothing on supported buses	
Hartlepool Council	Luton Borough Council
Stockton-on-Tees Council	Southend-on-Sea Borough Council
Darlington Borough Council	Cardiff Council
Blackpool Borough Council	Neath Port Talbot County Borough Council
Cumbria County Council	Wrexham County Borough Council
Stoke-on-Trent City Council	

The councils making the largest cuts	
Hertfordshire	£1,718,235
Surrey	£1,535,000
Lancashire	£1,200,000
Nottinghamshire	£1,100,000
Bristol City Council	£1,000,467
East Sussex	£956,000

Local Authority Percentage Cuts 2015-16			
North East			
Brighton and Hove City Council		0.8%	
Middlesbrough Council	61.75%	Isle of Wight Council 49.11%	
Redcar and Cleveland Borough Council	3.52%	Buckinghamshire County Council 6.89%	
Durham County Council	1.19%	East Sussex County Council 43.2%	
Northumberland County Council	10.25%	Hampshire County Council 11.93%	
North West			
Halton Borough Council	3.05%	Kent County Council 8.29%	
Warrington Borough Council	9.22%	Oxfordshire County Council 33.96%	
Blackburn with Darwen Borough Council	20.02%	Surrey County Council 17.03%	
Cheshire East Council	2.73%	West Sussex County Council 20.68%	
Cheshire West and Chester Council	9.36%	South West	
Lancashire County Council	9.6%	Bristol City Council	25.66%
Greater Manchester ITA	13.95%	North Somerset Council	0.42%
Merseytravel ITA	1.33%	South Gloucestershire Council	31.65%
Yorkshire and The Humber			Plymouth City Council 0.9%
North Yorkshire County Council	17.57%	Torbay Borough Council	83.59%
South Yorkshire ITA	9.64%	Bournemouth Borough Council	0%
East Midlands			Swindon Borough Council 1.57%
Derby City Council	34.56%	Wiltshire Council	16.22%
Derbyshire County Council	2.86%	Devon County Council	6.98%
Leicestershire County Council	9.68%	Dorset County Council	0.69%
Nottinghamshire County Council	20.75%	Gloucestershire County Council	17.36%
West Midlands			Somerset County Council 14.96%
Herefordshire Council	31.25%	Wales	
Staffordshire County Council	20%	Blaenau Gwent Council	1.78%
Shropshire Council	3.89%	Bridgend County Borough Council	26.1%
Worcestershire County Council	11.03%	Caerphilly County Borough Council	1.71%
West Midlands ITA CENTRO	8.43%	Cardiff Council	100%
East of England			Carmarthenshire Council 10.4%
Thurrock Borough Council	61.8%	Ceredigion Council	15.5%
Bedford Borough Council	10.86%	Conwy County Borough Council	4.34%
Central Bedfordshire Council	5.2%	Denbighshire Council	39.62%
Hertfordshire County Council	40.79%	Flintshire Council	4.58%
Essex County Council	2.35%	Isle of Anglesey Council	11.04%
Norfolk County Council	10.1%	Monmouthshire Council	12.43%
South East			Neath Port Talbot County Borough Council 100%
Medway Council	6.15%	Newport City Council	14.02%
West Berkshire Council	2.69%	Pembrokeshire Council	8.33%
Reading Borough Council	11.16%	Powys County Council	10.67%
Slough Borough Council	32.59%	Rhondda Cynon Taff Council	16.7%
Milton Keynes Council	10.89%	Swansea Council	0%
		Torfaen Council	0%



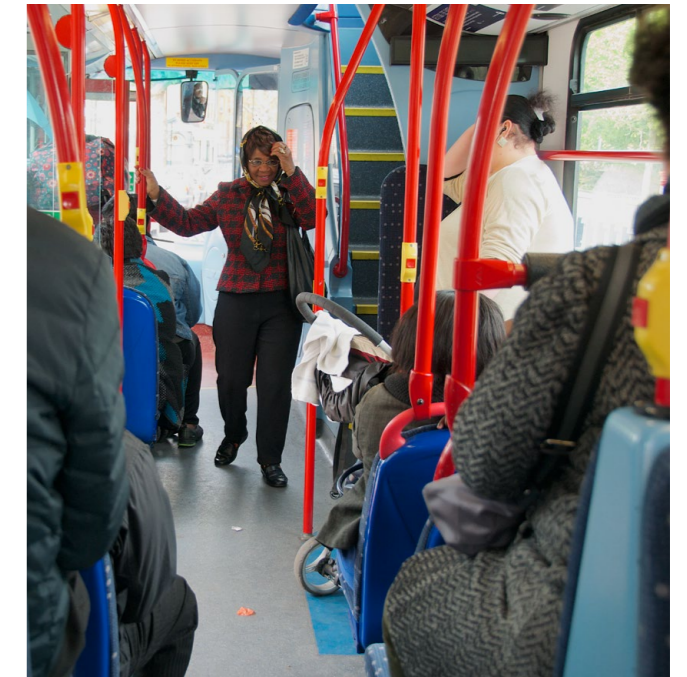
7. Central government funding and the Bus Service Operators Grant

BSOG is a grant paid by the DfT to all operators in England of eligible local bus services and community transport organisations, regardless of the type of service they run.

BSOG is essentially a fuel subsidy as bus operators are reimbursed for some of the excise duty paid on the diesel consumed by running their services. All eligible bus operators receive BSOG, though there are some variations in the level of rebate for example, in Better Bus Areas.⁶ BSOG is also paid directly to local authorities for services that they support. Similar schemes operate in Scotland and in Wales, albeit with important differences in the way in which the grant is paid. This fund amounted to £230 million in 2014-15 in England.

Value for money

In October 2014, Greener Journeys, working with KPMG LLP,⁷ assessed the value for money provided by the current operating model. This research found that every £1 spent on BSOG generates between £2.50 and £3.50 in wider economic benefits. Research by the Passenger Transport Executive Group (pteg) found that if BSOG was cut entirely bus fares would rise by 10 per cent overnight and commercial buses would see a 10 per cent cut in services.⁸



In 2004/05, BSOG made up nine per cent of operating revenue but in 2013/14 this proportion had fallen to five per cent. Some of this decrease will be due to BSOG in London being devolved to Transport for London. As noted above, in the 2010 Spending Review the Coalition Government announced a 20 per cent reduction in BSOG. Since then it has remained vulnerable – the Government considered making further reductions to BSOG in 2013 but decided against more cuts following a joint campaign by bus operators, local authorities and campaign groups including Campaign for Better Transport. BSOG remains at risk of funding cuts through the current 2015 Spending Review, the outcome of which is due to be announced shortly.

If BSOG is protected in the Government's forthcoming Spending Review it must remain a ring-fenced fund for local authorities so as not to be absorbed in shrinking council budgets.

Yet these threats come at a time when the Government is committed to reforming the structure of the bus industry with a Buses Bill⁹ promised. Cuts in bus funding would undermine these reforms. We suggest below some ways in which BSOG might be reformed, but it is essential that any reform preserves the current level of funding.

