

**CABINET: DYDD IAU, 23 MEHEFIN 2022 at 2.00 PM**

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Cynhelir Cyfarfod Cabinet y cyfarfod yn Ystafell Bwyllgora 4 ac fel cyfarfod Aml-leoliad ar 2 Mehefin 2023 ar 2.00 pm

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**A G E N D A**

**Cyllid, Moderneiddio a Pherfformiad**

- 1 Cynllun Cymorth Dewisol Costau Byw (*Tudalennau 3 - 12*)
- 2 Monitro'r Gyllideb - Adroddiad Alldro 2021/22 (*Tudalennau 13 - 86*)

**Cludiant a Chynllunio Strategol**

- 3 Cais am Gynnydd yn nhâl Cerbydau Hacni (*Tudalennau 87 - 94*)
- 4 Papur Gwyn Llywodraeth Cymru - Ymateb i'r Ymgynghoriad 'Un Rhwydwaith, Un Amserlen, Un Tocyn' (*Tudalennau 95 - 262*)

**PAUL ORDERS**

Chief Executive

Mae'r dudalen hon yn wag yn fwriadol

**CARDIFF COUNCIL  
CYNGOR CAERDYDD**



**CABINET MEETING: 23 JUNE 2022**

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**COST OF LIVING SUPPORT SCHEME**

**FINANCE, MODERNISATION AND PERFORMANCE  
(COUNCILLOR CHRIS WEAVER)**

**AGENDA ITEM: 1**

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**Reason for this Report**

1. The reason for this report is to provide details of Welsh Government's Cost of Living Support Scheme including a proposal in respect of the associated Discretionary Scheme, for which the Council can determine a use locally.

**Background**

2. The Welsh Government announced a package of measures to help people with support towards the cost of living. The package includes £152M to provide a £150 cost-of-living payment to eligible households (the main scheme) and £25M to provide discretionary support for other purposes related to living costs.
3. The schemes are intended to provide immediate support as Wales recovers from the pandemic and support households to deal with the impact of increasing energy and other costs
4. The Discretionary Scheme funding can be used by each local authority to support households it considers to be in need of assistance with their living costs. Cardiff has been allocated £2.193 million to spend on a discretionary scheme.

**Cost of Living Scheme - Main Scheme**

5. A payment of £150 can be made to a household under the main scheme if the householder(s) meets one of the following conditions.

**A. Council Tax Reduction Scheme Entitlement Condition**

6. If the householder(s) was in receipt of support through the Council Tax Reduction Scheme on 15th February 2022, they are automatically assessed as being entitled to a payment of £150 regardless of the valuation band in which their property is placed.

## B. Council Tax Band Condition

7. Households occupying properties in council tax Bands A to D are assessed as being entitled to a payment of £150 provided they were:
  - Liable for council tax at a property on 15th February 2022;
  - Not in receipt of an exemption for that property on 15th February 2022;
  - Living in the property as their main residence on 15th February 2022; and
  - Responsible for paying the associated utility and other regularly incurred bills for the property on 15th February 2022.
8. Local authorities administering the scheme will be able to make the reasonable assumption that household(s) liable to pay council tax are also responsible for paying the utility and other regularly incurred bills.
9. Households living in properties which have been valued as Band E and are in receipt of disability band reduction are also eligible to receive the payment.
10. Households are eligible for a payment if their property band recorded on a valuation list is amended retrospectively after 15th February 2022 to fall within an eligible category, for example, as a result of a successful review or appeal made to the Valuation Office Agency (VOA) that concluded after this date. Households living in new builds awaiting an official banding from the VOA are also eligible for a payment if the official banding subsequently allocated by the VOA, meets the eligibility criteria for the scheme.
11. Only one £150 payment is to be made in relation to any single dwelling under the main scheme. In cases of joint and several liability, only one payment is to be made and it should be paid to the first named person on the council tax bill. Where this is not possible, local authorities have discretion to identify the most appropriate person to whom the payment should be made.
12. The estimated number of eligible households in Cardiff is shown below:

<b>Main Scheme</b>	<b>Households/Payments</b>	<b>Value £</b>
£150 to all households receiving Council Tax Reduction	30333	4,549,950
£150 to all households in Bands A to D *	58572	8,785,800
*Excluding households receiving Council Tax Reduction		
<b>Total</b>		<b>13,335,750</b>

13. To date (17<sup>th</sup> June 2022) 75,850 payments have been made totalling £11.377 million (the majority of which have been paid within 14 days). During the summer, the Council will be writing to all remaining eligible

households under the main scheme to ensure that the support available is utilised in full.

### Cost of Living Scheme – Discretionary Scheme

14. In addition to supporting the eligible categories outlined above through the main scheme, each local authority may use the funding provided under the Discretionary Scheme to provide support to households it considers to be in need of assistance with their living costs. This support may take the form of a payment to a household not already covered in the main scheme, or an additional payment, or it may cover the cost of essential services provided to the household.
15. The total funding in Wales for the discretionary scheme amounts to £25M.
16. The Welsh Government has stated that in developing the local Discretionary Scheme, local authorities have complete autonomy to target the funds to best support residents and to ensure their approach best suits the need of their individual residents.
17. The authority has discretion over the value of the award and to pay by instalments if it considers making a full payment would not be in a household's best interests or that it might compromise their welfare.
18. It is recognised that payments or the provision of other support to such households may be more readily administered by specialist services within the local authority – e.g., social services, homelessness services, educational support services etc.
19. The proposed design of the Cardiff Council Discretionary Scheme is detailed in the paragraphs that follow.
20. Firstly, in relation to key vulnerable groups that were excluded from the main scheme and not requiring means testing:

<b>Discretionary Scheme</b>	<b>Households/Payments</b>	<b>Value £</b>
£150 to all households receiving the following Council		
Tax exemptions -		
Providing or receiving care (Class I and J)	22	3,300
Occupied solely by under 18-year-old (Class S)	14	2,100
Severe Mental Impairment (Class U)	485	72,750
Occupied granny annex (Class W)	30	4,500
Care Leavers (Class X)	155	23,250
£150 to all households receiving Council Tax Disability	480	72,000
Band Reduction in Bands F to I *		

*Excluding households receiving Council Tax Reduction		
<b>Total</b>		<b>177,900</b>

21. The above households will be identified from the Council Tax billing system and will receive a letter confirming their eligibility along with instructions of how to claim the award. The letter will provide them with a unique activation key which when entered along with their Council Tax account number and personal details will enable them to claim online.

### **Increase in Demand on Services**

22. The impact of the cost-of-living crisis is leading to more residents seeking assistance from the benefits, homelessness prevention and advice teams.
23. The benefit assessment team are responsible for the administration of Housing Benefit, Council Tax Reduction, Free School Meals, the Uniform Grant and other programs including the Winter Fuel and Unpaid Carers Schemes. The number of children now in receipt of Free School Meals in Cardiff has increased in the past 3 years by 32% to 15,823 in June 2022. It is anticipated that over 30,000 applications will be made to the Winter Fuel scheme in the autumn.
24. The welfare liaison team support our council tenants who are struggling to pay their rent. Appointments made with this team have more than doubled compared to last year.
25. Local Housing Allowance (LHA) is the maximum amount people renting from a private landlord can claim in Housing Benefit or Universal Credit (Housing element). A Bevan Foundation report- "Wales' Housing Crisis: the role of the LHA" states that only 3.9% of properties advertised for rent in Cardiff between May and August 2021 were within LHA rate. Tenants need to make up any shortfall from their other income. This is making the cost of private renting even more unaffordable for many tenants
26. The rent arrears pathway was introduced in 2021. This gateway approach supports tenants regardless of their tenure or income type. Last year 1,375 tenants who were at risk of becoming homeless were given financial assistance as well as practical support to prevent them from facing eviction.
27. Calls to the Adviceline have increased from an average of 4,637 a month in 2021 compared to 5,216 in 2022. In May 2022, 41% of all calls received by the team were related to the cost of living crisis.
28. Whilst advice officers are still able to support residents to claim benefits, grants, and discounts, it is proving more difficult for them to reduce clients' outgoings when completing budgeting statements. Switching tariffs to find cheaper alternatives is no longer a viable solution and with costs continuing to escalate it is becoming more difficult for advice officers to use budgeting as a complete solution to money issues.

29. It is therefore proposed that for the means tested element of the scheme, the funding is directed towards those that need it most. The following six schemes would be introduced to further enhance the support on offer and encourage residents to engage with the services available to ensure that they were claiming all the payments they are entitled to. The combination of these schemes will provide a more inclusive offer as it will consider both those on benefits and those experiencing in-work poverty.

#### **A) Enhance the Discretionary Housing Payment scheme**

30. Discretionary Housing Payments (DHP) are payments that help tenants who are struggling to pay their rent. To be eligible for a DHP, tenants must receive either Housing Benefit or Universal Credit (with a housing element). Funding for this scheme is allocated to the Local Authority from the Department of Work and Pensions. This allocation has significantly reduced this year.
31. It is proposed funding from the cost-of-living discretionary scheme would be utilised to enhance this existing DHP fund. This scheme would build on the success of last years Rent Arrears Pathway, helping to prevent tenants from becoming homeless. Robust procedures and processes are already in place to claim and make these payments. The Money Advice Team will also complete a full financial assessment for each applicant, ensuring that all those seeking assistance are claiming all the grants, discounts and benefits they are entitled to.

#### **Proposed allocated budget £700,000**

#### **B) Applications via the Money Advice Team**

32. The Money Advice Team provide support to residents of Cardiff who are struggling with their finances. Advice Officers complete Standard Financial Statements which detail incomings, outgoings and any priority and non-priority debts. Advice Officers then provide income maximisation help, budgeting assistance and low-level debt advice based on these statements.
33. During completion of these financial statements the Advice Officer will often identify issues that a one-off payment would resolve. It is proposed that in these situations, the Advice Officer would make an application to the scheme on behalf of the resident. The payment amount would be based on need. This approach would support anyone living in Cardiff regardless of tenure type and whether they are in or out of work.

#### **Proposed allocated budget £700,000**

#### **C) Fuel Voucher Scheme**

34. Together For Cardiff, in partnership with Action for Caerau and Ely (ACE), provide gas and or electricity vouchers to residents on prepayment meters who are struggling with the cost of their utility bills.

35. To access these vouchers, residents must have a financial assessment from an advice provider. Following this assessment, if there is a requirement for a fuel voucher, residents are referred to ACE who will then provide the voucher. These vouchers are redeemed towards gas or electricity via a paypoint outlet. It is proposed that a budget is allocated to ACE to enhance and continue this scheme.

**Proposed allocated budget £50,000**

**D) Families affected by the Benefit Cap**

36. The Benefit Cap restricts the amount of benefits that a family can receive. This reduction is taken from Universal Credit or Housing Benefit.
37. Many families affected by the cap in Cardiff have 3 or more children. It is therefore proposed that a direct payment of £150 would be made to help support these families.

**Proposed allocated budget £205,000**

**E) Families in receipt of Free School Meals (FSM) but have not already been awarded £150 through the main scheme.**

38. There are a maximum of 2,000 families in the city that are in receipt of FSM but have not been awarded £150 through the main scheme. It is proposed that these families are directly awarded £150 through the discretionary scheme.

**Proposed allocated budget £300,000**

**F) Supporting those struggling with care costs.**

39. It has been identified that due to the cost of living increases some Adult Services clients are struggling with essential care costs. Referrals from Adult Services to the scheme would instigate the payment request, and this would demonstrate the financial need. These payments are not to pay for care but will support clients with the rising costs of living.

**Proposed allocated budget £50,000**

40. In terms of processing the means tested elements of the discretionary scheme, where possible, the Council will utilise existing data sets to make direct payments to those who would qualify for these schemes. These payments would be made either by the Council Tax team and / or Benefit Assessment teams. Where an application or up to date bank details are required, the Benefit Assessment teams will administer these payments.
41. To ensure full take up of the discretionary schemes, a wide-reaching publicity campaign will be launched. This will include the use of social media and updates to the Council's website. This would promote the Money Advice Team and Adviceline as the points of contact for any residents struggling with the cost-of-living crisis. Letters advising



residents of the help the Money Advice Team can provide, would also be sent to households likely to qualify for support under the discretionary scheme. In addition, information could also be included with Council Tax reminders. To promote these schemes, a full communication plan would be required with the Adviceline and Hub officers fully briefed supporting residents to ensure maximum take up.

42. In Summary therefore the full allocation for the Discretionary Scheme of £2.193M is proposed with £0.178M non-Means Tested and the remainder £2.015M requiring means testing. It is also proposed that should spend be lower in some aspects through take up being less than anticipated, a mechanism exists to vire funding between agreed discretionary purposes as defined in this report. In addition, there is provision within the scheme to vire any underspend from the main scheme to the Discretionary Scheme after netting off the administration element provided by Welsh Government.
43. The Cost of Living Support Scheme is currently open until 30th September 2022, although subject to Welsh Government Minister approval, there is likely to be an extension to the discretionary element of the scheme.

#### **Reason for Recommendations**

44. To note the delivery of the main scheme elements of the Welsh Government's Cost of Living Support Scheme to nearly 90,000 households in the city and to agree a mechanism to support the most vulnerable households through the locally available Discretionary Support Scheme.

#### **Financial Implications**

45. The covering report sets out in detail how the £2.193 million discretionary Grant will be spent. As noted in the report, the deadline for spend to be incurred is currently 30 September 2022 and there is the ability to vire between the proposed discretionary headings. Control measures must be put in place not just to ensure that the amount available is not exceeded but also to ensure that records of spend are captured with both rationale and date to ensure that any subsequent request for evidence either of total or category spend can be responded to promptly and accurately.
46. It is noted in the report that there is an element of uncertainty in respect to both the deadline currently and in case any further money may become available to the discretionary scheme. In Identifying the control measures to be put in place consideration should be given to ensure that any flexibility required is in place to maximise the opportunity given to assist those identified in greatest need.

## **Legal Implications**

47. There are no direct legal implications raised by this report. However, in considering this report, regard should be had, amongst other matters, to:

- (a) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, when making decisions, Councils must have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief; and
- (b) the Well Being of Future Generations (Wales) Act 2015. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives set by the Council and in so doing achieve the national wellbeing goals. The wellbeing duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Cabinet must:
  - look to the long term.
  - focus on prevention by understanding the root causes of problems.
  - deliver an integrated approach to achieving the 7 national well-being goals.
  - work in collaboration with others to find shared sustainable solutions.
  - involve people from all sections of the community in the decisions which affect them.

### **HR Implications**

48. There are no HR implications arising from this report and its recommendations.

### **Property Implications**

49. There are no property implications arising from this report and its recommendations.

## **RECOMMENDATIONS**

Cabinet is recommended to:

1. note the delivery of the Cost of Living Support Scheme (main scheme).
2. agree the recommended approach to target the most vulnerable households in the City through a locally determined Discretionary Scheme.
3. delegate authority to the Corporate Director Resources (in consultation with the Cabinet Member for Finance, Modernisation & Performance), the ability to vire any underspent elements of funding either from the main scheme or between discretionary options agreed as necessary, to ensure full spend of the Council's allocated funding.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>Chris Lee</b> Corporate Director Resources
	17 June 2022

Mae'r dudalen hon yn wag yn fwriadol

**CARDIFF COUNCIL  
CYNGOR CAERDYDD**



**CABINET MEETING: 23 JUNE 2022**

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**BUDGET MONITORING - OUTTURN REPORT 2021/22**

**FINANCE, MODERNISATION & PERFORMANCE (COUNCILLOR  
CHRIS WEAVER)**

**AGENDA ITEM: 2**

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*Appendix 7 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.*

**Reason for this Report**

1. To provide the Cabinet with details of the 2021/22 financial outturn position for the authority compared with the budget approved by Council on 4<sup>th</sup> March 2021. This report includes an assessment of the financial impact arising from the response to the COVID-19 crisis and the level of financial support provided by Welsh Government.

**Background**

2. The changing nature of the pandemic continued to provide a level of uncertainty throughout 2021/22. This monitoring report will continue to set out the pressures arising from responding to the crisis separately from those relating to operational service delivery. As such, the first part of the report addresses the financial impact of the crisis, both in terms of additional expenditure and reduced income generation, as well as the Welsh Government (WG) funding response to this. The report then provides details of the overall revenue position, including any unfunded impacts of COVID-19 and any emerging operational issues that have arisen for reasons other than the pandemic. An outline of the actions taken by the Council in response to the emerging financial position is then provided, followed by an update on the position in relation to the Capital Programme.

**Issues**

**COVID-19 Financial Impact**

3. The COVID-19 pandemic has throughout the year had a significant financial impact on the Council. This is evidenced through both additional expenditure pressures and reduced income generation across services as fluctuations in the incidence of Covid cases occurred and any interventions determined by the Welsh Government (WG) were implemented. These additional

expenditure pressures have varied in nature but have included both the need to change the way services are delivered and the requirement to react to additional and different demand pressures being faced. In relation to income, losses have been experienced in several directorates and these were tracked closely against budget as the year progressed.

4. For the financial year 2021/22, the Council submitted expenditure claims to WG totalling £34.389 million, with the table below providing an overview of claims made.

<b>Expenditure reimbursed</b>	<b>QTR 1 - £'000</b>	<b>QTR 2 - £'000</b>	<b>QTR3 - £'000</b>	<b>QTR 4 - £'000</b>	<b>Total - £'000</b>
<b>Adult Services</b>	3,493	3,088	1,847	1,324	<b>9,752</b>
<b>Childrens Services</b>	453	692	666	-	<b>1,811</b>
<b>Infection Control</b>	162	174	240	413	<b>989</b>
<b>FSM</b>	529	1,996	942	342	<b>3,809</b>
<b>Homelessness</b>	184	228	566	1,164	<b>2,142</b>
<b>SIPS</b>	192	865	2,120	3,897	<b>7,074</b>
<b>Winter Fuel Payments</b>	0	0	0	4,606	<b>4,606</b>
<b>Delegated Schools</b>	585	568	1,006	1,291	<b>3,450</b>
<b>Other</b>	391	182	83	100	<b>756</b>
<b>Total</b>	<b>5,989</b>	<b>7,793</b>	<b>7,470</b>	<b>13,137</b>	<b>34,389</b>

5. Adult Services continued to be a significant recipient of Hardship Support with most of the Covid-19 related expenditure within this service taking the form of financial support to Providers. As previously reported, there were delays in approval on free school meals provision, but all payments have been received and that some items were retrospectively withdrawn from the Council's claim, because alternative funding sources became available.
6. As previously reported, in addition to the expenditure claims submitted, the Council was required to submit claims for lost income, net of any expenditure savings made. All claims contained information on any income that may have been delayed in its receipt, but not permanently lost.
7. The table below provides an overview of the four quarterly claims which total £14.011 million and which have now all been reimbursed.

<b>Lost Income Claims - Reimbursed £000</b>	<b>QTR 1 - £'000</b>	<b>QTR 2 - £'000</b>	<b>QTR3 - £'000</b>	<b>QTR 4 - £'000</b>	<b>Total - £'000</b>
Parking	- 964	- 181	-	-	- 1,145
Property	- 523	- 141	- 92	- 55	- 811
Schools Income	- 130	- 123	- 8	- 35	- 296
Schools Catering and Traded Services	- 136	- 1,597	- 831	85	- 2,479
Sport & Leisure	- 619	- 1,596	- 950	- 305	- 3,470
Venues	- 1,858	- 1,013	- 1,032	- 605	- 4,508
Other	- 575	- 277	- 310	- 140	- 1,302
<b>Total</b>	<b>- 4,805</b>	<b>- 4,928</b>	<b>- 3,223</b>	<b>- 1,055</b>	<b>- 14,011</b>

## Revenue Position

8. The overall revenue position reported in the paragraphs that follow comprises of variances that have arisen irrespective of the pandemic, combined with COVID 19-related items of additional expenditure or lost income that WG have indicated were not be funded through the COVID-19 Hardship Fund. In addition, these variances include shortfalls against 2021/22 budget savings proposals and any savings or efficiencies that have been identified during the year.
9. The overall monitoring position, as at the year-end reflects a balanced position. This position is detailed in Appendix 1 and includes a total directorate net underspend of £254,000 and an overspend of £123,000 in relation to Capital Financing,.
10. The table below provides a summary of the overall position and outlines the component parts of each directorate's total variance.

<b>Directorate</b>	<b>Directorate Position</b>
	<b>(£000)</b>
Corporate Management	0
Economic Development:	
Economic Development	(54)
Recycling & Neighbourhood	0
Education & Lifelong Learning	476
People & Communities:	
Housing, & Communities	(762)

Performance & Partnerships	(128)
Adult Services	(121)
Children's Services	0
Planning, Transport & Environment	0
Resources:	
Governance & Legal Services	430
Resources	(95)
<b>Total Directorate Position</b>	<b>(254)</b>
Capital Financing	123
General Contingency	(3,000)
Summary Revenue Account	3,131
<b>Total Council Position</b>	<b>0</b>

11. The table above highlights pressures primarily in Governance & Legal Services and Education.
12. The specific overspends and underspends within each directorate's position are outlined in more detail within Appendix 2. In summary, Education is experiencing pressures in relation to both Out of County Placements, both in terms of cost of individual placements and the overall number of pupils requiring specialist provision. There are also underlying pressures evident within School Transport due to the number of pupils with additional learning needs requiring transport. As reported previously, there remain significant pressures in respect of the additional cost and number of residential and internal fostering placements within Children's Services. However, additional Grant income received at the end of the year from Welsh Government alleviated the financial overspend for 2021/22. In addition, the Economic Development position improved due to WG being able to support fully the impact on services
13. As well as these specific pressures, there are pressures in directorates arising from not being able to fully deliver the savings proposals agreed as part of the 2021/22 budget. As outlined in Appendix 3, there is an overall projected shortfall of £604,000 (11%) against the target of £5.554 million. For those 2020/21 savings proposals, the position is that 65% of the savings have been achieved against the £2.147 million carried forward with the remaining proposals being predominantly income related and have faced subsequently remained difficult to achieve in 2021/22.
14. The Capital Financing outturn is forecast to be £123,000 overspend at the end of the financial year. This budget supports the Council's Capital Programme and treasury management activities, including external interest payable, prudent provision for the repayment of any debt in line with Council policy, as well as interest earned on temporary investments. The position against the budget is impacted by several variables which may change during the year such as interest rates, the level of investment balances, share of interest chargeable to the Housing Revenue Account (HRA), the need for and timing of external borrowing, as well as performance in achieving capital expenditure projections. Whilst there are delays in some capital projects resulting in a lower borrowing requirement during the year, factors combining in determining the current projection include the HRA picking up a lower share of overall external interest costs, lower levels of



interest recoverable from directorates in relation to invest to save schemes expected to be completed during 2021/22 and a higher provision for prudent repayment of historic capital expenditure than assumed for 2021/22.

15. In considering an appropriate level of bad debt provision in respect of Council tax and having due regard to the collectability of the Council Tax an underspend of £690,000 is being reported.
16. As part of the reported directorate positions, contributions from contingency budgets have been incorporated where appropriate. These include a transfer from the Council Tax Reduction Scheme (CTRS) contingency, of £2.834 million, to meet both the impact of the Council Tax increase together with the increasing demand from residents for financial support. In looking forward, a contribution has been allocated to earmarked reserves of £2.153 million to reflect the potential additional eligible claims due to the economic climate challenges facing families and individuals. In addition, the Children's Services position took no contribution from the £2.175 million contingency held for meeting the additional costs arising from external placements.
17. In addition to the general fund directorate positions, ring-fenced and grant funded accounts are outlined in more detail as part of Appendix 2. In summary, the position on the Housing Revenue Account (HRA) is balanced with capital financing cost savings being used to improve the ability to deal with future budget pressures including capital works postponed to future years and to provide more flexibility for any unavoidable commitments in the new financial year. The Civil Parking Enforcement position reflects an in-year surplus of £2.759 million compared to the budgeted surplus of £3.741million. The Harbour Authority is projecting a balanced position having considered the financial contribution payable to WG because of delays in asset renewal spend.

## Capital

18. Expenditure of £217.832 million was incurred across a range of services with £61.396 million of this in relation to Public Housing (HRA).
19. The delivery of capital projects is complex and influenced by several external and internal factors. Directorates are regularly reminded of the need to set achievable expenditure profiles and to identify potential slippage of projects at an early stage. Whilst some slippage is unavoidable because of delays in projects, the impact of any variances classified as slippage arising from displacement of Council funding for projects to secure eligible additional Welsh Government grant funding has been significant.
20. Highlights during the year include:
  - Continued success in attracting external grants including – Covid-19 Recovery / Transport schemes / Electric Vehicles / Circular Economy Fund / Play Opportunities.
  - Delay in expenditure across many areas including annual sums and specific schemes such as – Parks / ICT / Non schools property asset renewal / Highway Infrastructure and Neighbourhood Renewal. Some

delay because of continued covid impacts and supply chain issues, but not in all cases.

- Late grant awards and requirement to use external grant by the end of the year resulted in the requirement to displace Council funded expenditure which will be carried forward to meet the purposes set out in the additional grant awards. Such grants included remediation of identified fire safety defects in social housing residential buildings of 11 metres+, a range of intermediate care fund schemes, promotion of independent living and to increase electric bus fleet use in the city.
- Significant expenditure in year on property acquisitions during the year including the acquisition of the Ty Glas site in Llanishen, Hostel and new social housing sites and the first phase of land acquisition at the International Sports Village.

21. The paragraphs below summarise the outturn position of the Capital Programme for both the General Fund and Public Housing, with further detail on schemes provided in Appendix 5 and 6.

### General Fund Expenditure and Funding

22. Expenditure was £156.436 million, with a variance of £55.628 million against the approved programme. The main items of expenditure during the year are set out in the table below:

Schemes	Detail	£m
Business and City Development	Town Centre Loans; acquisition of regeneration sites at international sports village and for Atlantic Wharf Masterplan and balance of payment for Red Dragon Centre.	20.7
Parks, Leisure and Venues	Parks play areas, open space and infrastructure; Play Opportunities; Leisure and venues buildings maintenance; Roath Park dam scheme design and Harbour asset renewal.	5.3
Education & Lifelong Learning	21 <sup>st</sup> Century schools Band B including new Fitzalan High School construction. Acquisition of Ty Glas site Llanishen; investment in the condition and suitability of school buildings and ICT.	61.5
Neighbourhood Regeneration and Private Housing	Disabled adaptation grants, allowing people to live independently in their homes; environmental and shop front improvements at Tudor street, Cowbridge Road East and housing estate environmental improvements, Maelfa games area; Lisvane Community Hall and Infirmary Chapel Hub.	11.3
Highways & Transportation	Road and footpath resurfacing; LED lighting in residential areas and replacement of decking on Millennium Walkway; Coastal erosion and flood mitigation; public transport and road safety improvements; cycling strategy implementation; investment in active travel and safe routes in communities; city centre air quality measures including Wood Street and Canal Quarter.	34.3
Corporate, Technology and Vehicles	Works to relinquish leased buildings and acquisition of equity in Cardiff Bus as part of a financial support package; Modernising ICT; Replacement vehicle fleet	14.4

	including electric refuse collection vehicles and charging points.	
Energy Projects and Sustainability	Completion of Lamby Way solar farm; Energy retrofit of buildings and contribution to Cardiff Heat Network.	6.1
Other	Recycling depot infrastructure, Bereavement, Electric fleet charging infrastructure and a range of grant funded circular economy schemes; Property and Asset Management.	2.8
<b>Total</b>		<b>156.4</b>

23. The expenditure was paid for from several sources as shown in the table below and included external grants and contributions, proceeds from the sale of assets and by borrowing. Expenditure incurred without a specific funding source increases the Capital Financing Requirement and must ultimately be paid for by borrowing. This and any associated interest costs must be repaid from the existing and future income of the Council.

<b>General Fund - Funding Source for 2021/22 Capital Expenditure</b>	<b>Amount £000</b>	<b>Percentage of Funding (%)</b>
WG General Capital Funding - Supported Borrowing	8,727	5.58
WG General Capital Funding - Grant	8,868	5.67
WG and other external grants	92,467	59.11
Additional Unsupported Borrowing	3,702	2.37
Invest to Save Unsupported Borrowing	35,952	22.98
Revenue and Reserves	1,540	0.98
Capital Receipts	2,505	1.60
External Contributions	2,675	1.71
<b>Total</b>	<b>156,436</b>	<b>100.00</b>

24. The Council received a base allocation of General Capital Funding from Welsh Government of £17.595 million at the start of 2021/22. This was made up of capital financing support within the revenue budget settlement to undertake £8.727 million of supported borrowing and a cash grant of £8.868 million.
25. In addition to the above, the Council has undertaken unsupported borrowing which has to be fully met through the revenue budget in future years. In 2021/22, the Council used unsupported borrowing of £39.654 million to support General Fund expenditure. Of this, £3.702 million of borrowing was required to balance Capital Programme commitments and £35.952 million was for investment assumed to be repayable from future Directorate revenue budgets. The timing and availability of external grants remained uncertain, with approvals received late during the year, continuing to make long-term planning difficult.
26. In February 2022, the Council was allocated additional General Capital Funding of £6.972 million in the form of grant towards capital expenditure pressures such as escalating costs in the construction industry. This funding

is carried forward as an Earmarked Reserve to be prioritised for such pressures on existing projects and commitments.

### **General Fund Capital Receipts**

27. The Capital Programme approved by Council in February 2018 set a target for non-earmarked General Fund Capital receipts of £40 million, with a subsequent increase of £1 million to this target in 2019/20, after making a deduction for eligible revenue costs of disposal. Up to 31 March 2021, a total of £7.861 million has been received against the overall receipts target. The corporate property strategy considered by Cabinet in December 2021 provided and update on the receipts target.
28. The timing of actual completion of receipt is uncertain and subject to ensuring legal processes are in place. Actual disposals represented by external sale capital receipts (£591,000) and land appropriations to the Housing Revenue Account (£1.608 million) which form part of the above target in 2021/22, total £2.199 million. Accordingly, total receipts against the target up to 31 March 2022 are £10.060 million.
29. Other land appropriations during 2021/22 to the Housing Revenue Account total £10.928 million and include the former Michaelston school site, land at James Street, and remaining former Rumney High School site.
30. Capital investment for 2021/22 also includes several major development projects which assume that future capital receipts will be received to pay towards expenditure incurred on those projects such as land acquisition at the International Sports Village. Expenditure incurred in advance of realisation of receipts represents a risk of both abortive costs and to the level of borrowing and should be reviewed regularly as part of the overall annual property plan and relevant project governance processes.

### **Public Housing (HRA) Expenditure and Funding**

31. Expenditure in 2021/22 on Public Housing schemes was £61.396 million. In March 2022, additional grant of £12.920 million was awarded by Welsh Government to displace safety related expenditure undertaken in the year. Any Council funds displaced will be used in future years to develop a programme of works for fire safety remediation works where required for medium and high-rise residential buildings. With many new build sites being on site in the latter part of the year, slippage because of delay in respect of these projects will be re-prioritised as part of the 2022/23 investment programme.
32. Investment during the year was made in estate regeneration, housing stock remodelling, the fabric of dwellings, disabled adaptations and in the development of new Council housing and delivering the Council's future service model in response to Covid 19 for homelessness.
33. The table below shows how HRA capital expenditure was paid for:-

<b>Public Housing - Funding Source for 2021/22 Capital Expenditure</b>	<b>Amount £000</b>	<b>Percentage of Funding (%)</b>
Major Repairs Allowance (WG grant)	9,557	15.57
Additional Unsupported Borrowing	23,848	38.84
WG and other external grants	23,677	38.56
Revenue and Reserves	2,400	3.91
Capital Receipts	1,276	2.08
External Contributions	638	1.04
<b>Total</b>	<b>61,396</b>	<b>100.00</b>

### **Public Housing Capital Receipts**

34. Capital Receipts of £0.797 million were generated from the sale of various freeholds, retained equity held from previous Council and developer home ownership support schemes as well as share of land sale proceeds from the Cardiff Living scheme.

### **Treasury Management Outturn 2021/22**

35. The Council's Treasury Management activities were undertaken in accordance with the strategy approved at Council in March 2021. During the year, periodic reports on Treasury Management were submitted and reviewed by the Council's Governance and Audit Committee as well as at Cabinet and Council meetings. Attached at confidential Appendix 7 is the Treasury Management Performance Report as at 31 March 2022.

