

Ken Skates AS/MS
Ysgrifennydd y Cabinet dros Drafnidiaeth a Gogledd Cymru
Cabinet Secretary for Transport and North Wales



Llywodraeth Cymru
Welsh Government

Our ref - MA-KSNWT-2000-25

Peredur Owen Griffiths MS Chair,
Finance Committee
Senedd Cymru
Cardiff
CF99 1NA

8 September 2025

Dear Peredur

Thank you for your Report on the Bus Services (Wales) Bill. Please see below my responses to the recommendations and conclusions set out in your report.

Recommendation 1: The Committee recommends that the Cabinet Secretary outlines how the participation of small and medium-sized enterprises and the focus on social value will be incorporated, monitored and evaluated as part of the implementation of the bus franchising provisions in the Bill.

Response - Accept

I have been clear that we want to see bus services being delivered by a range of operators, and SMEs are a key part of this. We know that in some parts of Wales SMEs are the only providers, so securing their participation once franchising is rolled out is hugely important. Procurement of franchising will be undertaken in a way that the proportionality of operator size is robustly considered for packages of work, contract forms and tender processes to be undertaken, allowing SMEs to bid where packages are attractive to them.

Market engagement to explain the structure of tenders and signposting to support interested parties will be made available. Social value opportunity and risk will be mapped against the desired outcomes of the Wellbeing of Future Generations Act and the ability of bus franchising to influence social value through the procurement process to be undertaken. Measurement of effectiveness will be undertaken in line with the Social Partnership and Public Procurement Act guidelines and requirements.

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

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

Recommendation 2. The Committee recommends that the Cabinet Secretary provides clarity on the estimated additional costs to deliver Transport for Wales's aspirational network and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Response - Accept

I am happy to provide this information in a revised Regulatory Impact Assessment after Stage 2. Work is currently ongoing to establish these costs.

Recommendation 3. The Committee recommends that the Cabinet Secretary explains how the estimated cost of £187.2 million for the acquisition of bus depots has been determined, including details of the assumptions made, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Response - Accept

TfW are identifying the strategic depot locations in each region and the requirements for TfW depot ownership. Acquiring or building depots will then be planned and implemented according to the requirements for the region and the budget available to support this.

The Regulatory Impact Assessment includes the cost of acquiring bus depots at a total value of £178.3m. I am happy to provide details of this cost as part of a revised Regulatory Impact Assessment after Stage 2.

Recommendation 4. The Committee recommends that the Cabinet Secretary revises the cost estimates set out in the Regulatory Impact Assessment following the decision to proceed with four franchising zones, or otherwise confirms that there is no impact on costs, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Response - Accept

I acknowledge that, following the decision to move to four franchising zones rather than the original 9 zones envisaged and reflected in the Regulatory Impact Assessment, we must reconsider this element of staff costs. As I committed to during my appearance before the Committee in May, we are considering this as part of the revisions we are making to the RIA after Stage 2.

Recommendation 5. The Committee recommends that the Cabinet Secretary explains why the assumption has been made to lease the new zero emissions bus fleet, including how the costs have been estimated, and includes this information in a revised Regulatory Impact Assessment, after Stage 2

Response - Accept

As section 8.39 of the RIA indicates, it had been assumed when undertaking the RIA that bus purchase costs would be amortised across the vehicle life and therefore costs have been modelled as part of operational costs. Since the RIA was compiled, internal planning has focused on bus purchases being from capital budgets, being owned by TfW and leased to operators. However, as section 8.17 indicates, aside from the differential in transition period, the costs associated with phasing in zero emission buses would be broadly neutral and not attributable to bus reform or statutory partnerships as the decarbonisation targets

would equally apply with statutory partnerships or under business as usual. We will consider the implications of this change as part of the revisions we are making to the RIA after Stage 2.

Conclusion 1: The Committee is broadly content with the financial implications of the Bill as set out in the Regulatory Impact Assessment, subject to the comments and recommendations in this report. Should there be significant changes to the Regulatory Impact Assessment as a result of the recommendations made in this report, the Committee may consider those changes in more detail.

I am happy to hear that you are broadly content with the financial implications of the Bill. As noted above, and as per standard procedure, the RIA will be updated at the end of Stage 2.

I want to thank the Committee for their time and if you have any further questions, please let me know.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', with a stylized flourish extending to the right.

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Cabinet Secretary for Transport and North Wales