

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 29	BCT 29
Sefydliad Siartredig Logisteg a Thrafnidiaeth Cymru	Chartered Institute of Logistics and Transport

### Consultation questions

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

The current condition across Wales is extremely variable. Whilst there are some excellent examples of good quality provision (examples include Arriva Sapphire, First Cymru Clipper and Stagecoach X24) these are however far from universal.

There is mix of service providers ranging from owner/drivers to large multi-national groups. Whilst we understand the need to maintain competition under the current legislation, the overall product to users can appear complex and disjointed, potentially reducing the propensity to consider bus travel a viable mode.

The commercial nature of the industry has led to a concentration of services in the more urban areas, where there are greater opportunities to carry passengers and generate revenue. This also has implications for service operating hours, with a reduction in network coverage and/or frequency during evenings.

Provision in the more rural areas is more likely to receive some element of public financial support, which may not be sustainable in the current funding climate.

Whilst the de-regulation of the industry was intended to stimulate competition, the industry has reached a period of consolidation with limited on road competition.

Finally, we would note that, despite the decline in numbers, there continues to be investment in new vehicles and improved services by

operators, which demonstrates some confidence in the market.

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

Transport is a derived demand; therefore the need to travel is often influenced by factors outside the control of bus operators and Welsh Government (e.g. economic activity, disposable income, etc). The RAC report quoted above notes there has been an overall decrease in car journeys in Wales, which could be an indication of less demand for travel overall. That said, the modal share of the bus market has declined, indicating the product may not meet the requirements of the travelling public.

The overall level of support for bus services has reduced in recent years, leading to a reduction in the number of services operated (source <http://www.bbc.co.uk/news/uk-wales-26262972>). This has also reduced opportunities to travel by bus.

In contrast, rail journeys have increased (source On the Move, Car, rail and bus travel trends in Wales, RAC Foundation) indicating there is a market for public transport use. There has been significant investment in the Welsh Rail Network (including the re-opening of Vale of Glamorgan and Ebbw Valley Lines). With the recently published National Transport Plan Financial Plan 2015 has limited reference to bus based schemes, indicating bus services and infrastructure will receive a far lower level of investment than the bus network.

The Wales Bus User Survey 2010 indicated the importance of journey time reliability when selecting the mode of travel. Rail services have a higher degree of reliability than bus services due to their operation on a segregated track. In contrast buses predominantly utilise the same infrastructure as private vehicles; therefore there is generally less (if any) reliability advantage compared to the private car.

The construction of fixed rail infrastructure also provides confidence services will have a degree of longevity. In contrast, bus operators can withdraw a service, subject to a minimum of 56 days' notice to the Traffic Commissioner. This allows limited time to identify the viability of the route and (if appropriate) provide a replacement.

The operation of rail services under the franchise arrangements has provided users with a degree of commonality in respect of fares, ticketing and comprehensive information. In contrast, the mix of commercially competitive operators, combined with Competition Legislation limits the ability to provide an integrated offering.

There is limited market segmentation in the bus network, with services generally focused on network accessibility as opposed to minimum journey times. Whilst this has a significant benefit for those less mobile members of society, it results in extended journey times which are not conducive to modal shift. This reinforces the perception that bus services are the mode of last resort.

Whilst the Bus Service Support Grant (and its predecessor Regional Transport Services Grant) has remained consistent at £25m per annum for the last 3 years (following a 25% reduction), this is effectively a real terms reduction once increasing operating costs and inflation are taken into account. Also, the level of funding is determined on an annual basis, which reduces the ability of the industry to develop long term investment plans due uncertainty in the overall quantum of funding.

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

The social impacts of changes are significant for those persons without access to alternative mode, including the inability to access healthcare and education facilities. The perceived lack of continuity of bus services may also influence location decisions such as place of residence.

From an economic perspective, the lack of access to employment by public transport effectively reduces the pool of available labour for employers and limits employment opportunities for residents.

The bus network provides the ability to move people more efficiently, requiring less road space and reducing the level emissions per capita. The introduction of increasingly stringent environmental regulations for new vehicles has also reduced the amount of transport related emissions. There are a number of new developments in the fields of alternative fuels and electric propulsion that can provide greater benefits in the future subject to a favourable business case.

There are also direct impacts for those involved in the bus industry and its supporting supply chain. For example, employees have been made redundant as the network contracts.

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

Continuity of services is a key requisite to inspire confidence from current (and potential) users. The ability to provide certainty of funding would enable the industry to develop long term plans without the risk of funding being reduced/withdrawn. It is, however, important that the Welsh Government works with operators to ensure this, rather than taking an adversarial approach and forcing solutions onto the industry.

Where funding is provided, this should be linked to quality outcomes to incentivise/reward operators to provide a high level of service provision. This approach has been adopted by authorities in south east Wales through differential payment rates of Bus Service Support Grant to reflect the level of service being provided (standard of vehicles, driver training, etc). This has resulted in tangible improvements within existing budgets.