### **Investments**

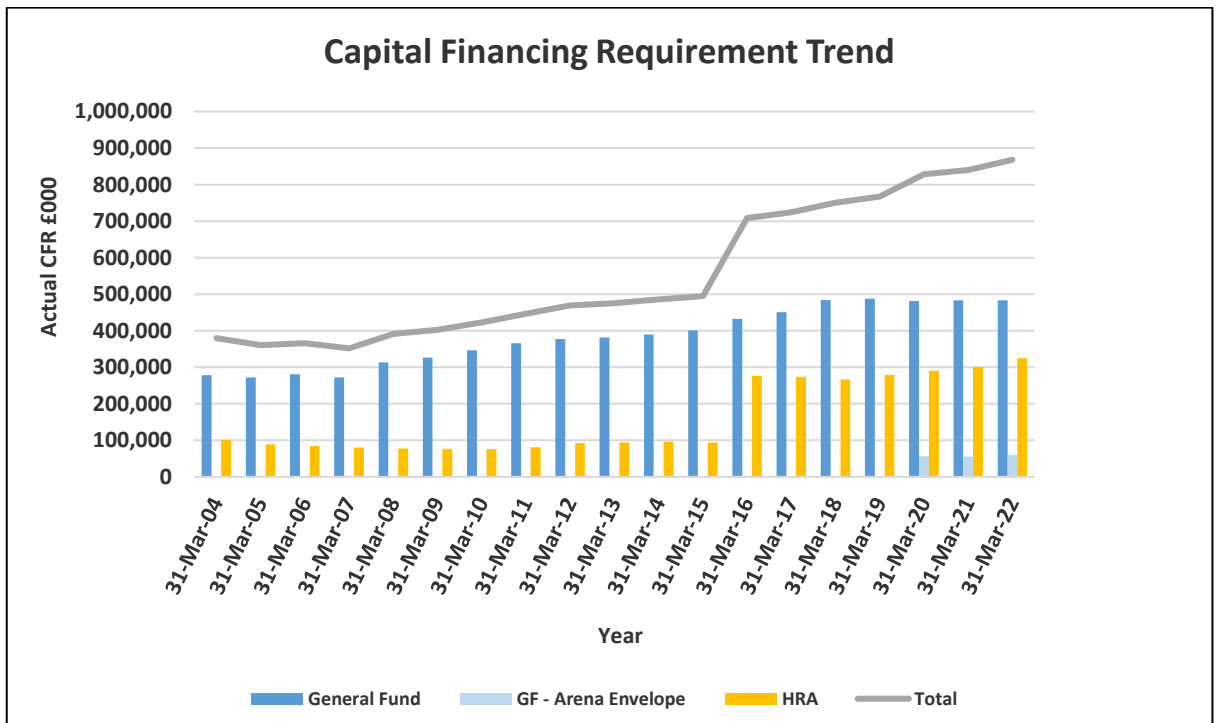
36. At 31 March 2022, investments arising from temporary cash balances stood at £226.4 million. This includes £66 million in respect to City Deal deposits held. The balance of investments is at a point in time and will fluctuate daily depending on the timing of receipts and payments in the Council's bank account e.g., payments to suppliers, receipt of grants and capital receipts. The organisations with whom the Council invests were set out in the Council's Investment Strategy for 2021/22 and where possible, investments were diversified across organisations.
37. The overall level of interest receivable from treasury investments reflected the low rate of deposit interest rates through most parts of the year. After allowing for interest on balances held on behalf of others, interest receivable for the general fund totalled £0.3 million with the average rate achieved during 2021/22 being 0.16%.

### **Borrowing**

38. At the 31 March 2022 the Council's total external borrowing was £855.6 million. This was predominantly made up of fixed interest rate borrowing from the Public Works Loan Board (PWLB) payable on maturity.

31 March 2021			31 March 2022	
£m	Rate (%)		£m	Rate (%)
698.9		Public Works Loan Board	763.1	
51.0		Market (Lender Option Borrower Option)	51.0	
22.5		Welsh Government	23.2	
38.3		Local Authority	18.3	
<b>810.7</b>	<b>4.17</b>	<b>Total External Debt</b>	<b>855.6</b>	<b>4.01</b>

39. As a result of repayments and new borrowing undertaken in year, the average rate on the Council's borrowing decreased during the year from 4.17% to 4.01%. Total interest payable was £34.1 million, of which £13.2 million was charged to the Housing Revenue Account (HRA). All borrowing is in the name of the Council and a single pool of debt is maintained rather than having separate loans for the HRA.
40. The Council's Capital Financing Requirement (CFR) at 31 March 2022 i.e., capital expenditure incurred but not yet paid for (Borrowing Requirement) is £868 million, £543 million for the General Fund and £325 million for the Housing Revenue Account. The trend in the CFR since 2004 is shown in the following chart, with the increase in 2015/16 including the subsidy exit payment of £187 million made by the Housing Revenue Account. As highlighted in the March 2022 budget report the CFR is assumed to increase significantly in future years.



41. Whilst borrowing rates remained higher than investment rates in 2021/22, the Council was internally borrowed which means it was using temporary cash balances in the short term rather than undertaking external borrowing. In addition to the short-term financial savings, this approach reduced exposure to credit risk.

42. During 2021/22 the Council repaid £27.6 million of maturing loans. New loans of £70 million were taken from the Public Works Loan Board and interest free loans totalling £2.5 million were received from the Welsh Government in respect of energy efficiency schemes.
43. Subject to external audit, the outcome of the above transactions, coupled with the performance of expenditure during the year on capital programme indicates that the Council's total external borrowing (£856 million) is lower than the borrowing requirement as defined by the Capital Financing Requirement (£868 million). Accordingly, at 31 March 2022, the level of internal borrowing is £12 million.
44. A full Treasury Management Outturn Report will be considered by Council in October 2022.

### **Reasons for Recommendations**

45. The report is for information and serves to complete the financial monitoring processes for 2021/22

### **Legal Implications**

46. The report is submitted for information as part of the Authority's financial monitoring process. The Council's constitution provides that it is a Council responsibility to set the budget and policy framework and to approve any changes thereto or departures there from. It is a Cabinet responsibility to receive financial forecasts including the medium-term financial strategy and the monitoring of financial information and indicators.

### **HR Implications**

47. There are no HR implications arising from this report.

### **Property Implications**

48. The report is submitted for information as part of the Authority's financial monitoring process. As noted, the Corporate Property Strategy approved at Cabinet in December 2021 set out in detail in year progress against Capital Programme receipts targets and certain anticipated disposals and capital investments. The Strategic Estates Department continues to work with the Finance Department to monitor the ongoing impact of COVID-19 on the Council's estate-related revenue and capital budget. There are no further specific property implications to report.

### **Financial Implications**

49. In summary, this report outlines a balanced revenue outturn position for the financial year 2021/22. This represented an improvement on the net overspend positions reported throughout the year and was largely due to the receipt of additional external grant funding towards the end of the financial year. The final net directorate position reflected a net underspend of

£254,000 and overspends against the Summary Revenue Account and Capital Financing budgets, which were fully offset by the general contingency budget and a surplus in relation to Council Tax collection.

50. The final overall balanced position means that the level of General Fund Balance remained at £14.255 million. In addition, mainly because of the significant grant funding allocations from WG at the end of the financial year, total general fund earmarked reserves (including Schools) increased by £46.085 million, to a total value of £147.889 million with Housing Revenue Account Earmarked Reserves increasing by £10.586 million. (see Appendix 4). As well as providing an opportunity to increase the value of existing reserves, and increasing the Council's financial resilience in the process, the year-end position allowed for the creation of several new earmarked reserves. The results of which will support the Council both in the recovery from the impact of the pandemic and the financial challenges arising from economic uncertainty, whilst also contributing towards the overall resilience of the authority, both in the immediate future and over the medium term.
51. Whilst the final position is a welcome outcome, there remain areas of significant concern and risk going forward considering the challenging economic climate in the short / medium term. Some services continue to operate below anticipated pre-pandemic income levels whilst other services continued to have some level of reliance on WG Hardship grant. Whilst plans are in place to deliver individual services within budgets allocated it is likely that some levels of contingency will be required as the Council progresses through the financial year 2022/23.
52. In relation to the 2021/22 Capital Programme, a final variance of £95.212 million was reported, including £39.584 million in relation to Public Housing. This final position represented an increase on the figure reported at Month 9, both in respect to slippage but also in respect to Grants from Welsh Government being received late in the financial year. There does remain a significant challenge during 2022/23 for the Council to be able to deliver its full programme, when considering the level of catch up required in relation to schemes originally planned for 2021/22. To achieve this, directorates will need to manage the cost challenges of supplier availability and inflationary pressures whilst retaining a clear focus on delivery, ensuring that issues arising are escalated as a priority. In addition, programme-related risks will need to be identified and managed, including those relating to funding streams underpinning the programme, such as capital receipts, if the overall affordability of the programme is to be maintained.

## **RECOMMENDATIONS**

Cabinet is recommended to:

1. Note the report and the actions taken in respect of the Council's accounts for 2021/22.
2. Note that this report will form an appendix to the Financial Statements report to be considered at a Council meeting in the autumn of 2022.



<b>SENIOR RESPONSIBLE OFFICER</b>	<b>CHRISTOPHER LEE</b> Corporate Director Resources
	17 June 2022

The following Appendices are attached:

- Appendix 1 – Revenue Position
- Appendix 2 – Directorate Commentaries
- Appendix 3 – 2021/22 Budget Savings Position
- Appendix 4 – Earmarked Reserves
- Appendix 5 – Capital Programme
- Appendix 6 - Capital Schemes Update
- Appendix 7 - Treasury Management Dashboard

Mae'r dudalen hon yn wag yn fwriadol

Appendix 1

**REVENUE MONITORING POSITION 2021/2022 - MONTH 12**

Tudalen 27

Directorate	CASH LIMIT BUDGETS			PROJECTED OUTTURN			VARIANCES		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Corporate Management	26,530	(101)	26,429	52,217	(25,788)	26,429	25,687	(25,687)	0
Economic Development	46,799	(38,509)	8,290	52,580	(44,344)	8,236	5,781	(5,835)	(54)
- Recycling & Neighbourhood Services	43,856	(13,396)	30,460	45,685	(15,225)	30,460	1,829	(1,829)	0
Education & Lifelong Learning	355,836	(58,444)	297,392	418,409	(120,541)	297,868	62,573	(62,097)	476
People & Communities									
- Communities & Housing	233,656	(183,929)	49,727	244,323	(195,358)	48,965	10,667	(11,429)	(762)
- Performance & Partnerships	8,938	(5,928)	3,010	9,804	(6,922)	2,882	866	(994)	(128)
- Social Services - Children's Services	79,925	(8,735)	71,190	96,403	(25,213)	71,190	16,478	(16,478)	0
- Social Services - Adult Services	143,606	(24,149)	119,457	209,190	(89,854)	119,336	65,584	(65,705)	(121)
Planning, Transport & Environment	55,837	(49,771)	6,066	57,403	(51,337)	6,066	1,566	(1,566)	0
Resources									
- Governance & Legal Services	7,265	(1,181)	6,084	9,171	(2,657)	6,514	1,906	(1,476)	430
- Resources	31,418	(16,137)	15,281	45,488	(30,302)	15,186	14,070	(14,165)	(95)
Capital Financing etc.	37,889	(5,453)	32,436	37,720	(5,161)	32,559	(169)	292	123
General Contingency	3,000	0	3,000	0	0	0	(3,000)	0	(3,000)
Summary Revenue Account	13,958	(928)	13,030	27,929	(11,063)	16,866	13,971	0	3,836
Discretionary Rate Relief	400	0	400	385	0	385	(15)	0	(15)
<b>Sub-Total</b>	<b>1,088,913</b>	<b>(406,661)</b>	<b>682,252</b>	<b>1,306,707</b>	<b>(623,765)</b>	<b>682,942</b>	<b>217,794</b>	<b>(206,969)</b>	<b>690</b>
Council Tax Collection	0	0	0	3,081	(3,771)	(690)	3,081	(3,771)	(690)
<b>Total</b>	<b>1,088,913</b>	<b>(406,661)</b>	<b>682,252</b>	<b>1,309,788</b>	<b>(627,536)</b>	<b>682,252</b>	<b>220,875</b>	<b>(210,740)</b>	<b>0</b>

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## **Appendix 2 – Directorate Commentaries**

### **Corporate Management      Balanced**

1. Corporate Management reported an overall balanced position with the 2021/22 savings target of £63,000 achieved in full.

### **Economic Development (£54,000)**

2. The Economic Development Directorate reported a net £54,000 underspend after a transfer to reserves of £400,000 to meet future business case development costs. The position included claims to the Welsh Government Hardship Fund totalling £10.36 for loss of income and additional costs resulting from the pandemic.
3. Culture, Venues and Events reported a net £28,000 underspend after reimbursement of net income losses of £5.264 million across the functions. The position included vacancy savings, underspends within the Cardiff Museum and cost savings within the Event functions.
4. The Sport, Leisure and Development function reported a minor £7,000 underspend after reimbursement of net income losses and unfunded supplier relief payments of £4.172 million. Parks achieved a £29,000 deficit largely due to increased vehicle costs.
5. Facilities Management reported an improved underspend of £286,000 driven by the demand for capital work across the estate and partly offset by a deficit within Pest Control. The Project Design and Development service reported a trading deficit of £110,000.
6. The Major Projects division reported an overspend of £246,000 for unbudgeted spend in respect to various projects. Property Services reported an overspend with shortfalls against income targets at venues partly offset by vacancy and other premises savings.
7. An underspend of £158,000 was achieved for the Business and Investment function with increased advertising income and underspends within Workshops. City Centre Management reported an underspend of £110,000 largely due to increased banner and city centre income.
8. The 2021-22 savings target for Economic Development is £916,000. Savings of £686,000 were achieved against the 2021/22 target of £916,000. The shortfall relates to savings in respect to St David's Hall and cost reductions across all expenditure headings – £200,000 and cost efficiencies at the Cardiff Castle Café (£30,000) where enforced closure of both venues as a result of the pandemic and related restrictions impacted throughout the year. The net income loss was included within the claims to the WG, and the final position assumes that these will be approved in full.

## **Education & Lifelong Learning +£476,000**

9. The outturn position for the Education & Lifelong Learning directorate is an overspend of £476,000. The main pressures within the position include Achievement, £468,000 overspent due to income targets yet to be achieved in Client Services and an overspend on Youth Services due to employee costs no longer covered by grant funding. Education Other than At School, £263,000 overspent due to the cost of tutors not being fully recouped. In addition, Schools Transport £600,000 overspend due to the cost of additional routes since the start of the school year alongside price uplifts as a result of staff retention and inflationary cost rises seen by contractors.
10. Partially offsetting this overspend are savings within Out of County Placements (£354,000) due to a balance of additional funding and the managing of placements and use of additional grant funding to offset base budget overspends and contribution to education overheads (£636,000).
11. Traded Services is reporting a balanced yearend position through the use of loss of income funding (£2.196 million) from WG. Music Services has been balanced through use of WG grant funding (£151,000), WG loss of income funding (£771,000) and furlough income. These additional Covid funding streams, with the exception of Free School Meals, have now come to an end.
12. The 2021-22 savings target for Education is £288,000. Savings of £228,000 have been achieved, leaving a shortfall of £60,000 relating to a saving proposal on business support changes with other mitigations being explored.

## **Housing & Communities (£762,000)**

13. The Housing & Communities directorate reported an overall underspend of £762,000 at Month 12. This comprised of overspends totalling £455,000 across Homelessness (+£420,000) and Housing Strategy (+£35,000), offset by underspends totalling £1.217m, across all other areas of the service following employee vacancy savings and additional grant income.
14. The £420,000 Homelessness overspend was due to security issues and ongoing provision at Shirenewton and additional pressures whilst £35,000 Housing Strategy and Service Development overspend was due to ongoing delays in a planned restructure
15. Business Performance & Support reported a minor underspend of £2,000 after income shortfalls were offset by in-year employee savings.
16. In Advice and Benefits, a £269,000 underspend was reported overall after costs of administering Self Isolation Payments and Winter Fuel Poverty schemes were offset by available administration income. Budgeted drawdowns from reserves for temporary staff were not required due to employee vacancies and grant maximisation across the division. A balanced position was reported in

relation to the Housing Benefit (HB) Systems and Subsidy budgets after a contribution of £420,000, representing net surplus payable on subsidies, was transferred to the Welfare Reform reserve to address future pressures in welfare reform. The Council Tax Reduction Scheme reported a balanced position after £2.834m was drawn down from contingency to offset additional costs linked to price increases and economic pressures.

17. Homelessness and Hostels reported an overspend of £420,000 following the transfer to earmarked reserve of £375,000 to address ongoing security and development issues at the Shirenewton Gypsy and Traveller site. This position included security costs above budget of £199,000. Further overspends were reported in relation to premises costs at Housing Options Centre building used for cold weather provision and additional storage costs for furniture for Homeless persons. These overspends were partly offset by vacancy savings within Housing Operational team. Empty Homes premiums of £75,000 were required to fund Shared Regulatory employee costs. The new Hostel units generated a surplus of £16,000 after allowing for bad debt provision and outstanding Council Tax bills at each site.
18. Within Independent Living Service, an underspend of £583,000 was reported due to employee savings across its divisions, caused by issues with recruitment and additional grant funding. Disabled Facility grant fee income exceeded target and £102,000 initially recovered from Welsh Government was returned. This service also received £1.069m from the Social Care Recovery fund which was spent in full on eligible criteria.
19. Early Help reported an underspend of £42,000 after transferring £379,000 to an earmarked reserve to address waiting list times following increased demands as a result of the pandemic. The division includes the Family Gateway service funded by a combination of base budget grant income as well as Parenting, Flying Start and Childcare which were all fully grant funded and spent in full.
20. Hubs and Community Services which now include Day centres reported a final underspend of £283,000 due to employee savings across the divisions and additional grant income. Lost income of £165,000 within Learning for Life was recovered from Welsh Government.
21. The £25,000 underspend reported within Housing Projects was a result of employee savings within the Rehousing Solutions Division, whilst the £5,000 within Neighbourhood Regeneration was a result of lower than anticipated premises costs.

### **Performance & Partnerships – (£128,000)**

22. Performance & Partnerships is reporting an underspend position due to income generating activities within Media and Communications, Cardiff Research Centre and Bilingual Cardiff. The two budget savings proposals in this directorate for 2021/22 totalling £142,000, have been achieved in full.

## Recycling and Neighbourhood Services – Balanced Position

23. The Recycling and Neighbourhood Services (RNS) division reported a balanced position following a £472,000 transfer to reserves which will provide financial resilience for potential future changes to the waste service. The position includes the recovery of lost income and additional expenditure from the Local Government Hardship Fund and an additional WG grant to support pressures in the waste service. The service has also achieved its full budget savings target approved in the budget.
24. The outturn position highlights significant pressures within Collections with further overspends in Environmental Enforcement and Street Cleansing. There is a substantial underspend in Recycling Treatment with smaller savings in Management & Support, Waste Strategy, Waste Disposal and the Trade Service which have mitigated the pressures.
25. The Collections overspend of £1.525 million reflects the decision to employ an additional five crews to address operational staff resource issues, the uptake of the extra annual leave carried forward from the previous year and higher than budgeted sickness rates in addition to increased vehicle costs. The overspend in Environmental Enforcement is £107,000 caused by a short-term extension to temporary staff contracts and a reduction of financial penalty notice income. The Street Cleansing overspend is £9,000 and reflects a net additional operational cost.
26. Recycling Treatment reported an underspend of £1.671 million. This reflects an increase in market prices from the sale of recyclable material and the improved quality of material following operational improvements made at the Recycling Centres. Waste Disposal reported an underspend of £283,000 caused by a reduction in the volume of material during the later end of the year combined with a larger than expected re-banding exercise which saw Cardiff switch tonnage from Band 2 to the lower Band 1 gate fee.
27. Waste Strategy reported an underspend of £128,000 due to planned service changes not taking place – this funding has been rolled forward as part of the transfer to the Waste reserve and is available when the changes take place. There was an additional underspend of £15,000 in Management and Support due to a delay in filling vacant posts and a £14,000 underspend within the Trade service.
28. During February 2022, the WG allocated additional Strategic Waste Management Grant funding of £673,000 in recognition of the increased pressures on the service. Eligible expenditure was identified which helped to fund existing additional pressures.
29. The net effect resulted in a service underspend of £472,000 against the approved budget. This was transferred to the Waste reserve to address several risks and will provide support in mitigating costs relating to these risks and the



delivery of change within the service, including restructures and a move to segregated recycling.

### **Adult Services (£121,000)**

30. Adult Services final position was an underspend of £121,000. This is an increase in underspend of £21,000 compared with the Month 9 position. The position, which is after transfers to earmarked reserves, was supported by additional grant income awarded late in the financial year, including £1.7 million for winter pressures.
31. Before taking into account winter pressures funding and transfers to reserves, within commissioned services there were overspends in Physical Disabilities (£386,000) and Substance Misuse (£56,000), and underspends in Mental Health (£156,000), Learning Disabilities (£163,000) and Older People (£1.6 million.)
32. The overspend in Physical Disabilities reflects additional domiciliary care costs linked to an increase in the number and average cost of packages. Other contributory factors include increased supported living costs and a new college placement. The underspend in Learning Disabilities reflects additional contributions towards care packages from Health together with lower than anticipated college placement costs from September 2021. The underspend in Mental Health commissioned care reflects a small reduction in residential placements during the year together with further cost savings resulting from 2020/21 savings proposals. The underspend on Older People is attributable to lower service user numbers during the year, additional income from Health towards some care costs, and higher than budgeted income. It should be noted that in the final quarter of 2021/22, approximately fifty people took up places in residential and nursing homes, with their placements funded for up to 12 weeks as part of a Discharge to Assess (D2A) grant. Whilst the D2A grant was linked to accelerating release from hospital, ordinarily at least a proportion of these placement costs would likely have been borne by the Local Authority, making this a further contributory factor to the underspend in Older People's commissioned care. It is anticipated that many of the D2A places will become permanent, and the Authority will therefore bear the ongoing costs of funding these in 2022/23.
33. With regards Internal Services, before transfer to reserves and winter pressures funding, there was a £1.1 million underspend on Assessment and Care Management and a £340,000 underspend on reablement services. Both were attributable to vacancies during the year, together with the maximisation of grant funding streams (other than winter pressures.) There was a £200,000 overspend on Internal Supported Living linked to the delayed achievement of savings in the current financial year and unachieved vacancy provision. Learning Disabilities Day Care had a balanced position at year end, after bringing in £90,000 support from the Social Care Recovery Fund. Business

Support underspent by £306,000 due to management vacancies in the latter part of the year together with lower than anticipated charges from other directorates.

34. The directorate achieved £413,000 of the £667,000 savings proposed in 2021/22. The main saving not fully achieved in year relates to the Internal Support Living Service, where £160,000 of the £300,000 saving was unachieved due to the delay in closure of one of the schemes. Other areas of under-achievement relate to use of technology in care provision (£94,000).

### **Children's Services - Balanced Position**

35. Children's Services is reporting a balanced position for 2021/22 as a result of considerable social care grant awards from WG in-year, including £3.445 million Recovery Fund Grant and £3.292 million Winter Pressures Grant.
36. An overspend of £459,000 is reported in relation to disbursements, expert witnesses and court assessments undertaken due to capacity issues within the localities teams. Additional pressure on Child Health and Disabilities Team budgets were a result of increased support required for families and was met through the use of domiciliary care, which has contributed to the overspend position of £956,000. Agency workforce overspends included £1.772 million in Intake and Assessment, £843,000 in localities and £203,000 in Child Protection and Safeguarding. The use of agency social workers and support staff were balanced through the use of the establishment vacancies and WG grants.
37. The number of external residential placements has fluctuated during the year with a total of ninety-eight places at the end of the year. The average full year cost of a single residential placement has risen to £256,000, an increase of 16%. The overall substitute family care position (including fostering) has been balanced through the use of WG Winter Pressures grant. The corporate contingency reserve fund of £2.175 million has not been used this year and has been carried forward for potential use next financial year.
38. Savings targets in relation to additional Step Down provision (£319,000) and Young Persons Gateway places (£410,000) have been made and are reflecting in the budget position. Two units have opened creating an additional eight step down places for the Gateway, with cost avoidance savings in the region of £1.216 million.

### **Planning, Transport & Environment - Balanced Position**

39. The Planning, Transport & Environment outturn reflected a balanced position following a number of transfers to reserves to improve financial resilience for the Directorate. The position includes the recovery of lost income and additional expenditure from the Local Government Hardship Fund.

40. The outturn position highlights the pressures within Energy Management which were offset by savings in Transport Strategy, Planning & Building Control and Management & Support. There were balanced positions in Bereavement, Registration and Dogs Home and for Highway Infrastructure.
41. A £111,000 overspend in Energy Management was primarily due to shortfalls in renewable income sources including the Radyr Weir Hydro Plant which had reduced optimum capacity for some periods of the year.
42. The Bereavement, Registration and Dogs Home services reported a net balanced position. This included a total transfer to reserves for Bereavement Improvement Fees and Public Donations for the Dogs Home of £887,000. Contributions from the reserve of £956,000 funded related loan repayments and service improvements.
43. The Planning & Building Control division reported an overall underspend of £56,000 reflecting the new income stream from Property Searches. The position reflects the transfer to the Local Development Plan reserve to fund future IT costs associated with the new IDOX software.
44. The ring-fenced Building Regulations Chargeable service reported a surplus of £147,000 following the recovery of the service and subsequent increase in fee income. This surplus was transferred to the Building Control reserve. Net Planning Fees were £205,000 short of the £2.9 million target and this has been submitted as a claim to the WG Hardship Fund.
45. Highway Infrastructure reported a balanced position reflecting the full use of the additional £1 million WG funding for road maintenance and the FRM allocation. There were some pressures particularly on tunnel maintenance, but this was managed by a combination of reduced expenditure and increased staff recharges to externally funded activities.
46. Following a review of their support function, Management and Support generated an underspend of £37,000 through the recovery of staff costs to external and fee-earning activities.
47. Transport Strategy achieved an underspend of £18,000 by managing reduced income from Street Works and Asset Licensing by increasing the recovery of staff costs from grant funded schemes
48. The savings target for the Directorate was £932,000. Savings of £756,000 (81%) were achieved leaving a shortfall of £176,000. A significant proportion of this related to Planning Fees where wider economic factors impacted on the financial viability of future developments.

## **Resources**

**Governance & Legal Services +£430,000**

49. The Governance and Legal Services position is a £430,000 overspend. This comprises primarily of an overspend in relation to Legal Services. The Legal Services position is a combination of overspending on external legal fees of £105,000, core costs as such as Law Library, Case Management and Subscription services of £125,000 and employees of £155,000 due to increased agency spend on Locum Solicitors, with a further £45,000 overspend in various Supplies and services cost headings.

**Resources (£95,000)**

50. Overall, the Resources position is an underspend of £95,000, primarily due to the underspend of £160,000 within Customer Services being offset by an overspend of £65,000 within ICT service area, within the Chief Digital Officers’ division.

**Cardiff Harbour Authority**

51. For the financial year 2021/22, the Council worked with Welsh Government to identify achievable efficiencies, service reductions and savings against the approved Fixed Costs budget to the same level as 2020/21 of £4.961 million.

52. The Asset Renewal funding requirement for non-critical assets was £460,000 with no requirement identified within the ten-year asset management programme to replace any critical assets. Subsequent to this, in October 2021, an additional allocation of £100,000 was awarded to cover increased scheme costs. In addition, in January 2022, a further grant award of £249,000 was approved for the delivery of brought forward asset renewal works originally planned for 2022/23.

53. This resulted in a total approved 2021/22 budget for the Cardiff Harbour Authority (CHA) of £5.770 million.

54. The outturn position indicates a final draw down of £5.658 million, resulting in a variance of £112,000.

	<b>Budget £000</b>	<b>Outturn £000</b>	<b>Variance £000</b>
Expenditure	5,991	6,016	25
Income	(1,030)	(1,034)	(4)
<b>Fixed Costs</b>	<b>4,961</b>	<b>4,982</b>	<b>21</b>
Asset Renewal	809	676	(133)
<b>TOTAL</b>	<b>5,770</b>	<b>5,658</b>	<b>(112)</b>

55. In respect of the Fixed Costs budget, income above target for Harbour dues, site fees and special events was offset by a shortfall on car parking. This was

an improved position on earlier forecasts which predicted overall income shortfalls.

56. The position included overspends on litter collection and waste management as a result of increases in volume and subsequent additional costs. Other spend above budget included groundwater control and barrage maintenance which reflected materials and contractor price increases. These variances were largely mitigated by underspends on overheads across the general budget headings.
57. The resulting net deficit of £21,000 against the approved Fixed Costs budget was funded by a contribution from the Project & Contingency Fund as per clause 16.2 (c1) of the Deed of Variation of 18<sup>th</sup> March 2021.
58. The Asset Renewal underspend relates to the amount of contractor work able to be undertaken on the Scada Control System, which was part of the additional allocation approved late in the financial year. As per the Deed of Variation clause 16.2 (d) the capital sum underspent of £133,000 will be refunded in the first quarter claim of next financial year. Funding will need to be identified in 2022/23 to cover additional asset spend for the outstanding control systems works and a revised redesigned scheme for the Senedd Boardwalk. Discussions are in progress in this regard with the Welsh Government.
59. Also in progress is the planned review of the S165 Agreement which is anticipated to be finalised in 2022/23.
60. The CHA maintains a Project & Contingency Fund, which is used to support projects and provides a contingency if the approved budget is exceeded. The Fund receives contributions from a combination of receipts from the sale and disposal of land and a share of past year underspends on the Fixed Cost budget. The balance at 1<sup>st</sup> April 2021 was £126,000 and this will decrease by the £22,000 drawdown for 2021/22 as detailed above. This leaves a net balance at 31<sup>st</sup> March 2022 of £104,000 and this is in line with the amendments to the Deed of Variation as agreed in March 2021.

### **Civil Parking Enforcement**

61. Civil Parking Enforcement (CPE) manages parking, parking enforcement and moving traffic offences throughout the city. The income from these activities is used to support the operational costs with the surplus being transferred to the Parking and Enforcement Reserve.
62. The following table provides a summary of the budget and outturn position.

	<b>Budget £000</b>	<b>Outturn £000</b>	<b>Variance £000</b>
<b>Income</b>			
On street car parking fees	(3,957)	(3,130)	827
Off street car parking fees	(922)	(808)	114
Resident's parking permits	(412)	(441)	(29)
Penalty charge notices	(1,422)	(1,903)	(481)
Moving Traffic Offences (MTO's)	(3,539)	(3,502)	37
Other Income	(46)	(30)	16
<b>Total Income</b>	<b>(10,298)</b>	<b>(9,814)</b>	<b>484</b>
<b>Expenditure</b>			
Operational costs, parking & permits	611	776	165
Enforcement service including TRO	5,945	6,279	334
<b>Total Expenditure</b>	<b>6,556</b>	<b>7,055</b>	<b>499</b>
<b>Annual (Surplus)/Deficit</b>	<b>(3,742)</b>	<b>(2,759)</b>	<b>983</b>
Hardship Fund Reimbursement	0	(983)	(983)
<b>Revised Annual (Surplus)/Deficit</b>	<b>(3,742)</b>	<b>(3,742)</b>	<b>0</b>

63. The CPE account achieved a net trading surplus of £3.742 million after a contribution from the WG Hardship Fund for lost income caused by the pandemic restrictions.

64. Income generated was £9.814 million. This was £484,000 lower than anticipated and reflected reduced car parking fees although this was partly offset by increased Penalty Charge Notices.

65. Total expenditure was £7.055 million which was an increase of £499,000 against the plan. This included additional vehicles needed to maintain social distancing, digitalisation of the traffic regulation order process and essential maintenance of some car parks.

66. Claims from the Local Government Hardship Fund for lost income were £983,000 which increased the annual surplus to £3.742 million.

67. The surplus is transferred to the Parking and Enforcement Reserve and available to support highway, transport and environmental improvements.

68. The table below illustrates the final position in the reserve:

<b>PARKING AND ENFORCEMENT RESERVE</b>	<b>£000</b>
<b>Balance 1<sup>st</sup> April 2021</b>	<b>(4,536)</b>
Contribution from CPE	(3,742)
<b>Total Available</b>	<b>(8,278)</b>
Contribution to support revenue budget	5,935
Project support and initiatives	358
<b>Balance 31<sup>st</sup> March 2022</b>	<b>(1,985)</b>

69. The brought forward balance in the reserve is £4.536 million. The contribution from the CPE trading position was £3.742 million increasing the amount available to £8.278 million. The approved contribution to the revenue budget to fund infrastructure maintenance and improvements is £5.935 million. A further £358,000 was used to support various initiatives including Active Travel, LDP transport monitoring, the Bus Incentive Scheme that operated in December 2021. The carried forward balance is £1.985 million.

### **Housing Revenue Account - Balanced**

70. The Housing Revenue Account (HRA) reported an overall balanced position after a £6.886 million transfer to earmarked reserves. This is planned to contribute to the future costs of the high-rise over-cladding scheme and to improve the future financial resilience of the HRA.