8. Case Study 1: Urban areas - Nottingham City Council

As we have highlighted in our previous Buses in Crisis reports, local councils have faced near 50 per cent cuts in government funding since 2010 and are often criticised for then making cuts to council services. However, many councils are looking at new and innovative ways of managing buses against this background of funding cuts. Nottingham City Council is one of those councils and Andy Gibbons, Head of Public Transport, outlines below what Nottingham City Council is doing to ensure buses continue to serve the needs of the people of Nottingham.

All councils are facing severe budget problems and are likely to do so for several years to come. Every month we hear of another area drastically cutting its tendered bus service network. The Passenger Transport Executive Group predicts a reduction in annual expenditure of £500 million over the four years from 2010, allowing for inflation.

Recent reports by Greener Journeys demonstrate the value of supported bus services in assisting the growth agenda and delivering social mobility. However, despite calculations of a benefit cost ratio above 3:1, expenditure remains discretionary and constantly vulnerable when councils are struggling to maintain core statutory services, particularly in adult and children's services.

Nottingham is no different to any other authority in facing such pressures. Despite a vibrant commercial bus network, around 12 per cent of trips are fully supported by the city council to the cost of around £4 million pa. Patronage levels on these services are either growing or static, with over seven million trips pa. It is also estimated that some three million pa commercial trips are also made because of connecting subsidised services.

In 2013, after three years of difficult cuts to other areas, it was faced with a bleak choice – either cut all tendered services and discounted travel schemes or come up with an alternative self-funding model within four years.

The ambitious self-funding option was chosen, supported by local politicians with a good track record in backing innovation such as the local workplace parking levy.

The overall package of measures uses a mix of the following approaches:

- Invest-to-save, often using successful external capital bidding processes
- Income generation from proven areas of local excellence
- Rethink and deliver in a completely different way
- Develop and build on strong partnership.

These are the ten work-strands that Nottingham City Council is focussing on:

- Identify providers of specialist bus services – works buses, college shuttles, school and health services – and examine their precise needs. Work with each provider in flexible open partnerships, amending existing council tendered services to incorporate these other movements. Use capital funds to purchase new accessible buses, together with bespoke ticketing and information systems to fully merge such movements into the mainstream network. In return, get the partner to contribute scarce on-going revenue funds.
- Use existing external grant opportunities to convert services from diesel to fully electric. We are now half way through converting our in house fleet of 60 buses to fully electric, with a network of charging points across the conurbation. With a 6p per km grant on electric buses and fuel duty rebate no longer being available for new diesel subsidised services, this gives savings of over £15,000 per bus per year. It's an extremely difficult project, but the rewards are substantial.

- Work closely with local community transport organisations to encourage them to take on tendered service work. Bolster their boards with greater professionalism, assist them in becoming financially stable through advice on bidding opportunities and bus operations. Redesign local bus service routes and timetables to dovetail with their other transport obligations eg dial a ride.
- Use smartcard datasets to identify which users of mainstream bus services also use costly specialist transport provision (taxis to hospital, special needs schools or day centres). Look at ways of amending the mainstream network to replace this expensive alternative provision, backed up by clever independent travel training tools and smart discounted ticketing.
- Redesign tendered service routes to incorporate car parks and park and ride sites – for connections not just to the city centre but to other congested hot spots such as events, universities and hospitals. Truncate some services to feed high frequency bus and tram routes in the suburbs, making them free to use in order to avoid the interchange fare penalty.
- Bid for grant opportunities and invest in large scale integrated electronic information and ticketing schemes. Get an ongoing income stream from transport operators for the commercial use of these systems. Substantially improve passenger waiting facilities with capital grants, allowing increased bus station departure fees to be applied.
- Introduce bike hire from public transport interchange points to non-central employment sites using external grant money, integrated or free with integrated ticket products. Aimed at sites where the majority of staff are mobile and young, this can be a way reducing bus capacity whilst providing more flexible provision in terms of operating times. Extend bike hire to replace inter-site college and works movements and to include electric bikes.

- Ensure developer funding opportunities to support bus services are pushed and promoted from an early stage in any potential development proposal. Lock these in with temporary discounted ticketing promotion, backed up with individual journey plans. Work very closely with planning and traffic management officers to embed the bus at the heart of these developments, rather than an afterthought. Ensure there is a paved walk link and safe crossing to the nearest bus stop, with a roadside staff entrance rather than one only from the site's car park
- Invest in smartcard and administrative ticketing systems to reduce fraud and running costs associated with discounted ticketing schemes. Use complex data analysis to determine local factors used in negotiations relating to operator payments. Spread costs of smartcard systems across other commercial ticketing schemes, through an integration of the retail network on offer.
- Continually design-in bus access to new road schemes, ensuring priority is given particularly in the city centre and on major radials. Bid for capital funds for works which improve reliability and reduce bus journey times, backed up by on-street and bus lane CCTV enforcement. Use strong partnerships, land use planning, retail, leisure and parking policies to maintain city centre vibrancy and the continued presence of commercially provided bus services. Not only has this reduced the need for more supported services, it has even led to the commercialisation of previously supported airport and university services.

Two years on and over £2 million per annum savings have been made. Nottingham is now half way to having a self-funded high quality, low emission tendered service network, maintaining levels of accessibility at 2010 levels. The journey so far has been difficult, risky and reliant on continued support from key partners. However, compared with the alternative of a downward spiral of irreversible cuts, it has been far more interesting and uplifting. Andy Gibbons, Nottingham City Council

9. Case Study 2: Rural areas - Cornwall

Cornwall has recently reached a devolution deal with the Government and as part of this has been promised greater powers over its bus services, which will be delivered through the Buses Bill. As a basis for these powers it has recently set out a strategy looking at all modes of public transport across the county. Coverage of the Buses Bill has focused on metropolitan areas, but rural areas must also reap some benefits. Here Lesley Barlow, Transport Planner from Cornwall Council, outlines their plans for the future.

The vision for public transport in Cornwall is one where there is a modern, attractive, integrated, high quality network that is affordable and easily understood. This will see the needs of the customer at the heart of a public transport system that provides access to services and better meets the needs of the local economy. We know that many people do not currently see the bus or train as a

viable alternative to the car due to the length of journey times, its inability to connect with other services and the perception of unreliability. It is therefore imperative that we invest in public transport to make it work for the people of Cornwall.

Frequent and high quality rail services are seen as a key priority to addressing growth and improving our connectivity. This has been reflected in the importance that we have given to working with the rail industry and our history of significant rail investment, spending £36.5 million on rail improvement schemes since 2002. This has seen patronage figures for Cornwall grow by 3.8 million since 2000 (or 141 per cent). This change has been delivered through the re-dualling of the mainline between Probus and Burngullow, facilitating improved services and timetabling, a passing loop and half hourly frequency service between Truro and Falmouth, as well as a programme of station improvements through our Riviera Project, all with the aim of creating a rail network that people want to use.

