

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.