71. The following table provides a high-level summary of the variances against the approved budget.

<b>HOUSING REVENUE ACCOUNT OUTTURN 2021/22</b>			
	<b>BUDGET £000</b>	<b>OUTTURN £000</b>	<b>VARIANCE £000</b>
Rent and service charges	(80,848)	(81,327)	(479)
Capital Financing	29,573	28,093	(1,480)
Housing Repairs Account	20,632	18,427	(2,205)
Tenancy and General Management	18,191	16,703	(1,488)
Community Hubs and Tenant Participation	4,349	3,833	(516)
Central Support	4,282	4,265	(17)
New build/Neighbourhood Regeneration	1,498	1,512	14
Housing Strategy and Service Development	1,167	940	(227)
Hostels/Other Accommodation	906	668	(238)
Contribution to Reserves	250	6,886	6,636
	<b>80,848</b>	<b>81,327</b>	<b>479</b>
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

72. The Housing Repairs Account underspent by £2.205 million; a reflection of the continuing impact of the pandemic with access issues and consequent delays to works.
73. The position also included a £1.48 million underspend on capital financing costs due to delays within the Capital Programme and unexpected grant funding towards safety measures.
74. Other variances within the general HRA functions i.e., excluding hostels and temporary accommodation included vacancy and other employee savings across the functions of £1.976 million. Difficulties were experienced in recruitment to vacant posts with limited applications, compounded by unavoidable recruitment delays as a result of the restrictions due to the pandemic. In addition, appointments of existing Council staff resulted in savings on substantive posts where there were delays in back filling.
75. Standard rent and service charge income was £479,000 above target. This included an underspend in relation to bad debt provision based on year end arrears and write off levels. This reflected various rent rescue and support schemes which assisted tenants during the year with rent arrears.
76. Rent and service charge income for hostels and other non-standard/temporary accommodation was £603,000 below target. This was partly due to delays in some schemes becoming fully operational and available for let and partly due to higher than anticipated void rent loss for other schemes. Cost savings for these units offset the rent loss with a result that the overall position was a £238,000 underspend.
77. The balance of the variance (£508,000) was largely due to underspends on general premises and supplies and services costs across the functions.
78. A contribution of £6 million was made to the Housing Repairs and Building Maintenance Reserve to fund the future costs of the high-rise over-cladding scheme. A transfer of £636,000 was also made to the Housing Supply Increase Reserve to fund increases in housing stock and provide further resilience within the overall capital programme. The budgeted contribution of £250,000 was also made to the Housing Development Resilience Reserve.



Directorate Efficiency Savings - 2021/22

Dir	No	Description	Saving					Savings Progress			Comments
			Employees	Other Spend	Income	TBC	Total Proposed	Achieved	Projected	Unachieved	
			£000	£000	£000	£000	£000	£000	£000		
CMT	1	Reduce Budget for Past Service Contributions A review of past service contributions to pension funds in respect of ex-employees has identified savings of £63,000.	63				63	63	63	0	Been offset through underspends in other areas of Corporate Management.
	<b>Corporate Management Total</b>			<b>63</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63</b>	<b>63</b>	<b>0</b>	
Economic Development	2	Ground Maintenance Efficiencies Reduction in sub contracting costs, equipment & materials and green waste disposal.		30			30	30	30	0	This saving relates to reduced budgets for sub contractors, equipment & materials and green waste and is anticipated to be achieved in full.
	3	Increase Income at Channel View Increase Gym memberships.			25		25	25	25	0	This saving is anticipated to be achieved in full and will be assessed as year progresses
	4	Butte Park Management - Education & Training Centre / Maintenance Activities Reductions in overtime budget / vehicle recharges / advertising & marketing and the purchase of trees and shrubs.	3	11			14	14	14	0	This saving relates to various reduced budget headings in Butte Park and is projected to be achieved in full throughout the year
	5	Review of staffing resources in Parks, Sport and Leisure Undertake a review of business administration and Management within Outdoor sport, Parks and Leisure to seek efficiencies through staff structures (2 FTE).	50				50	50	50	0	Vacant posts and reduced working hours already in place prior to year start
	6	Increase Income from Cardiff Motocross Site Additional enrolments on the vocational education programme for 11 to 16 year olds.			16		16	16	16	0	This saving is anticipated to be achieved in full and will be assessed as year progresses
	7	Increase Income from Cardiff Business Technology Centre (CBTC) and Workshop Estate Increase in rental income.			20		20	20	20	0	It is anticipated that this saving will be achieved through increased rental income.
	8	Review of staffing resources in Management and Support Services Delete part-time post in Economic Development (0.2 FTE).	12				12	12	12	0	This saving has been achieved and the post has been deleted.
	9	City Centre Management Fund Ambassador post from earmarked reserves for one year.			28		28	28	28	0	This saving has been achieved in full
	10	Review of staffing resources in Security Service Deletion of vacant Security Officer post within Security Service.	26				26	26	26	0	This saving has been achieved in full.
	11	St David's Hall - Building Management System Saving Installation of the upgraded Building Management System allows the service to reduce the requirement for on site technical support resulting in reduction in overtime.		45			45	25	25	20	Whilst the new BMS system is up and running this saving was predicated on SDH being operational for a full year. SDH reopened during September without social distancing requirements. On this basis, this saving is projected to be partly achieved but will need to be monitored closely over the coming months.
	12	St David's Hall - Cost reductions across all Expenditure headings				200	200	80	80	120	This saving is based on SDH being fully operational for 12 months and with a good level of ticket sales. SDH reopened in September and it is estimated that this saving will be partly achieved but will need to be monitored closely over the coming months.
	13	Review of staffing resources at St David's Hall Delete vacant Grade 4 post.	27				27	27	27	0	This saving has been achieved in full and the post has been deleted.
	14	Review of staffing resources in Tourism Delete post in Tourism with part of resultant saving being used to write out an unachievable income target. Revised operating model and consideration of regional working will mitigate impact on the Business Events development team.	10				10	10	10	0	This saving has been achieved in full.
	15	Remove Office Rationalisation budget as no longer required		92			92	92	92	0	This saving has been achieved as payments to Global Link are no longer required.
	16	Review of staffing resources in Strategic Estates Small Restructure in Strategic Estates which will result in deletion of vacant Grade 7 post.	30				30	30	30	0	Staff savings have been achieved this financial year through vacant posts and staff savings to this effect are reported within the overall monitoring position. However a staff restructure has now been agreed and signed off and is currently in the process of being implemented.
	17	Increase Income from Property Estate Through the letting of vacant units and rent review uplifts.			35		35	35	35	0	It is anticipated that this saving will be achieved through increased rental income from lease re-gears and new lettings
18	Alternative Provision of Cardiff Castle Cafe Reduce the cost of delivering Cardiff Castle Café.	30				30	30	30	0	This saving is anticipated to be achieved in full and will be assessed as year progresses	
19	Introduction of flexible/ragile opening hours at Cardiff Castle based on business demand and market forces Reduction of hours of agency staff.	20				20	20	20	0	It is anticipated that these savings will be achieved in full.	
20	Shared Regulatory Service Business Plan Reduction in Base Budget contribution.		79			79	79	79	0	This saving relates to a contribution to SRS that has reduced and has been achieved in full.	
21	Building Maintenance Better Control of expenditure resulting in targeted savings.		30			30	30	30	0	It is anticipated that these savings will be achieved in full.	
22	Review of staffing resources in Facilities Management Deletion of one post.	25				25	25	25	0	This saving has been achieved in full.	
23	Economic Development function Fund equivalent of one post from earmarked reserves for one year.			39		39	39	39	0	It is anticipated that these savings will be achieved in full.	
24	Parks, Sport and Leisure Efficiencies Budget reduced to match spending.	10		8		18	18	18	0	This saving relates to various reduced budget headings across Parks, Sport & Leisure and is forecasted to be achieved in full.	
25	Increase Income from Property Estate			15		15	15	15	0	It is anticipated that this saving will be achieved through increased rental income from lease re-gears and new lettings	
<b>O</b>			<b>243</b>	<b>287</b>	<b>186</b>	<b>200</b>	<b>916</b>	<b>776</b>	<b>776</b>	<b>140</b>	
Education	26	Review of staffing resources in Business Support Deletion of two vacant posts.	60				60	0	0	60	Current work ongoing to identify budget shortfall as a result of restructure and unachievable historic income targets. Additional redundancy costs likely.
	27	Reduction in meeting costs Reduction in the costs associated with external meetings by using online forums.		5			5	5	5	0	Spend to date indicates achievement in full
	28	Reduction in contribution to Central South Consortium Further reduction to annual contribution towards Central South Consortium.			13		13	13	13	0	Achieved in full. Bill received for new lower amount.
	29	Directorate Vacancy Management Target Continue weekly management of vacancies via the Education Management Team meetings with an annual target of achieving £50k of savings.	50				50	50	50	0	On track to be achieved based on vacant restructure posts.
	30	Reduction in budget for Early Years Placements A continued reduction in pupil numbers in the early years age groups has resulted in a reduced demand and spend on placements in external nurseries.		60			60	60	60	0	Currently projected to be fully achieved.
	31	Reduction in centrally retained Business Continuity Budget Improvements in the management of school buildings and clarity regarding the split of responsibility between schools and the local authority resulted in an underspend on this budget in 2019/20. The level of saving proposed reflects the anticipated level of underspend in 2020/21 and into future years.			100		100	100	100	0	Projected to be achieved in full based on historic spend levels and cashflow estimates in SOP programme.
	<b>Education Total</b>			<b>110</b>	<b>178</b>	<b>0</b>	<b>0</b>	<b>288</b>	<b>228</b>	<b>228</b>	<b>60</b>
rd Environment	32	Increase Income from Statutory Planning Fees Savings reflects the increase in statutory Planning fees agreed by Welsh Government from Sept 2020.			120		120	120	120	0	Overall income shortfall made good from reimbursement from WG Hardship Fund.
	33	Increase Income from Registration Generate additional income through inflationary increases to all fees & charges in respect of ceremonies and certificates.			30		30	30	30	0	This saving was achieved.
	34	Increase Income from Bereavement Generate additional income through an increase to fees & charges in Bereavement services - (2nd year of agreed 3 year plan).			120		120	118	118	2	A small shortfall against the target.
	35	Increase Income from Temporary Traffic Regulation Orders Generate additional income through an increase for Temporary Traffic Regulation Orders fees to ensure full recovery of costs from developers & capital grants.			45		45	33	33	12	A shortfall against the target - dependent on number and volume of TRO's.
36	Increase Income from Lamby Way Solar Farm Lamby Way Solar Farm will provide a substantial amount of clean, renewable energy to supply the local electricity grid & connect Council buildings. Continuation of the income generation from electricity at Lamby Way Solar Farm. This is Year 2 of this project. The reduced amount reflects the delay in commencing the Private Wire connection.			20		20	0	0	20	Contractual delays to the private wire connection result in this saving not being achieved.	



Planning, Transport & Environment	37	<b>Increased Income from Design &amp; Delivery</b> Generate additional income through a combination of: • review of SIA fees (if chargeable activities) • increased programme of major schemes			162	162	162	162	0	Assumed to be fully achieved but dependent on volume of transport projects.	
	38	<b>Transport Policy - review basis of recharges</b> Improve recharging to ensure full cost recovery from grant-funded schemes.			50	50	50	50	0	This saving is anticipated to be achieved.	
	39	<b>Drainage - review basis of recharges</b> Improve recharging to ensure full cost recovery from grant-funded schemes & developers.			40	40	36	36	4	A small shortfall against the target.	
	40	<b>Reduction in Energy Costs from Residential LED Lighting Rollout</b> Continued roll out of LED street lighting in residential areas across entire network - planned 18-24 months delivery.			90	90	90	90	0	This saving was achieved.	
	41	<b>Increased Income from Section 278 Fees</b> Increase percentage charge for engineering fees to developers to ensure full recovery of staffing costs.			45	45	42	42	3	A small shortfall against the target.	
	42	<b>Increased Income from Fees &amp; Charges</b> Generate additional income through increases to a number of fees & charges in respect of highways and transportation.			15	15	15	15	0	This saving is anticipated to be achieved.	
	43	<b>Review of staffing resources</b> Savings will be achieved through deletion of posts across the directorate (6 FTE) and a planned restructure within Bereavement & Registration.	195			195	180	180	15	A delayed staff Voluntary Severance in Highways resulted in a small shortfall	
	<b>Transport and Environment Total</b>		195	90	647	0	932	876	876	56	
	44	<b>Continuation of Procurement Review</b> Continue to review contracts/ordering to ensure best value.			30	30	30	30	0	This saving was achieved	
	Recycling and Neighbourhood Services	45	<b>Review of Spot Hires</b> Reduce reliance on spot hires through continued review of fleet.			60	60	60	60	0	This saving was achieved
46		<b>Change in bag delivery distribution</b> Element of household bag deliveries to be delivered to HUBs and distributed by volunteers rather than council staff.	25	5		30	30	30	0	This saving was achieved	
47		<b>Increased Income from Fees &amp; Charges</b> Increase in fees and charges (mainly through additional activity at Bessemer Commercial - charging businesses for waste disposal). Also reflects the increase in activity due to improved controls (introduction of the HWRC booking system June 2020). Includes Environmental Enforcement and review of activity levels.			130	130	130	130	0	The additional income was achieved	
48		<b>New Landfill Gas contract</b> One year saving from development of contract with new supplier.			100	100	100	100	0	Income received - saving achieved in full.	
<b>Recycling and Neighbourhood Services Total</b>		25	95	230	0	350	350	350	0		
P & P		49	<b>Review of staffing resources in Policy and Partnerships and Performance Management</b> Restructure of Policy, Partnerships and Performance Management teams to create new Performance and Insight Service. Net FTE impact: 2	138			138	138	138	0	Achieved
		50	<b>Efficiency Savings in Media and Communications</b> Net FTE impact: 2	4			4	4	4	0	Achieved
<b>Performance and Partnerships Total</b>		142	0	0	0	142	142	142	0		
Housing and Communities		51	<b>Printing and Stationery</b> The level of saving proposed reflects the anticipated level spending.			40	40	40	40	0	Achieved
		52	<b>Reduced Library purchasing</b> This represents a 7% saving on the book fund budget. Due to the impact of the Coronavirus Pandemic and restrictions in the number of visitors to Hubs/Libraries, coupled with health and safety limitations around access to printed materials, it is proposed to suspend the availability of printed local newspapers during 2021/22. Cardiff Hubs & Library customers are provided with free access to the Press Reader E resource which provides digital access to 7,500 newspapers and magazines, both local and worldwide. Customers will be supported to use the digital resources during 2021/22 and a continuation of a more digital approach to library services will continue in future years.			40	40	40	40	0	Achieved
	53	<b>Citizen Advice Bureau (CAB) Contract - Agreed Reduction</b> This saving reflects the final year of a five year phased reduction in the cost of the Advice Services Contract. The contractual agreement reduced funding by £30k a year for four years and then by £20k in year five.			20	20	20	20	0	Achieved	
	54	<b>Review of staffing resources in Benefits Assessment</b> Delete the surplus staff hours on the establishment since staff have gone part time.	24			24	24	24	0	Achieved	
	55	<b>Review of staffing resources in Benefit and Assessment Support Functions</b> Reduction in staff numbers required to deliver support functions in respect of Housing Benefit.	26			26	26	26	0	Budget reduced and saving achieved in full	
	56	<b>Realignment of budgets for the CareFirst trainer</b> Realignment of budgets for the CareFirst trainer to reflect the work that is being undertaken.	38			38	38	38	0	Saving achieved in full	
	57	<b>Review of directorate wide business functions</b> Efficiencies in the directorate wide business support functions following the People & Communities Senior management changes.	40			40	40	40	0	This saving has been achieved in full.	
	58	<b>Review of staffing resources in Tenant Participation</b> Delete 2 Tenant Participation Officers and integrate the Tenant Participation Team within the Hubs' Community Inclusion Team.	65			65	65	65	0	Saving achieved in full	
	<b>Housing and Communities Total</b>		193	100	0	0	293	293	293	0	
	Social Services	59	<b>Internal Supported Living</b> Review of the internal supported living service including closure of one scheme following move-on of service users, and the potential transfer of another internally provided scheme to the external contract.				300	300	140	140	160
60		<b>Reduction in Placements</b> Review potential to reduce number of placements through reablement opportunities.			150	150	150	150	0	Achieved	
61		<b>Increase in use of technology in the provision of care and support packages</b> Further opportunities for the use of technology to support care provision where appropriate, reducing reliance on commissioned care.			94	94			94		
62		<b>Delivering Transformation Grant</b> The saving represents an anticipated reduction in contribution to the Vale of Glamorgan to reflect current levels of activity. This has been agreed and the proposed level is consistent with the in-year underspend in this area.			70	70	70	70	0	Saving achieved in full	
63		<b>Additional Step Down Provision</b> Additional step down provision has been sourced through several providers at a lower cost than current placements.			319	319	195	195	124	Only one additional property identified to date, containing three places. Current savings estimate for final half of the year anticipated to be £195,000.	
64		<b>Assessment Centre</b> Multi-agency assessment of Young People allowing increased understanding of needs to reduce escalation to higher cost placements and provide increased stability / permanency through the appropriate placement and support provision.			50	50	50	50	0	Falconwood Assessment Centre is not yet operational but projected savings should be achieved through avoidance of residential placements.	
65	<b>Young Person's Gateway</b> Expand Young Person's Gateway to incorporate an additional 25 places based on the current model. This will have a significant impact on residential placements and allow reduced placement costs and provide service users a faster step down route.			410	410	500	500	90	Two Placements have already been delivered totalling £190,000 saving with another two identified. Four further placements will be available in August. Some offsetting costs in relation to staffing.		
66	<b>Review of Business Support Arrangements</b> Building on the future integration of teams across People & Communities. This saving will be achieved through a combination of a review of the training team and grant funding arrangements, and a wider review of business support arrangements to ensure they are appropriate and maximise digital opportunities.	119		110	229	169	169	60	There are proposals to achieve this saving in full in future years. Implementation timescales meant it was not fully delivered in 2021/22. Impact was mitigated through other vacancies.		
<b>Social Services Total</b>		119	1,003	110	300	1,624	1,274	1,274	346		
GLS	67	<b>Cease use of DX (Document Exchange Service)</b>			2	2	2	2	0	Achieved	
	68	<b>Increased Income from Legal Services</b>			1	1	1	1	0	Achieved	
<b>Governance and Legal Services Total</b>		0	2	1	0	3	3	3	0		
Resources	69	<b>Resetting of Insurance Offer</b> Insurance Team to be funded from the insurance budget with the performance of the team being more linked with the overall cost of			217	217	217	217	0	Achieved	
	70	<b>Review of staffing resources in Information Governance</b> Review of work streams to match reduced capacity. Hold vacant posts.	25			25	25	25	0	Achieved	
	71	<b>Review of staffing resources in Revenue Services</b> Management restructure to ensure better alignment with debt recovery work.	35			35	35	35	0	Achieved	
	72	<b>Increase Income from Health &amp; Safety</b> Through a combination of increased prices and widening the training offer (in particular First Aid Courses) to both internal and external clients.			66	66	66	66	0	Achieved	
	73	<b>Realign and Charge to Capital Projects</b> Ensure work done by Finance team is funded by Capital Projects being delivered.			100	100	100	100	0	Achieved - through recovering staff costs from major projects and also Hybrid working project.	
	74	<b>Occupational Health Nurse NHS - Partner</b> 45% of the post released for savings, equivalent of 16.5 hrs.	17			17	17	17	0	Achieved	
	75	<b>Review of staffing resources in Enterprise Architecture</b> Delete vacant Grade 8 Enterprise Architect post.	50			50	50	50	0	Achieved	
	76	<b>Review of staffing resources in ICT</b> Reduction of one Full Time Equivalent through the holding of any part time / vacant posts.	25			25	25	25	0	Achieved	
	77	<b>Tech Fund Contribution to Budget</b> Commitment to budget of £50k from current EE contract tech fund.			50	50	50	50	0	Achieved	
	78	<b>Increased Income from Procurement</b> Generate additional income by Extending Partnership Authority Working			120	120	120	120	0	Achieved	
	79	<b>Increase Vacancy Provision across Resources Directorate</b>	91			91	91	91	0	Assumed to be achieved.	
	80	<b>Review of staffing resources in the Business Support / Administration Function</b> Not full year with efficiencies achievable from 1 October 2021. Hold Vacant posts.	40			40	40	40	0	Vacancy Management achieved this saving	
	81	<b>Increased Income from Information Governance</b> Further increase income targets by £20,000.			20	20	20	20	0	Achieved	
	82	<b>Review of staffing resources in Accountancy</b> Savings will be achieved through a review of work streams and potential restructure. Currently vacant posts will be held vacant prior to decisions.	60			60	60	60	0	Achieved	
	83	<b>Increased Income from HR</b> Increase income from customers such as Schools to reflect cost incurred in delivering the service.			15	15	15	15	0	Achieved	
<b>Resources Total</b>		343	50	538	0	931	931	931	0		
<b>Council Total</b>		1,433	1,895	1,712	500	5,540	4,936	4,936	604		

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
<b>SCHOOLS BALANCES</b>					
Schools Reserves	21,714	12,323	(667)	<b>33,370</b>	The net position on individual school balances, comprising surpluses, deficits and the overall deficit on the Mutual Supply Fund.
Cathays HS – Maintenance of Playing Field	3	0	0	<b>3</b>	To maintain path alongside Cathays High School
Primary/Special Schools Repairs	925	197	0	<b>1,122</b>	The overall balance held on the mutual scheme for repairs to school buildings.
	<b>22,642</b>	<b>12,520</b>	<b>(667)</b>	<b>34,495</b>	
<b>SCHOOLS RESERVES</b>					
Out of School Childcare	118	4	(37)	<b>85</b>	Surplus balances from each school operating an out of school childcare scheme. These can be drawn upon by each school to balance their in-year financial position.
Schools Catering	256	734	0	<b>990</b>	Schools Catering Service, including kitchen improvements and cashless transaction system
Schools Formula Funding	2,091	1,872	(415)	<b>3,548</b>	Unplanned and unforeseen expenditure incurred by or on behalf of the delegated schools budgets
Schools Organisational Plan	1,160	11,367	(9,592)	<b>2,935</b>	Manage the cash flow implications of the Schools Organisational Plan financial model.
	<b>3,625</b>	<b>13,977</b>	<b>(10,044)</b>	<b>7,558</b>	
<b>OTHER COUNCIL RESERVES</b>					
Adults Social Care	1,182	2,233	0	<b>3,415</b>	Service specific pressures and to enhance financial resilience
Apprenticeships and Trainees	513	326	(220)	<b>619</b>	Corporate Apprentice Scheme
Bereavement Services	347	618	(813)	<b>152</b>	Planned programme of refurbishment and improvement
Building Control Regulations	49	147	0	<b>196</b>	Smooth effects of future deficits within ring fenced building control account
Bute Park Match Funding	73	0	0	<b>73</b>	Match funding for grant funded initiatives in relation to Bute Park, as per Heritage Lottery Fund agreement
Capital Business Case Development	0	900	0	<b>900</b>	development of capital business cases
Cardiff Academy Training	78	0	0	<b>78</b>	Support initiatives undertaken in connection with the Academy
Cardiff Capital Region City Deal	216	0	(15)	<b>201</b>	Council's contribution to the Joint Cabinet for the Cardiff Capital Region City Deal
Cardiff Dogs Home Legacy	252	269	(139)	<b>382</b>	Donations left to Cardiff Dogs Home to be used for improvements to the home
Cardiff Enterprise Zone	2,364	1,351	(1,475)	<b>2,240</b>	Cardiff Enterprise Zone in future years



Central Market Works	247	0	(62)	185	Works at Cardiff Central Market and as potential match funding for external grants bids
Central Transport Service	177	919	0	1,096	Central transport vehicle service
Children's Services	950	3,891	0	4,841	Enhance resilience
City Events and Recovery	1,000	0	0	1,000	Post pandemic recovery
City Wide Management and Initiatives	746	2,266	0	3,012	City wide management and initiatives including supporting marketing and infrastructure
Community Based Services Transition	121	0	(16)	105	Better integration of community facilities across the public sector
Community Initiatives	1,237	543	(13)	1,767	Initiatives arising from the legacy of the Community First Programme
Connect to Cardiff Refurbishment	10	0	0	10	Expansion due to new and changing regulations
Corporate Events and Cultural Services	830	2,361	(198)	2,993	Feasibility studies and costs of major events and to offset future pressures arising from fluctuations in income within Venues and Cultural Services
Corporate Landlord Function	636	0	0	636	Corporate landlord functions across the Council in order to provide a cohesive and commercial operating model.
Corporate Recovery Risk	2,250	2,000	0	4,250	Mitigate risk of transition post pandemic
Cost of Living Support	0	2,194	0	2,194	WG discretionary grant for cost of living support
Covid-19 Council Tax Reduction Scheme pressures	2,000	2,153	0	4,153	Medium term increases in Council Tax Reduction Scheme expenditure
Demand Pressures	0	4,652	0	4,652	Financial resilience to help manage demand volatility and uncertainty
Digital Transformation	3,203	0	(261)	2,942	Investment to deliver new ways of working
Discretionary Rate Relief	100	0	0	100	Non-Domestic Rates due diligence
Emergency Management, Safeguarding & Prevent	139	0	0	139	Preventative measures in relation to safeguarding, the Prevent agenda and emergency management
Employee Changes	8,726	0	(313)	8,413	Costs associated with voluntary redundancy and other employee costs in future years
Empty Homes & Housing Needs	0	1,223	0	1,223	housing needs including activities relating to investing in empty homes and bringing them back in use
Energy Conservation (One Planet Cardiff)	150	1,100	(5)	1,245	energy conservation initiatives
Energy Market Volatility	336	1,000	0	1,336	expected fluctuations in the cost of energy
Family Guarantor	339	0	0	339	Guarantor for landlords and aid the transfer of families from temporary accommodation into permanent homes
Flatholm	7	0	0	7	Initiatives and repairs and renewals
Fraud Detection	44	0	0	44	Supplement staffing and other costs associated with fraud detection
Governance and Legal Services	185	0	(45)	140	Future Governance & Legal Services initiatives, including projects in connection with ICT upgrades
Harbour Authority Project and Contingency Fund	126	0	(22)	104	Improvement and enhancement of infrastructure, assets, activities or services in or around Cardiff Bay
Highways Section 278	342	0	(78)	264	Highway investment
Homelessness	1,812	440	(11)	2,241	Increases in homelessness pressures

Housing Support	758	0	(24)	734	Improve sustainability by maintaining the independence of people in their own homes
ICT Holding Account	716	0	0	716	Future business process improvement initiatives and other future ICT initiatives
Inspectorate Support	1,008	100	0	1,108	Consultancy for inspections and regulatory environment
Insurance	7,449	470	0	7,919	Protect the Council from future potential insurance claims
Invest to Save	261	0	0	261	Used in connection with revenue invest to save schemes.
Joint Equipment Store	305	210	0	515	Offset deficits or one off expenditure items in the pooled budget, in future years.
Local Development Plan	338	62	0	400	Local Development Plan and any potential appeals or judicial reviews
Major Projects	480	750	(224)	1,006	Major Projects
Members Development	61	170	(61)	170	Members' ICT software
Municipal Election	797	200	(117)	880	Local elections
Municipal Mutual Insurance	935	0	0	935	Liabilities to pay a percentage of claims previously settle by Municipal Mutual Insurance (MMI) and contribute to the cost of future settled claims
New Theatre Repairs	0	210	0	210	Council building repairs liabilities in line with the lease terms
Non-Domestic Rates Due Diligence	60	0	0	60	Non-Domestic Rates due diligence
Parking and Enforcement	4,536	3,742	(6,293)	1,985	Surpluses to parking and enforcement schemes which, under the Road Traffic Act 1984, have to be reinvested in Road Traffic Schemes. Additional details provided in note below.
Property Asset Management	16	0	0	16	Managing timing and fluctuations of income from fees relating to the disposal of properties
Red Dragon Centre	1,802	155	0	1,957	Premises funding requirements
Rentsmart Wales	458	0	(117)	341	Training and service delivery in respect of Rentsmart Wales
Resources	2,255	1,440	(441)	3,254	areas within the Resources Directorate particularly where transition to methods of operation are required
Roads Maintenance	1,033	0	(1,033)	0	Future road maintenance improvements
Schools ICT Infrastructure	0	171	0	171	Cyclical replacement of Schools ICT in order to ensure equipment and infrastructure is current and avoid obsolescence
Scrutiny Development and Training	118	0	0	118	Scrutiny member development and training
Shared Regulatory Service	0	108	0	108	future flexibility in relation to the Council's costs of the Shared Regulatory Service
Social Care Technology	655	0	0	655	Social care ICT developments
Social Care Worker Mobility	0	600	0	600	Increase domiciliary support service capacity in conjunction with decarbonisation of services
South East Wales Construction Framework	975	510	(232)	1,253	Ring fenced revenue to fund future costs of the project. Remaining funding to be distributed amongst the participating authorities

Strategic Budget	7,147	0	(751)	6,396	Financial resilience and the future budget requirements of the Council over the three year budget period within the Medium Term Financial Plan
Treasury Management	9,025	4,300	(2,007)	11,318	Management of risk in relation to major projects and to offer some protection and flexibility to the wider capital programme
Wales Interpretation and Translation Service	320	99	0	419	Manage in-year fluctuations in funding and financial performance of the service
Waste Management	311	872	0	1,183	Initiatives to achieve recycling targets and offset the impact of additional tonnage and associated waste management costs
Welfare Reform	2,144	420	(55)	2,509	Mitigate pressures and reduced funding within the Housing Benefit Service following the transfer of services to DWP, as part of the rollout of the Universal Credit Scheme
Youth and Community Education	787	420	(255)	952	Costs connected with the refurbishment of youth centres
<b>Total Council Fund Reserves</b>	<b>75,537</b>	<b>45,595</b>	<b>(15,296)</b>	<b>105,836</b>	
<b>HRA RESERVES</b>					
Housing Development Resilience	250	250	0	500	Improve resilience within the Housing Development Capital Programme
Housing Repairs and Building Maintenance	3,021	6,000	0	9,021	Housing repairs and to mitigate against risk within the construction industry
Housing Supply Increase	0	636	0	636	Increase housing stock and improve resilience within the Housing Development Capital Programme
Welfare Reform	429	0	0	429	Project costs and scheme development to address issues for council tenants due to benefit cap and universal credit
<b>Total HRA Reserves</b>	<b>3,700</b>	<b>6,886</b>	<b>0</b>	<b>10,586</b>	
<b>TOTAL EARMARKED RESERVES</b>	<b>105,504</b>	<b>78,978</b>	<b>(26,007)</b>	<b>158,475</b>	