Having seen how people have responded to this change, we were keen to work with the train operator to see a more frequent mainline service of two trains per hour. This will deliver a huge step change in service provision and accessibility. This proposal formed a key element of Cornwall's Growth Deal bid, allowing the necessary re-signalling works to facilitate this improved frequency. The proposal also included the refurbishment and capacity improvements to the sleeper service and the relocation of the heavy maintenance depot to Long Rock, near Penzance. We are working to deliver these improvements to quality, capacity and frequency by December 2018 to coincide with the new Hitachi AT300s, which will be operated by Great Western Railways.

It is crucial that we build on our recent success and maintain the momentum of the last decade in Cornwall through the delivery of a sustained programme of public transport investment and improvement. We do not want to see a two-tier public transport system in Cornwall where rail services are better provided and better used

than our bus services. A customer focused public transport network is at the heart of Cornwall's plan to deliver a single, integrated public transport system. The network will integrate routes and timetabling for buses with local rail services, along with the provision of high quality, accessible and integrated travel information. This will improve the offering not only to existing passengers, but significantly improves its appeal to non-users. In this way we will increase public transport patronage on bus and rail to bring about an upturn in revenue making services and make the network as a whole more financially viable.

We have worked successfully with operators over the last 12 months to stabilise the network and services following the loss of one of our main operators and we hope to continue this partnership approach in achieving a customer focused network. The Buses Bill provides an opportunity for all of us to review how we deliver bus services in a rural area and ensure that they are sustainable and that they meet the needs of Cornwall today and in the future. Lesley Barlow, Cornwall Council.





Page 106

10. Bus fares: a story of above inflation increases

Bus users are now facing significant bus fare increases as well as cuts to their services. The DfT recently released statistics¹⁰ which show the rate of bus fare increases over the last decade. Most of the data is derived from the DfT's survey of bus operators.

In the past year up to March 2015, bus fares in England increased by 3.3 per cent, faster than the Retail Prices Index (RPI) rate of inflation which had an average of 0.9 per cent in 2014-15. Between March 2010 and March 2015, the average annual percentage change in bus fares was 4.5 per cent, while the average annual rate of inflation over that period was 3.1 per cent.

Local bus fares in England increased by 61 per cent on average between March 2005 and March 2015. Bus fares have risen at a faster rate in metropolitan areas (71 per cent) than in non-metropolitan areas (44 per cent). The Retail Prices Index has risen by 35 per cent over the same period, which means that bus fares have risen significantly in real terms.

Operator revenue

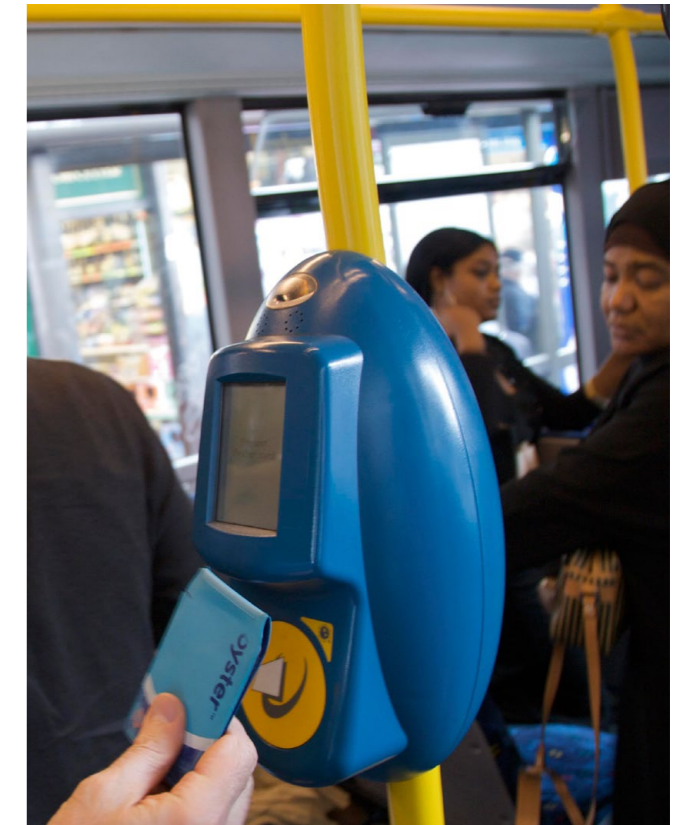
In 2013/14, the total estimated operating revenue for local bus services in England was £5.6 billion. Passenger fare receipts made up the largest proportion of operating revenue: £3.3 billion or 58 per cent of operating revenue. Revenue from passenger receipts has increased on average each year by 1.4 per cent in real terms between 2004/05 and 2013/14.

Operating revenue from concessionary fare reimbursement has more than doubled over the same period from £500 million to over £1 billion. This increase reflects the wider coverage of the concessionary travel scheme (moving from a local authority to a national scheme), increased eligibility and a larger proportion of elderly people in the wider population.

Why bus fares matter

Bus cuts and rising fares are not simply matters of inconvenience. For many people without access to a car, buses are the only way they can travel to health services, colleges and places of work. Poor bus provision and high fares magnifies social problems, obstructs the delivery of other public services and holds back economic recovery.

People from low income families are most likely to rely on buses to get around. They spend a higher proportion of their income on bus travel and struggle to access the best fare deals. Statistically low income



families are less likely to have a car. Some children from poor families are put at further disadvantage because their parents cannot afford bus fares to get them to colleges and services. Children from low income families are at risk of poverty if affordable transport is not available.

Fare increases and bus cuts are undoubtedly hitting some of the poorest families in the country hardest and the Buses Bill provides an opportunity to introduce simplified and affordable 'Oyster style' smart ticketing. Oyster is equipped with daily price capping which automatically calculates the cheapest fare for all the journeys made in a day. There is no large upfront charge (just £5 deposit) and passengers are able to pay-as-they-go, topping up their card with whatever they can afford.

11. Conclusion

The context of our fifth report on supported bus services is again one of sustained decline. If the current Spending Review leads to further cuts to the central government funding stream for buses, (BSOG), the immediate future for buses and, more importantly, their users is increasingly bleak.

This report also does not account for current live proposals by local authorities to cut funding for buses and there is the very real prospect of further substantial cuts to come in the next year, with many areas, urban as well as rural, consulting on drastic reductions in funding and services. For example, Oxfordshire County Council is currently proposing to cut all £4.5 million from its supported bus funding, which may include bus routes through the Prime Minister's constituency, Witney. Other areas considering major cuts include North Yorkshire, which is looking at saving a further £500,000 from its bus funding.

The Government's Buses Bill offers some hope, but as already noted, the reforms it promises will only succeed if there is funding to go with it. The Government has made transport and infrastructure a priority in this Parliament – proposed public spending on road infrastructure in this Parliament already totals over £30 billion, for example – but it needs to extend this to provide sufficient funding for buses and to treat this as a national issue. As already noted, bus services are treated as a purely local issue, ignoring the national consequences of a decline in funding and services.

More than ever a new approach is needed to support buses and local public transport. Campaign for Better Transport has been developing ideas for this new approach in discussion with many people in and around the bus industry, including operators, local authorities, passenger groups, researchers and others.



