

A large, stylized arrow graphic on the left side of the page, pointing to the right. It is composed of several overlapping, semi-transparent teal and blue shapes.

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith /  
Climate Change, Environment and Infrastructure Committee  
Teithio ar fysiau a'r rheilffordd yng Nghymru / Bus and rail transport in Wales  
BRT03  
Ymateb gan Cydffederasiwn Cludwyr Teithwyr Cymru /  
Evidence from Confederation of Passenger Transport Cymru

## Introduction

CPT Cymru Welcomes the opportunity to give evidence to the Senedd's Climate Change Committee on the future of bus and rail transport in Wales. It's a critical time for the sector as we look to recover from Covid-19 against a backdrop of significant pressures on operating costs and a proposed restructure of the regulatory regime for buses in Wales.

This paper provides a brief synopsis of our views on the issues identified by the Committee. In relation to the bus white paper in particular, our views are still being formed with consultation with our members ongoing. Therefore, the views presented here are indicative only and subject to change. CPT Cymru looks forward to engaging with the Committee as it scrutinises the proposals going forward.

## Priorities for post-covid recovery for Welsh bus and rail

The recovery from Covid-19 in the bus sector is still fragile. At present, patronage varies between operators and regions of Wales but in general it is around 30-35% below its pre-covid level. This presents a serious challenge for the bus network going forward with fare revenue unlikely to cover operating costs without a significant change of passenger behaviour towards returning to bus.

This is particularly acute for those passengers that are typically eligible for the Mandatory Concessionary Fare scheme (MCF) where passenger levels are considerably lower. There are a number of reasons for this such as individuals remaining concerned around being vulnerable to serious covid infection and much lower commuting flows as a result of greater working from home.

Our suggestions for government actions would be as following:

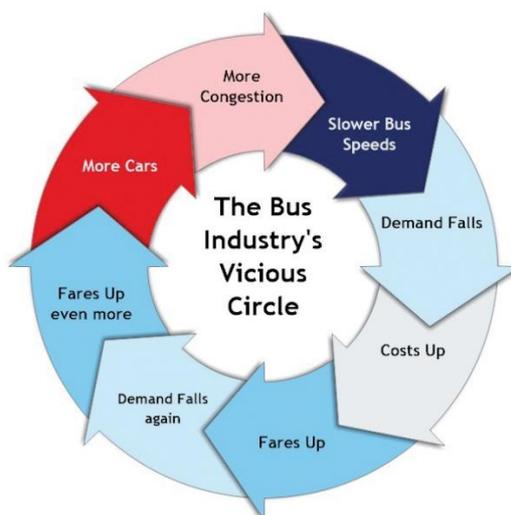
- **Urgently clarify funding arrangements beyond the current BES 2 scheme which ends in July 2022.** Welsh Government has suggested a BES 3 will be created to support bus networks, but the detail on this is yet to be shared with operators. Without such support, it is likely operators would have to cut frequencies or networks to cover the costs of operation.
- **Make clear public statements to demonstrate travel by public transport is safe.** This is particularly important for encouraging the return of concessionary pass holders who are likely to continue to have concerns around their safety. Ministers could demonstrate this by being seen to use the bus themselves.
- **Redouble efforts to communicate bus as a mode of transport.** Transport for Wales has an active campaign running called 'the real social network'. It's important that this work is continued, and operators are involved to maximise its impact. As staff return to offices a strong message encouraging the use of public transport to support the commute will be important.

## The action required to achieve Welsh Government targets for modal shift and behaviour change

Welsh Government has set ambitious modal shift targets that will be very difficult to achieve without concerted action. For bus in particular, there are two ways to make this happen; firstly, through measures to make the bus more attractive and second by reducing the attractiveness of cars.

Bus services do not exist in a vacuum. Many of the reasons passenger numbers have declined since the 1950s relate to issues outside of the direct control of the bus network. Indeed, research by KPMG in Scotland suggests this accounts for 75% of the decline in passenger numbers historically.<sup>1</sup>

For instance, rising car ownership has been perhaps the most substantial, along with significant increases in congestion which has made bus services more expensive to operate, slower to get to destinations and less reliable for passengers.



We call this the bus industry's 'vicious circle' and tackling it is going to be key to engendering modal shift and achieving Welsh Government's ambitious targets.