**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

<b><u>DIRECTORATE &amp; SCHEME</u></b>		<b>2021-2022 Programme</b>	<b>2020-21 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2021-22</b>	<b>Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>ECONOMIC DEVELOPMENT</u></b>										
<b><u>Business &amp; Investment</u></b>										
1	Town Centre Loan Scheme	0	0	0	0	1,151	1,151	1,151	0	0
2	S106 Schemes	59	113	(113)	0	0	59	9	(50)	0
<b>Total Business &amp; Investment</b>		<b>59</b>	<b>113</b>	<b>(113)</b>	<b>0</b>	<b>1,151</b>	<b>1,210</b>	<b>1,160</b>	<b>(50)</b>	<b>0</b>
<b><u>City Development &amp; Major Projects</u></b>										
3	Black Tower Tales	0	30	0	0	0	30	15	(15)	0
4	Castle Toilets refurb	0	0	0	0	52	52	52	0	0
5	Dumballs Road -Tenants Retention	0	0	0	0	151	151	151	0	0
6	Economic Stimulus Support James Street	0	668	0	0	(668)	0	0	0	0
7	International Sports Village Phase 1 - Land Acquisition	1,000	1,000	0	0	0	2,000	11,180	9,180	0
8	International Sports Village Phase 2 - Development	0	0	0	0	0	0	435	435	0
9	Central Square Public Realm	(342)	340	2	0	0	0	0	0	0
10	Red Dragon Centre Acquisition	0	5,724	0	0	0	5,724	5,724	0	0
11	Indoor Arena	12,000	0	0	0	0	12,000	1,992	(10,008)	0
12	Llanrumney Development	250	0	0	0	0	250	3	(247)	0
<b>Total City Development &amp; Major Projects</b>		<b>12,908</b>	<b>7,762</b>	<b>2</b>	<b>0</b>	<b>(465)</b>	<b>20,207</b>	<b>19,552</b>	<b>(655)</b>	<b>0</b>
<b><u>Parks &amp; Green Spaces</u></b>										
13	Asset Renewal Buildings	127	0	0	0	0	127	127	0	0
14	Asset Renewal Parks Infrastructure	140	108	0	(22)	0	226	79	(147)	0
15	Play Equipment	390	340	0	22	41	793	902	109	0
16	Teen/Adult Informal Sport and Fitness Facilities	200	0	0	0	0	200	0	(200)	0
17	Green Flag Park Infrastructure Renewal	100	0	0	0	0	100	39	(61)	0
18	Combatting Motorcycle Nuisance	150	0	0	0	0	150	150	0	0
19	Roath Park House	0	0	0	0	104	104	104	0	0
20	Roath Park Dam	0	50	0	0	2	52	415	363	0
21	Hawthorn Woodland Acquisition	0	0	0	27	0	27	27	0	0
22	Completion of Parc Cefn Onn	0	49	0	0	(38)	11	11	0	0
23	Flatholm Island - HLF Project	25	0	0	0	0	25	0	(25)	0
24	Public Space Protection Order	0	0	0	0	32	32	32	0	0
25	Allotments	0	0	0	0	47	47	47	0	0
26	(WG) All Wales Play Opportunities	0	0	0	0	548	548	548	0	0
27	(WCVA) Local Nature Partnerships	0	0	0	0	97	97	97	0	0
28	S106 Funded Schemes	2,073	1,241	(1,241)	0	0	2,073	796	(1,277)	0
<b>Total Parks &amp; Green Spaces</b>		<b>3,205</b>	<b>1,788</b>	<b>(1,241)</b>	<b>27</b>	<b>833</b>	<b>4,612</b>	<b>3,374</b>	<b>(1,238)</b>	<b>0</b>
<b><u>Leisure</u></b>										
29	Asset Renewal Buildings	574	0	0	0	0	574	574	0	0
30	Pentwyn Leisure Centre Redevelopment	1,500	0	0	0	0	1,500	56	(1,444)	0
31	Leisure Centres Alternative Delivery Model (GLL)	0	465	0	0	(338)	127	127	0	0
32	Cardiff Riding School - Outdoor Arena	50	77	0	0	0	127	127	0	0
<b>Total Leisure</b>		<b>2,124</b>	<b>542</b>	<b>0</b>	<b>0</b>	<b>(338)</b>	<b>2,328</b>	<b>884</b>	<b>(1,444)</b>	<b>0</b>

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**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

Tudalen 48

<b>DIRECTORATE &amp; SCHEME</b>		<b>2021-2022 Programme</b>	<b>2020-21 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2021-22</b>	<b>Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>Venues &amp; Cultural Facilities</u></b>										
33	Asset Renewal Buildings St Davids's Hall	490	0	0	0	0	490	250	(240)	0
34	Asset Renewal Buildings New Theatre	48	0	0	0	0	48	36	(12)	0
35	Museum of Cardiff	0	0	0	0	49	49	49	0	0
<b>Total Venues &amp; Cultural Facilities</b>		<b>538</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>587</b>	<b>335</b>	<b>(252)</b>	<b>0</b>
<b><u>Property &amp; Asset Management</u></b>										
36	Asset Renewal Buildings	1,053	1,391	0	0	0	2,444	1,002	(1,442)	0
37	Community Asset Transfer	0	98	0	0	0	98	0	(98)	0
38	Cardiff Central Market Regeneration - HLF	50	19	0	0	46	115	96	(19)	0
39	Ocean Park Arena	0	0	0	0	85	85	85	0	0
<b>Total Property &amp; Asset Management</b>		<b>1,103</b>	<b>1,508</b>	<b>0</b>	<b>0</b>	<b>131</b>	<b>2,742</b>	<b>1,183</b>	<b>(1,559)</b>	<b>0</b>
<b><u>Harbour Authority</u></b>										
40	Harbour Asset Renewal	460	0	0	0	245	705	705	0	0
<b>Total Harbour Authority</b>		<b>460</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>245</b>	<b>705</b>	<b>705</b>	<b>0</b>	<b>0</b>
<b><u>Recycling Waste Management Services</u></b>										
41	New HWRC North Cardiff	(200)	200	0	0	0	0	0	0	0
42	Waste Recycling and Collection Review	815	0	0	0	0	815	0	(815)	0
43	Waste Recycling and Depot Site Infrastructure	610	25	0	0	0	635	419	(216)	0
44	Material Recycling Facility	45	19	0	0	32	96	75	(21)	0
45	Lamby Way Control Room, Offices & Fleet Car Park	0	0	0	0	108	108	108	0	0
46	MRF Metal Separator	0	0	0	0	8	8	8	0	0
47	Waste Grants Match funding	100	0	0	0	0	100	0	(100)	0
48	Circular Economy Fund Grant	0	0	0	0	309	309	309	0	0
49	Rapid Charging Infrastructure	0	0	0	0	325	325	163	(162)	0
50	Caru Cymru (Keep Wales Tidy)	0	0	0	0	15	15	15	0	0
51	Re-Use Shop Cabin (Wastesavers)	0	0	0	0	45	45	45	0	0
<b>Total Recycling Waste Management Services</b>		<b>1,370</b>	<b>244</b>	<b>0</b>	<b>0</b>	<b>842</b>	<b>2,456</b>	<b>1,142</b>	<b>(1,314)</b>	<b>0</b>
<b>TOTAL ECONOMIC DEVELOPMENT</b>		<b>21,767</b>	<b>11,957</b>	<b>(1,352)</b>	<b>27</b>	<b>2,448</b>	<b>34,847</b>	<b>28,335</b>	<b>(6,512)</b>	<b>0</b>
<b><u>EDUCATION &amp; LIFELONG LEARNING</u></b>										
<b><u>Schools - General</u></b>										
<b><u>Planning &amp; Development</u></b>										
52	Asset Renewal Buildings	2,302	4,406	0	0	3,200	9,908	9,908	0	0
53	Asset Renewal Invest to Save	12,000	0	0	(588)	0	11,412	6,735	(4,677)	0
54	Suitability / Sufficiency	1,040	(5,250)	0	0	5,250	1,040	1,040	0	0
55	Whitchurch High	0	703	0	0	0	703	703	0	0
56	Reducing Infant Class Sizes	1,860	2,091	0	588	(2,380)	2,159	2,159	0	0
57	Schools ICT (Hwb) Capital Grant	0	0	0	0	3,500	3,500	3,500	0	0
58	Capital Receipts/S106 Funded Schemes	2,334	465	(465)	0	0	2,334	528	(1,806)	0



**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

<b><u>DIRECTORATE &amp; SCHEME</u></b>	<b>2021-2022 Programme</b>	<b>2020-21 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2021-22</b>	<b>Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Total Planning &amp; Development</b>	<b>19,536</b>	<b>2,415</b>	<b>(465)</b>	<b>0</b>	<b>9,570</b>	<b>31,056</b>	<b>24,573</b>	<b>(6,483)</b>	<b>0</b>

**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

<b><u>DIRECTORATE &amp; SCHEME</u></b>		<b>2021-2022 Programme</b>	<b>2020-21 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2021-22</b>	<b>Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>Schools Organisation Planning</u></b>										
59	21st Century Schools - Band A	0	0	0	0	0	0	809	0	809
60	21st Century Schools - Band B	23,894	7,054	0	0	8,000	38,948	35,461	(4,041)	554
<b>Total Schools Organisation Planning</b>		<b>23,894</b>	<b>7,054</b>	<b>0</b>	<b>0</b>	<b>8,000</b>	<b>38,948</b>	<b>36,270</b>	<b>(4,041)</b>	<b>1,363</b>
<b>TOTAL EDUCATION &amp; LIFELONG LEARNING</b>		<b>43,430</b>	<b>9,469</b>	<b>(465)</b>	<b>0</b>	<b>17,570</b>	<b>70,004</b>	<b>60,843</b>	<b>(10,524)</b>	<b>1,363</b>
<b><u>PEOPLE &amp; COMMUNITIES</u></b>										
<b><u>COMMUNITIES &amp; HOUSING</u></b>										
<b><u>Neighbourhood Regeneration</u></b>										
61	Neighbourhood Renewal Schemes	300	254	0	(23)	353	884	531	(353)	0
62	Maelfa Multi Use Games Area	0	0	0	0	219	219	219	0	0
63	District Local Centres	250	0	0	0	0	250	15	(235)	0
64	Alleygating	100	41	0	0	0	141	43	(98)	0
65	Targeted Regeneration Investment Programme Matchfunding	1,000	430	0	(629)	0	801	0	(801)	0
66	Tudor Street Commercial Business Improvement	119	270	0	540	249	1,178	1,178	0	0
67	Tudor Street Business Environment Improvements	1,330	0	0	0	659	1,989	1,989	0	0
68	Tudor Lane Property Enhancement	0	0	0	89	250	339	339	0	0
69	St Mary Street Improvement Works	0	0	0	0	193	193	193	0	0
70	Rhiwbina Community Hub	0	288	0	0	55	343	62	(281)	0
71	City Centre Youth Hub	0	706	0	0	80	786	2	(784)	0
72	Whitchurch Community Hub	0	0	0	23	0	23	23	0	0
73	Butetown Pavillion	0	0	0	0	3	3	3	0	0
74	Youth Zone - Cowbridge Road West Regeneration	0	0	0	0	0	0	98	98	0
75	S106 Funded Projects	609	1,009	(1,009)	0	0	609	927	318	0
<b>Total Neighbourhood Regeneration</b>		<b>3,708</b>	<b>2,998</b>	<b>(1,009)</b>	<b>0</b>	<b>2,061</b>	<b>7,758</b>	<b>5,622</b>	<b>(2,136)</b>	<b>0</b>
<b><u>Housing (General Fund)</u></b>										
76	Disabled Facilities Service	4,550	809	0	(3,854)	3,854	5,359	4,187	(1,172)	0
77	Enable Grant	436	0	0	0	46	482	482	0	0
78	Independent Living Wellbeing Hub - Displacement	0	0	0	1,101	0	1,101	0	(1,101)	0
79	Private Rental Sector Lease Scheme	300	0	0	0	(300)	0	0	0	0
80	Rapid Response Adaptation	0	0	0	0	200	200	200	0	0
81	Assistive Living	0	0	0	0	151	151	151	0	0
82	Compulsory Purchase Orders	0	0	0	0	137	137	137	0	0
83	Traveller Site Expansion	0	0	0	0	82	82	82	0	0
84	Estate Environmental Improvements	0	452	0	0	0	452	449	(3)	0
<b>Total Housing</b>		<b>5,286</b>	<b>1,261</b>	<b>0</b>	<b>(2,753)</b>	<b>4,170</b>	<b>7,964</b>	<b>5,688</b>	<b>(2,276)</b>	<b>0</b>
<b><u>Flying Start</u></b>										
85	Flying Start	0	130	0	0	744	874	295	0	(579)
86	Moorland Primary	0	0	0	0	500	500	0	(500)	0
87	Childcare	480	202	0	0	(86)	596	392	(204)	0
<b>Total Flying Start</b>		<b>480</b>	<b>332</b>	<b>0</b>	<b>0</b>	<b>1,158</b>	<b>1,970</b>	<b>687</b>	<b>(704)</b>	<b>(579)</b>

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**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

<b><u>DIRECTORATE &amp; SCHEME</u></b>		<b>2021-2022 Programme</b>	<b>2020-21 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2021-22</b>	<b>Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Total Communities &amp; Housing</b>		<b>9,474</b>	<b>4,591</b>	<b>(1,009)</b>	<b>(2,753)</b>	<b>7,389</b>	<b>17,692</b>	<b>11,997</b>	<b>(5,116)</b>	<b>(579)</b>
<b><u>SOCIAL SERVICES</u></b>										
<b><u>Adult Services</u></b>										
88	Tremorfa Day Services	0	49	0	(1)	0	48	12	(36)	0
89	Day Centre Equipment	0	0	0	1	18	19	19	0	0
90	Fairwater Meals on Wheels - Ovens	0	0	0	0	17	17	17	0	0
<b>Total Adult Services</b>		<b>0</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>84</b>	<b>48</b>	<b>(36)</b>	<b>0</b>
<b><u>Children's Services</u></b>										
91	Accommodation Strategy	(229)	228	1	(18)	0	(18)	0	18	0
92	Young Persons Gateway Accommodation	250	0	0	0	0	250	2	(248)	0
93	Residential Provision for Children Looked After	500	111	0	18	0	629	129	(500)	0
94	Children's Respite Centre Feasibility	0	0	0	0	2	2	2	0	0
95	Respite - Learning Disabilities behaviour that challenges (Ty Storrie) - Displacement	0	0	0	1,148	0	1,148	13	(1,135)	0
96	Edge of Care Units (*2) - Bringing out of county home - Displacement	0	0	0	455	0	455	0	(455)	0
97	Children's Assessment Centres - Displacement	0	0	0	455	0	455	0	(455)	0
98	Safer Accommodation - Displacement	0	0	0	695	0	695	0	(695)	0
<b>Children's Services</b>		<b>521</b>	<b>339</b>	<b>1</b>	<b>2,753</b>	<b>2</b>	<b>3,616</b>	<b>146</b>	<b>(3,470)</b>	<b>0</b>
<b>Total Social Care</b>		<b>521</b>	<b>388</b>	<b>1</b>	<b>2,753</b>	<b>37</b>	<b>3,700</b>	<b>194</b>	<b>(3,506)</b>	<b>0</b>
<b>TOTAL PEOPLE &amp; COMMUNITIES</b>		<b>9,995</b>	<b>4,979</b>	<b>(1,008)</b>	<b>0</b>	<b>7,426</b>	<b>21,392</b>	<b>12,191</b>	<b>(8,622)</b>	<b>(579)</b>
<b><u>PLANNING, TRANSPORT &amp; ENVIRONMENT</u></b>										
<b><u>Energy Projects &amp; Sustainability</u></b>										
99	Cardiff Heat Network	4,000	0	0	0	0	4,000	2,450	(1,550)	0
100	Energy Retrofit of Buildings (REFIT - Invest to Save)	550	750	0	(1,349)	1,398	1,349	1,349	0	0
101	Salix SEELS	500	0	0	0	(500)	0	0	0	0
102	Lamby Way Solar Farm	1,069	609	0	0	417	2,095	2,095	0	0
103	One Planet Strategy small schemes & matchfunding	700	0	0	(270)	100	530	170	(360)	0
<b>Total Energy Projects &amp; Sustainability</b>		<b>6,819</b>	<b>1,359</b>	<b>0</b>	<b>(1,619)</b>	<b>1,415</b>	<b>7,974</b>	<b>6,064</b>	<b>(1,910)</b>	<b>0</b>
<b><u>Bereavement &amp; Registration Services</u></b>										
104	New Cemetery Site (Invest To Save)	0	149	0	0	12	161	161	0	0
105	Improvements of Facilities	0	0	0	0	66	66	66	0	0
106	Bereavement Asset Renewal	95	90	0	0	0	185	90	(95)	0
107	Asset Renewal Buildings	13	0	0	0	0	13	13	0	0
<b>Total Bereavement &amp; Registration Services</b>		<b>108</b>	<b>239</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>425</b>	<b>330</b>	<b>(95)</b>	<b>0</b>

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**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

<b><u>DIRECTORATE &amp; SCHEME</u></b>	<b>2021-2022 Programme</b>	<b>2020-21 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2021-22</b>	<b>Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>

**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

<u>DIRECTORATE &amp; SCHEME</u>	2021-2022 Programme	2020-21 Slippage	Budget Revision	Virements	Changes & New Approvals	Total Programme 2021-22	Outturn	Slippage	(Underspend) / Overspend
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Highway Infrastructure</b>									
108 Highway Carriageway - Reconstruction	400	108	0	0	0	508	450	(58)	0
109 Highway Resurfacing	3,900	1,128	0	(59)	1,715	6,684	4,010	(2,674)	0
110 Footpaths	760	0	0	225	0	985	985	0	0
111 Footway Improvements around Highway Trees	125	44	0	(166)	0	3	3	0	0
112 Millennium Walkway	1,500	122	0	438	0	2,060	2,460	400	0
113 Bridges & Structures	0	1,508	0	(205)	0	1,303	401	(902)	0
114 Street Lighting Renewals	0	731	0	(233)	0	498	114	(384)	0
115 LED Lighting Residential (Invest to Save)	0	3,000	0	0	0	3,000	2,227	(773)	0
116 Coastal Erosion Scheme Rover Way to Lamby Way	382	196	0	0	51	629	433	(196)	0
117 Flood Prevention Schemes	250	0	0	0	506	756	518	(238)	0
<b>Total Highway Maintenance</b>	<b>7,317</b>	<b>6,837</b>	<b>0</b>	<b>0</b>	<b>2,272</b>	<b>16,426</b>	<b>11,601</b>	<b>(4,825)</b>	<b>0</b>
<b>Traffic &amp; Transportation</b>									
118 Asset Renewal Telematics / Butetown Tunnel	300	346	0	0	0	646	145	(501)	0
119 Cycling Development	1,400	2,392	0	(209)	0	3,583	1,642	(1,941)	0
120 Road Safety Schemes	335	30	0	0	0	365	365	0	0
121 WG Grant Matchfunding	375	502	0	0	0	877	741	(136)	0
122 WG (Local Transport Fund)	2,500	0	0	0	478	2,978	2,793	(185)	0
123 WG (Road Safety Casualty Reduction)	175	0	0	0	(55)	120	120	0	0
124 WG (Safe Routes in Communities)	750	0	0	0	594	1,344	1,344	0	0
125 WG (Active Travel Fund)	3,500	0	0	0	2,938	6,438	6,438	0	0
126 WG (Local Sustainable Transport Covid Response)	0	0	0	0	1,030	1,030	1,030	0	0
127 WG (Burns Active Travel Fund)	0	0	0	0	225	225	225	0	0
128 WG (Air Quality)	9,608	0	0	0	(3,462)	6,146	6,146	0	0
129 City Centre Eastside and Canal Phase 1	1,225	0	0	0	5	1,230	1,209	(21)	0
130 City Centre Transport Schemes Matchfunding	300	(383)	0	0	0	(83)	0	83	0
131 City Centre Transport Impact - Enabling works	1,500	0	0	0	0	1,500	0	(1,500)	0
132 Electric Vehicle Charging Points Car Parks (ULEVTF)	150	0	0	0	(145)	5	5	0	0
133 Bus Corridor Improvements	250	39	0	0	0	289	150	(139)	0
134 Cardiff West Interchange	50	208	0	0	0	258	33	(225)	0
135 S106 Funded Schemes	706	186	(186)	0	0	706	266	(440)	0
<b>Total Traffic &amp; Transportation</b>	<b>23,124</b>	<b>3,320</b>	<b>(186)</b>	<b>(209)</b>	<b>1,608</b>	<b>27,657</b>	<b>22,652</b>	<b>(5,005)</b>	<b>0</b>
<b>Strategic Planning &amp; Regulatory</b>									
136 S106 Projects	181	77	(77)	0	0	181	9	(172)	0
<b>Total Strategic Planning &amp; Regulatory</b>	<b>181</b>	<b>77</b>	<b>(77)</b>	<b>0</b>	<b>0</b>	<b>181</b>	<b>9</b>	<b>(172)</b>	<b>0</b>
<b>TOTAL PLANNING, TRANSPORT &amp; ENVIRONMENT</b>	<b>37,549</b>	<b>11,832</b>	<b>(263)</b>	<b>(1,828)</b>	<b>5,373</b>	<b>52,663</b>	<b>40,656</b>	<b>(12,007)</b>	<b>0</b>
<b>RESOURCES</b>									
<b>Technology</b>									
137 Modernising ICT to improve Business Processes	225	202	0	209	0	636	429	(207)	0
138 ICT Refresh	500	468	0	0	0	968	427	(541)	0

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**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

<b><u>DIRECTORATE &amp; SCHEME</u></b>	<b>2021-2022 Programme</b>	<b>2020-21 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2021-22</b>	<b>Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Total Technology</b>	<b>725</b>	<b>670</b>	<b>0</b>	<b>209</b>	<b>0</b>	<b>1,604</b>	<b>856</b>	<b>(748)</b>	<b>0</b>

**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

<b>DIRECTORATE &amp; SCHEME</b>	<b>2021-2022 Programme</b>	<b>2020-21 Slippage</b>	<b>Budget Revision</b>	<b>Virements</b>	<b>Changes &amp; New Approvals</b>	<b>Total Programme 2021-22</b>	<b>Outturn</b>	<b>Slippage</b>	<b>(Underspend) / Overspend</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Central Transport Services</b>									
139 Vehicle Replacement - Lease or Buy Phase 1	0	2,240	0	0	205	2,445	2,355	(90)	0
140 Vehicle Replacement - Lease or Buy Phase 2	0	0	0	270	820	1,090	3,484	2,394	0
141 Zero Emmission Vehicles - WG Energy Service	0	0	0	0	360	360	360	0	0
142 EV Charge Points at Council Buildings	0	0	0	0	241	241	241	0	0
143 CTS - Minor Repair Workshop	0	48	0	0	(17)	31	31	0	0
<b>Total Central Transport Services</b>	<b>0</b>	<b>2,288</b>	<b>0</b>	<b>270</b>	<b>1,609</b>	<b>4,167</b>	<b>6,471</b>	<b>2,304</b>	<b>0</b>
<b>Corporate</b>									
144 Contingency	200	0	0	(27)	(173)	0	0	0	0
145 Invest to Save - Small Schemes	500	0	0	0	(500)	0	0	0	0
146 City Deal WIF Payment to Region	3,594	3,198	0	0	0	6,792	0	(6,792)	0
147 Core Office Strategy - Digital Infrastructure	4,800	879	0	0	0	5,679	277	(5,402)	0
148 Web casting and Infrastructure	0	260	0	0	0	260	100	(160)	0
149 Onsite Construction Skills Hub	110	0	0	0	(3)	107	107	0	0
150 Cardiff City Transport Services - Equity	6,600	0	0	(6,600)	6,600	6,600	6,600	0	0
151 Electric Bus and Infrastructure Grant Scheme - Displacement	0	0	0	7,949	0	7,949	0	(7,949)	0
<b>Total Corporate</b>	<b>15,804</b>	<b>4,337</b>	<b>0</b>	<b>1,322</b>	<b>5,924</b>	<b>27,387</b>	<b>7,084</b>	<b>(20,303)</b>	<b>0</b>
<b>TOTAL RESOURCES</b>	<b>16,529</b>	<b>7,295</b>	<b>0</b>	<b>1,801</b>	<b>7,533</b>	<b>33,158</b>	<b>14,411</b>	<b>(18,747)</b>	<b>0</b>
<b>TOTAL GENERAL FUND</b>	<b>129,270</b>	<b>45,532</b>	<b>(3,088)</b>	<b>0</b>	<b>40,350</b>	<b>212,064</b>	<b>156,436</b>	<b>(56,412)</b>	<b>784</b>
<b>PUBLIC HOUSING (HRA)</b>									
152 Estate Regeneration and Stock Remodelling	3,150	(337)	337	(803)	803	3,150	5,623	2,473	0
153 External and Internal improvements to buildings	19,250	3,081	(3,081)	4,257	8,663	32,170	23,004	(9,166)	0
154 Disabled Facilities Service	3,350	1,304	(1,304)	(1,320)	1,320	3,350	2,502	(848)	0
155 Housing New Builds & Acquisitions	60,990	(905)	905	(2,134)	3,454	62,310	30,267	(32,043)	0
<b>TOTAL PUBLIC HOUSING</b>	<b>86,740</b>	<b>3,143</b>	<b>(3,143)</b>	<b>0</b>	<b>14,240</b>	<b>100,980</b>	<b>61,396</b>	<b>(39,584)</b>	<b>0</b>
<b>TOTAL</b>	<b>216,010</b>	<b>48,675</b>	<b>(6,231)</b>	<b>0</b>	<b>54,590</b>	<b>313,044</b>	<b>217,832</b>	<b>(95,996)</b>	<b>784</b>

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**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

**Total  
Variance**

**£000**

	0
	(50)
	<u>(50)</u>
	(15)
	0
	0
	0
	9,180
	435
	0
	0
	(10,008)
	<u>(247)</u>
	<u>(655)</u>
	0
	(147)
	109
	(200)
	(61)
	0
	0
	363
	0
	0
	(25)
	0
	0
	0
	0
	<u>(1,277)</u>
	<u>(1,238)</u>
	0
	(1,444)
	0
	0
	<u>(1,444)</u>

Tudalen 56



**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

**Total  
Variance**

**£000**

(240)

(12)

0

(252)

(1,442)

(98)

(19)

0

(1,559)

0

0

Tudalen 57

0

(815)

(216)

(21)

0

0

(100)

0

(162)

0

0

(1,314)

(6,512)

0

(4,677)

0

0

0

0

(1,806)

**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

**Total  
Variance**

**£000**

**(6,483)**

**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

**Total  
Variance**

**£000**

809  
(3,487)  
(2,678)  
(9,161)

Tudalen 59

(353)  
0  
(235)  
(98)  
(801)  
0  
0  
0  
0  
(281)  
(784)  
0  
0  
98  
318  
(2,136)

(1,172)  
0  
(1,101)  
0  
0  
0  
0  
0  
0  
(3)  
(2,276)

(579)  
(500)  
(204)  
(1,283)

**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

**Total  
Variance**

**£000**

(5,695)

(36)

0

0

(36)

18

(248)

(500)

0

(1,135)

(455)

(455)

(695)

(3,470)

(3,506)

(9,201)

(1,550)

0

0

0

(360)

(1,910)

0

0

(95)

0

(95)

Tudalen 60

CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022

Total  
Variance

£000

Tudalen 61

**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

**Total  
Variance**

**£000**

(58)  
(2,674)  
0  
0  
400  
(902)  
(384)  
(773)  
(196)  
(238)  

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**(4,825)**

Tudalen 62

(501)  
(1,941)  
0  
(136)  
(185)  
0  
0  
0  
0  
0  
(21)  
83  
(1,500)  
0  
(139)  
(225)  
(440)  

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**(5,005)**

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**(172)**  

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**(172)**  

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**(12,007)**

(207)  
(541)

CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022

Total  
Variance

£000

(748)

Tudalen 63

**CARDIFF COUNCIL CAPITAL PROGRAMME 2021-2022**

**Total  
Variance**

**£000**

(90)

2,394

0

0

0

2,304

0

0

(6,792)

(5,402)

(160)

0

0

(7,949)

(20,303)

(18,747)

(55,628)

2,473

(9,166)

(848)

(32,043)

(39,584)

(95,212)

Tudalen 64



## Appendix 6 - Capital Schemes Update

Budget monitoring reports during the year have provided regular updates on capital schemes. This appendix provides an update of main areas in which capital expenditure was incurred during 2021/22 and where resources are carried forward to complete schemes in future years. This accompanies the detailed list at Appendix 5.

### Economic Development

1. The directorate Programme for 2021/22 was £34.847 million; with a variance of £6.512 million identified.

### **Business and Investment**

2. To date the Council has requested and drawn down repayable loan funding of £6.060 million from Welsh Government for the implementation of town centre regeneration schemes to bring back vacant, underutilised or redundant buildings into beneficial use. Loans provided and outstanding at 31 March 2022 total £2.230 million, with £1.151 million of loans in year supporting development in the city centre leisure and hospitality sector. It should be noted that all risk in respect to repayable loans remains with the Local Authority so robust security for loans is sought.
3. The Black Tower Tales visitor experience at Cardiff Castle opened in May 2021. With the scheme costing a total of £351,000, there is a remaining budget of £15,000 retained for final snagging works expected in 2022/23. During the year grant was also received towards works to the toilet facilities at the castle.
4. A sum of £1.929 million received in 2019/20 from a Welsh Government grant to support economic stimulus in local authorities was used for the acquisition of land situated on the corner of James Street and Adelaide Street in Cardiff Bay that has remained derelict for over 30 years. Following a Cabinet decision in October 2021, this site was appropriated to the HRA for the development of social housing, with the appropriation value available in 2022/23 for other economic development schemes. Any future costs related to the site, including clearance, conservation issues and land acquisition will be borne by the HRA.
5. In September 2021, Cabinet agreed to progress the development strategy for the International Sports Village (ISV) by formally terminating the previous Development Agreement with Greenbank Partnership Ltd on the waterfront site and agreeing to acquire all the land and assets owned by Greenbank at the ISV. Land acquisition and associated costs totalled £11.615 million during this financial year with the balance of acquisition costs to be incurred in 2022/23, including for the Ice Arena. The expenditure on land acquisition is assumed to be recovered from sales of land. Close monitoring and reporting of the timescale and value of receipts will need to be undertaken and reported as part of the Annual Property Plan and future reports to Cabinet to ensure

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that there is no sustained impact on the Council's borrowing requirement and on the revenue costs of holding the sites.

6. Cabinet approved the acquisition of the Red Dragon Centre site in December 2019, triggering the approval of the affordability envelope in respect of delivery of a new indoor arena as part of the 2019/20 budget proposals. The final sum of £5.724m for the acquisition of the site was paid alongside submission of the planning application for the arena.
7. In November 2020 Cabinet approved the appointment of a 'Preferred Bidder' developer/operator consortium for the Indoor Arena as well as approving the land acquisition strategy to enable the Council to gain full control of the land required. A final business case was approved by Cabinet in September 2021. Total expenditure for 2021/22 is £1.992 million for enabling costs to be covered by the Arena affordability envelope. Financial close is currently anticipated to be in the 2022/23 financial year as part of a Development and Funding Agreement (DFA), when the Council's capital contributions will begin being drawn upon.
8. The Llanrumney Development has an approved capital budget in year of £250,000, predicated on any expenditure being repaid from related land sales. Initial feasibility works have been paid for from revenue budgets pending confirmation of the business case of the scheme in line with Cabinet approval of the scheme. Where expenditure commitments are required to be agreed in advance of land sales, in order to support the key elements of the regeneration project, the risks of doing so will need to be considered as part of relevant decision making processes.

## **Parks & Green Spaces**

9. Property Asset Renewal expenditure of £127,000 includes roof upgrades at Llanishen Park changing rooms and Rumney Hill gardens pavilion, lighting upgrades at Forest Farm Depot, Roath Park and Splott Bowls pavilion and Trelai park changing rooms. Works have also been carried out at Pontcanna Caravan Park, Butetown Nurseries and Pettigrew Tea Gardens West Lodge.
10. The Parks Asset Renewal Infrastructure budget for 2021/22 was £226,000, with expenditure in the year including structural works and design at Waterhall Park, Cath Cobb Woods and Hendre Lake. Grange Gardens footpath resurfacing did not commence during 2021/22 due to product availability, with slippage of £147,000 for this budget overall being carried forward into 2022/23.
11. Including the significant level of slippage from 2020/21, the play equipment capital allocation was £793,000. Expenditure during the year exceeded the budget requiring budget to be brought forward from future years, with projects at various sites including Lascelles, Parc Caedelyn, Sovereign Chase, Crawford Drive, Garth Newydd, Glenmont Way, Victoria Park, Maindy Park, Peppermint Drive and Llandaff Fields Play Area.

12. The budget of £200,000 allocated in 2021/22 to improve the condition of multi-use games areas, fitness equipment, BMX tracks and skate parks across the city is carried forward in full. A destination skate park in Llanrumney is currently the subject of detailed design and an acceptable tender exercise.
13. The Green Flag Infrastructure Renewal budget of £100,000 was allocated to support the replacement of signage and infrastructure in existing Green Flag parks. Work has been carried out at Roath Park and Victoria Park, with delays resulting in slippage of £61,000.
14. A budget of £150,000 allocated to combat motorcycle nuisance and protect park users was prioritised at Splott Park and Trelai Park based on recommendations and issues reported to the Council and South Wales Police.
15. External works at Roath Park House, for change of use, landscaping and improved visual impact are complete. Potential use of the site is to be determined. The overall project cost of £728,000 has been paid for from proceeds from the disposal of the former youth hostel at Wedal Road and agreed by Cabinet to be re-invested in the Roath Park District Area.
16. Expenditure of £415,000 was incurred during 2021/22, by bringing budget forward from future years, on professional fees and site surveys in relation to Roath Park Dam to determine an options report for works deemed required as part of the Reservoir Act 1975 and in response to a Natural Resources Wales inspection report. Future costs are subject to this appraisal, consultation as well as consideration of the impact on other features of this Grade1 listed Historic Park as part of a future Cabinet Report.
17. During the year, the council acquired Hawthorn Woodland in Pentwyn at a total cost of £27,000 with a virement from the contingency budget.
18. Following on from the development phase, the Council and partners have been successful in securing Heritage Lottery Funding of up to £645,200 towards the restoration of built and natural heritage on Flat Holm Island. This is for the Walk-through Time project, in partnership with RSPB Cymru and the Flat Holm Society, which aims to preserve its heritage, protect its rich wildlife and attract more visitors to the site. No costs were incurred during 2021/22, pending development of detailed works plans.
19. A number of further grant allocations were awarded during 2021/22 and spent by 31 March 2022 including £548,000 to enable the Council to meet some of the actions within the 2021/22 Play Sufficiency Assessment Action Plan and £97,000 for the acquisition of equipment to support green spaces and biodiversity in the city.