12. Recommendations

The Buses Bill

As already noted, the Government promises reform of the bus industry through a Buses Bill, expected to be introduced early in 2016. The Bill is intended to complement the Cities and Local Government Devolution Bill, which will give new executive powers to cities like Manchester with the creation of new directly elected Mayors. Under the Buses Bill the mayors, and other authorities like Cornwall where devolution deals are agreed, will then have the powers to implement 'London style' franchising over local buses.

Franchising powers

The Buses Bill is expected to have a central focus on providing franchising powers for local authorities, so they can plan networks properly and introduce simple, unified fares structures. The Department for Transport (DfT) is consulting on giving local authorities a wide range of tools to achieve these ends, including strengthening partnerships (see below), but the Buses Bill should also include the ability to franchise services where the authority judges that this is the best way to achieve this. Franchising need not be solely the London 'gross cost' model, but can encompass other approaches including 'net cost' tendering with stronger operator involvement.

Strengthening partnerships

Reform to bus services does not always require new legislation and there are many examples of bus operators and local authorities working very well together (see Nottingham City Council case study page 14). In many areas passengers and communities are frustrated that simple, but important improvements such as simplified fares structures (multi operator and multi modal ticketing), better marketing of public transport networks as a whole and better and longer term planning of networks are taking too long to be introduced.

Franchising may not be the desired model for bus service delivery in all areas and that's why it's important for the Buses Bill to also strengthen regulation around partnerships. The DfT is suggesting this could be done by devolving bus registration powers from Traffic Commissioners to local authorities, and also some competition powers. This would have the benefit of bringing together the different regulations governing bus services so the local authority can, for example, apply specific criteria to the granting of registrations such as participation in multi operator smart ticketing.

Rural areas

While this bill has a focus on urban areas, rural areas that have been hit hard by cuts to supported bus services must also benefit from it.

One approach for the Buses Bill to help rural bus services would be to require local authorities to conduct effective assessments of need for public transport in their areas. Many local authorities are simply not doing this, meaning that when withdrawals of tendered services are implemented often whole communities are being cut off. Such a requirement for authorities to show they have considered this need will then ensure there is better strategic planning of tendered services and will allow a broader view than simply focusing on short term metrics like the cost of subsidy per passenger.

The Buses Bill is due to be published almost exactly 30 years after the 1985 Transport Act de-regulated buses outside London. This Bill is an opportunity for bus users to see rapid improvements to their services and Campaign for Better Transport supports the development of legislation which will enable this.

Fully funded Total Transport programme

A key recommendation from our last *Buses in Crisis* report was for the Government to introduce pilots for 'Total Transport' schemes. The idea was developed in a 2011 report from pteg¹¹ and follows practice in other countries. The aim is to identify and bring together the bespoke transport services commissioned by different public bodies for example inter-hospital link services, social services transport to take older people to day centres, transport for taking staff to and from prisons, and transport for children with special needs to and between schools. Universities and colleges also commission or run services.

Such separate commissioning wastes significant funding and management time within these services – it also abstracts funding and passengers from mainstream bus services. One county has estimated that the total public funding for transport services in its area is around £60 million; another has estimated that £2.4 million is spent in part of one district council area, of which just £400,000 is accounted for by traditional supported bus services.

Encouragingly the Government began a trial of Total Transport Projects in early 2015 with a £7.6 million fund. The Total Transport Pilot Fund competition was launched on 14 January 2015 and 42 bids were received from local authorities in England. In total 37 local authorities were awarded funds for various projects. These projects include a range of feasibility studies and other groundwork, as well as a number of pilot schemes to test the real world scope for service integration in particular areas. The pilots will run for a maximum of two years. While they are running project teams will be encouraged to share what they learn with each other, and at the end of the two years each scheme will submit a detailed report on the results of delivering integration to the DfT.

Initial reports from the winning local authorities are very encouraging. We are now almost six months into the two year pilots and we recommend that the Government builds on these by establishing a fully funded Total Transport programme, that brings together different central government resources.

Connectivity fund

In the last *Buses in Crisis* report we called for the Government to introduce a 'Connectivity Fund'. We renew our calls for this fund to be introduced as a means of giving buses a long-term stable financial future.

This fund would build on the Total Transport programme by pooling spending from across government and ringfencing it for local transport.

The proposal for this fund was originally made in a report¹² from the transport body pteg, entitled '*Making the Connections*'. It suggested that the Connectivity Fund should be established by bringing together the existing BSOG fund (around £230 million in 2014-15) with additional 'top slicing' from 11 other government departments that benefit from having good bus networks, including the **Department for Work and Pensions**, the **Department of Health**, the **Department for Environment Food and Rural Affairs** and the **Department for Education**, into a ring-fenced pot for local government to support bus services.

In order to put funding levels on a sustainable long-term footing, and to stem the circle of decline in supported local bus networks, pteg estimated that the Connectivity Fund should aim to provide £500 million in bus funding.

According to pteg the Connectivity Fund would contribute to key national objectives:

- **Help flexible and productive labour markets** by enhancing accessibility to key employment, education and population centres, including to new development areas
- **Promote economic growth** by enabling and promoting growth in the most productive employment centres outside London by reducing congestion and linking more workers to jobs
- **Help create full employment** by encouraging and enabling more people into work while making work pay: affordability and availability of bus services is especially vital for low paid workers
- **Tackle the cost of living crisis** by ensuring that transport remains affordable and cheaper housing is increasingly accessible
- **Improve health and well-being** by encouraging active travel and greater social interaction, especially amongst children, young people and the elderly
- **Cutting carbon emissions and improving air quality** by promoting modal shift and reducing congestion

The Connectivity Fund will in turn pay for itself by significantly reducing the cost of other public services and by supporting sustained economic growth. It could also improve the financial sustainability of bus networks themselves, for example investing in removing bottlenecks on the road network it would allow buses to operate at higher speeds, more reliably and thereby cover more mileage with the same resources.



13. Recommendations for the Welsh Government

The financial situation for Welsh local authority supported bus services is increasingly worrying. This year the cuts to local bus services in Wales have been more severe than in England and urgent action should be taken by the Welsh Government to prevent further funding cuts and Welsh communities being cut off. Alongside our recommendations for the UK Government, here we suggest three key recommendations for the Welsh Government to adopt.

Total Transport Wales

Following the emerging success of the Total Transport Pilots across 37 English local authorities the Welsh Government should adopt their own Total Transport scheme. This approach will be of particular benefit to more rural areas, bringing together different transport services in an area.

Such separate commissioning of transport wastes significant funding and management time and takes funding and passengers from mainstream public transport services. So why not bring them all together? Total Transport allows existing resources to be allocated and coordinated more efficiently resulting in services for passengers that are more effective.

There are good examples in the Netherlands of where Total Transport has been used successfully to improve public transport for urban and rural areas. The results and evidence are already starting to come in from the current English Total Transport pilots and case studies and examples of best practice will be available for the Welsh Government to use and adopt accordingly.

Welsh Connectivity Fund

The Welsh Government should similarly consider its own Connectivity Fund, pooling resources from government departments that have a stake in buses and ring-fencing it for local transport.

