

Lee Waters MS,
Deputy Minister for Climate Change

14 June 2023

Dear Deputy Minister,

On 23 May, you announced in Plenary that the Welsh Government will be making additional funding available to bus services in Wales up until the end of the current financial year. You will be aware of the Committee's ongoing concern about bus services funding and of our discussions with representatives from the bus sector and local government earlier in May.

We were pleased that the bus sector welcomed the funding announcement, with the Confederation of Passenger Transport and the Coach and Bus Association Cymru (CaBAC) both responding positively to the news. We note that there have been calls for further details and clarification of certain matters. The Committee has agreed that I should write to you in relation to several matters raised with us and in your statement in Plenary.

Funding arrangements to the end of the financial year

The current Bus Emergency Scheme (BES) was initially set to end on 24 July 2023. You announced that £46m will be made available by the Welsh Government for the Bus Emergency Scheme until the end of the financial year. We welcome this announcement.

As you noted in your statement, other support for the bus sector includes funding for concessionary fares for older people, reduced fares for young people, and the Bus Services Support Grant. This Grant, amounting to £25m, is part of the regular support provided by the Welsh Government to the bus industry.

The funding will also be used to keep TrawsCymru services running and to increase by 10.1% the amount that the Welsh Government reimburses operators for concessionary users.

- Can you provide a detailed breakdown of the funding that will make up the £46 million you announced?
- How will the additional £46 million for the Bus Emergency Scheme and successor arrangements be distributed among different services?
- What criteria will be used to determine the allocation of these funds?

Despite the additional allocation, you have acknowledged that it is insufficient to protect every service as it stands. You have said that an extra £7 million to £9 million would be needed to do so.

You acknowledged in your statement that travel patterns have changed due to the pandemic, with fewer commuting journeys and more leisure journeys. Therefore, there is a need to design a network of services that reflects these changes, which requires working with local authorities and operators. Regional Planning Teams have been set up to evaluate which services can survive without extra financial aid and which ones should be prioritised for funding. You told the Senedd that decisions regarding the restructuring of services are expected soon due to tight deadlines relating to bus deregistration, employee consultations, and potential redundancies.

- We would be grateful for further information around the timelines for this work and the discussions that are taking place with trades union representatives about the potential impact on jobs.
- Could you please elaborate on the decision-making process for determining which bus services will continue in light of the acknowledged funding shortfall?

You announced that the £46 million of funding will include extra funding successor arrangements for the BES scheme. We would be grateful for further information about your intentions.

- Could you please provide further details on your intentions for successor arrangements to the Bus Emergency Scheme in the 2024/25 financial year to provide assurance that the current situation will not be repeated in the next financial year?
- What are the initial plans for funding bus services in the 2024/25 financial year?
- Local government representatives have suggested it might be beneficial to look at replacing some concessionary fares with a fixed price. Is this something you are exploring? Can you provide further information on any analysis that has been undertaken of this option?
- How is this wider impact of bus service provision reflected in the Welsh Government's budget-setting process? What work has the Welsh Government undertaken to consider the positive impact of investment in public transport on other policy areas, such as health,

and has the Welsh Government considered the merits of redirecting funding from other portfolios in that context?

Funding from the UK Government

On 17 May 2023, the UK Government announced what it described as “new” UK Government investment of £300 million to support bus services until 2025. Of this, £160 million will be provided to local transport authorities in England to improve fares, services, and infrastructure and £140 million will go directly to operators to help protect essential services across England.

During your statement, you said that no “Barnett” consequential funding would be received in Wales as the UK Treasury had determined that this funding was from existing budgets. You questioned the UK Government Treasury's transparency and mentioned that the Welsh Government was considering raising this issue with the UK Government.

- Could you provide more information about discussions you have had about the lack of “Barnett” consequential funding for Wales following the UK Government's investment announcement?
- What are the Welsh Government's next steps regarding this issue?

Bus franchising proposals

The Welsh Government is looking for a more sustainable solution, with a network that reflects changing travel patterns and helps a transition to franchising. You told the Senedd that, in preparation for this franchising model, Transport for Wales is currently working with local authorities to plan local bus networks. Jonathan Bray, a highly experienced figure in the bus industry, has been appointed to lead a group of experts in shaping the new franchising system.