## Leisure

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20. A property asset renewal budget of £574,000 was allocated in year primarily to continue with the replacement of further sections of the sports hall roof at Western Leisure Centre. Works also included boiler replacement at Cardiff White Water Rafting Centre.
21. The redevelopment of Pentwyn Leisure Centre is subject to a business case proposed to be self-financing from land sale receipts and revenue income. Following appointment of the professional design and development team for the project, expenditure towards this estimated £5.5m project during the year was £56,000 with slippage of £1.444 million into 2022/23.
22. As part of the contract for the transfer of leisure sites to GLL, the balance remaining of the £3.5 million for investment in the transferred leisure sites is £465,000. Expenditure of £127,000 was incurred during the year on the air handling unit as well as gym and studio refurbishment at Western Leisure Centre. It also includes an upgrade to LED lighting at both Western and Fairwater Leisure Centres. With any expenditure to be repaid on an invest to save basis, the balance of the remaining allocation is removed pending confirmation of future proposals.
23. The resurfacing of the outdoor arena at Pontcanna Riding School included other works such as fencing, new gates and lighting columns. Expenditure was £127,000.

#### **Venues and Cultural Facilities**

24. Planned Property Asset Renewal works (£490,000) for St David's Hall include upgrades to the fire detection system, Building Management System and design for the renewal passenger lift, with slippage of £240,000. As part of initial necessary works to be undertaken at the New Theatre prior to handover to HQ Theatres, work to the building management system was required to be undertaken from the asset renewal budget, with other minor repair related works to be met from an earmarked revenue reserve towards such handover costs.

#### **Property & Asset Management**

25. Property Asset Renewal works for non-school buildings include roofing works to the former Hayes Library, City Hall and Cardiff Market, an upgrade to the exterior roller shutter doors to County Hall underground car park and health and safety works at CTS workshops, Mansion House, and Cardiff Castle. Slippage of £1,442,000 has been carried into 2022/23 primarily due to further development work being required in larger schemes and the asset renewal work on the school's estate being prioritised.
26. The Community Asset Transfer budget provides up to £25,000 for improvement works to buildings being taken on by third party organisations. The total budget available for 2021/22 was £98,000, with continued slippage across years and use to be reviewed in 2022/23.

27. In respect of Central Market, subject to successful grant funding, the Council has allocated circa £700,000 over the next four years to invest in the fabric of the building; improving the appearance, tackling structural issues and enhancing the commercial attractiveness. Expenditure in 2021/22 was £96,000 and with the phase one application submitted and approved by the National Lottery Heritage Fund, the Council continues to review costings and seek additional external and commercial funding opportunities to preserve its heritage.

### **Harbour Authority**

28. Expenditure in respect to the Harbour Authority is £705,000 and included the purchase of a new patrol and materials handling equipment to undertake statutory duties relating to the management of the Harbour, installation of boardwalk decking and upgrading barrage control equipment in line with its asset management plan.

### **Recycling Waste Management Services**

29. The five-year capital programme includes £3.325 million to explore options for a new household waste recycling/reuse centre. No expenditure was incurred nor is likely until a suitable site is identified, resulting in slippage of £200,000.

30. The Capital programme for 2020/21 included an allocation of £815,000 to roll out a separate glass collection scheme. The Council's recycling strategy 2021- 2025 was the subject of a Cabinet report in September 2021. Subject to the implementation costs of the strategy over the period and availability of grant funding, this budget is carried forward and to be reviewed as part of the budget proposals for 2023/24.

31. The Waste Recycling and Depot Site Infrastructure budget of £635,000 was used for a range of infrastructure improvements at depot and recycling sites including CCTV security and barriers. Slippage of £216,0000 results from commitments falling into 2022/23 and as result of receipt of external grant towards works to support improving materials quality and the move towards segregated recycling collections.

32. To implement enhanced team operational requirements and facilities that support revised working practices, a number of changes have been completed at the Lamby Way waste depot at a cost of c £800,000 since 2020/21. This includes new office space, technical equipment, lighting and security fencing, the costs of which have been repaid from revenue budgets.

33. A sum of £100,000 Council match funding was included in the Capital Programme to help secure a range of Welsh Government grants such as from the Circular Economy Fund to be bid for during the year where match funding is required. This Council allocation remains unused due to the need to use

any external grant awards by set timescales, but given the success of grant applications, this will be carried forward as slippage.

34. A number of grants were received and used in the year towards recycling infrastructure improvements at recycling sites, to purchase glass recycling caddies, new signage and digital display, installation of rapid charging infrastructure at Lamby Way Depot for the electric refuse collection fleet, litter bin sensors and completion of the Re-Use shop at Lamby Way.

### **Education and Lifelong Learning**

35. Directorate Programme 2021/22 £70.004 million, with a variance of £9.161 million identified.

### **Schools - General**

#### *Asset Renewal - Buildings*

36. The Council's asset renewal allocation of £21.320 million in 2021/22 includes Welsh Government grant for schools' capital maintenance and ventilation. Expenditure of £16.643 million for the year included roof and boiler replacements, fire precaution works, safeguarding of lobbies and kitchen upgrades. The expenditure included funding from the additional £25 million of invest to save funding to address condition, health and safety and additional learning needs within the schools' estate which was approved in 2018/19. Of the £12 million of this initially assumed for use this year, significant progress was made to address priority works, with slippage of £4.677 million carried forward into 2022/23.

#### *Asset Renewal – Suitability and Sufficiency*

37. The Suitability and Sufficiency budget of £1.040 million includes the realignment of a £5.250 million brought forward to fund projects earlier than planned. This budget was fully utilised in 2021/22 on a range of works including security and safeguarding works on boundaries and receptions across the schools' estate, as well as priority Disability Discrimination Act (DDA) adaptations.

#### *Whitchurch High*

38. A £703,000 separate allocation exists for works at Whitchurch High with future works on the Art and Science blocks. The total cost of construction is anticipated to be £2 million with the remaining balance utilising Asset Renewal Budget. This allocation was fully spent in 2021/22.

#### *Reducing Infant Class Sizes Grant*

39. As part of an ongoing programme to reduce infant class sizes, Welsh Government agreed a £3.322 million grant funding package until 2021 for St

Fagan’s Primary, St Francis Primary and Oakfield Primary. Oakfield was completed in 2020/21, with works on the St Fagan’s and St Francis projects completed in year and managed within existing budgets.

*Hwb ICT Infrastructure Grant*

40. A Welsh Government funding allocation of £5.097 million was awarded in 2019/20 to support Cardiff schools in developing sustainable EdTech Digital Services and this was fully utilised by the end of 2020/21. A further £3.5 million was awarded for use in 2021/22.

**Schools Organisation Plan – 21<sup>st</sup> Century Schools**

41. The 21<sup>st</sup> Century Schools Band A programme has fully utilised Welsh Government grant funding of circa £66 million with expenditure in 2021/22 of £809,000 including demolition at the Michaelston site as part of the Cardiff High School in the West project. This is significantly higher than first planned due to the amount of asbestos and other site contaminants. Additional works relating to Ysgol Glan Morfa have also been identified with expenditure of £450,000 anticipated next year. Outstanding Band A grant retentions will be utilised to fund these projects in the first instance with the Band A invest to save model absorbing the balance of expenditure.

42. Band B of the 21<sup>st</sup> Century Schools Programme is underway with an original funding envelope of circa £284 million. This is to be funded by a Welsh Government grant award with match funding from Cardiff Council at a rate determined by the type of school. A further request has been made to return Willows to the Band B programme due to progress of the project. Costs in relation to Willows are now included in the Band B totals.

43. Works at Fitzalan High have a Welsh Government approved overall budget of £64.3 million. Significant slippage last year was caused by Covid-19 restrictions and adverse weather conditions, with expenditure on the project in year being £25.681 million.

44. The Fairwater Campus scheme (previously Doyle Avenue) aims to house three schools (Cantonian, Riverbank and Woodlands) on one shared campus. An outline business case has been approved by Welsh Government with expenditure on planning, surveys and professional fees underway and enabling works to commence in 2022/23.

45. Two land acquisitions took place in 2020/21 at a cost of £15.926 million in preparation for the Willows project. This was funded by Welsh Government in addition to the original Band B envelope but will attract the same level of Cardiff Council match funding as other secondary schools (35%). Expenditure in the year related to pre-tender works including surveys, planning and demolition.

46. An additional £8 million Welsh Government grant was received during 2021/22 for the strategic purchase of a site at Ty Glas Llanishen, with use of the site prioritised for education purposes in accordance with the terms and

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conditions of the grant. Costs in relation to the site will be funded through Band B invest to save funding and allocated against relevant Education schemes budgets when development proposals are finalised.

## **People & Communities**

47. Directorate Programme 2021/22 £21.392 million. Variance of £9.201 million identified.

## **Communities & Housing**

### **Neighbourhood Regeneration**

48. The Neighbourhood Renewal Schemes budget of £884,000 carries forward monies from previous years of £254,000 and includes an in year Welsh Government grant award of £325,000 to support Covid-19 recovery. Whilst several projects such as environmental improvements in Old St Mellons Village, a multi-use games area in Llanrumney and wellbeing improvements in Llanishen Park are at development stage and delayed, most expenditure in the year was to complete public realm works at Cowbridge Road East. Slippage of £353,000 is carried forward towards completion of this round of Neighbourhood Renewal Schemes.

49. Welsh Government provided a £219,000 grant for the provision of the new Multi-Use Games Area that Cardiff and Value University Health Board have constructed as part of the agreement for their Health and Wellbeing Hub being constructed to adjoin the Powerhouse Hub.

50. An initial budget allocation of £250,000 was requested and approved in 2021/22 towards District and Local Centres. Expenditure is £15,000 in year, pending development of an agreed detailed pipeline of suitable projects, with a significant element of this budget carried forward to be reprofiled for future years.

51. The need to complete legal procedures and consultation continues to result in delays in implementing projects, resulting in slippage of £98,000 from a budget of £141,000. Expenditure in the year took place on schemes including Cyril Crescent, Mill Road, Fairwater Grove East and Pen-y-Wain Place.

52. A number of schemes have been progressed under the Welsh Government Targeted Regeneration Investment Programme (TRIP), utilising a combination of external grant and Council match funding. Works on Tudor Street to improve the public realm environment and external improvements to commercial premises totalled £3.167 million in the year. The scheme is due to be completed in July 2022, with delays arising from material shortages during the year and covid impacts. With all eligible grant funding claimed, Council match funding of £801,000 is carried forward to complete all TRIP related projects in 2022/23.



53. Funding was also made available from TRIP Placemaking Grant to business owners on Tudor Lane towards property enhancements, with total expenditure for the year of £339,000 distributed to local businesses.
54. Confirmed funding available for a c £900,000 project at Rhiwbina Hub is £343,000, with the balance of costs to be met from Property asset renewal and other in principle external grant awards such as Intermediate Care Fund. Finalising the scope of the project resulted in a delay in undertaking a tender exercise, with expenditure in the year totalling £62,000. Work has commenced on site and due to complete by the end of 2022.
55. The Council budget remaining to develop a Multi-Agency City Centre Youth Hub totals £2.036 million with an assumed allocation of £786,000 in 2021/22. Pending a review of alternative options to deliver a viable project, external grant bids as well as subsequent cabinet approval, only a small amount of expenditure of £2,000 was incurred on professional fees, with the remainder shown as slippage into 2022/23.

### **Housing (General Fund)**

56. Intermediate Care Fund (ICF) grant funding applied for during the year (£2.753 million) was unable to be spent on the relevant projects due to the need to acquire suitable properties at a price that can be demonstrated as value for money and the impact of Covid 19 on supply chain costs. In addition, a grant of £1.101 million was received to support independent living solutions. To avoid losing those grants, both the above grants were used to displace Council's own in year funding for Disabled Facilities Service, which provides mandatory and discretionary grants to housing owner-occupiers allowing them to continue to live in their own homes. Any displaced Council funding has been vired for various respite, safe house and assessment centre projects within Children's services and subject to approval, towards an Independent Wellbeing Hub. Expenditure on disabled adaptations for the year was £4.187 million, with slippage of £1.172 million into 2022/23.
57. In addition to the above, an Enable grant totalling £482,000 was awarded by Welsh Government and fully utilised to deliver additional adaptations.
58. ICF funding of £200,000 was also awarded for 2021/22 for Rapid Response adaptations, and £151,000 for Assistive Living Technologies. These grants have both been fully spent during in 2021/22.
59. Two residential properties were subject to a Compulsory Order Process in 2020/21, on Romily Road and Cyril Crescent. The balance of expenditure, estimated subject to confirmation with owners in respect of compensation payable, is £137,000.
60. To facilitate comprehensive regeneration schemes, the estate environmental improvement allocation supports the costs of works to owner-occupier properties as part of the Public Housing programme. Schemes during the

year include Roundwood Estate, Arnold Avenue and Bronte Crescent, with total expenditure of £449,000.

### **Flying Start**

61. The budget for Flying Start Capital schemes for the year totals £874,000. This comprises of slippage of £130,000 in relation to allocations for furniture and ICT at five nursery sites across Cardiff, alongside an additional grant award of £744,000 for 2021/22, to fund ventilation upgrades, canopies, replacement boilers and refurbishment at three further sites in 2021/22. Slippage of £500,000 has been requested in relation to Moorland Primary early years unit.

### **Childcare Capital Grant**

62. Expenditure of £392,000 relates to grants provided to nurseries as part of additional funding awarded by Welsh Government.

### **Social Services**

#### **Adult Services**

63. There is a total programme budget of £84,000 due to slippage of Intermediate Care Fund grant and Council funding from 2020/21 as well as additional grant approvals towards equipment. Budget of £36,000 is carried forward towards the design and development of a scheme for the Tremorfa Day Centre.

#### **Children's Services**

64. Proposals being considered from the remaining John Kane Fund included an extension and refurbishment of the Crossland's home. With projected costs more than the budget available and the need to mitigate the impact of the works on service delivery, no further expenditure is incurred in year. In developing future proposals, the risk of abortive costs will need to be considered and managed as part of existing revenue budgets.

65. The Young Persons Gateway Accommodation scheme aims to convert properties to include an office / sleep in accommodation on site, to provide supported accommodation for young people (16-24 years) to help them live independently whilst still providing intensive 24-hour support. With the approach being to seek grant funding and working with registered social landlords £2,000 of expenditure has been incurred. The balance of budget is carried forward to allow flexibility to support further accommodation where needs arise.

66. As part of the Right Home, Right Support Children Looked After Commissioning Strategy (2019-2022), £1.5 million was also made available

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in the programme over a two-year period to develop an emergency pop-up unit, assessment units, and additional residential places in the city. Whilst no expenditure was incurred, £500,000 was available during the year to secure additional properties, with any expenditure on both the above schemes to be repaid on an invest to save basis.

67. In parallel with the above the Council submitted numerous bids to the Welsh Government Intermediate Care Fund to support the development and acquisition of additional properties resulting in the Council's own allocations not being required in full at this stage. To utilise the £2.753 million of grant and allow the purposes to be met, Council funding for disabled adaptations was displaced and will be carried forward as slippage and towards acquisition of sites that are suitable and represent value for money:

- Improvements to respite accommodations at Ty Storrie for Children and Young People with Learning Disabilities and behaviour challenges.
- Two new young person's assessment centres which will be high quality, fully accessible, fit for purpose and able to accommodate a wide range of programmes, activities, and resources specifically to meet a wide range of health and well-being needs of young people to enable independent living in the future.
- Two residential properties linked to the new young person's assessment centres to facilitate service delivery specifically tailored to young people (10-17 years) and able to accommodate up to 3 young people each.
- A Ten bedroom young person's safe accommodation supported living unit, with a specific focus on supporting existing placements and helping young people to progress to live independent lives in permanent accommodation.

### **Planning, Transport & Environment**

68. Directorate Programme 2021/22 £52.663 million. Variance of £12.007 million identified.

### **Energy Projects & Sustainability**

69. In May 2019, the Council entered into an agreement to obtain grant funding of £6.628 million for Phase one of the Cardiff Heat Network project from the Department of Business, Energy and Industrial Strategy (BEIS) and this was awarded in March 2021. A further £8.600m interest free loan has also been agreed between the Council and Welsh Government and this will be passed on to Cardiff Heat Network (CHN) Limited, a special purpose vehicle created with the Council as sole shareholder. The total reimbursed to CHN for the year was £2.450 million.

70. A second phase of investment under the REFIT programme invested £1.349 million in energy conservation measures into the education estate including solar panels, sensors and lighting upgrades. Sites were selected following detailed assessment with the contractor including feedback from phase one

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and validation of the outcomes by SALIX. The investment will be paid back over an 8-year period from the savings generated from the measures.

71. There is an invest to save budget of £500,000 in place for the roll out of further Salix SEELS projects across the Council. With alternatives sources of funding available, there were no applications and so the budget line has been removed from the programme.
72. In May 2019, Cabinet approved the final business case to deliver a solar farm at Lamby Way. The Solar Farm is a long term invest to save project, undertaken on the basis of being self-financing over its operational life. Installation of the solar panels and the first electricity was generated following connection to the grid in December 2020. Due to conservation and timing issues, there had been a delay with the installation of the private wire, but this is now complete. After all costs including unforeseen costs arising from the pandemic, the current estimated cost of the scheme since inception are circa £9 million.
73. It should be noted that the costs of all projects identified above together with ongoing maintenance must be paid back from savings or future income generation.
74. The One Planet Cardiff Strategy is a strategic response to the climate emergency and includes a range of actions which together, form the basis of a delivery plan to achieve carbon neutrality across the city. As well as strategic projects mentioned above, the Council in 2020/21 allocated £3.9 million over 5 years towards capital investment and match funding for smaller schemes to support the strategy. The allocation for 2021/22 is £700,000, of which £270,000 was vired to the Central Transport Services budget to support the purchase of electric refuse collection vehicles. A grant of £100,000 was awarded and spent in year on a scheme piloting the use of reusable recycling sacks, as well as a grant of £70,000 awarded and spent in year on a scheme for enhanced food composting facilities in eight schools. The remaining £360,000 is to be slipped into 2022/23, with expenditure committed for approved projects.

### **Bereavement & Registration Services**

75. Works to create new burial space in the North of the city are now complete with the final contract sum in the process of being negotiated with the contractor. The cost of the scheme is £3.125 million in total, with expenditure on the project to be repaid from future income receivable as part of the bereavement reserve.
76. As part of the budget proposals in 2020/21, a segregated Capital asset renewal allocation for bereavement services was created to allow more of the bereavement reserve to be used to support the revenue costs of the service and Directorate. Due to slippage from the previous year, the total allocation for 2021/22 is £185,000, with expenditure of £90,000 to support site infrastructure improvements, new vehicles and plant.

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## Highway Maintenance

77. Expenditure on the reconstruction of structurally deteriorated roads which are deemed to be a priority was £450,000, with planned schemes including Grand Avenue, Hadfield Road, Rover Way, Heol Llanishen Fach, Willowbrook Drive, Heol Penyfai and Nant Fawr Crescent.
78. Other budgets for carriageway and footpath work total £7.672 million including slippage from 2020/21 and a specific Welsh Government grant received in the year. Numerous treatments on high speed routes, slurry seal (micro asphalt) and smaller value footway reconstruction and improvement schemes were undertaken. Slippage of £2.674 million is to be carried forward to complete this year's programme, with £1.7 million for use towards the cost of city centre highway improvement schemes, arising from air quality projects.
79. The contract to replace the timber surface of the Millennium Walkway was completed in October 2021, with additional costs to upgrade lighting, cabling and decayed timber as part of unforeseen issues identified following the removal of the old walkway. These additional costs have been met by a virement from the highway structures and street lighting budgets, with a total cost of circa £2.7 million.
80. Of the remaining bridges and structures budget of £1.303 million, whilst design works and priorities are determined from condition assessments, detailed design and works are to be undertaken in future years, resulting in slippage of a £902,000. Expenditure in year was primarily to replace expansion joints at various locations around the city, upgrade viaduct doors and install CCTV.
81. The street lighting renewals budget was utilised for subway lighting, column replacement and for the design process for electrical works on Eastern Avenue. Implementation of the latter continues to be delayed as a result of complexities arising arising from a high speed route and need for additional surveys. This has resulted in slippage of £384,000 into 2022/23, with design expected to be completed in July 2022, with a tender process to be undertaken thereafter.
82. Cabinet approved in May 2019, an invest to save business case for all remaining residential columns to be converted to LED. Following a tender exercise, the total cost is estimated at £5.200 million with £2.227 million of expenditure incurred during this year. This is lower than planned due to a restricted supply of lanterns resulting from shortages of semi-conductor components.
83. As part of a coastal risk management scheme to implement improvements from Rover Way to Lamby Way, Welsh Government grant is being utilised to develop the full business case, identify the preferred option, detailed design and cost estimates to construct coastal defence improvements. Cabinet considered a progress report on the scheme in June 2021 including the reasons for cost estimate increases. Work is being undertaken with Welsh Government to review next steps, with any contract award needing to be the

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subject of Welsh Government and cabinet approval including a clear understanding of risks, mitigations and funding being in place where this is different to existing assumption in the budget framework.

84. A sum of £250,000 Council match funding has been allocated towards the implementation of flood prevention measures together with Welsh Government grant funding of £506,000. This is for small scale schemes and post storm repairs. With only £12,000 match funding likely to be required this year, slippage of £238,000 is carried forward into 2022/23.

## Traffic & Transportation

85. The asset renewal telematics budget of £646,000 is intended to be used for replacement of obsolete analogue CCTV cameras at various locations with High Definition digital cameras, replacement of the electronic signage/control system for the North Road tidal flow lane control system and Bute Tunnel entrance electronic signage. Testing and supply chain issues have caused delay in implementation of projects, resulting in slippage of £501,000.
86. The total budget for cycling development in 2021/22, including slippage from the prior year, is £3.583 million, and is to be used to match fund Welsh Government grant funded schemes for cycleways. Slippage of £1.941 million is carried forward primarily because of the award of additional Local Sustainable Transport Covid Response funding for pop-up cycling improvements.
87. The Council Road Safety Schemes budget of £365,000 together with a sum of £877,000 Council match funding is used to help secure a range of grants where match funding is required. In most cases eligible grant is used first to avoid it being having to be returned.
88. The Welsh Government revised allocation to Cardiff for the Local Transport Fund is £2.978 million. The fund supports development of integrated, effective, accessible, affordable and sustainable transport systems undertaken include improving sustainable transport and active travel measures in the City Centre, specifically Castle Street, city centre works mitigation, bus priority measures on the Western Corridor and active travel improvement schemes.
89. The Welsh Government Road Safety Casualty Reduction grant of £120,000 was used to support projects that reduce road casualties including traffic calming and pedestrian improvements on Penarth Road, Clive Street Junction and Thornhill Road.
90. The Welsh Government revised allocation to Cardiff for Safe Routes in Communities Grant of £1.344 million was used for measures to improve accessibility and safety and encourage walking and cycling in communities. Improving routes to and from schools within the Canton and Trowbridge area was a focus during the year as part of a wider programme working with

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schools to increase the use of active modes for school journeys, through targeted interventions and behaviour change support.

91. Welsh Government Active Travel grant utilised in the year is £6.438 million and was used to increase levels of active travel, improve health and well-being, improve air quality, reduce carbon emissions and connect communities. Funding was used to support Cardiff Cycle Superhighway implementation including Cathays Terrace, active travel to schools, cycling equipment, improvements to the Integrated Cycle Network and a significant number of junction and pedestrian crossing improvement schemes throughout the city. Whilst some schemes were delayed because of consultation feedback and supply chain issues, these will be the subject of continuing grant bids in 2022/23.
92. A Local Sustainable Transport Covid Response Grant of £1.030 million was received from Welsh Government towards pop-up, low-cost solutions to reallocate road space in favour of sustainable forms of transport. This allowed the Council's own funding to be carried forward.
93. A new Welsh Government grant allocation to Cardiff to support Burns Commission recommendation for active travel, £225,000, supported support the provision of a secure indoor cycle hub in Cardiff city centre and the purchase of vehicle fleet specifically for cycle maintenance.
94. To comply with the requirement of the Environment Act 1995 – Air Quality Direction 2019, Welsh Government provided a grant for a range of agreed measures. Expenditure during 2021/22 included bus retrofit (£562,000); taxi vehicle emissions incentives (£233,000); and as part of the city centre transport projects, works on improvements at Central Square (£5.280 million)
95. Works at City Centre Eastside includes phase one of the canal and permanent bus priority measures on Station Terrace and Churchill Way, a permanent cycleway a revised car park routing system Following a tender exercise the initial phase, costing circa £6.5 million, has started on site, with works expected to be complete by the end of 2022/23. The project is funded by a combination of Cardiff Capital Region City Deal Metro Plus grant, Air Quality grant, Council match funding and a sum of £3 million Council funding included in the overall programme towards the canal. Expenditure during the year was £1.209 million.
96. To mitigate against the impact of the City Centre works in neighbouring areas, the Council has allocated a sum of £4 million, with £1.5 million assumed in 2021/22. Planned schemes, subject to design and consultation processes, include several sites in Grangetown and towards completion of transport and green infrastructure improvements at Tudor Road in 2022/23. The full in year budget is carried forward shown as slippage, with any project development costs in year met from Local Transport Fund grant.
97. A Welsh Government grant of £168,000 was awarded from the Ultra-Low Emissions Vehicle Transformation Fund to install electric vehicle charging infrastructure in Council's car parks. The installations and costs were

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subsequently met by Cardiff Capital Region City Deal, however £50,000 of the grant was used to fund a trial of electric vehicle charge points on streetlights.

98. The Council Bus Corridor enhancements budget of £289,000 is to be used to complete the A470 Phase 1 and will also be utilised for match funding towards Welsh Government Local Transport improvement schemes (A4119 Corridor Phase 2D and A470 Caedelyn Road to Tyn -y Parc Road Phase 2). A delay to the A4119 scheme and grant funding for the A470 has resulted in slippage of £139,000.
99. Slippage of £225,000 is carried forward towards the development of the transport interchange on the site of the former recycling site at Waungron Road. Design works in respect to a retaining wall will inform costs as part of a tender process in parallel with new council homes, office and commercial spaces as well as a new access road designed to integrate the proposed transport hub with the residential development.

### **Resources**

100. Directorate Programme 2021/22 £33.158 million. Variance of £18.747 million identified.

### **Technology**

101. The Modernising ICT budget aims to support digitisation of business processes. The total programme budget for the year is £636,000 and includes a virement of £209,000 from the budget allocated for Cycling Development within Transportation, for the upgrade of the Building Control IDOX software system. Expenditure in the year of £429,000 included phase two of the Corporate Landlord Scheme (£62,000), project costs of the digitalisation team (£81,000), SAP Information Lifecycle Management including GDPR and archiving (£66,000) and Digital telephony (£88,000).
102. Slippage of £541,000 is carried forward in respect to the ICT Refresh budget of £968,000 primarily because of linkage to the Alarm Receiving Centre and associated office accommodation projects and also the need to review alternative options because of supply chain and equipment prices to ensure value for money. This budget covers a range of projects to support resilience, capacity and capability including direct access and Wi-Fi replacement and server replacement.

### **Central Transport Services**

103. Expenditure in year on the vehicle replacement programme was £6.440 million, including purchase of electric vehicles and associated charging infrastructure at various Council sites. Funding is from a mixture of Welsh Government grants, and Council borrowing instead of leasing, which will be

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paid back from existing revenue budgets. A net amount of £2.304 million from the 2022/23 budget relating to this programme was brought forward into 2021/22.

## Corporate

104. A sum of £27,000 from the £200,000 contingency budget, was vired to Parks and Green Spaces for the acquisition of Hawthorn Woodland. The remaining £174,000 was not required during the year. No drawdown from the small invest to save fund of £500,000 was required either, reducing the overall programme for the year.
105. Cardiff Capital Region City Deal (CCRCD) has made no drawdown request in year as part of the Council's agreed £28.4 million Wider Investment Fund contribution to the region. The timing and value of any drawdown is subject to proposed projects being considered and approved by the CCRCD joint committee, but also the different funding streams available to CCRCD to manage expenditure obligations. Slippage of £6.492 million is to be reprofiled into future years.
106. The Core Office Strategy had an overall allocation of £9.750 million included in the programme over a three-year period with £5.679 million of this allocated for 2021/22. This was towards smarter working, digital infrastructure and building adaptations to allow consolidation into alternative council buildings. Drawdown of this allocation is subject to any expenditure being repaid on an invest to save basis. Actual expenditure for the year was £277,000, predominantly spent on design for adaptations and fit out of Oak House following its acquisition and the purchase of specialist equipment for the Alarm Receiving Centre (ARC). A contract for works is expected to be let in May 2022 with completion expected in March 2023.
107. A total of £260,000 allocated in 2020/21 was carried forward to this year towards a webcasting and conferencing system. A contract for the acquisition of equipment and cabling at City Hall and County Hall is in place, and to be completed in May 2022, with £160,000 to be carried forward into 2022/23.
108. The Construction Industry Training Board Onsite Construction Academy is hosted on the Wates Residential Aspen Grove development at the old Eastern High site in Rumney. Expenditure of £107,000 relates to purpose-designed demountables hosting a large classroom area, kitchen and toilet facilities, a reception point and office space, which is now active following easing of Covid-19 restrictions.
109. The second tranche of viability support (£6.6 million) provided to Cardiff Bus was referred to in the report to Council in October 2020 headed "Securing the Future Sustainability and Viability of Cardiff City Transport Services Limited". Following completion of equity subscription agreements, additional equity was injected into the company in September 2021. Along with the energy retrofit of buildings project, Council funding allocated to this project

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has been displaced, allowing a Welsh Government Grant to be received, with the resulting funds to be used to develop a grant scheme for bus operators to expand electric bus fleet use in the city. The detailed terms of the Council vehicle grant scheme are to be developed in 2022/23.

### **Public Housing (Housing Revenue Account)**

110. The Programme for HRA was £100.980 million, a variance of £39.584 million, mostly attributable to delays in construction projects as well as the receipt of £14.240 million of grant late in the year which displaced the Council's own resources at the end of the year.
111. A total of £5.623 million was spent on estate regeneration, tackling issues of community safety, defensible space, waste storage and courtyard improvements to blocks of flats. Expenditure includes projects at the Roundwood Estate, Arnold Avenue/Bronte Crescent, Pennsylvania Avenue and Trowbridge Green in addition to refurbishment of a property at Column Road.
112. Expenditure on building improvements as well as new Homlessness provision totalled £23.004 million for the year, including the acquisition of the former YHA hostel in Butetown for £6.400 million and progression of the Adams Court project at Newport Road at a cost of £3.190 million for the year. In March 2022, a Welsh Government Building Safety Grant of £12.920 million was bid for and received, and this displaced Council funding already having taken place linked to safety measures. Displaced Council funding will be available in 2022/23 and future years to be spent on further building safety measures, particularly focusing on fire safety of tall buildings.
113. Grant funding of £1.320 million received in year from the Integrated Care Fund (ICF) towards the new build young persons supported living unit has been utilised to displace council funded expenditure on the Disabled Facilities Service. Displaced funding is to be used towards the young persons accommodation as part of the new build programme. Total expenditure on adaptations for the year was £2.502 million, with slippage of £848,000 into 2022/23.
114. Expenditure on the development of new housing over several sites during the year was £30.267 million in total, and lower than initially profiled. In respect of Cardiff Living, only one scheme remains in progress for Phase one, the PassivHaus scheme at Highfields which is expected to complete in the autumn of 2022, with phase two and three schemes in progress. The early-stage master-planning is well underway on the proposed older person/wellbeing village on the former Michaelston College site which will deliver in the region of 250 new homes and a wide range of public buildings providing a range of facilities for the local community with a focus on older people and health and well-being. Work is well underway for the low-carbon scheme on the Former Rumney High school site and on the former Howardian school site in Penylan, with all private houses released for sale on Howardian phase 1 having sold off-plan.