Welsh bus reforms

The Welsh Government should also seize the momentum from Westminster's Buses Bill and push forward with its own bus reforms, including options for franchising and for enhanced and strengthened partnerships. Any reforms need to build on the success of the TrawsCymru long distance network and the Bwcabus demand responsive services.

There is an opportunity for the Welsh Government in the next few years to link bus reforms to rail devolution and improvements. The Welsh Government is set to get control over the Wales & Borders rail franchise in 2018 and it should link bus reforms to this as Cornwall Council have highlighted in their case study on page 16.

Buses for Welsh tourism

Buses are often the only practical option for tourists including visitors from overseas, who have no cars to reach many of Wales' most beautiful places. Their choices are reduced by cuts to rural bus services. Sundays are a particularly important day of the week for day trips and many visitors who stay overnight will need a bus back to the nearest main railway station on Sundays.



The importance of buses to rural tourism economies has been recognised in Swansea, where the Gower Explorer bus network has improved access to the peninsula. The Swansea Rural Development Partnership (EU and Welsh Government funded) supported Sunday Gower bus services from 2011 to 2014, with clear benefits for local tourism businesses. In 2015, Visit Wales provided funding for one year. Approximately 38 per cent of passengers on Sunday Gower services in 2015 were from overseas.

The Welsh Government should undertake an audit of public transport access to key tourism areas, including access points along the Wales Coast Path, to identify damaging gaps in bus provision and estimate the potential economic losses arising from the gaps. Funding should be made available, for example through Visit Wales, to close the gaps and to help local authorities to maintain or improve existing provision in tourism areas (including Sunday services).

Where services are available, they should be coordinated with rail services (especially where service frequency is low) and marketed as the most environmentally friendly way of reaching sensitive locations, such as National Parks and Areas of Outstanding Natural Beauty.



14. Next steps

These three approaches - the Buses Bill, the Total Transport programme and the Connectivity Fund - should be linked together into a long-term vision and strategy for public transport. The new Government has an opportunity to really focus on the 'everyday transport' that people across England and Wales value so much.

In the immediate term the BSOG must be protected from further cuts in the Comprehensive Spending Review, and in the longer term new approaches must be seized upon, such as the Connectivity Fund to take buses onto a more secure financial footing and the Total Transport programme to encourage smarter spending by transport commissioners.

This report has found that with the current funding structure cuts in local authority supported bus services are at crisis point. If nothing changes many of these services will cease to exist entirely, leaving thousands of people isolated and unable to get to the key facilities and services they need. These people are often the most vulnerable in our society who value and need our buses the most.

The Government must recognise that buses are of national importance and are not simply a local issue to be devolved of responsibility by Whitehall. The time has come for politicians to recognise the importance of buses, as they do for other transport, and ensure they have the funding they need and ultimately deserve.

References

1. DfT - Annual Bus Statistics (England) 2014-15: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464292/annual-bus-statistics-year-ending-march-2015.pdf
2. Passenger Transport Executive - https://en.wikipedia.org/wiki/Passenger_transport_executive
3. FOI requests were submitted via What do they know https://www.whatdotheyknow.com/user/martin_abrams
4. DfT - Annual Bus Statistics (England) 2014-15: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464292/annual-bus-statistics-year-ending-march-2015.pdf
5. DfT - Annual Bus Statistics (England) 2014-15: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464292/annual-bus-statistics-year-ending-march-2015.pdf
6. Better Bus Areas - <https://www.gov.uk/government/collections/bus-services-grants-and-funding#better-bus-areas>
7. Greener Journeys, Costs and benefits of the Bus Service Operators Grant, 2014
8. pteg - Working together to cut costs and do more for less: <http://www.pteg.net/system/files/general-docs/working%20together%20slideset%202015%20FINAL.pdf>
9. DfT Buses Bill Workshop reform document 2015 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/462225/buses-reform-workshops-background.pdf
10. DfT - Annual Bus Statistics (England) 2014-15: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464292/annual-bus-statistics-year-ending-march-2015.pdf
11. Total Transport - pteg - <http://pteg.net/system/files/20110627ptegTotalTransportforWebFINAL.pdf>
12. Pteg - Making the Connections <http://www.pteg.net/system/files/general-docs/10210%20Pteg%20Benefits%20of%20the%20bus%20web%20FINAL.pdf>

*Research and editorial team: Peter Wood and Martin Abrams for Campaign for Better Transport
Image credits: page 13: Yorkshire Bus by Clive A Brown on Flickr; page 25: Cardiff Bus by Jeremy Segrott on Flickr.*

Campaign for Better Transport

Campaign for Better Transport's vision is a country where communities have affordable transport that improves quality of life and protects the environment. Achieving our vision requires substantial changes to UK transport policy which we aim to achieve by providing well-researched, practical solutions that gain support from both decision-makers and the public.

info@bettertransport.org.uk.

Phone: 020 7566 6480

Fax: 020 7566 6493

www.bettertransport.org.uk

www.facebook.com/bettertransport

www.twitter.com/saveourbuses_uk

16 Waterside, 44-48 Wharf Road, London N1 7UX

Registered Charity 1101929. Company limited by guarantee, registered in England and Wales: 4943428

Agenda Item 4

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 35	BCT 35
Sustrans Cymru	Sustrans Cymru

Consultation questions

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

The current state of the sector is evidently not successful, as shown by the decline in bus usage compared to other areas of the United Kingdom. We are particularly concerned to learn lessons about how to increase bus patronage in more rural and economically excluded areas of Wales, and ways in which bus services can promote employment and relieve congestion and poor air quality in urban areas.

Sustrans strongly supports a thriving and growing pattern of bus usage in Wales and deplores the current decline. Buses are an integral part of a transport network which supports an economically and culturally successful country. In particular we believe that a strong bus sector is a necessary element of achieving key goals in the Well Being of Future Generations (Wales) Act, through its contribution to prosperity, health, equality, cohesive communities and environmental resilience.

We believe a particular weakness in the sector is the lack of integration with other modes: people want to get all the way from A to B. Neither A nor B is likely to be immediately adjacent to a bus stop or a railway station. We wish to see services which enable people to make their journey by the most sustainable means possible. Thus the bus service which may take them most or part of the way must be integrated with their safe, comfortable and continuous walking or cycling journey to the bus stop or station, the ability to securely store their bike there and the integration of the bus timetable with key train service times. Integration and transparency also applies to ticketing mechanisms (including pricing, digital purchase and display and whole journey strategies) as ease of purchase drives patronage. This requires a level of planning and integration that the current system of bus regulation is unable to deliver.

We consider that a further significant weakness is the inability of the Welsh Government to ensure effective and coordinated bus services and so we believe the devolution proposals should be much stronger to enable the Assembly to properly regulate the market.

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

There are a number of key issues including cost, quality and reliability, alignment to demand and connectivity to other modes of transport which have been identified in several studies, most recently the 2014 Report of the Bus Policy Advisory Group. We would agree with all these points, and specifically wish to highlight the elements below.