In order to reverse the circle and make it a positive one, Welsh Government needs to undertake the following actions:

- **Invest in meaningful bus priority measures and tackle congestion** – bus priority measures such as bus lanes make a significant impact on journey times, reducing operating costs and improving journey speeds. Wales has little in the way of funds to support local authorities to undertake this activity – in comparison to the Scottish Government's £500m Bus Partnership Fund. This is despite CPT Cymru research highlighting that 61% of the Welsh public support introducing bus priority measures (higher than any other UK nation).
- **Discourage car use** – bus as a mode of transport is in direct competition with private vehicles. Reducing car reliance and car dependency has a significant impact on modal shift. There is a spectrum of measures Welsh Government can take in this respect, from increasing parking charges, reducing availability of parking spaces or introducing Workplace Parking Levies similar to the one in Nottingham. Another

<sup>1</sup> Trends in Scottish Bus Patronage, KPMG, 2017

consideration could be road user and congestion charging, which has significant potential to drive change.

- **Support the sector to transition to zero-emission buses (ZEBs)** – Welsh Government has no support available to operators in Wales to help the transition towards electric vehicles, despite similar schemes being available in Scotland and England for several years. Apart from Cardiff Bus and Newport Transport who secured funding from a previous DfT scheme for ZEBs, little progress has been made in Wales despite targets for half the fleet to be replaced by 2028.

## Views on proposals for bus and rail reform

The Welsh Government's white paper *One Network, One Timetable, One Ticket* is currently out to consultation with a deadline for the 24<sup>th</sup> June. CPT Cymru will be engaging with our membership during the consultation period to formulate our views. We are therefore not in a position yet to provide an overarching response for the Committee's benefit. However, the following considerations should be examined further by the Committee:

### 1) What is the timetable for the reform?

The white paper doesn't currently specify a timeline for the implementation of the new regime. This is a critical issue because operators typically need to make investment decisions over a long time horizon – for instance buses usually have a life of between 12-15 years. Without certainty over future arrangements, operators will find it difficult to invest and we therefore could see an investment gap and services that deteriorate. This is particularly important if we are to meet Welsh Government's target of half the bus fleet electrified by 2028. Welsh Government should publish a clear timeline, with measures to help maintain investment in the intervening period.

### 2) How much will the proposals cost?

Franchising regimes can be expensive to operate compared to the current commercial model. This is because new functions have to be created to deliver services, such as the capacity to plan networks, run tender exercises and monitor and audit performance of operators. At present, this expertise sits with operators and the public sector relies on consultants to undertake short-term projects. For operators too, costs can rise because of the cost of tender process and the need to pursue different models of fleet ownership such as vehicle leasing.

The white paper is silent on these matters; however, our own research suggests a franchise regime will cost £61m per year more and that doesn't factor in Welsh Government's ambitions for a zero-emission fleet by 2035. Welsh Government's regulatory impact assessment isn't clear on this matter but does include an additional £125m in costs for local authorities. Without certainty on annual or multi-annual funding settlements and clarity on how they will be funded, the franchising regime may have to cut services or raise fares to cover its costs.

### 3) Who will be responsible for designing the bus network?

The white paper proposes reviewing the governance of buses for Wales by creating a 'guiding mind' made up of various partners such as local authorities, operators and staff representatives. It also gives a direct role for Welsh Ministers, Transport for Wales, Corporate Joint Committees and local authorities in designing networks.

Whilst it is essential that there is a broad consultation on any proposed bus networks, it is important that a single organisation is the driving force behind the plans, otherwise there is a risk of too many tiers of government complicating matters. If it is ultimately Welsh Ministers that are to set networks, the white paper should be clear that this is a centralisation of policy responsibility around bus services and the local authority role will be limited.

#### 4) What can passengers expect to change as a result of the white paper?

Introducing a franchise regime will change who is responsible for the bus network – with decisions shifting from bus operators to the Welsh Government. But it will not change the fundamental economics of delivering a bus service. Hard choices will remain on the types of vehicles used, how frequent services are and how extensive the network can be within the existing funding envelope.

The white paper should give a clear steer to passengers on what types of service levels can be delivered under a franchising scheme, and crucially set out how this differs from the current model of delivery.

#### 5) How will the proposals deliver an increase in people using the bus?

The regulatory model for bus services is an important issue. However, bus services do not exist in a vacuum. Many of the reasons passenger numbers have declined since the 1950s relate to issues outside of the direct control of the bus network. For instance, rising car ownership has been perhaps the most substantial, along with significant increases in congestion which has made bus services more expensive to operate, slower to get to destinations and less reliable for passengers.

We call this the bus industry's 'vicious circle' and tackling it is going to be key to engendering modal shift and achieving Welsh Government's ambitious targets. Tackling these issues will require measures to reduce congestion for buses and to increase the costs of using a private vehicle – none of which are addressed by the white paper.

#### About CPT

We help a dynamic bus and coach industry to provide better journeys for all, creating greener communities and delivering economic growth. We do this by representing around 900 members from across the UK be they large or small, bus or coach, operator or supplier.

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