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115. Progress on other development projects outside of Cardiff Living include the conclusion of the tender exercise and award of JCT contracts for the St. Mellon's and Maelfa older person community living buildings as well as development of homes on the former Local Training Enterprise Centre building in St. Mellons. Planning permission has been granted for the Channel View masterplan, Riverside/Canton Community Centre and the proposed development of Waungron Road, Llandaff. Work on site commenced in August for the development of 28 one and two bed flats on the former Paddle Steamer pub site in Butetown and the scheme to deliver 16 new council homes at Caldicot Road in Caerau was completed and handed over in September 2021.
116. Overall, a national shortage of materials and labour supply is a source of concern for the development industry. As a result, and due to the receipt of new grants late in the financial year, total slippage of £39.584 million is recorded and to be reprofiled as part of the 2022/23 programme.

### **Section 106 schemes and Other Contributions**

During the year, contributions are received in accordance with planning obligations or other agreements and then spent on capital or other schemes in line with those agreements.

Projects paid for using contributions in 2021/22 include:

- Parks and Green Spaces – Adamsdown open space, Caerau Hillfort project, Maindy park, Blackweir woodland footpath, Llandaff Fields, Leckwith allotments Parc Tredelerch and Public Space Protection Order signage at various parks around the city.
- Traffic and Transportation – Public transport improvements, junction improvements, bus stops and bus borders; installation of CCTV and real time information, telematics and transportation schemes including the provision of bus routes in the city and strategic transport initiatives.
- Strategic Planning & Regulatory – Air quality monitoring.
- Neighborhood Regeneration – Provision of a library service within the Cardiff Royal Infirmary, improvement of community facilities at Penylan Library and Community Centre and Lisvane Old School Rooms.
- Economic Development – Support for small to medium enterprises.
- Education and Lifelong Learning – Asset renewal schemes relating to schools in the Canton ward and Cathays High School
- Public Housing – Development of new Council housing.

The table below shows the contributions held at 31 March 2022 based on the area of expenditure. These are proposed to be spent in future years, with the profile of expenditure to be updated alongside the next monitoring report for 2022/23. Any profiling of use will need to be realistic having regard to capacity and skills to deliver projects as well as other interdependencies.

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	<b>Balance as at 31 March 2022</b>
	<b>£000</b>
Parks & Green Spaces	4,788
Traffic & Transportation	4,323
Strategic Planning and Regulatory	2,619
Neighbourhood Regeneration	1,877
Economic Development	484
Education	4,883
Public Housing (HRA)	3,261
<b>Total</b>	<b>22,235</b>

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Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

**CARDIFF COUNCIL  
CYNGOR CAERDYDD**



**CABINET MEETING: 23 JUNE 2022**

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**APPLICATION FOR A HACKNEY CARRIAGE FARE INCREASE**

**TRANSPORT & STRATEGIC PLANNING (COUNCILLOR DAN DE'ATH)**

**AGENDA ITEM: 3**

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**Reason for this Report**

1. To consider an application made by the Unite the Union/Cardiff Hackney Carriage Alliance to vary the current rate of hackney carriage fares in Cardiff.

**Background**

2. The Council may fix or vary the rate of fare for the hire of a hackney carriage under the provisions of Section 65 of the Local Government (Miscellaneous Provisions) Act, 1976. The Section requires that any variation of the fare must be advertised in a local paper and that a period of notice of at least 14 days be given to enable any person to make objections.
3. The current tariff of fares has been in place since March 2018 and is shown in Appendix A
4. An application has been made by Unite the Union/Cardiff Hackney Carriage Alliance (The Alliance), who are the formally recognised taxi trade organisation in Cardiff, to increase the tariff of fares that hackney carriages can charge for journeys that start and end within the city.

**Hackney Carriage Alliance's Request**

5. The Alliance's application introduces changes to the structure of the tariff, resulting in three tariffs in operation depending on the time and day. This fare structure results in higher fares during evenings, weekends, nights and bank holidays.

This structure results in increased fares during weekday evenings and weekends (Tariff 2), and further increased fares on weekday nights, weekend evenings and bank holidays (Tariff 3).

All tariffs start at £3.50 and the price increases in increments of 20p, the difference between the tariffs is the distance travelled for each 20p

increment (otherwise known as the click). For example, Tariff 1 increments are every 170 yards, Tariff 2 are every 150 yards, and Tariff 3 are every 130 yards. Full details of the request, including supporting information, are shown in Appendix B.

6. In support of the application the Alliance states:

*“This is an overhaul of how the meter system currently works in Hackney vehicles yet keeps the rates at a reasonable and affordable price to the public while assisting the future of the trade in Cardiff. Consideration was also given to the unsociable hours and working bank holidays in tariff 2&3 as all other workplaces compensate their workforce when working at such times.*

*The proposed raise would bring Cardiff from number 156 on the table of all UK Hackney rates to a modest 54th position and in line with other districts such as Glasgow, Adur and Nottingham to name a few which have had their rates last increased as far back as 2014 and are due to undergo the same exercise as Cardiff is currently undertaking.*

*While the initial figures look to be a leap of increase, these figures compared to the increase of the cost of living since 2017 (12.1%) and the increase in fuel for the same period (56%) you will recognise that great care has been taken in considering this proposal”.*

7. The proposal would increase the cost of an average 3-mile journey by 21.8% during the day, 32.1% during the evening and weekends, and 28.4% during the night and bank holidays. The waiting time will increase from 20p for each period of 48 seconds, to 30p for each period of 30 seconds. The charge for soiling the vehicle will also increase from £50 to £60.
8. The following tables provide details of the current maximum fares for journeys within Cardiff with a comparison to the proposed tariffs.

**Monday to Friday 05:00 – 20:00**

<b>Journey Length</b>	<b>Current Tariff</b>	<b>Alliance Proposal</b>	<b>Percentage increase</b>
1 mile	£4.20	£5.30	26.2%
2 mile	£6.00	£7.50	25%
3 mile	£7.80	£9.50	21.8%
4 mile	£9.60	£11.50	19.8%
5 mile	£11.40	£13.70	20.2%
10 mile	£20.40	£24.10	18.1%



**Monday to Friday 20:00 – 22:00**  
**Saturday & Sunday 05:00 – 22:00**

<b>Journey Length</b>	<b>Current Tariff</b>	<b>Alliance Proposal tariff 2</b>	<b>Percentage increase</b>
1 mile	£4.20	£5.50	30.1%
2 mile	£6.00	£7.90	31.2%
3 mile	£7.80	£10.30	32.1%
4 mile	£9.60	£12.70	32.3%
5 mile	£11.40	£14.90	30.1%
10 mile	£20.40	£26.70	30.1%

**Any Day 22:00 – 05:00 and all-day Bank Holidays**

<b>Journey Length</b>	<b>Current Tariff After midnight</b>	<b>Alliance Proposal tariff 3</b>	<b>Percentage increase</b>
1 mile	£5.20	£5.90	13.5%
2 mile	£7.00	£8.70	24.3%
3 mile	£8.80	£11.30	28.4%
4 mile	£10.60	£14.10	33%
5 mile	£12.40	£16.70	34.7%
10 mile	£21.40	£30.30	41.6%

**Considerations**

- The average annual rate of inflation (CPI) between March 2018 and February 2022 was 2%, therefore, the proposed increase is above the rate of inflation since the previous fare increase. However, the rate of inflation in February 2022 is 5.5% and this is forecast to rise throughout 2022.

(Please also note that CPI may not be truly representative of the additional costs associated with the taxi trade, which include the cost of fuel and used cars. The cost of used cars has increased significantly since the start of the Covid 19 pandemic and fuel costs have also risen significantly above inflation and are forecast to rise further in 2022).

10. The [AA Fuel Price Report](#) shows that the cost of diesel has increased from a Wales average of 122.2p per litre in March 2018 to 151.0p per litre in February 2022 (23.6% increase). Unleaded 95 Octane petrol has also increased during the same period from 119.3p per litre to 147.2p per litre (23.4% increase).
11. It should be noted that since February 2022 (the latest AA fuel report available at time of writing) the cost of fuel has risen significantly. On 30<sup>th</sup> May 2022, the cost of fuel at Tesco, Western Avenue is 178.9p per litre for diesel and £163.9p per litre for petrol. This is an increase of 46.4% for diesel and 37.4% for petrol, compared to the Wales average price in March 2018.
12. Hackney Carriage Vehicle Licence fees have increased by 3.9% since March 2018 from £154 to £160 for a 12-month renewal.
13. Consideration should be given to obtaining a balance between increasing the fare to compensate in the increase of costs of running a hackney carriage and ensuring that the increase does not deter the public from using hackney carriages.
14. For information the following table provides details of the daytime rate of the 2-mile fare currently authorised by the Council alongside the proposed fare and fares authorised by a sample of licensing authorities in March 2022:

<b>Authority</b>	<b>Cost per 2-mile journey</b>
London	£8.60
Watford	£8.40
Reading	£8.00
Oxford	£7.60
<b>Alliance Proposed Tariff</b>	<b>£7.50</b>
Cheltenham	£7.40
Brighton	£7.40
Bath and North East Somerset	£7.20
Wiltshire	£7.00
Carmarthenshire	£6.80
Somerset West & Taunton	£6.80
Plymouth	£6.60
Bristol	£6.40
Leeds	£6.40
Birmingham	£6.20
<b>Cardiff (Current Tariff)</b>	<b>£6.00</b>
Conwy	£6.00
Vale of Glamorgan	£6.00
Manchester	£5.90
Bridgend	£5.80
Swansea	£5.70
Newport	£5.60
Powys	£5.40
Blaenau Gwent	£5.20
Rhondda Cynon Taf	£5.20

15. Cardiff is 161<sup>st</sup> in the 2-mile fare league table out of 358 local authorities, as printed in the [March 2022 edition of Private Hire & Taxi Monthly](#). The proposed increase would move Cardiff to 10<sup>th</sup> out of 358 local authorities.
16. However, there are several fare increases being implemented by Local Authorities since the March report. Therefore, Cardiff would be 23<sup>rd</sup> out of 358 local authorities as of 30<sup>th</sup> May 2022. Comparable authorities on 30<sup>th</sup> May 2022 are:

<b>Authority</b>	<b>Cost per 2-mile journey</b>
London	£9.80
Watford	£8.40
Reading	£8.00
Brighton	£7.80
Oxford	£7.60
Southampton	£7.60
<b>Alliance Proposed Tariff</b>	<b>£7.50</b>
Cheltenham	£7.40
Bath and North East Somerset	£7.20
Wiltshire	£7.00
Carmarthenshire	£6.80
Somerset West & Taunton	£6.80
Plymouth	£6.60
Bristol	£6.40
Leeds	£6.40
Birmingham	£6.20
<b>Cardiff (Current Tariff)</b>	<b>£6.00</b>
Conwy	£6.00
Vale of Glamorgan	£6.00
Manchester	£5.90
Bridgend	£5.80
Swansea	£5.70
Newport	£5.60
Powys	£5.40
Blaenau Gwent	£5.20
Rhondda Cynon Taf	£5.20

17. The highest fare increase in March, April and May was implemented by Southampton moving the 2-mile fare by £3.20 from £6.20 to £9.40.
18. Should Cabinet agree to vary the tariff, the variation would need to be advertised for a period of at least 14 days to permit persons to make an objection. Should there be no objections; the variation would then come into effect on the date of the expiry of the period of notice. However, should an objection be received the objection would need to be considered by Cabinet before the variation is implemented.

## **Reason for Recommendations**

14. The report seeks determination of the application to vary Cardiff Council's Hackney Carriage tariff of fares. It is a legal requirement that the approved tariff applies to all hackney carriage journeys that start and end within the Cardiff boundary.

## **Financial Implications**

15. The decision maker needs to be content with the rationale for the fee increase which will include evidence of rising costs and fairness in the supplier market and consideration of the customer.
16. It should also be noted that the Council is a major customer of the taxi industry in areas such as Additional Learning Needs Schools Transport and consideration will need to be given to the solutions required to resolve any additional financial impact on related budgets in the short and medium term.
17. The increase in fares will need to be publicly advertised and the associated costs of advertising will be borne by the Licensing Service from within its existing budget

## **Legal Implications**

18. If Cabinet decides to amend the fare tariff it will be necessary to give public notice in accordance with Section 65 of the Local Government (Miscellaneous Provisions) Act 1976. The Cabinet will then have to consider any objections that are received.
19. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

## **HR Implications**

20. There are no HR implications as a result of this report.

## **Property Implications**

21. There are no property implications as a result of this report

## RECOMMENDATIONS

Cabinet is recommended to:

1. Note the issues and impacts to taxi fares set out in the report
2. Approve the application put forward by the Cardiff Hackney Alliance/Unite with an implementation date of 1 September 2022 (provided that there are no objections).
3. Authorise the advertisement of the variation in a local newspaper.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>Neil Hanratty</b> <b>Director of Economic Development</b>
	17 June 2022

*The following appendices are attached:*

Appendix A: Current Hackney Carriage Tariff

Appendix B: The Alliance's application to increase hackney carriage fares

Appendix C: [Private Hire & Taxi Monthly Fare League Table](#)

Mae'r dudalen hon yn wag yn fwriadol

**CARDIFF COUNCIL  
CYNGOR CAERDYDD****CABINET MEETING: 23 JUNE 2022**

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**WELSH GOVERNMENT WHITE PAPER – ‘ONE NETWORK, ONE TIMETABLE, ONE TICKET’ CONSULTATION RESPONSE****TRANSPORT & STRATEGIC PLANNING (COUNCILLOR DAN DE’ATH)****AGENDA ITEM: 4**

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**Reasons for this Report**

1. To approve the Council’s response to the Welsh Government White Paper consultation “One network, one timetable, one ticket: planning buses as a public service for Wales” in Appendix A.
2. To note the Council’s ambitious wider Bus Improvement Programme that is delivering the objectives defined in the Transport White Paper that was approved by Cabinet in January 2020.

**Background**

3. The Welsh Government published a bus services white paper consultation ‘One network, one timetable, one ticket: planning buses as a public service for Wales’ on 31<sup>st</sup> March 2022 which closes on 24<sup>th</sup> June 2022. It seeks to establish a new policy environment for the funding and delivery of bus services on a national basis. In this regard, The White Paper proposes legislative change which would affect the current role of the Council in the delivery of bus services. This report seeks approval for the proposed response to the Consultation in Appendix A.
4. The Welsh Government established the Bus Emergency Schemes (BES) as hardship funds which operated from April 2020 to 31 July 2022. This scheme provided essential support for the bus industry during COVID19, and ongoing funding is being arranged under BES3.0 which is soon to be confirmed. This ongoing assistance is needed because patronage has not returned to pre-COVID19 levels. In return for this financial support the Welsh Government signalled that it expected operators to contribute to a reshaping of bus services in Wales – to include improved regional networks with greater integration with rail services, smart ticketing and timetabling. The current White Paper is proposing changes in legislation that will further facilitate the progression towards achieving this improved bus network.

5. Furthermore, in policy terms, the new Wales-wide transport strategy “Llwybr Newydd: the Wales Transport Strategy 2021” sets a new framework for transport decision making, with greater emphasis on sustainable travel and carbon reduction requirements. The strategic goal for buses is “...a stable and coherent network of bus services that are fully integrated with other modes of public transport, that are reliable, affordable, flexible, easy to use, low-carbon and that encourage more people to use the bus rather than their cars.” Greater public sector control of bus services is envisaged being delivered through the proposed new legislation.
6. Pre-COVID19, bus services that were not provided commercially in Cardiff and considered to be necessary were tendered using limited funding available either from Welsh Government grants or the Council’s own revenue. Bus patronage has only returned to approximately 70% of the pre-COVID19 levels which means that many bus services would not be able to be operated commercially. The risk to the Council of having to provide for additional supported bus services is currently protected in part through the Welsh Government funding provided through the Bus Emergency Scheme (BES) framework.

### **Cardiff Council Bus Improvement Programme**

7. The delivery of a bus and rail-based public ‘mass transit’ transport system is a priority of Cardiff Council. As a result of this strategy development and working with key partners, a substantive delivery programme is currently moving forward to meet this ambition.
8. The Cardiff Transport White Paper, 2020, seeks to double bus usage in the city by 2030. In this strategy a range of major programmes were identified including delivering a new central bus station, integrated transport interchange at Cardiff Central, bus rapid transit routes linked to the region and joined up with the new Metro network of train services, Park & Ride facilities at strategic sites including Junction 33 and Junction 32/A470, using SMART corridor technology to give buses priority at traffic signalised junctions, bus priority lanes, improve bus access to regional destinations including Newport, Pontypridd and Penarth and making sure all buses in Cardiff are clean, green and efficient.
9. One of the mechanisms suggested was the introduction of a £1 fare for trips within Cardiff. This approach, though in a more limited form, was trialled in the pre-Christmas 2021 period and was successful in attracting new users to buses. There were approximately 85,000 bus journeys by people that took up the offer of the Council’s £1 bus promotion scheme that operated for a fortnight from 3rd to 16th December through a Voluntary Partnership Agreement with Bus Operators. Adventure Travel, Cardiff Bus, Edwards Coaches Ltd, First Cymru and Stagecoach South Wales participated in the scheme. The scheme along with targeted traffic network interventions by the Council’s team in the Control Room made a significant difference in managing the increased demand in travel over the Christmas shopping period. The online feedback survey generated 313 responses with 163 having used the £1 discounted fare:



- 12% were new bus users and 25% were returning to use the bus.
  - 41% of the new and returning users confirmed they would continue to use the bus.
  - An independent survey by Systra for Transport for Wales (TfW) between 2<sup>nd</sup> February and 3<sup>rd</sup> March 2022 indicated that 17% of the bus users during the £1 Bus Fare Promotion scheme made approximately 4 more trips on average by bus than they usually would. 21% of these trips would have been made by a different mode and 50% were journeys they would not have made otherwise. 82% of them stated that the reduced bus fare was the main reason for the increased use by bus. The results also indicated that 61% of those surveyed were not aware of the December scheme and 30% of them indicated they would travel more by bus if the £1 bus promotion was offered in the future.
10. Future opportunities to introduce the £1 bus fare are now being explored and will be subject to successful funding bids. The Cardiff Transport Strategy also proposes an integrated network of bus services and park and ride facilities across the city.
11. In July 2021, Cabinet approved undertaking public consultation and engagement to develop a more focussed Bus Strategy for Cardiff. There will be a further report on the draft Bus Strategy for Cabinet approval by December 2022. Subject to the outcome of consultation and decision, the key strategic action programmes identified in the strategy proposed to be delivered are:
- Big Move 1: Complete the Bus Interchange
  - Big Move 2: Create New Priority Bus ‘Smart’ Corridors
  - Big Move 3: City Centre Package
  - Big Move 4: Metro Integration, Integrated Ticketing and Information Package
  - Big Move 5: Fares
  - Big Move 6: Review of Bus Network Governance arrangements for the medium and long term
  - Big Move 7: Creating a Better Customer Experience
  - Big Move 8: A Low Emission/Zero Carbon Bus Fleet
  - Big Move 9: Integration of Schools Transport
12. In particular, Cardiff is currently developing Big Move 2 and Big Move 3 programmes of a five- year implementation plan for an exemplar bus route network. It will include corridors linking the key bus user communities on the strategic corridors to the City Centre, bus priority improvements with targeted segregation and technological improvements to manage traffic signals on key major routes to establish a network of ‘Smart Corridors’ giving bus travel a measured advantage over the private car. It will also identify infrastructure improvements to bus routes and stops in the City Centre ensuring the flexibility of bus route services.
13. In addition, Cardiff has been highly successful in achieving funding for the transition to a low carbon bus fleet. Cardiff Council facilitated the award of funding from the UK Government ULEB fund to Cardiff Bus for the provision of 36 electric buses and associated bus depot infrastructure.

Funding has been made available through the Welsh Government to facilitate further provision of electric buses to bus operators. The details of the scheme will be the subject of a subsequent report to Cabinet that will seek approval to engage with bus operators on the scope of the scheme.

14. Furthermore, the Council is working in collaboration with the Welsh Government, Transport for Wales (TfW), Burns Delivery Unit, Cardiff City Region, key partners and stakeholders on the following programme of bus projects and initiatives:
- £1 Bus Fare Promotion – 2021 trial and future opportunities.
  - Integrated ticketing trial between Cardiff and Newport (Welsh Government and TfW).
  - Fflecsi – demand responsive pilot in Cardiff (TfW) – ended 25<sup>th</sup> April 2022.
  - Development of the Mobility as a Service (MaaS) Integrated Ticketing Phone App (led by TfW).
  - Bus Strategy for Cardiff – by December 2022.
  - Park and Ride Strategy for Cardiff – by December 2022.
  - New Integrated Train Station at Newport Road (WelTAG study - Burns Delivery Unit).
  - New Integrated Train Station at Cardiff Parkway, St Mellons (Planning approval granted March 2022).
  - Clean air improvements in the City Centre to the benefit of bus services – Central Square (by June 2022), City Centre East – Phase 1 (by March 2023), Castle Street (by March 2023), Boulevard de Nantes (by December 2023).
  - Future regional bus rapid transit links, and local bus route improvements by September 2023 (Design and WelTAG study collaboration with bus operators, Welsh Government, TfW, Burns Delivery Unit and Cardiff City Region).
  - Strategic bus network and service improvements through s106 developer contributions.
  - Electric buses grant funding from the Welsh Government.
  - Replacement of the Bus Real-Time Passenger Information system – subject to funding.
  - Bus stop infrastructure improvements – subject to funding.
  - Smart Corridor ‘Living Lab’ trials.
  - Bus Lane and Bus Gate improvements (Penhill bus lane – 2022/23, Llanrumney bridge crossing scheme – subject to planning permission)

***Welsh Government White Paper -One Network, One Timetable, One Ticket***

15. The recently issued Welsh Government White Paper aligns fully with the Council bus enhancements programme. The paper seeks to trigger new legislation to change the governance arrangements for local bus services (see Appendix B). At present, local bus services are run on ‘for profit’ basis by private companies. Cardiff Bus Services Ltd is a wholly Council owned private company that along with other operators provide all bus services in Cardiff. The Council has powers to subsidise socially necessary routes that cannot be operated commercially. As a short term

measure the Welsh government has provided emergency financial support (Bus Emergency Scheme - BES) to ensure a full network of services has been maintained during the covid19 pandemic. In effect, open competition between operators for passengers on street has been suspended.

16. The White Paper has at its heart an analysis of why change is necessary for bus services to have a stable future and lead the Welsh decarbonisation of transport transition. Bus patronage historically has declined since the 1960s and is mirrored by a corresponding rise in car ownership and use.
17. Overall, from the Council's perspective, the stated objectives of the proposed reforms align closely to the Cardiff Transport White Paper 2020 as well as the One Planet Strategy and Local Development Plan. The need to provide a coherent, effective, efficient and clean bus network is acknowledged. On this basis, there is much to recommend in the Welsh Government White Paper and the position of the Council is one of support. Nonetheless, there are issues that will need to be considered carefully and resolved in terms of control of the local network, use of local funding including section 106 developer contributions, procurement, network integrity, market stability and risks to Municipal Bus Companies.
18. The White Paper consultation is not setting out any proposals for changes to the Learner Travel Measure, which governs the provision of school transport by local authorities. It is understood that the Welsh Government intends to undertake a full review in due course which will be subject to consultation. There may be opportunities to explore the procurement of school transport at a regional and/or national level for larger buses to be aligned with public transport wherever it is appropriate and efficient to do so.

## Issues

### ***Welsh Government White Paper Consultation: 'One network, one timetable, one ticket: planning buses as a public service for Wales'***

19. There are a number of key issues that emerge from this paper. The White Paper seeks to justify changes in the legislative framework for bus services in order to achieve the following goals:
  - Bus services help to create a prosperous Wales by enabling people to get to and from their places of work, education, or to hospitality or social activities.
  - A resilient and globally responsible Wales is created when buses encourage people out of their cars onto more efficient transport. Buses also enable our communities to be more cohesive and keep our language and culture thriving.
  - By using the bus, we can help improve air quality and reduce our carbon footprint, contributing to a healthier Wales.
  - Finally, a more Equal Wales is created through widespread access to bus services which makes it affordable for all members of society.

### ***The Franchise Model: Balancing Local Control and System Coordination***

20. The central premise of the White Paper is that changing governance arrangements and installing more prescriptive standards for service delivery including simplified ticketing, high quality information provision and value for money fares, are essential to support growth in bus travel.
21. As a base proposition the White Paper sets out that a Wales wide model of franchising (i.e., tendering) of bus routes or geographic areas of the bus network will result in streamlined service delivery, more efficient use of resources and a higher quality, more well used, network. By implication, the tenders would control the quality, quantum and network coverage of bus services.
22. The franchise model proposed would see TfW take the lead on network planning, tendering and control of bus routes / network areas and the setting of service standards on behalf of the Welsh Government. This approach would be in conjunction with Corporate Joint Committees (CJCs) and local authorities. In Summary, it is interpreted from the White Paper that the governance proposed is likely to be as follows:
  - Local authorities have a say in designing the network with assistance from TfW;
  - CJC's prepare a regional plan with input from the local authorities;
  - TfW works on behalf of the Welsh Government to combine the networks into a national plan;
  - National Supervisory Board reviews the plans and makes recommendations to the Ministers; and
  - Ministerial approval of the national plan.
23. It is understood that TfW would then implement the overall franchise plan on behalf of the Welsh Government. It is also understood that the White Paper is proposing to allow Welsh Ministers to delegate the franchising power. However, the White Paper notes that they are not expecting to do so, but the provision future-proofs the primary legislation against unplanned changes to delivery structures, so that powers could be delegated to a statutory delivery body, should it be deemed appropriate in future.
24. Despite enabling a more coordinated approach, the franchise proposals raise the risk of diminishing local authority control over what is in the majority of cases a very localised and important public service. It is acknowledged that the processes of procuring any resulting bus franchises could be centralised with useful economies of scale. However, the determination of the network, its coverage and service patterns are issues with significant local focus.
25. Overall, the national network of long-distance bus services, such as Traws Cymru, due to its integration with the rail network has a robust case to be under national TfW led control. It is important that in the South East Wales region the CJC has a strong partnership role with TfW, in defining

the regional network of inter-urban bus routes in conjunction with local authorities.

26. The White Paper presumes that the actual delivery of service would continue to be by private companies together with current and potentially new council owned entities, including Cardiff Bus through TfW controlled franchises. Accordingly, the recommended response in Appendix A suggests as a matter of principle, franchising is an appropriate tool for the management of bus services. However, given the limited detail provided on how the franchising proposal would operate and the very real concern that local accountability would be lost in a single national franchise, the Council's response caveats this support.

### ***Approach to Funding***

27. A further concern relates to the lack of clarity over future funding streams within the White Paper. Experience elsewhere of franchised bus networks, e.g., London and the proposed scheme in Manchester, show bus networks are heavily reliant on substantial ongoing public subsidy. A franchised network will require funding to be established and all subsequent revenue risk from operations would transfer to the public sector.
28. Ultimately, higher quality and improved bus services will increase costs. Therefore, without a robust funding proposal the certainty that the desired outcomes can be secured is not able to be established.
29. A high-level analysis on a Wales wide basis suggests a significant shortfall in resources allocated to bus services is a real possibility. The Regulatory Impact Assessment (RIA) of the White Paper (see Appendix C) makes assumptions about efficiency gains both in organisational matters and on road service delivery. The consultation material explicitly asks if 'affordability' should be a guiding principle of a new regulatory approach. Without an indicative funding proposal or structure set out, an affordability test cannot be defined or applied at this time.
30. The Council currently has a supported services revenue budget of approximately £650,000 per annum through the Welsh Government Bus Services Support Grant (BSSG). There has been an ongoing need to support additional bus services that have been withdrawn by bus operators because they are not commercially viable. Approximately £430,000 of the Financial Resilience Mechanism fund has been used to provide support to these services. The possible shortfall in resources outlined above, together with the expressed desire for both qualitative and quantitative improvements in bus services is likely to increase pressure on these budgets.
31. Given the proposed franchising structure with revenue incentives and risk falling to the public sector, a series of non-financial rewards and penalties would need to be established within the franchises to ensure high standards of performance by operators. The White Paper makes no proposals in this area.

### ***Municipal bus companies and 'operators of last resort'***

32. The White Paper seeks to promote municipal ownership of bus companies and through legislation remove the current ban on new municipal bus operations. In this regard, Cardiff Council (and Newport Council) are in a unique situation having retained municipal ownership of their respective bus operators.
33. The consultation seeks views on the removal of the ban and tests changes to financing strategies for municipal operators. These could have advantages for Cardiff Council should existing municipal operators be included. The White Paper offers limited detail on financial governance arrangements, but it would appear prudent that any investment proposal would be subject to usual local government approval processes.
34. Whilst municipal ownership is encouraged, the White Paper does not suggest that the current arms-length ownership arrangements be abandoned. Therefore, it remains unclear if, for example, the Council could seek to re-establish the Council passenger transport department should that be desirable to directly influence bus service decisions.
35. Cardiff Bus enjoys significant network coverage in the wider Cardiff area. The White Paper makes no observations on how or if market share in the Council's area could or indeed should be protected under a franchise situation. The White Paper whilst encouraging municipal ownership makes no reference to the very real challenges that UK competition law could bring to such a situation if that approach were to be followed. Council officers are exploring how such a scheme could work and expect to take legal advice in due course to confirm the courses of action available. At this stage the proposed consultation response seeks greater clarity on the Welsh Government's thinking on this issue and how a resolution could be achieved.
36. Competitive tendering for franchises will be very challenging for municipal bus companies against a low-cost operator. If the Council's Municipal Bus Company, Cardiff Bus, does not win a franchise or a sufficient number of them to sustain the business, there would be significant liabilities on the company related to potential redundancies, pension costs and asset write-offs. The White Paper does not offer a mechanism to protect municipal bus companies from exposure to the risks associated with competing for franchises. Protecting municipal bus operators is likely to require a mechanism where direct award is permitted. However, competition law and the circumstances where this might be appropriate to ensure this can be legal will need careful consideration as competition law is not a devolved responsibility.
37. The White Paper also makes provision for the merger of municipal bus companies. Whilst some local authorities may wish to create municipal bus companies and merge them, this is unlikely because of the potential risks. There may be potential to create efficiencies and consistent working practices. However, this could dilute local ownership and influence.

38. The consultation seeks views on whether an 'operator of last resort' (OLR) is required in a franchising situation to ensure service continuity should an operator fail or exit the market for other reasons. Although not explicit, the suggestion is that municipal operators could have a role in providing operator of last resort support. Should franchising emerge as the preferred governance model such a provision will be necessary, but the White Paper consultation is unclear about how this would be structured. On this matter, further clarification will be required.
39. Any failed franchise operator will own or lease its assets including vehicles and depots. The White Paper indicates no powers for the OLR to acquire these assets to conduct operations immediately following a market failure. There are such powers for rail operations.
40. Overall, considerable uncertainty exists regarding the detail of the proposals in the White Paper. It provides opportunities for the creation of new municipal bus operators but does not consider existing municipals. How the proposals might impact on the Council's responsibilities as the Shareholder of the Municipal Bus Company, Cardiff Bus (Cardiff City Transport Services Limited) will require detailed consideration at the appropriate time once the Bus Bill takes account of the feedback that is received as part of the consultation and the practical mechanisms for delivery of better bus services become known.
41. The potential impacts on the Council's responsibilities with regards to the Transport Act 1985 are also uncertain and where the responsibility could sit is not yet known. The Transport Act 1985 introduced deregulation of bus services throughout Great Britain. Deregulation of the buses has led to a free market where anyone (subject to minimum safety and operating standards) can operate bus services. Local Authorities are obligated to provide supported bus services in accordance with tests in Section 63 of the Transport Act 1985.

#### ***Decarbonisation - fleet renewal***

42. The White Paper seeks to achieve a net zero emission bus vehicle fleet through a leasing arrangement. The RIA suggests that increased leasing costs may be offset by the lower running costs. Given the current limited rate of fleet renewal this proposal has merit provided it can increase this rate. The lack of detail in the White Paper about the model of investment in low carbon vehicles is unfortunate given the urgency that is required and the need to ensure the private sector component is deliverable. The White Paper should recognise the range of pathways for fleet renewal that are available and require that these are fully tested. It is clear, however, that whichever model is adopted substantial additional funding is likely to be needed to achieve the Net Zero Wales target of the service bus fleet to be zero emission by 2035.

### ***Bus Depot Facilities***

43. Should the Welsh Government's aim of increasing frequencies and ridership be attained, more vehicles and additional depot space will be required, which will translate at some stage into a requirement for additional bus depots, as well as renewal of existing facilities. Land allocations for bus depots will need to be local which is another reason network planning decisions should be made locally.

### ***Bus Passengers Charter***

44. The introduction of a bus passengers charter is an essential step that should be taken irrespective of the future legislative programme. This would bring an immediate and visible sign of progress to users and potential users. The key to a successful charter will be sufficient resources to deliver a high-quality timely response when passenger expectations are not met.