1. We consider that the lack of effective regulation, and beneath that umbrella the

failure of partnership between government (national or local) with bus companies and major trip generators are fundamental barriers to increasing patronage. This prohibits proactive network planning and management which in turn reduces effective interventions to promote the objectives of relevant legislation (including the Active Travel Act). We have welcomed the government's intention (cited below) to keep the options of Quality Partnership Schemes and Contracts under review. However, such agreements, while offering considerable leverage and the ability to directly commission bus routes, do not offer the opportunities for integration and infrastructure management that proper regulation would support and wider networks would deliver. We therefore support both stronger devolution of regulatory powers and the introduction of network partnerships and other contract or franchise based incentives. We would hope to see such arrangements become both robust and aligned to transport geography.

2. The unregulated free-market approach militates against effective planning of integrated networks. At present, public authorities may only commission a service where there is no commercial operation in place. On at least one occasion this has allowed the frustration of a tender for a publicly supported, planned and integrated service by the last minute decision of an operator to run commercial service on the route, only for them to subsequently withdraw the service. (The incident is mentioned in <http://www.passengertransport.co.uk/2013/01/welsh-bus-funding-cuts-ratified-as-qcs-mooted/>) Timetable changes and interruptions in service seriously damage people's preparedness to trust the public transport network, and are made much worse by such incidents. Reliability and predictability are essential when people are deciding how they will travel to work or get their children to school, particularly in rural areas.
3. We note the lack of appropriate and sufficient bus infrastructure at key places including the relationship to train stations (supporting multi-modal travel) and at certain pinch points in the network. We recognise the success of bus priority schemes in many areas and would wish any network partnerships or similar arrangements to take full account of bus movements in network planning. Bus gates, priority lanes and similar infrastructure increase both speed and reliability and the evidence shows that reliability of buses is a fundamental part of encouraging greater usage.
4. The lack of an easily understood and well-integrated ticketing system is also a barrier. A transparent fare structure (eg zoning) and affordable tickets obviously help increase passenger numbers; here we are particularly concerned about an approach to booking journeys, paying for fares and e-ticketing which works across all bus services and aims to work across all public transport. Ease of payment has been shown to drive up patronage and as a consequence reduce car journeys. The current fragmented and unclear approach to ticketing does not encourage sustainable transport, and it should be a requirement of all operators to participate in a more strategic and passenger-friendly approach.

5. Inevitably the limited and decreasing ability for authorities to subsidise routes (and support infrastructure investment as described at point 7 below), particularly ones with very high cost per passenger, has an impact. This is not an argument for uncapped and unexamined subsidies, but the reduction in funding must be a contributor to the withdrawal of unviable or less profitable routes. The reduction in subsidies also reduces public sector leverage with commercial operators in regard to other aspects of the service, including bus quality requirements.
6. Specific to community transport: we are concerned that the sector is not universal across Wales, and is strongly tilted to the demand/response sector, essentially specialist and subsidised taxi services. We welcome the 2014 Report's categorisation and approach to the sector, and support the view that the sector cannot and should not offer local public passenger services as a substitute for commercial operators. We wish to support a successful community transport sector as part of the service delivery pattern in more remote areas; if government (at local or national level) is minded to subsidise certain services, community transport organisations should be enabled to bid for delivery as a way of growing the sector and diversifying the market. This is not ruled out by competition regulation, but may need specific support to transport commissioning organisations early in the procurement process.
7. We would welcome more ability to learn from other areas which have improved bus patronage. This may be in cities where partnership and reduced fares have improved numbers (eg in Brighton & Hove) or rural areas. In particular, research shows (eg at http://www.thredbo-conference-series.org/downloads/thredbo10_papers/thredbo10-themeA-Bristow-Enoch-Zhang-Greensmith-James-Potterr.pdf) that incentives to increase the number of passengers are significantly more effective than support to miles travelled for instance via rebates on fuel. This is supported by the fact that though passenger numbers have declined markedly, the number of vehicle kilometres covered by local bus services in Wales is still at its 1996 levels (although down from the peak in 2005).

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

It is our view that there is insufficient hard evidence for definitive statements on the impact of the recent administrative and financial changes on bus patronage, but we would suggest that the lack of cross-authority partnerships enabling sub-national planning and management is a factor. It is for this reason we welcome the 2014 Report's suggestion of Network partnerships, promote stronger, multi-modal cross-authority transport planning and specifically refer to local government reorganisation below.

It is clear that Wales has significant levels of car ownership and we know that such levels translate to issues of health (air quality, obesity) and economic impact (congestion, journey times) neither of which is good for Wales. Delivering efficient, passenger-oriented, integrated bus services can only help with these challenges.

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

At Q7 below we set out our view that the Welsh Assembly should have significantly greater powers and responsibilities for transport regulation along the lines of those enjoyed by the London Mayor. This is our preferred approach.

In this section our comments are made in the context of existing powers and the proposals contained within *Powers for a Purpose*.

1. The Welsh Government should enable/impose more integrated multi-modal planning for transport alongside strong encouragement of cross-authority transport planning in ways which complement the local government review. This should include, at the least, some form of network partnership responsible for wider integration and infrastructure; we believe that such partnerships should also have a duty to support sustainable travel choices for longer journeys, and have a particularly responsibility to support the delivery of the Active Travel Act and relevant elements of the Wellbeing of Future Generations Act.
2. We believe that such partnerships:
 - [should enable] *dialogue and action [to] take place [to] bring together local authorities, bus operators, bus users and key trip generators (e.g. retailers, health care providers). In both rural and urban areas.*
 - *should be based on transport corridors which must not be constrained by local authority boundaries.*
 - *should be focused on practical action to improve services, in particular improving punctuality, but also infrastructure, marketing and network improvements. They must be more than talking shops – they need some ‘teeth’ if they are to make a difference.*
3. In addition to these points, made by the 2014 Bus Policy Review, the Welsh Assembly and Welsh Government should be seeking full regulation of bus provision across a transport geography to support multi-modal transport planning and full integration with network management, including infrastructure which facilitates sustainable transport. More broadly a new regulatory regime should mirror and improve on that in place elsewhere including factors promoting usage such as minimum distance to stops, transparency of fares/finance, investment in bus stock to ensure improvements in both access and emissions.

4. The forthcoming local government review should take full and transparent account of sustainable transport issues, including but not limited to buses, so that the transport geography of both social goods (health etc) and economic benefit (travel to work/school) are taken into account in governance and delivery of local services.
5. We suggest that municipal companies should be released from trading constraints and their owners encouraged to make arrangements to enable those companies to compete successfully for franchises
6. The Government should enable and support a central pool of expertise (eg through the WLGA) in client and regulatory services for passenger transport, which could also support the enhanced rail franchising envisaged in the *Powers for a Purpose*.
7. The Government should promote and enable the coordination of information for passengers, including those with disabilities, through coordinated ticketing, joint commissioning of relevant software and applications, supporting specifications requiring integrated fares/ticketing etc. This should explicitly address the issues of transparency, ease of purchase and multi-modal integration identified in Q2.
8. We strongly encourage the Government to maximise the use of its powers to reduce emissions from passenger transport. The 2014 IPPR report *Greasing the Wheels* (http://www.ippr.org/files/publications/pdf/greasing-the-wheels_Aug2014.pdf?noredirect=1) summarises this issue by saying

In 2011, buses only accounted for 4 per cent of the UK's surface transport greenhouse gas emissions (CCC 2013). With cars and vans contributing 73 per cent of the UK's surface transport greenhouse gas emissions in 2011, decarbonising these smaller vehicles is imperative to decarbonising transport (ibid). However, this involves millions of individual purchase decisions for technologies that are currently expensive and not fully trusted by the public, such as drive chains powered by batteries or hydrogen fuel cells.