In your statement, you emphasised the importance of sufficient public funding for franchising, saying that even the best designed public transport systems require adequate investment to function effectively. You highlighted that funding decisions reflect political choices about priorities and called for renewed consideration of the importance of public transport.

- In light of the urgency of the current situation, can you indicate when the Senedd Bill on bus franchising will be introduced?
- What is the planned process for transitioning to a bus franchising model, and how will you ensure minimal disruption to services during this transition?
- What is the planned timeline for the transition to a bus franchising model?
- What steps are being taken to prepare local authorities for this shift?

- Given your intention that the Welsh Government will be the franchising authority and carry the revenue risk for all franchised bus services across Wales, can you outline how the planned arrangement will ensure this risk is managed and that the current funding challenges and uncertainty are not repeated and amplified by franchising?

Rail funding

On 28 March the Chief Executive of Transport for Wales wrote to this Committee to explain the technical reasons for an estimated £306.7m increase in delivery costs for the Core Valleys Lines modernisation. This represents a near 42% increase on the 2018 total cost estimate of £738m.

- How will this cost increase will be funded? Where in the Welsh Government budget will the funding to meet this shortfall be found and what will not be delivered as a result?
- How have the increased costs for the Core Valleys Lines modernisation influenced the distribution of funding in relation to bus services?
- You will be aware from previous reports that we have ongoing concerns about the TfW budgeting process, particularly its complexity and lack of transparency. With this in mind, why was the increase in delivery costs not identified in time to be considered during the process of scrutinising the Welsh Government's draft budget?
- What measures are being taken to ensure that bus services do not suffer due to the increasing costs arising from rail projects?

20mph speed limits

From September 2023, the Welsh Government will introduce a default 20mph speed limit on restricted roads. Local authorities will have a degree of flexibility to determine exceptions to the default speed limit within Welsh Government guidance.

- What modelling has been undertaken to assess the impact of the default 20mph speed limit policy on the bus network?
- Do local authorities have the flexibility, in deciding on exceptions to the default 20 mph limit, to determine that a major arterial route should be an exception under the policy, if it believes a 20mph speed limit on the route would have a significant adverse impact on the bus network, particularly on its financial viability?

School transport

Significant funding is indirectly invested in the bus sector through local authority provision of school transport. The review of school spending in Wales reported that home-to-school transport made up around a quarter of all local authority direct spending on education, amounting to around £137m.

- How will funding for local authority provision of school transport be affected in light of the changes to bus service funding?
- What options are being considered to integrate school transport with wider bus support to improve the sustainability and effectiveness of both?
- What measures are in place to ensure that school transport services remain adequately funded?

Promotion of bus use

We recognise that energy and resources have been focused on the short-term crisis but note that restoring bus usage is critical for the future health of bus services in the longer-term. You told the Senedd the Welsh Government is working on a campaign to encourage more people to use buses.

You also referred to the failure of the planning system to encourage people to use buses, particularly in new housing developments, and said the Welsh Government was aiming to rectify this through 'Future Wales'.

- What strategies does the Welsh Government plan to implement to encourage more people to use bus services, particularly in the context of new housing developments?
- Have you considered the impact of the reduction in bus services on your ability to achieve the Welsh Government's modal shift targets?

Finally, the Committee benefitted from research undertaken by Professors Mitchel Langford and Gary Higgs at the University of South Wales during our inquiry into the future of bus and rail, specifically their development of a Welsh Access to Bus Indicator which allowed us to understand the impact of changes to the bus network resulting from the Covid 19 Pandemic. We understand these academics have further developed this methodology since, and are also undertaking wider work in this field.

We believe this may be relevant to the current process of refining the bus network as well as your preparation for the introduction of franchising and we would encourage your officials and colleagues at TfW to contact Professors Higgs and Langford. The Clerk to the Committee will provide your officials with their contact details.

Yours sincerely,

Heledd Fychan

Heledd Fychan MS,
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