### ***Fares, ticketing and information provision***

45. A further key issue in the White Paper relates to the current complexity of public transport fares and ticketing systems. In Cardiff, bus operators have already taken significant steps to reduce complexity and offer a range of payment channels. The Council's trial £1 bus fares promotion in the lead up to Christmas 2021 made an initial test of the value for money of bus services being improved. The results of the online feedback survey suggest that the scheme was good value for money, encouraged new users and pre-COVID19 bus users to return:
- 86% of users confirmed that their experience was good value for money.
  - Overall, 88% of respondents think there should be similar bus fare promotions in the future.
46. The White Paper is correct to promote greater use of electronic ticketing. However, it is essential that a commitment to retain on-bus and cash payments without disadvantage is essential to ensure equity of access to services.
47. The White Paper seeks to digitise back-office functions and makes a commitment to deploy electronic service registration when this is likely to be unnecessary in a franchise situation. Recent officer experience of centralised back-office systems is poor with the electronic BES payment systems having a challenging introductory period. The future design of systems would benefit from comprehensive input, specification and system testing of end users.
48. Furthermore, passenger information will remain critical across a range of channels for users. What cannot be assumed is that electronic access to bus information will be available to all. The White Paper contains no in principle commitment to retain paper-based bus information. As a matter of equity this is seen as essential.



## ***Impact on Local Authority Finances and Resources***

49. The financial impact on Cardiff Council is not known at this time. A further report on the outcomes of the consultation and the Welsh Government's actions will be produced should legislative change be promoted in the Senedd. Through the White Paper's proposed collaboration between bus operators, local authorities, CJC's, TfW, national supervisory board and Welsh Government, the bus network will be designed to minimise the need for supported services and seek to make the network more integrated, effective, efficient and grow bus patronage.
50. Should the White Paper proposals proceed, Council staff could be affected through a transfer of service functions, but this is not confirmed at this stage and would require new legislation to be enacted. The potential re-establishment of a Council passenger transport department would require significant investment in skills and resources should that be desirable to directly influence bus service decisions, plan the network, prepare the specification, manage the franchised routes and/or areas, understand the revenues and manage the finances. A further report on the outcomes of the consultation and the Welsh Government's future actions will be produced at the appropriate time.

## ***Summary Key Message***

51. The Council fully supports the aims and objectives of the Bus Bill White Paper and a collaborative approach. However, there is a significant risk to the Council if Cardiff Bus is not provided with a fail-safe mechanism to ensure the business has a secure platform to operate from. Cardiff Bus has also had an important role providing bus market stability in Cardiff. The White Paper does not provide enough detail to give Cardiff Council assurance that its interests in the Municipal Bus Company would be protected.
52. The Bus Bill needs to facilitate measures that give municipal bus operating companies a fair and practical opportunity within the franchising environment that de-risks their exposure to aggressive competition. Without such protection, the integrity of the bus market could be undermined and the ability of Cardiff and the Cardiff City Region to deliver on the ambitious aims and objectives that have been set locally, regionally and nationally put at risk.

## ***Equality Impacts***

53. The importance of bus services for achieving social equity and combatting the adverse effects of inequality are acknowledged in the White Paper. It would be beneficial for it to be accompanied by an Equality Impact Assessment. Related statistics in Llwybr Newydd Wales Transport Strategy supporting transport data suggests increasing car ownership which typically has a negative impact on bus use:
  - 21% of households in Wales did not have access to a car (for activities such as visiting local shops or going to the doctor) in 2013/14.

- 15% of households in Wales did not normally have a car available for use in 2017/18, falling to 14% in 2018/19 then 13% in 2019/20.
  - 29% of households in Cardiff stated they did not own a car/van in the 2011 Census. However, the 2017 Ask Cardiff Transport Survey suggests this had declined to 11%.
54. It is also worth noting 25% of bus users in Wales are disabled or have a long-term illness (analysis undertaken by TfW, 2019).

### **Local Member consultation**

55. There has not been Local Member consultation on the White Paper. Should the White Paper proposals be implemented it would have an effect on the bus services in all Council wards. Once the proposals for development of the bus network became clear further member consultation will be necessary. At this stage such a position is estimated to be a minimum of 2 years away.

### **Reason for Recommendations**

56. To note the Welsh Government White Paper and its proposals for changes in the governance arrangements for local bus service and approve the Council's response to the consultation.
57. To note the Council's Bus Improvement Programme.

### **Financial Implications**

58. The report sets out a number of Council priorities previously considered by the Cabinet for improvement of Bus Transport services included in the Transport Whitepaper of 2020 and the Bus Strategy considered by Cabinet in July 2021. Meeting those objectives and other objectives such as a £1 fare will only be possible by working with various stakeholders and will require sustainable external grant funding or consideration of alternative income streams to the Council to pay for investment in Bus services and infrastructure in order to avoid a significant adverse financial impact on the Council.
59. The report sets out the consultation response to proposals included in a Welsh Government White Paper. Whilst this is only a consultation at this stage, consideration will need to be given to consistency with the Council's investment plans risks and affordability. This is particularly the case in considering the potential staff and financial implications following revised structures and responsibilities, locally, regionally and nationally that would need to be put in place for the operating of a revised model. The report indicates that a franchising model in other areas has resulted in increases in costs.
60. In respect of the operating model included in the whitepaper, further clarity will need to be sought as proposals develop on the financial risks to the Council of any franchising model in terms of ongoing subsidy support for

socially necessary routes, to meet wider objectives of the Council as well as any implications arising as a shareholder of a municipal company.

61. The Council is the sole shareholder of Cardiff City Transport Services Limited. The Company will submit its own response to the consultation, but it is essential that the impact on company is considered carefully by the board and its shareholder to ensure the objectives set in the white paper in terms of Municipals are consistent with a franchising model and allows them to operate on a level playing field with consideration of wider service delivery and not just cost. The implications of any Welsh Government proposals for the company will need to be considered carefully with mitigations put in place by the board for any adverse risks, but also to consider actions to structure itself to be in a commercial position to take advantage of opportunities as part of any new model. This also includes the impact of ongoing support provided to all operators as part of the Bus Emergency Support scheme following the Covid 19 pandemic. Its future and timing remains uncertain for the Company, but has to date allowed bus routes and provision of essential services to be protected for those who need it, without an increase in any subsidy from the Council for routes. Were this to change as a result of changes to the emergency support scheme or as result of any new model arising from implementation of the white paper, the financial implications will need to be considered as part of the Council's Medium Term Financial Plan.

### **Legal Implications**

62. The report seeks approval of the Council's response to the Welsh Government's consultation paper on bus reforms. The body of the report addresses the issues raised. From a legal perspective it is noted that the consultation paper sets out legislative proposals, which 'include:
- requiring the franchising of bus services across Wales
  - allowing local authorities to create new municipal bus companies
  - relaxing restrictions on existing municipal bus companies to put them on the same footing as new ones'
63. As regards decision making in this area (see consultation paper, paragraph headed 'Embedding local knowledge and accountability'), the proposals provide roles for Corporate Joint Committees (CJCs) and a national supervisory board. 'This points to a key role for Corporate Joint Committees (CJCs) mirroring their transport planning role, to form a regional view of the network and ensure inter-regional routes and communities are as well served as those within a single authority'. It is understood that, under the model proposed, '..., local authorities would develop a plan for a bus network that meets the need of their communities. CJCs would then be responsible for bringing these together to agree a regional plan. Transport for Wales would work with them, on behalf of the Welsh Government, to combine these networks into a national plan to be reviewed by the members of the supervisory board and agreed by Ministers'.
64. As regards Municipal bus companies it is proposed to allow local authorities to invest in or acquire bus companies. The consultation

providing, 'In addition to removing a barrier to public investment, this would also allow the merger of two municipal bus companies, which could offer economies of scale or allow them to operate over a wider area'.

65. The body of the report notes that separate reports will be submitted on; (i) the Council's draft Bus Strategy for Cardiff and (ii) a scheme for the further provision of electric buses. Legal implications on these matters will be set out in the proposed reports.
66. Paragraph 16 of the report refers to a programme of projects and initiatives and legal advice should be sought on each proposal as it progresses.

## **General legal implications**

### ***Equality Requirements***

67. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010. Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: (a) Age, (b) Gender reassignment, (c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h) Sexual orientation (i) Religion or belief – including lack of belief.
68. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers (WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 (gov.wales) and must be able to demonstrate how it has discharged its duty.

### ***Well Being of Future Generations (Wales) Act 2015***

69. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.
70. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2022-25. When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being

objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.

71. The well being duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
- Look to the long term
  - Focus on prevention by understanding the root causes of problems
  - Deliver an integrated approach to achieving the 7 national well-being goals
  - Work in collaboration with others to find shared sustainable solutions
  - Involve people from all sections of the community in the decisions which affect them
72. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below:  
<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>
73. The decision maker should also have regard, when making its decision, to the Council's wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

### **HR Implications**

74. There are no HR implications for this report. If the White Paper proposals proceed and there are any affects for Council staff, a further report on the outcomes of the consultation and the Welsh Government's future actions will include relevant HR implications.

### **Property Implications**

75. There are no property implications at this stage.

## **RECOMMENDATIONS**

Cabinet is recommended to:

1. Note the Welsh Government White Paper and its proposals for changes in the governance arrangements for bus services.
2. Approve the consultation response in Appendix A.

3. Authorise the Director of Planning, Transport & Environment to submit the final consultation response after agreement with the Cabinet Member for Transport & Strategic Planning
4. Note Cardiff's Bus Improvement Programme.

<b>SENIOR RESPONSIBLE OFFICER</b>	Andrew Gregory Director of Planning, Transport & Environment
	17 June 2022

*The following appendices are attached:*

*Appendix A: Response to the Welsh Government White Paper Consultation*

*The following background papers have been taken into account:*

- *Appendix B: Welsh Government White Paper*
- *Appendix C: Welsh Government White Paper Regulatory Impact Assessment*
- 21<sup>st</sup> January 2021 Cabinet Report: "Bus Emergency Scheme (BES) – Request to All Councils to Sign Up to BES 2 Scheme"
- 15<sup>th</sup> July 2021 Cabinet Report: "Cardiff's Bus Strategy"

## One network, one timetable, one ticket: planning buses as a public service for Wales

Your name: Andrew Gregory, Director of Planning, Transport and Environment

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Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here:

**Q1:** Do you agree that change is required in how we deliver bus services to meet the needs of Wales' citizens and respond to the climate emergency? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

The current model of operations has failed to capture links to the planning system and environmental concerns. The current system of bus service delivery has the profit motive as the sole line of accountability. Councils are exposed to the risks of subsidising services where there are gaps in the network that cannot be met by the market. There is no mechanism to cross-subsidise routes.

The current system of disjointed local decisions about local bus routing and frequencies does not serve users or present an attractive alternative to the private car.

Whilst change in the service delivery model is necessary, it should be noted that the majority of bus operators provide high quality services within the constraints that they work within and until the covid19 situation were highly responsive to the demands of users. Bus operators rarely look beyond the existing customer base given the need to secure immediate commercial returns on investment. The ability of local authorities to influence growth in bus patronage is limited.

Simply focusing on the method of governance for service delivery is not the whole picture that needs consideration in the policy making process. Engagement with other policy streams and how the bus service can influence changes within an integrated transport proposition is essential as is the need to fully consider funding. As seen in the covid19 pandemic, funding issues will remain at the heart of the bus service for the medium term. The transition to zero emission vehicles, wider network coverage and a pricing structure that reflects the population's ability to pay are central to providing an exemplar bus service that the White Paper fails to fully explore in the context of a stable long term funding settlement.

By way of example, prior to covid TfL direct subsidy amounted to 60-70% of the cost of each bus operating or circa £110,000 per bus per annum for the 7,500 buses then operating. Greater Manchester is proposing to invest £143m over 3 years in its franchise network simply to lower the rate of decline in bus patronage rather than provide a demonstrable uplift in use. Applying a similar analysis to Wales, the Welsh Government indicated in 2019 that circa 2,500 buses were operating daily in Wales. Taking an industry quoted average of £120,000 per bus per year to operate the network cost would be in the region of £300,000,000 for the whole of Wales annually. At the same time there were 99,000,000 journeys in Wales with, accordingly to DfT statistics, an income (including subsidies) per journey of £2.10 or circa £210,000,000 in total. This implies a need for a subsidy of up to £90,000,000 annually drawn down as part of an industry wide settlement. The White Paper sets out no proposal to close this gap, irrespective of the outcome of the governance proposals.

**Q2:** Do you agree that franchising is required to deliver the depth and pace of change to the bus network that is required in the context of the climate emergency?  
Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:



Franchising is one tool that has a clear role to play in the delivery of bus services. The current options of partnership working between local councils and bus operators should remain in place and be developed further by the proposed new legislation as this may be applicable to some areas of Wales where fleet investment and service innovation have been sustained.

What is required irrespective of the governance model is:

1. Greater local control and accountability over network design.
2. A secure and long-term funding settlement.
3. Local accountability for interaction between the key policy areas of land-use planning and environmental management.

**Q3:** Do you agree with the Welsh Government's preferred franchising model as described above? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

No, the model as set out is not sufficiently granular to respond to local requirements. The vast majority of bus services are local in nature and require this connection to the local community to be 'owned' at that level. The natural join between the detail of land use and environmental policy is at a similar local level and should be retained as such. Unlike railways which has a national infrastructure basis for the track and control, the control over the vast majority of highways is local in nature and by implication control over bus networks and their 'track' should remain at the same level.

The Welsh Government should provide a framework for delivery rather than becoming through TfW a delivery body in its own right. The provision of bus action plans owned locally will set the necessary context.

A national franchise system as currently proposed offers no incentive for councils, which are at the forefront of road management thinking, to ambitiously pursue measures that benefit the bus network. The incentives need to remain local so that the network can be managed at the appropriate level.

To facilitate the running of a local bus network, it is likely that local authorities would need to establish passenger transport departments to plan the network, prepare the specification, manage the franchised routes and/or areas, understand the revenues and manage the finances. Consideration would need to be given to investing in Local Authority skills and resources should that be desirable to facilitate directly influencing local bus service decisions.

**Q4:** Do you agree that this model provides sufficient local input for designing local bus networks? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

No, the hierarchical nature of the supervisory board governance structure would diminish local influence and decision making.

**Q5:** Do you agree that there is a need for regional consideration and coordination of bus network plans by Corporate Joint Committees, before combining them at a national level? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

Yes, there is a clear need for regional coordination of long distance inter-urban services within each region. Also, it is agreed that the role of Traws Cymru is one that best remains at a national level. What is unwelcomed is the dilution of accountability for local bus networks away from local authorities. An attempt to set a whole Wales bus network specification is fraught with the danger of not considering local circumstances.

What should be drawn together at a national level is the standards at which bus services are delivered. Moving beyond the current voluntary BSSG standard (and BES requirements) is clearly the correct approach to show the bus as a valid alternative to the private car. Bus passengers in Cardiff should have the same high-quality experience for their journey as elsewhere in Wales. This requires information provision, integrated ticketing and vehicle / driver operational standards to be set. These should be the focus of the Welsh Government and TfW rather than seeking to micro-manage the development of the bus network which is as of necessity highly local in character.

**Q6:** Do you agree that letting and managing contracts at the national level by the Welsh Government through Transport for Wales offers the best opportunity to pool franchising expertise, deliver economies of scale? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

The delivery of procurement at a national level could result in economies of scale and good value for money. However, the vast majority of local government bus service procurement is related to school transport, something the White Paper offers no proposals for. To remove a small element of passenger transport procurement activity from local authorities seems surprising when no proposals to change the later are contemplated.

Rather than the process of procurement, the critical matter for the franchising proposal is the intension to centralise decisions about what is contracted, whether at a route or area level. The proposition that CJs and local authorities would work in partnership with the Welsh Government and TfW to determine service specification is welcomed but fails to address the question of the necessity of local accountability for the bus network. The White Paper offers no proposal as to how this cooperation would occur or the parameters within in which it would operate.

The White Paper suggests that bus routes competing with rail service needs to be avoided where possible. Whilst at first glance this appears sensible it does not recognise the very different roles bus and rail play in the transport mix at a local and in some cases regional level. History shows that attempts to force

interchange upon users is fraught with danger (Tyne and Wear Metro in Gateshead being a case in point).

What is therefore necessary is for bottom-up development of the network / route details and franchise specifications rather than a top-down veto led approach. This point is of great importance in Cardiff where managing the road space more effectively is key to achieving local, regional and national policy objectives. Local councils that may take challenging decisions on the management of their roads should have greater autonomy in the design of bus networks so that the opportunity created to improve bus use is maximised.

There may be opportunities to explore the procurement of school transport at a regional and/or national level for larger buses to be aligned with public transport. The Council does have reservations about direct national control over what is franchised and the use of any locally raised revenue in a nationally set approach to bus network development.

**Q7:** Do you agree with the need for a duty to ensure plans are designed to be affordable? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

The lack of funding considerations in the White Paper is a cause for concern putting at risk the achievement of the aims and objectives. How local funding might also be impacted, including section 106 developer contributions, is also an important consideration.

Any change to the governance model for bus services is of minimal significance if not correctly funded. The White Paper offers no view on how an affordability test could be structured, how private funding (e.g. vehicle and depot investment) could be harnessed nor how any locally raised funding could be accounted for.

The Regulatory Impact Assessment of the White Paper provides an analysis of the 'value for money' of the regulatory changes proposed. Whilst this appears to accurately capture the possible societal benefits of the changes proposed, it does not give a fully rounded picture as required by the HMT Green Book. The real rate of return on the level of capital investment likely to be necessary in a franchise

situation is also a key indicator that deserves consideration. This would help in understanding the potential impacts of franchising on the bus market, competition and scope of financial risks.

Given this lack of detail the Council has no specific position on the question of 'affordability' until a clear funding proposal is made available. It would seem that the development of a longer term 'statement of funds available' for the network would offer a pragmatic starting point around which the debate on governance approaches could be conducted.

**Q8:** Do you agree that the proposed powers to make regulations and guidance are suitable to ensure franchises are let successfully and sustainably? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

The Council notes that regulations and guidance are a necessary part of any proposed change to the regulatory regime for local bus services.

**Q9:** Do you agree with the proposed requirement to consider the impact on SME bus operators when franchising? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

SME operators form an essential element of the bus industry. They react promptly to changing circumstances and at a local level offer a real check and balance on tender prices and service quality. The question should really be framed in terms of at what level this 'consideration' takes place should franchising emerge. Rather

than leaving TfW to have regard for the effect on SME operators, the real solution rests with ensuring local accountability in the network and franchise design that deals with this issue at source and in response to local circumstances where a clear view of SME operator activity is available. SME operators are almost invariably bound up with the provision of education transport and therefore have their closest engagement at that local level. Without this detailed level of understanding and no proposals in the White Paper for school transport reform the consideration of SME impacts should remain at the local authority level through locally designed franchise specifications.

**Q10:** Do you agree with the benefits of establishing a mechanism to allow a public service operator of last resort to ensure services keep running if a franchise fails? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

Yes, should franchising emerge this will be necessary. However, the White Paper does not consider a number of key issues that would prevent such an approach being necessary. The franchising of bus services is unlike the UK rail system where Train Operating Companies are lightly capitalised transitory organisations and will remain so under the latest DfT contractual structure. The transition from a rail concession to government control in Wales is a case in point that activating an Operator of Last Resort (OLR) is not a straightforward or quick process even for the rail industry.

1. A Public Service Vehicle operator's licence is personal to the holder (be it a company, partnership or individual) and cannot be transferred to a new entity without due process. This suggests that the OLR would need to be in existence with an operator's licence in place prior to any failure and incur the significant ongoing costs associated with such a licence. The OLR licence would need to authorise the number of vehicles of the largest operator involved in franchising to be fully ready to step in with no service interruption. Given the geographic specific nature of the bus industry a possibility that an operator from one area could be the OLR in another would be challenging.

2. The failed operator will own or lease its assets including vehicles and depots – the White Paper indicates no powers for the OLR to acquire these assets to

conduct operations immediately following a market failure. There are such powers for rail operations.

3. TUPE will be engaged for the failed operator's employees. The OLR may not fully inherit the staff contingent of the failed operator as employees can opt out of transferring.

These difficulties do suggest that as an operator failure is likely to be local (or at worst regional) franchising should be at a local level where close management of such a situation can be closely monitored and action taken if required.

The bus operators that do not win the franchises may cease to be able to operate. This places a risk on how an OLR might be supplied. Designing franchises at a local level would help to mitigate this risk.

**Q11:** Do you think further specific legislative provisions are needed for the transitional period until franchising is introduced?

Yes – as in the English franchising model a transitional requirement (as was accounted for in Bus Emergency Scheme Agreement) should be in place to prevent a market departure by operators during the transition period. The White Paper should be candid that a franchise situation will not occur overnight should that path be chosen and that the transition is likely to take a small number of years to complete. By implication, should franchising be triggered, a follow-on to the Bus Emergency Scheme is likely to be necessary.

**Q12:** Do you agree that local authorities should be able to run bus services directly? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

Cardiff Council already runs a successful arms-length municipal bus company. The White Paper does not make clear whether any council bus company would still need to be retained at arms-length or if the Council could re-form its directly controlled passenger transport department. Should new municipal operations be

permitted with direct control this option should be available for existing arms-length council owned operators.

The White Paper offers no commentary on how / if a municipal operator would retain / acquire a section of the local market for bus services within which it would operate. Franchising would appear to require competition for the supply of services which would not necessarily align with the geographic concept of municipal ownership.

Competitive tendering for franchises will be very challenging for municipal bus companies against a low-cost operator. If the Council's Municipal Bus Company, Cardiff Bus, does not win a franchise or a sufficient number of them to sustain the business, there would be significant liabilities on the Council related to potential redundancies, pension costs and asset write-offs. The White Paper does not offer a mechanism to protect municipal bus companies from exposure to the risks associated with competing for franchises. Protecting municipal bus operators is likely to require a mechanism where direct award is permitted. However, competition law and the circumstances where this might be appropriate to ensure this can be legal will need careful consideration as competition law is not a devolved responsibility.

We would welcome clarity from Welsh Government on how a geographically based municipal ownership model is compatible with a bus network that naturally crosses administrative boundaries.

**Q13:** Do you agree that local authorities should be able to set up arms-length companies to operate local bus services? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

Cardiff Council already runs a successful arms-length municipal bus company and as such welcomes the proposal that this should be able to continue.

**Q14:** Do you agree that local authorities should be able to invest in or acquire bus companies? Please score from strongly agree to strongly disagree.



- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

The Council welcomes this proposal but notes that, as a Council owning an established arms-length municipal bus operator, this approach could be followed now - subject to the necessary due diligence and Council processes being in place.

In England, two of the remaining Council owned operators (Nottingham and Reading) have pursued significant acquisition programmes in the past that have benefited their respective travel to work areas.

The benefits this could bring to Cardiff travel to work area are noted but the White Paper must note that the usual processes of UK competition law would apply to any such acquisitions as this is not a devolved function.

The White Paper also makes provision for the merger of municipal bus companies. Whilst some local authorities may wish to create municipal bus companies and merge them, this is unlikely because of the potential risks. The only current opportunity would be the merger of Cardiff Bus with Newport Bus which are the only municipal bus companies in Wales. There may be potential to create efficiencies and consistent working practices. However, this could dilute local ownership and influence.

**Q15:** Do you agree that municipal bus companies should be able to raise fund by borrowing or selling shares? Please score from strongly agree to strongly disagree.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Comments:

The Council agrees that this should be an option for funding enhanced operations if operations have to remain at arms-length. Indeed, it is noted that Nottingham's municipally owned arms-length bus company has a minority private sector shareholding that brings additional capital and expertise.

**Q16:** Are there any additional safeguards you would like to see applying to the use of these powers?

The Council would wish to see the confirmation that any such proposals should be subject to usual local government finance due diligence and governance processes.

**Q17:** Are there any further comments you would like to provide on the content of this white paper?

The introduction of a bus passengers charter is an essential step that should be taken irrespective of the future legislative programme. This would bring an immediate and visible sign of progress to users and potential users. The key to a successful charter will be sufficient resources to deliver a high-quality response when passenger expectations are not met.

The White Paper is correct to promote greater use of electronic ticketing. However, it is essential that a commitment to retain on bus and cash payments without disadvantage is essential to ensure equity of access to services.

The White Paper seeks to digitise back-office functions and makes a commitment to deploy electronic service registration when this is likely to be unnecessary in a franchise situation. Recent officer experience of centralised back-office systems is poor with the electronic Bus Emergency Scheme payment systems having a challenging introductory period. The future design of systems would benefit from comprehensive input, specification and system testing of end users.

Passenger information will remain critical across a range of channels. What cannot be assumed is that electronic access to bus information will be available to all. The White Paper contains no in principle commitment to retain paper-based bus information. As matter of equity this is seen as essential.

**Q18:** Do you have any comments on the draft Regulatory Impact Assessment published alongside this paper?

The RIA provides a too narrowly focused assessment of franchising.

Whilst the Council accepts that it is necessary to compare governance regimes, the real assessment of why patronage has declined and how to stop further decline is to make a comparison against the operation of private vehicles. The

analysis presented replicates the flaws in the (former) Competition Commission investigation into the bus industry in 2011 that considered only intra-industry effects and not the 'on the ground' counterfactual of continued high levels of car usage which is the real 'do nothing' position. Indeed, paragraph 1.1.1.4 which describes the issues that the White Paper seeks to tackle has reference to continued high levels of car use which is then not followed through into the detailed analysis beyond claiming decongestion benefits through reduced marginal external costs if bus related interventions reduce car travel.

The RIA quotes successful examples of integrated European and overseas transport networks without exploring the scale of these compared to the whole Wales 'one size fits all' approach proposed by the White Paper. A thorough investigation would show that locally defined and procured networks within a national framework is the actual model employed in these examples and one which cannot be compared to a single source national delivery model as proposed.

The limited scope of the RIA shows in the analysis of costs and benefits. Whilst the status quo in bus terms is easily defined, the alternative do something scenarios do not consider regional variations in funding and capability that will inevitably occur. It also does not acknowledge the potential localised benefits that road/congestion management schemes could offer. Any such assessment needs to consider that any revenue streams developed from this would most likely be local in nature and need to be reinvested back into sustainable transport infrastructure and services locally.

It is significant that the qualitative assessment of the policy changes only discussed benefits of each intervention. A rounded assessment should of necessity examine downsides and the risks that are associated with each option.

The cost estimates made for zero emission fit-out of depots are significantly underestimated. Evidence from the English ZEBRA bidding process (e.g. the Cambridge & Peterborough CA bid) shows costs of circa £2m per 15 depot charging points based on trial installations in an urban depot; this could rise substantially in more rural areas due to more limited electricity network capability.

It is significant that the analysis of journey time assumes that a franchise model would seemingly decrease interchange penalties by up to 66%. Even with a single ticket system and matched headways, achieving this level of gain appears to assume substantial frequency increases (which in turn implies effectively unconstrained funding as costs rise with frequency). The analysis of infrastructure interventions within a franchise arrangement appears to support our contention that locally defined services would be necessary to maximise the benefits of franchising.

The RIA fails to consider the question of integration with school transport on which a high proportion of rural bus services depend and the disbenefits of a potential separation into franchised public and school buses.

The RIA also assumes a steady state for 30 years but appears to make no account for renewals of vehicles and infrastructure and for 'refreshing' the service

offer at regular intervals. Should the Welsh Government's aim of increasing frequencies and ridership be attained, more vehicles and additional depot space will be required, which will translate at some stage into a requirement for additional bus depots, as well as renewal of existing facilities. Land allocations for bus depots will need to be local which is another reason network planning decisions should be made locally. It is also noted that no 'stress testing' of the RIA assumptions have been undertaken.

**Q19:** We would like to know your views on the effects that the proposals would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English.

What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

The proposals would be an opportunity to further promote the Welsh language and the Welsh culture through the application of national standards for bus passenger information.

**Q20:** Please also explain how you believe the proposals could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

The national standards of the proposals provide an opportunity to encourage drivers and staff to learn and use the Welsh Language. Offering a Welsh version of Driver Certificate of Professional Competence (CPC) is recommended. Bi-lingual training for customer facing staff would help engender a culture of using the Welsh Language. The national standards also provide an opportunity to promote events and the culture of Wales through integrated communications and messaging including at point of sale of bus tickets and on buses.

**Q21:** We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

The granularity of governance arrangements under a franchise situation has been explored in our responses above. However, the White Paper offers little clarity in this area. It offers no clear prescription for various tiers of government to cooperate and simply presumes that TfW will control the governance process without making any assessment of how this might work or how local accountability for what is a local service can be achieved.

The Council notes that the White Paper considers bus service governance in isolation from other policy areas. Other elements of transport policy are critical to

having a successful bus network, governance arrangements are only one element of what makes a successful bus offer.

Whilst the linkages to land-use and environmental policies are clear, the bus network does not operate in a vacuum from other modes of travel, notably rail and active travel. The White Paper does not identify and exploit these synergies.

The importance of bus services for achieving social equity and combatting the adverse effects of inequality are acknowledged in the White Paper. It would be beneficial for it to be accompanied by an Equality Impact Assessment.

Mae'r dudalen hon yn wag yn fwriadol



Llywodraeth Cymru  
Welsh Government

PUBLICATION

# One network, one timetable, one ticket: planning buses as a public service for Wales

We are seeking your views on proposals for new bus legislation.

First published: 31 March 2022

Last updated: 31 March 2022

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## Ministerial foreword

Lee Waters MS, Deputy Minister for Climate Change:

“ Buses are the backbone of our public transport service. They carry three times as many passengers as trains, getting people across Wales to work and school, allowing us to meet family and friends, and offering a key lifeline for the quarter of people in Wales who do not have access to a car.

“ Governments have long recognised the importance of this public service, even before the COVID-19 pandemic we invested well over £100 million

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every year in bus services. However, the legacy of privatisation still prevents us from planning buses as a public service and designing networks to ensure that investment gets people where they need to go.

“ That isn’t good enough.

“ The scientific advice on Climate Change is as clear as it is stark. We have to make urgent changes to the way we live and take meaningful action to avoid catastrophic damage to our climate.

“ Transport accounts for nearly a fifth of our carbon emissions, yet we cannot currently plan bus networks to break our reliance on private cars and make sure people can access services reliably and sustainably. This is a key barrier to delivering a just transition to net zero.

“ This white paper sets out our plan to fundamentally change the way bus services are planned in Wales – allowing all levels of government in Wales to work together to design the bus networks our communities need.

“ I would like to thank both local government colleagues and industry partners for their work with us to help develop these proposals and look forward to continuing to work closely together to build the bus system Wales needs.

“ This consultation marks the start of a process by which we can significantly improve bus services in Wales and take meaningful strides towards delivering a transport system which helps rather than hinders our journey to Net Zero.

“ I look forward to receiving comments and views on these proposals. This is a generational opportunity to make a change and implement a bus system which works for Wales. We want to work with partners to do it as effectively and fairly as we possibly can.

“ Your feedback and continued engagement as we finalise the legislation proposed in the white paper can help us get there. ”

# Vision

The climate emergency demands urgent action. We need a decade of action which goes further over the next 10 years than we have in the last 30. The scale and immediacy of this challenge is laid out in our overarching plan to tackle it:

## **Net Zero Wales Carbon Budget 2**

For climate damaging emissions, transport has been the worst-performing sector of the economy. We need to change the way we travel. Even if we electrify vehicles at the fastest feasible rate, we will break our carbon budget unless we reduce the number of cars on our roads and instead use public transport more and make more local trips by walking or cycling.

To achieve this change we need a transport system that works for everyone and offers a real alternative to relying on a car. This is essential to ensure there are affordable transport options for everyone to get where they need to go, as well as to meet our climate targets. At an average of £44,000 (**average cost of an electric car 2021**), an electric car is beyond the means of many families.

Furthermore, approximately 13% of households in Wales do not have a car (**The National Survey for Wales**), and 25% of bus users are disabled or have a long-term illness (analysis undertaken by Transport for Wales, 2019). This highlights the crucial social and economic role buses currently play and could play in the future – they are a key lifeline for people across Wales to access services, get to work, and meet family and friends.

The Welsh Government is intent on achieving a bus system that boosts social equity and is capable of delivering the scale of modal shift required by the climate emergency.

This white paper is about creating a bus system dedicated to providing the best possible service to the public. That means a bus system which is governed and designed to serve the public interest, with the widest possible geographic coverage, fully integrated connections between different services, the highest possible service frequencies, and simple unified easy-to-use ticketing and information – expressed simply: ‘One Network, One Timetable, One Ticket’.

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Climate change requires us to think beyond the immediate, this vision needs to govern how we deliver transport services over the next 30 years. The current deregulated bus system is directed by market forces rather than public need, and has shown itself incapable of delivering the scale or pace of change we need. This white paper is about putting in place a governance system for buses that will give us the power to achieve this vision of affordable comprehensive public transport services that work in a joined-up way to carry us on our journey to net zero.