That uncertainty means that it would be prudent to reduce the number of vehicles on the UK's roads through modal shift to decarbonised buses. However, as with GB rail, without a long-term strategy examining changing demographics, technological breakthroughs and decarbonisation requirements, it is not possible to say how much modal shift to the bus is required.

This is a particularly complex challenge in Wales given the acute physical and

economic differences between various areas of the country. The Welsh Government should take the lead in identifying the opportunities for change and the levers to influence procurement both by public sector fleet operators and private/third sector fleets.

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

1. Fully support the arrangements proposed above, including fuller devolution of regulatory powers to the Welsh Assembly and the introduction of partnerships to promote and manage the networks in ways which meet the objectives of relevant legislation and the needs of their communities. Local authorities must also commit to effective working across boundaries where services and economic benefit require it, which may include the upward delegation of existing responsibilities to achieve both better integration and greater efficiency.
2. Agree common approaches to investment and assessment of benefit, so that all bodies understand the cost per passenger mile of subsidy. In addition all local authorities should seek to pursue best practice in transport commissioning (for services or for the public) in such a way that expensive procurement processes are robust, compliant and support local objectives, including the growth of third sector providers.
3. Consider their management arrangements for transport (as suggested in the 2014 Review) especially where they have in-house fleets, to ensure the most effective usage and routes to reducing both emissions and congestion. This includes actively promoting bus usage as the alternative to the private car in functions and at times which produce congestion, such as home-to-school transport.
4. Review and enhance their procurement strategies for public bus services where subsidised to maximise the potential to improve patronage, including support where possible and appropriate to community transport.

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

Sustrans welcomes the proposals in the *Powers for a Purpose* as enabling Wales to shape its passenger and public transport services to shape the particular economic, social and physical geographies of the country but see Q7 as we do not think the proposals go far enough.

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

We believe that devolution should go significantly further and that a Welsh Government committed to legislation which promotes sustainable travel in the specific Welsh environment should have the powers to regulate and encourage sustainable travel.

We therefore support **full devolution of regulatory powers** along the lines of the powers of the London mayor to regulate bus services and commission bus services. The evidence strongly suggests that an integrated franchising strategy, combined with strong political leadership, has been fundamental to the 72% increase in bus patronage since 2001. As IPPR says in their 2014 Report *Greasing the Wheels*:

GB rail and London buses clearly show that taxpayer subsidies can be used to deliver positive outcomes where combined with clear regulatory powers.

The coherent and radical approach driven by Transport for London has been extremely successful by several measures. In particular it has fostered modal integration, brought underused capacity into use (eg on the Overground), built strong cross-border relationships with other parts of the country, attracted major investment and supported economic growth. All these are challenges facing Wales where fragmented and unclear authority for transport decision-making hinders the objectives expressed in key Welsh legislation.

Such an approach would require a more radical re-appraisal of the proposals in *Powers for a Purpose* than is possible here. If the Welsh Government were to seek full devolution, then we would welcome the opportunity to be involved in the articulation of detailed proposals.

Within the current structures and given the apparent reluctance to grant Wales similar powers to those of London, we are disappointed there is not more movement on the **devolution of the Traffic Commissioner**. The Commissioner himself notes:

'there is no specific [funding] allocation for Wales and it is treated as if it were part of the West Midlands of England. As a result there is no separate financial provision for communication with trade associations in Wales or liaison with the Welsh Government; nor is there any allowance for the cost of hearings outside of the Birmingham office. The lack of any financial provision for compliance with the legislation relating to the Welsh language has been an ongoing concern which will eventually lead to interesting challenges.

The historic approach to administration has meant that the interests of Welsh operators and the safety and convenience of the public in Wales has not been given the primacy it deserves. ... The public in Wales and the industries who I am supposed to regulate deserve both a traffic commissioner and resources which are no less than that provided in England. Currently Wales continues with a second rate service with fees subsidising English areas.'

The current approach means that the role of the Traffic Commissioner in enabling and requiring operators to comply with Welsh legislation can only be minimal.

We would therefore wish to see the Traffic Commissioner for Wales be made accountable to the Welsh Government and located in Wales, with full responsibility for regulating bus operators in his or her purview as part of this comprehensive devolution of regulation.

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

The Wellbeing of Future Generations Act creates a strong platform for building integrated alliances to promote sustainable development and cohesive communities. Helping people to move about is fundamental to the objectives of the Act. We therefore hope that the work of the Future Generations Commissioner fully addresses transport issues and that the Assembly should require all public bodies to recognise transport as a key consideration of all public bodies when setting their objectives under the Act and in the Well-being plans of Public Service Boards.

In particular we would like to see the recommendations and future guidance to Public Service Boards specifically address transport issues including the effective commissioning, regulation, quality and delivery of public transport within such powers and incentives as are available.

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

Introduction

1. The purpose of this paper is to set out for the Enterprise and Business Committee written evidence on bus and community transport in Wales.
2. Bus services are a vital part of Welsh economic cultural and social life. Every day, 63,000 people rely on the bus to get to work and about 350,000 trips are made every day to get to hospital appointments, visit friends, go shopping or access leisure. Bus services have the potential to offer people of all ages, abilities and backgrounds a reliable, flexible, affordable and more sustainable way of travelling.
3. Our ambition for improving bus and community transport is set out in the National Transport Finance Plan, which was published in July. We have committed to improving the quality and accessibility of local bus services and community transport whilst exploring the potential for offering a better deal on bus fares for people on lower incomes.
4. We have delivered on our commitment to maintain mandatory concessionary fares for older and disabled people, together with our scheme to support seriously injured service personnel and veterans. "My Travel Pass" supports younger people by offering discounted bus travel in Wales.
5. Community Transport has a vital role to play in an integrated public transport system and can offer a flexible and cost-effective alternative to conventional public transport. The Welsh Government is providing £108,000 to support the Bwcabus network in 2015-16 and the strong passenger growth which has exceeded targets for Bwcabus demonstrates the effectiveness of this initiative. We continue to encourage local authorities and bus operators to visit and learn lessons from the Bwcabus experience.
6. Another good example is the Grass Routes project in Monmouthshire. I have also funded two Rural Transport Pilots in Ceredigion and the Vale of Glamorgan to explore and trial new ways of utilising local authority fleet vehicles to provide better services for rural communities.
7. The need to find improved ways for people to access healthcare facilities is important. I have commissioned work with the Minister for Health and Social Services to provide a better and more responsive transport service for patients and visitors to access hospitals and other health care facilities across Wales.
8. We are also working with local community transport providers to develop car club schemes in areas where people experience difficulties accessing employment opportunities and services.