In terms of funding, our members have highlighted that while buses are probably the most appropriate solution for many transport issues within Wales, the level of support received from the Welsh Government is significantly less than rail, both in terms of the provision of infrastructure and also in the subsidy of operations that often compete with commercially viable bus services. Therefore, we would encourage the Welsh Government to take a holistic view on public transport provision, rather than consider each mode in isolation, some that the services can complement rather than compete.

The bus industry in Wales is generally operating at relatively low margins. This results in a risk adverse approach to launching new routes or enhancing frequencies. The ability to provide route development funding to pump prime services which have the potential to become commercially self-sustaining may encourage an expansion of the network.

As noted in question 2, service reliability is a key requirement for users. There is relatively low capital funding for investment in bus priority measures (the Local Transport Fund for Wales is £15m, which includes Active travel and other transport schemes). In contrast Rail schemes have attracted significant investment (e.g. the line extension

and new station at Ebbw Vale town cost £11m).

Where bus priority facilities and traffic regulations are provided, there are often limited resources to enforce them. We note the success of Cardiff Council utilising its powers to enforce moving traffic offences through technology such as Automatic Number Plate recognition. This has generated significant revenue, which should make the scheme self-funding. An extension of these powers by Welsh Government to other authorities in Wales would present similar opportunities.

As discussed in question 5 below, there has been a reduction in the level of funding allocated by local authorities to support public transport. At present funding isn't hypothecated to transport; therefore we would support some degree of ring fencing the transport allocation within the Revenue Support Grant.

Our response to question 3 notes the potential for alternative propulsion systems to reduce transport related emissions. There is often a requirement for supporting infrastructure and / or increased vehicle costs; therefore we would support the provision of funding to cover the marginal costs of implementing alternative fuels.

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

The Campaign for Better Transport Report 'Buses in Crisis 2014/15' identifies an overall reduction in the level of local authority funding for bus services. We would support measures to prevent authorities reducing the level of funding, with the potential for a degree of ring-fencing within their Revenue Support Grant allocation.

When letting bus service contracts, we would support the development of a common contract specification to provide consistency of service across Wales.

The development and implementation of bus priority measures are within the remit of Local Authorities as the relevant Highway Authority. We would welcome the development and implementation of bus corridor improvement plans for key sections of the bus network. Where measures are in place, many Local Authorities have obtained civil parking enforcement powers. We would support a focus of these resources on key routes to assist the reliable movement of buses.

The delivery of public bus services and home to school transport are often the responsibility of different departments within Local Authorities, which does not support the development of mutually supporting services. We welcome the development of integrated transport units at local authority level (examples include the Joint Transport Unit established by Monmouthshire County Council).

Road side infrastructure, including bus stops and shelters, are a vital element of the bus transport network, acting as a shop window for the level of service that can be expected. The provision of infrastructure is the responsibility of local authorities. We have noted variability in provision across Wales, with some shelters subject to a lack of cleansing and maintenance (including the provision of up to date timetable information). The development and resourcing of effective cleansing and maintenance plans are essential to raise standards and increase user perception.

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

Bus registrations are currently processed in Leeds. This limits opportunities for direct engagement by operators. The devolution a Wales based office will provide opportunities for local engagement and greater understanding of the needs of Welsh operators' requirements.

The powers could be used to provide administrative efficiencies to ensure bus registration information is requested in a common format that can be disseminated to local authorities and Traveline Cymru.

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

The Transport Act 2000 and Local Transport Act 2008 include provisions to develop Quality Partnerships and Quality Contracts. There has been limited use of these powers in Wales, which offer potential to develop high quality services to attract greater use. We would welcome greater use of these provisions before embarking on a fully franchised model.

There are number of examples of Partnership working between

authorities and operators to deliver integration and service enhancements, such as the partnership arrangements in the South Yorkshire PTE area. These have delivered increased use of the bus network.

Whilst Quality Contracts offer an opportunity to develop greater integration, they require the public sector to determine the appropriate level of funding required to ensure the network is sustainable. Nexus are currently developing Quality Contract proposals and have set aside a contingency fund of £80m. There is a concern that the development of similar proposals in a Welsh context would divert current resources from service delivery.

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

In addition to the points noted above, the provision of information is essential to inform travelling public of opportunities to use the bus network.

The current complexities of ticketing can provide a barrier to bus use where a change of operator is required. We welcome the development of greater joint ticketing as facilitated by the EU Block Ticket Exemption.

Efforts to encourage innovation within bus services, as a mechanism to attract new passengers, are also required. There are examples of operators in the UK more widely who do bring innovative ideas into their operations, and this should be encouraged in developing services appropriate to the needs of travellers in Wales.

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

Membership of the Chartered Institute of Logistics and Transport comprises members who represent a range of transport sectors, including operators, users groups, academia and the public sector. Our response strikes a balance between the different requirements of each sector.

We have limited representation from the Community Transport sector;

therefore our response primarily reflects the bus network.

We would be prepared to provide supplementary evidence if requested and can call on industry representatives if the committee has specific areas of interest.