WRITTEN EVIDENCE TO THE ENTERPRISE AND BUSINESS COMMITTEE INQUIRY INTO BUS AND COMMUNITY TRANSPORT ON 3 DECEMBER, 2015

Roles and responsibilities

9. Since bus deregulation was introduced in 1986, the provision of local bus services has been determined by privately owned bus companies based on commercial viability. In Wales, about 73 per cent of the distance travelled by bus in Wales is on a commercially operated service.
10. Under the current legislative framework, local authorities have powers to subsidise services if they identify that those services are socially necessary. Authorities also have a vital role to play in promoting access to education, training, employment, health, shopping and community facilities. Public transport, and buses in particular, play an important role in providing us with access to jobs, education and key services.
11. Community transport has an important part to play in complementing the core bus network, and in particular, in meeting the needs of people who may not have access to conventional public transport, or who require the sort of specialist vehicles and flexible services for which the sector is renowned.
12. Most areas in Great Britain have, however, witnessed a contraction in the availability of local bus services with the notable exception of bus services in London. In Wales, there has been a generalised decline in patronage, bus journeys made in Wales declined in 2009-2010 by 7 per cent and between 2012-2013 by 6 per cent.
13. However, this decline in patronage has not been seen everywhere in Wales. The Cardiff to Pontypridd transport corridor is one of the most important corridors in South Wales. Improvements to reduce journey times on this route has increased patronage on services such as the X4 and 26 services of 4.5 per cent and 9.7 per cent respectively.
14. Community transport has an important part to play in complementing the core bus network, and in particular, in meeting the needs of people who may not have access to conventional public transport. As part of our commitment to link strategic areas, we fund the TrawsCymru network of long distance buses which carries nearly 1.5 million passengers per year.
15. We have launched new services this year linking Wrexham with Barmouth and Aberystwyth with Haverfordwest. We are also improving the Bangor to Aberystwyth service from November 2015 and with new vehicles due to be deployed in March 2016.

Funding

16. Despite the impact of decisions by the UK Government, we have been able in recent years to protect the level of funding that we provide to authorities to enable them to subsidise bus and community transport services. In addition to the £25 million that we provided to local authorities through the Bus Services Support Grant, we are committed to supporting the mandatory concessionary bus travel

WRITTEN EVIDENCE TO THE ENTERPRISE AND BUSINESS COMMITTEE INQUIRY INTO BUS AND COMMUNITY TRANSPORT ON 3 DECEMBER, 2015

scheme that enables more than 740,000 older or disabled people to ride our buses free of charge.

17. We have also been able to offer support for younger people through the discounted bus travel scheme until end of March 2017.

Levers

18. In January 2014, I established a Bus Policy Advisory Group to advise on how best we can work with public authorities and the bus industry to improve the longer term sustainability of local bus services in Wales. I am considering their detailed advice and in particular the introduction of a Bus Quality Standard which can be introduced to improve bus service quality.

19. Deregulation of the bus market has not delivered the benefits it was meant to across Wales. While some areas are well served with commercial bus services, others rely on heavily subsidised services contracted by local authorities.

20. The legal framework for the organisation of bus services means that delivering our aspirations for improving services for passengers is expensive, complicated and uneven. Integrating bus timetables with other modes, improving the quality of the buses on the road, improving journey times and so on can often only be achieved by voluntary co-operation between operators.

21. Devolution of bus regulation would complement our existing legislative competence in traffic management and service provision in seeking better value for money improving the quality of bus transport for passengers in Wales.

Agenda Item 6.1

Leighton Andrews AM
Y Gweinidog Gwasanaethau Cyhoeddus
Minister for Public Services



Llywodraeth Cymru
Welsh Government

Our ref/Ein cyf: MA-(L)-LA-0157-15

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

23 November 2015

Dear William,

I am writing to you in relation to the Legislative Consent Memorandum on the non-domestic rating provisions in the Enterprise Bill (“the Bill”), which I laid on 1 October 2015.

During the course of the Bill’s progress through Parliament, the Department of Communities and Local Government (“DCLG”) identified that an amendment is required to the non-domestic rating data-sharing provisions in clause 22 of the Bill, to ensure the provision fully achieves the aims of the policy.

Currently under section 18(1) of the Commissioners for Revenue and Customs Act 2005 (the “CRCA”) a duty of confidentiality is placed on Valuation Office Agency (VOA) staff, as officers of Revenue and Customs. This duty of confidentiality means that VOA staff may not disclose identifying information in relation to a taxpayer, unless such disclosure is permitted in specific circumstances. Section 23(1) of the CRCA clarifies the interaction between the confidentiality requirement in section 18(1) and the Freedom of Information Act 2000 (the “FOIA”), and provides that information falling within section 18(1) is exempt from disclosure under the FOIA where such disclosure would either identify a person or enable a person’s identity to be deduced (“taxpayer information”). In effect section 23(1) of the CRCA imposes a statutory bar on the disclosure of such information.

The effect of the wording of clause 22 of the Bill as drafted on introduction would be that the statutory bar on disclosure would cease to apply to taxpayer information once it had passed from the VOA through the legal gateway. Consequently, the VOA requested that an amendment be made to the Bill which would extend the existing statutory bar so that it will continue to apply once taxpayer information has been shared under clause 22.

Without the certainty of a statutory bar the VOA considered that the risk of improper disclosure is such that it will not have the confidence to share all of the information that falls

within the scope of clause 22. As a result, much of the benefit of clause 22 would be lost and Local Authorities would still have to request the duplicate information directly from taxpayers.

Consequently, an amendment to clause 22 was tabled to the Bill by Baroness Neville-Rolfe on 19 November 2015 extending the existing statutory bar so that it will continue to apply once taxpayer information has been shared under clause 22. This amendment recognises that taxpayer information held by the VOA is obtained either under compulsion or provided by taxpayers under threat of compulsion. Information obtained in this manner is often subject to a statutory bar from disclosure under the FOIA as the owner of the information is unable to consider the implications of disclosure under the FOIA before providing the data. It is also consistent with the existing statutory bar that protects taxpayer information from disclosure while it is held by the VOA.

The purpose of this amendment is to facilitate the effective implementation of the policy objective and it neither extends the policy nor detracts from it. Moreover, the principle that taxpayer information held by the VOA should be protected from disclosure under the FOIA is already established, hence the statutory bar. The amendment merely seeks to extend the protection currently afforded to taxpayer information held by the VOA, to the wider group of recipients with whom data-sharing will be permitted as a result of clause 22. The proposed amendment does not therefore introduce any new principles and is consistent with existing policy. As a result, I will not be laying a revised Legislative Consent Memorandum as the amendment does not make substantive changes to the policy: it merely ensures that the policy can be given effect.

I understand Enterprise and Business Committee is currently considering the Legislative Consent Memorandum in relation to clause 22 of the Bill and I wanted to draw your attention as soon as possible to this amendment and its purpose and effect.

I am grateful for the Committee's assistance in this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Leighton Andrews', with a long horizontal line underneath it.

Leighton Andrews AC / AM
Y Gweinidog Gwasanaethau Cyhoeddus
Minister for Public Services