## What are the aims and objectives?

The vision set out above requires a transformation in how buses in Wales are governed to achieve the following over-arching aims:

- a bus system that is purposely designed to maximise the public good
- a bus system that efficiently uses public investment to strategically address public priorities for bus improvements, thereby justifying greater public investment
- a bus system, which forms part of an integrated transport network that provides an excellent travel option, wherever people need it, whenever people need it, throughout Wales.

Legislation alone cannot achieve these aims, nor, on their own, can traditional scheduled bus routes: a much-enhanced scheduled network must provide the basis for linked flexible services that extend the reach of buses to cover many more times and places. Implementing the legislation, and introducing franchise contracts over different areas, will take time and will probably require iterative improvements to reach the ambitious level of service we are aiming to develop. We will need to continue making the case for further investment in bus services to deliver the extent and regularity of services they require. We will also need to continue work on demand-responsive travel options, such as the Fflecsi service being piloted by Transport for Wales, to offer reliable, sustainable, affordable travel options in places and times when scheduled bus services are not available. However, this sets out where we're aiming to get to, and the path our legislative proposals set us on.

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The term demand-responsive transport encompasses various forms of service, from buses to minibuses and taxis, that are provided to be flexible about times and/or destinations and enable people to request travel to places and at times beyond the reach of scheduled bus services. Further information on the Fflecsi service is available on [Fflecsi Wales](#).

To provide an excellent travel option for people in the long term, we will need:

- a comprehensive network of bus routes to serve the widest feasible range of destinations, both at busy times and less busy times in the evenings and Sundays.
- coordinated timetables for bus-bus connections and bus connections with all other modes of public transport.
- simple area-wide fares, valid across all bus routes and on all modes of public transport.

These three objectives are best summarised by the title of this white paper: ‘One Network, One Timetable, One Ticket’.

Further objectives for an excellent bus system include:

- bus services that run quickly and on time, with congestion-busting dedicated road space and bus priority infrastructure enabling buses to offer a time-competitive alternative to private car use.
- a stable bus network from one year to the next, that people come to know and trust.
- easy-to-find comprehensive information and a unified high visibility brand.
- affordable fares that represent good value in comparison to driving.
- passenger-friendly drivers, trained and supported to be front-line ambassadors providing a day-to-day public face for the bus service that helps attract users.
- good quality waiting facilities and vehicles, with a rapid transition to zero emissions vehicles.
- all parts of the bus operating sector delivering according to their particular strengths, including SMEs (Small and Medium-sized Enterprise), municipally owned companies and corporate players, and for demand-responsive services, taxi providers and community-based operators.

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The aim to achieve efficient use of public investment requires the following strategic objectives to be achieved:

- ability to develop, plan and implement bus routes and networks
- effective public control over the way in which public money invested in the bus system is spent, including control over how ticket revenue is reinvested (ticket revenue is often referred to as 'farebox revenue' and is the money/ revenue taken from passengers to use services).
- ability to implement policies for affordable and concessionary bus travel without difficulty or undue expense due to prolonged negotiation or complex systems for operator reimbursement.
- a healthy market for competition for franchise contracts.
- ability to apply public monies in ways that effectively complement and lever in investment from the private sector.
- all road passenger transport funded and governed together to maximise synergies, minimise wasteful duplication and optimise demand-responsive infill to the network of scheduled bus services.
- ability to closely integrate expenditure on bus improvements and fare reductions with actions to reduce car reliance, to form a strategic transport policy for mode shift.
- integration of bus system investment with land use planning and economic and development investment, so that new development is focused in locations with strong bus services and so new developments themselves are designed to facilitate the flow of bus services through the development.
- multi-year sustainable funding allocations for bus services and bus infrastructure that enable long-range strategic planning and investment, optimal use of available monies and development of sustained improvement packages targeted to grow patronage.

## Outline legislative proposals

The Welsh Government believes that the legislative proposals contained in this paper are necessary to help achieve the aims, objectives and ambitions set out above. This paper will set out each proposal and describe its potential to support the changes we are seeking.

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We should be clear that this is the start, not the end, of the journey. Legislation will create new and better powers for all levels of government in Wales to co-design the bus network Wales needs, and unblock local authorities from setting up and effectively running their own bus companies. However, it will take time to achieve. We will need to work with a healthy market, competing for contracts instead of competing for passengers at bus stops, both to get effective franchised networks up and running and to make the case for further investment to expand those networks and reach the extent and quality of service we want to see.

Our legislative proposals include:

- requiring the franchising of bus services across Wales
- allowing local authorities to create new municipal bus companies
- relaxing restrictions on existing municipal bus companies to put them on the same footing as new ones

## Context and background

Much of the data used within this white paper comes from before the COVID-19 pandemic (mainly 2019/2020). This gives us a better picture of what was happening when passengers were making transport choices without having pandemic restrictions at the forefront of their decisions. We also recognise that as we move out of the pandemic passenger choices will have changed. For example, the COVID-19 pandemic has caused a step-change in working from home where possible, moving us closer to the Welsh Government's long-term ambition to see around 30% of Welsh workers working from home or near home (**Aim for 30% of the Welsh workforce to work remotely**) – giving more people the choice to work in a way that helps their productivity as well as their work-life balance, and with the potential to drive regeneration and economic activity in communities. It seems likely that there will be long-term changes to patterns of bus use as a result, but it is as yet unclear what form these changes will take. However, the proposals in this white paper are fundamentally about ensuring we can design bus networks as a public service, getting people wherever they need to go even if travel patterns change in emphasis between local high streets, city

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centres and other destinations.

Wales, prior to the COVID-19 pandemic, had 1539 registered bus routes (The National Survey for Wales as of 31 March 2018), serviced by 2378 locally operated vehicles, driving 88.8 million in service kilometres each year. These local bus journeys account for three out of four journeys made by public transport in Wales each year. Bus services in Wales provide important access to essential services, education, leisure and tourism, and provide important links for communities.

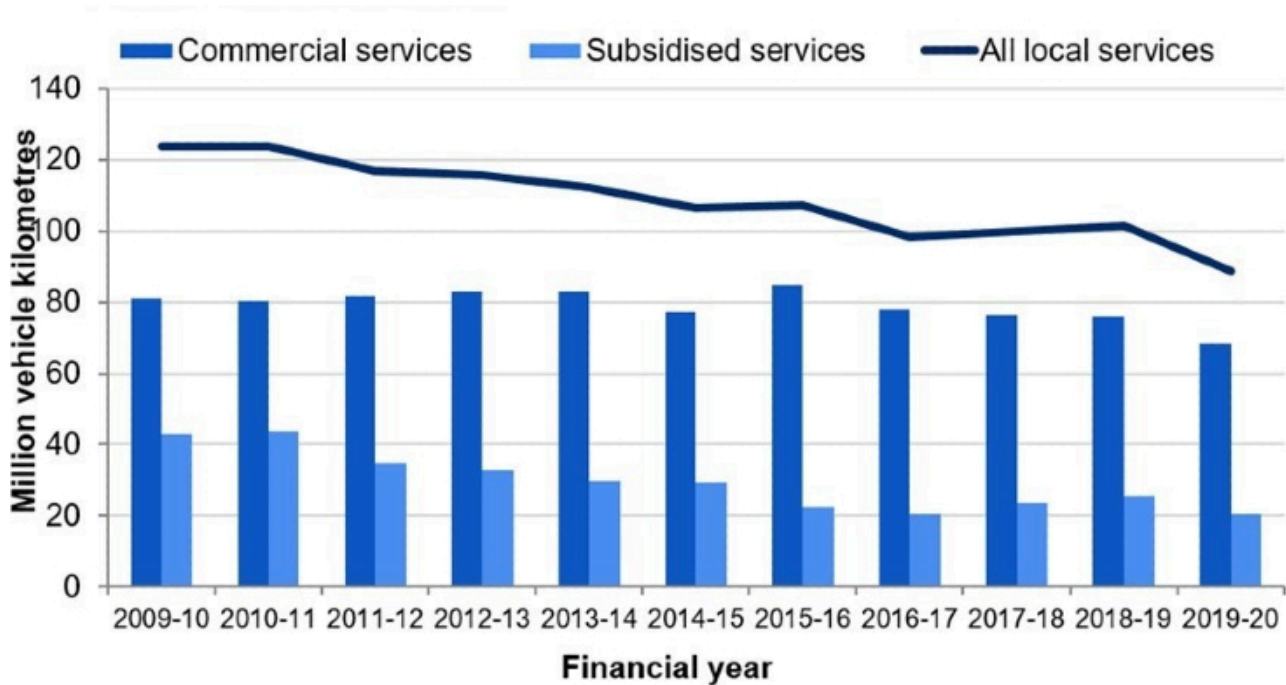
Looking at the most recent patronage, where the COVID-19 pandemic has had a big impact, bus user numbers have reduced by around 90% over the past 2 years, severely reducing the income from fares. However, the Welsh Government has enabled bus operators to continue providing some services through its Bus Hardship Fund (BHF) and the Bus Emergency Scheme (BES).

The COVID-19 pandemic exposed serious issues around the resilience of the bus services network in Wales and the vulnerability of the bus industry from reduction in patronage and fare-box revenues. As Wales recovers there is an opportunity to legislate for the much-needed reform of the planning and delivery of bus services, and to enable an increase in bus services in a way which achieves a range of policy objectives.

Despite bus services being an essential part of the public transport network in Wales, they are in decline with passenger numbers falling steadily for many years on most routes in Wales. This decline reflects a similar picture across the UK as a whole.



## Distance travelled on local bus services, 2009-10 to 2019-20



Source: Welsh Government analysis of Department for Transport 'Public Service Vehicle survey'.

There has also been a decline of routes offered and number of vehicles on the road, (a decrease of 71 vehicles from 2017, **Public service vehicles (buses and taxis): April 2019 to March 2020**). Falling passenger numbers puts pressure on fare paying passengers and the public purse to sustain a network that, despite significant investment from private and public sources, continues to decline. This in turn exacerbates the pressure on local authorities as they identify and subsidise socially necessary services for local communities.

Although the decline must be noted, this is not to say that buses are no longer wanted. Far from it. Bus remains as the most popular choice for public transport, and accounts for about 90 million passenger journeys each year (2019 to 2020) compared with approximately 30 million annual rail journeys. So instead of focusing on the decline we really need to switch our thinking to how we can improve services in Wales and better meet the demands of Welsh citizens. This will also help us towards our ambitious modal shift targets and creating a truly

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integrated transport system that is fit for purpose, encourages more people to use it and thus makes a positive impact to Climate Change.

We also need to develop a system which works both for rural and urban areas and across Wales. Cities and larger towns currently have much more frequent services, though often far from what is required to provide the necessary alternatives to private car use. There is a need for better integration between local bus services and services such as educational transport (also known as learner travel), social care, community, health and demand responsive services. This would deliver a more comprehensive bus service for local communities, especially those in rural areas.

To create a fit-for-purpose system we need to look at the existing system and the elements that may need to be changed. The UK de-regulated its bus services, in all areas outside of London and Northern Ireland, as part of the Transport Act 1985. Since de-regulation there has been wide recognition (as highlighted by an extract from the Department for Transport's bus strategy, 'Bus Back Better', below) that the de-regulated system does not work, leading to many incremental steps to enable partial re-regulation in the form of market exemptions for coordinated fares and various partnership provisions. The current de-regulated system in Wales has created fragmented services and a lack of comprehensive collaboration amongst operators with regard to timetables, route maps, or ticketing, which paints a confusing picture for the public and does little to attract new customers to travel by bus.

The draft Regulatory Impact Assessment published alongside this white paper summarises the challenges facing the current system as follows:

- there is a fragmentation of responsibilities for bus between multiple operators and local authorities with an associated difficulty of alignment in respect of common goals and policy-based outcomes
- currently local authorities' ability to manage bus networks is partial, so bus public transport systems are not subject to transport planning as would typically be the case for, for example, road network improvement
- bus service lines are typically operated as a set of discrete services with limited co-ordination with other services – as no single organisation has the appropriate capability and directive powers to manage this co-ordination

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- even before the COVID-19 pandemic, Welsh Government funding accounted for over half of bus operating costs in Wales, but is largely directed to operators without linkage to any long-term improvement strategies; and
- although multiple operator tickets are feasible to implement under the current arrangements, operators would continue to provide their own tickets, which ultimately fails to provide customers with the simplicity of a single ticketing product. Furthermore, any significant market penetration by a multi-operator ticket will also bring a need for a complex revenue redistribution system to different services and operators, that would likely need continual re-negotiation in response to changes to road conditions, land use, service frequencies etc.

The latest bus strategy from the [Department for Transport: Bus Back Better \(p.20\)](#) notes the following example of some barriers to delivering better bus services

### Limited cooperation

In a busy seaside resort, there are two sizeable rival bus networks that don't acknowledge each other's existence:

- they publish separate city maps, showing only their own services, giving potential users including visitors the impression that some areas of the city are completely unserved
- they use the same route numbers for entirely different routes
- on the busiest routes, served by both operators, there can be overcapacity at certain times of the day.

There is a multi-operator ticket, but it is more expensive and hard to find out about.

On numerous routes across the country, evening and daytime services are operated by different bus companies, many of which do not acknowledge each other's existence or even accept each other's tickets. Some operator timetables don't display each other's services, which gives the impression there are no services at different times of the day.

The market system works to maximise short term commercial profits and fails to maximise benefits for passengers or to maximise broader social, economic and environmental benefits that are a priority for public authorities and government. Bus use in London, where de-regulation did not occur, held up substantially better than the rest of the UK, even prior to substantial investment to improve bus services after the turn of the century. Some of the differences are set out below. Fully regulated governance of all modes of public transport in northern European countries such as Germany, Austria and Switzerland, delivers two to four times the number of public transport journeys per capita per year than areas of the UK with comparable population density.

## London bus franchising

### London

- London was not subject to the same deregulation of the bus network by the Transport Act 1985. Buses in London are governed by the Greater London Authority Act 1999 (chapter four (Public passenger transport) (sections 173-178) of the Greater London Authority Act 1999 sets out how public passenger transport services are provided for in London).
- In London, Transport for London (TfL) specifies what bus services are to be provided. TfL decides the routes, timetables and fares. The services themselves are operated under contract by private companies through a competitive tendering process.
- TfL is accountable to the Mayor of London
- Since 1986:
  - patronage in London has doubled (up 99%)
  - mileage has increased by 75%
  - fare increases have been lower than the city regions ([A briefing by PTEG \(now the Urban Transport Group\) on “Bus Franchising”](#))

## Rest of the UK

- The Transport Act 1985 –introduced deregulation of bus services throughout Great Britain. Deregulation of the busses has led to a free market - anyone (subject to minimum safety and operating standards) can operate bus services. Public transport remains under direct control in Northern Ireland
- bus operators are free to run services they want to set the fares they want and choose the vehicles they will use
- uncoordinated network
- array of ticketing options
- the five large companies that, across most of the country, have each achieved local dominance (Arriva, First, Go-Ahead, National Express and Stagecoach), rarely compete head-to-head with each other.
- operators focus on the most profitable journeys
- local authorities have to pay operators to run journeys and routes that are socially necessary without full knowledge of route profitabilities and without the ability to maximise synergies across commercial and subsidised services
- patronage nationwide has been in long-term decline, bar some local exceptions.

Public support given in both revenue (concessionary reimbursement, bus service operator grants and support for socially necessary services) as well as capital measures, such as bus lanes, interchanges, infrastructure and in some cases, fleet.

Public funding for bus services in Wales, even prior to the COVID-19 pandemic, has been considerable, including over £100 million of direct support each year through the Bus Services Support Grant, concessionary fare reimbursement and locally tendered services. This rises to over £220 million each year for the wider system (including some taxi and community transport) when you factor in additional publicly supported transport services. This covers non-emergency health transport, school transport, the TrawsCymru bus service, bus grants and reimbursement for the Mandatory Concessionary Fares scheme. As noted above, this is based on estimates prior to the COVID-19 pandemic, where significant additional funding has been needed to compensate the industry for

the loss of passenger revenue.

Current legislation, subject to the Welsh Ministers commencing the relevant legislative provisions, would allow local authorities in Wales to enter into Quality Contracts Schemes (QCSs) (sections 124 to 134B of the Transport Act 2000). These are a form of franchising which enable local authorities to dictate what bus services are provided in an area and let contracts for the provision of those services.

However, the current QCS process is overly complex and resource intensive. Only one QCS has been attempted in England (Nexus Tyne and Wear) and none in Wales. This scheme failed to obtain approval from the relevant QCS board led by the Traffic Commissioner. The process was costly, taking around two years. History has shown that these provisions are insufficient to deliver the scale of change we need to see in the design and planning of our public transport systems, and that legislative change is needed to deliver the quality-of-service people need, at the pace the climate emergency demands.

The following summarises the challenges and issues around the current provision of bus services in Wales:

## **A summary of the challenges and issues around the current provision of bus services in Wales**

### **Problems associated with de-regulation:**

- de-regulated industry with over 80 bus operators in Wales
- multiple operators cause a lack of co-ordination, on both a local and national level. Including, but not limited to, routes; ticketing (especially non-interoperable tickets); and integrations with rail and active travel networks. This results in a suboptimal service and is confusing and off putting for passengers
- lack of an overall guiding mind function with power to provide coordination between services and with different models such as rail
- routes fail to respond to changing passenger needs, from short / retail-based

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journeys to longer journeys

- limited stability in routes and destinations over time
- lack of simplicity on journeys, bus numbering, tickets, fares, signage
- variable standards of vehicles, infrastructure, passenger information
- inconsistency of branding and lack of overall network identity
- marginal services switch between commercial and non-commercial over time, making strategic network planning difficult.

## Further issues

- declining passenger numbers
- ageing workforce threatening a potential lack of skilled drivers in future
- reduction of commercial services in some areas has resulted in increased pressure on local authorities to support socially necessary services
- evening and weekend services that require additional subsidy
- need to set and deliver decarbonisation targets
- bus emissions from diesel vehicles contribute to poor air quality, with coordinated improvement of the fleet needed
- absence of real-time travel information provision in many areas
- bus services that fail to reliably arrive as timetabled due to congestion and lack of bus priority measures to get past congested traffic.

Ultimately people need bus services that get them where they need to be when they need to get there, on buses that are safe, clean, reliable, punctual and affordable. They also want the buses they travel in not to worsen local air quality and not to produce carbon emissions that worsen climate damage. We want to see Wales using ultra low emission buses as soon as practicable.

The draft Regulatory Impact Assessment published alongside this paper sets out key success factors for a better bus system, including:

- area-wide networks with all significant local destinations reachable
- one ticket system
- easy to understand network
- one brand
- easy and reliable transfer

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- reliable travel times
- accessible and comfortable
- public feedback and customer care
- passenger safety, security and health
- network efficiency and financial affordability.

The proposals set out in this white paper have passengers as the focus. Bus services must be usable, attractive options to a far greater range of people than at present. This means improvements to where and when buses run; dedicated space on roads to speed them past congested traffic; and improvements to the vehicles themselves, to bus stations, to bus stops, to information and to ticketing.

Our priority is to provide the services that people want and to encourage more people to use buses. In particular, we want drivers of cars to have affordable, convenient, quick, safe and clean alternatives to driving.

Clear, high quality, and up-to-date information is essential for people to understand the services available to them. People have far greater expectations of the quality of information that should be available than even a few years ago, and consumers expect to be able to make informed choices based on easily available information.

As well as improvements to passenger information we want to see fundamental improvement to ticketing. Currently, tickets are often not transferable across operators or modes of transport, and we believe this limits the attractiveness of bus as a means of travel and must be addressed. People should be able to make journeys with just one simple ticket that gets them where they want to go, whatever combination of services they need to take to get there.

## Reducing our carbon impact

The climate emergency is a global challenge requiring urgent action. Net Zero Wales Carbon Budget 2 identifies that if we are to respond to the climate emergency then this must be a decade of action in Wales, and that we need to make more progress in the next ten years than we have in the last thirty.

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Transport has a significant role to play in helping Wales reach net zero and generating wider benefits across health, air quality, accessibility and the economy.

The current fragmented public transport system does not result in the best services for passengers. Enabling people to switch from private cars to lower carbon modes of travel will be important to meet our near-term carbon budgets. This will be enabled by developing an integrated, multi-modal public transport system, which results in a seamless and effortless experience for passengers.

In taking action and making changes to transport it is recognised that there must be a just transition so that we leave no-one behind, and the impacts of change are distributed fairly. If we are to live up to these objectives then being able to offer people real travel choice, and not exclude those who may not be able to afford to invest in an electric car, or cannot drive, is critical. Consequently, we will put people and climate change at the front and centre of our transport system.

There are multiple ways in which carbon impacts of transport, including buses, can be reduced:

- reduce the amount of travelling
- reduce the number of journeys made by car
- promote a habitual switch from cars to buses (and other public transport, walking and cycling)
- boost the number of people using each bus
- promote a switch to buses with zero tailpipe carbon emissions

We need to achieve modal shift through more people using public transport, walking and cycling rather than the use of private cars. Based on our current analysis, the Welsh Government has set a target of 45% of journeys to be by public transport, walking and cycling by 2040. The current modal share is estimated at 32% (These are estimates based on the English National Travel Survey, with disaggregation by rural-urban categories, weighted to match the proportion of people living in each rural-urban category in Wales). Improving bus services will be critical to encourage people to make this change.



**Llwybr Newydd: the Wales Transport Strategy 2021** sets out that in 2018 transport was responsible for 17% of greenhouse gas emissions in Wales: 62% from private car use; 19% from light goods vehicles (LGVs); and 16% from bus and heavy goods vehicles (HGVs). Switching from a fleet of buses which use fossil fuels to a fleet which uses battery electric, or fuel cell electric (using green hydrogen) will contribute to reducing carbon emissions; and to reducing the emissions of pollutants which can affect local air quality, harming public health.

We will encourage people to make the change to more sustainable transport by making it more attractive to all parts of society (One Network), adopting innovations that make it easier to use (One Timetable) and making it more affordable (One Ticket).

Whilst not explicitly covered in our proposed legislation, we will need to work with the industry within the proposed regulated system to ensure the design and construction of bus depots enable the re-charging and re-fuelling of electric/hydrogen powered buses. Depots, bus stations and bus shelters should, wherever practicable, use solar or wind power (or other renewable energy) to generate electricity for lighting, heating, electronic displays etc.

## Question 1

Do you agree that change is required in how we deliver bus services to meet the needs of Wales' citizens and respond to the climate emergency? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Legislative proposals

To deliver the objectives set out at the start of this paper, we need to change the operating model for our buses in Wales. This is centred around the need to deliver a bus system which maximises the benefit to the public.

We have considered various options for change, which are set out in more detail in the Regulatory Impact Assessment, including an Enhanced Partnership model

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that was introduced in England in 2017, a *no change* baseline, and the impacts of significant further change and investment beyond legislation. However, these partnership arrangements are voluntary and, after 5 years, there is only set to be a significant growth in Enhanced Partnerships as a result of a decision to remove bus funding from areas without one (Department for Transport' **Bus Back Better National Strategy** (2021) has set a deadline that from April 2022, LTAs will need to have an Enhanced Partnership in place, or be following the statutory process to decide whether to implement a franchising scheme, to access the new discretionary streams of bus funding). Crucially, such a system does not allow us, quickly and surely, to deliver a 'One Network, One Timetable, One Ticket' system across Wales that works alongside trains. We believe that to achieve the pace and certainty that the climate emergency demands of us bus networks in Wales need to be franchised. That assessment concluded that, even taking the conservative (i.e. high) cost estimate of implementing franchising at the individual local authority level, the benefits available from franchising outweigh those delivered either by partnership models or the current legislative framework. It also shows that if significant wider investment is made in the bus system, franchising continues to deliver more benefits than partnerships as an alternative.

## Franchising

What we mean by franchising is that Local Government, Transport for Wales and the Welsh Government will work together to design bus networks and services which best meet people's and communities' needs within the funding available. The franchising authority specifies the services and how they will run, including routes, vehicle standards, timetables, fares, branding, passenger information and ticketing. Operators will then bid for contracts to run these services, competing in a tender process to deliver those services as efficiently and effectively as possible rather than competing for passengers at bus stops. Other operators are then unable to register routes within the franchised area. The scale at which contracts are let for services will be determined on a case by case basis from individual routes to entire local networks.

There may be a need for commercial services to be licensed in addition to that contracted network, particularly to ensure cross-border connectivity with England whilst maintaining consistency with other services in Wales. This will allow the

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franchised system to support that key connectivity for many of our communities, ensuring cross-border networks receive the same level of network, timetabling and ticketing coordination in Wales whilst only specifying the standards for the Welsh portion of cross-border services so as not to impinge upon the governance of bus services in England. For operators, this would mean that cross-border routes operate similarly to the current system, but would be subject to additional standards on the Welsh side, and would require approval to ensure they complemented the rest of the network.

Whilst other models have been attempted elsewhere in the UK, and proposed previously in Wales, we have to recognise the scale of the challenge facing us. Over the last 20 years significant efforts have been made, both within our existing legislative framework and through statutory partnerships in England, to improve bus services. However, nothing has come close to delivering the scale, and certainly not the pace, of change we need to respond to the climate emergency. The analysis set out in our draft Regulatory Impact Assessment, published alongside this paper, highlights the need for some form of overall control to ensure a well-planned, easy to understand network; for a single easy to use ticketing system; and for reliable, universally branded services.

A key element of this approach is that contracting services in this way allows the public sector to control the ticket revenue, paying operators a fixed fee with opportunities to include incentives to reward high quality services and reliability, and penalties for failing to meet certain service standards. This means that choices can be made in the public interest about whether unprofitable routes are still worth running and how to reinvest income from profitable routes to support those socially necessary services.

Whilst this may limit the profit operators are able to make from some routes and networks, it also ensures they can run services with a reliable income without bearing a revenue risk in the case of patronage falling due to economic downturn or other factors. Under a franchised system, the public sector assumes that risk to enable us to deliver the best network we can with the funding available.

Beyond legislative change, a contracted model also allows us to set minimum contractual standards. This could apply both to services and to staff pay and

conditions, in line with our Economic Contract, ensuring that competition for services doesn't come at the expense of supporting and growing the bus driving profession.

This does not mean, particularly initially, that we will be able to afford to run the ideal network, and that everybody will be able to get what they want from the bus system. However, we are committed to developing as effective and reliable a bus network as we can, and we believe the proposals in this paper set the framework for us to do that. We will need, in parallel, to carry on working on the wider system including demand responsive transport to provide a reliable, affordable travel option for everyone in Wales.

Franchising will allow us to design and contract networks that get people where they want to go, it will allow us to plan reliable timetables, which are stable over time so people know when they can get a bus, and it will allow us to introduce simple multi-operator ticketing, so people don't have to navigate different operators' offers, don't need to buy multiple tickets for the same journey, and can focus on getting where they need to go. This is about creating a bus system that people can rely on to get them where they need to go.

As set out above, these key service improvements, along with others highlighted in this paper, will make services more efficient and attractive, offering a much improved service to people who rely on buses, and encouraging and supporting people to shift from private cars to public transport; a critical objective set out in the Wales Transport Strategy and Net Zero Wales to meet our climate targets.

## Question 2

Do you agree that franchising is required to deliver the depth and pace of change to the bus network that is required in the context of the climate emergency? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

# Embedding local knowledge and accountability

Local Government is central to the bus system. We rely on local knowledge to identify the services which are critical to communities and local authorities provide key services coordinating transport to schools and for care. Sustaining local accountability for identifying and prioritising those services is a key objective for us in this process.

We also know that people don't stop at local authority borders, so we need to find a way of embedding that knowledge and accountability in a system that joins up bus services regionally and nationally, and links them into other transport options such as rail and active travel, to develop the right network for the whole of Wales

This points to a key role for Corporate Joint Committees (CJCs), mirroring their transport planning role, to form a regional view of the network and ensure inter-regional routes and communities are as well served as those within a single authority.

Established under the Local Government and Elections Act 2020, Corporate Joint Committees (CJCs) are bodies formed from the membership of principle councils, established in statute, and able to directly employ staff, hold assets and manage funding. Corporate Joint Committees are intended to enable selected functions to be delivered more effectively and strategically at a regional level, making more efficient use of valuable resources. The model is designed to offer maximum flexibility, with detail being developed through regulations co-produced with local government.

We believe the best way to achieve the kind of national level co-ordination and network design needed to maximise the public good across Wales is to bring those regional leads together with Welsh Government and expert input at a national supervisory board which can offer a guiding mind, bringing all levels of the bus system together to achieve that objective.

Under this model, local authorities would develop a plan for a bus network that meets the need of their communities. CJCs would then be responsible for

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bringing these together to agree a regional plan. Transport for Wales would work with them, on behalf of the Welsh Government, to combine these networks into a national plan to be reviewed by the members of the supervisory board and agreed by Ministers. At each of these stages we would expect Transport for Wales to offer specialist network planning support and work with local authorities and CJsCs to help develop their plans and ensure they are well integrated with rail services across Wales.

Our current proposal is that this board must include representation from each of the Corporate Joint Committees to feed their regional perspective into the overall plan and to ensure inter-regional join up. It should also include the Welsh Government, who are responsible for national transport strategy, for overall funding levels, and for Wales and Borders rail services through Transport for Wales.

That final plan should also be informed by expert and public views on bus services, to ensure it is considering a range of perspectives. We are currently proposing that this includes an operator representative, a staff representative, and a public transport user representative who would sit on that board. We are not proposing to set out specifically in primary legislation who these representatives should be, but we will expect the board to give regard to their views and allow, by regulations and guidance, more detail to be set out on exactly how that representation will operate. This will allow the representatives on the board to properly reflect the composition of the industry, workforce and passenger body at the time, without tying a future board to a model designed for the industry as it stands in 2022.

To effectively implement the overall franchise plan, we are proposing to develop a new national centre of excellence for franchising contracting through Transport for Wales, giving all parts of Wales access to the same specialist resources to tender and manage high quality franchise contracts. To ensure this national level contracting scheme operates effectively we are proposing that the franchising power sits with the Welsh Government, so that Transport for Wales can work with CJsCs and local authorities to discharge it on the Welsh Governments behalf. This would have the additional benefit of aligning the powers with rail services, allowing us through Transport for Wales to make plans for services, ticketing and journey information for bus and rail side by side. This will allow us



to avoid duplication of publicly subsidised bus and rail services wherever possible and focus on offering people a better integrated overall public transport network, including strengthening the case for investment in rail services where bus networks can be planned to complement rather than compete with them. It also enables coordination with the long-distance TrawsCymru bus services and Fflecsi demand-responsive bus services that are overseen by Transport for Wales on the Welsh Ministers' behalf.

However, to ensure local input, Welsh Ministers would have a statutory duty to consult the members of the proposed supervisory board on franchising plans and would have to report on and account for any departures from their recommendations.

We are also proposing to allow Welsh Ministers to delegate the franchising power. We are not expecting to do so, but this future-proofs the primary legislation against unplanned changes to delivery structures, so that powers could be delegated to a statutory delivery body, should it be deemed appropriate in future. We would consult on any further changes to CJsCs' responsibilities to ensure they reflected an agreed understanding of the appropriate role for CJsCs.

For this model to work in practice, plans developed at each level of the system will need to be affordable within an overall model. We are proposing to create a duty to ensure that affordability is considered when developing network plans, both at the regional and national level. This would mirror, for example, a similar model created in the Railways Act for infrastructure improvements, which creates a duty to consider affordability and sustainable funding. In practice the Welsh Government will need to work with local authorities through Corporate Joint Committees to discuss and agree funding envelopes to ensure they can plan against, ensuring that decisions can be taken throughout the system, both to contribute the right level of investment according to an area's needs and to maximise that investment by designing the best possible bus services within the budget available. Whilst it is not required by the legislation, under the Railways Act model, the Secretary of State publishes a multi-year Statement of Funds Available to provide a basis against which this duty can be fulfilled.

Under the current devolved funding settlement, we are unable to provide the

kind of long-term funding certainty such a system would ideally receive, but we will work with Local Government to develop an indicative funding envelope against which they can plan, to ensure we are all working towards the same objectives and planning the best bus network we are able to deliver within that budget.

This model would generate the following benefits for each level of the system:

Passengers will have:

- a new bus system, where Welsh Ministers are supported by a guiding mind that can coordinate delivery bodies to implement 'One Network, One Timetable, One Ticket' and use investment with maximum efficiency to increase and improve their bus services
- a passenger voice to input passenger priorities at the highest level as part of the supervisory board guiding mind.

Local authorities, directly and with their input through their Corporate Joint Committees, will have:

- the ability to design bus network plans that best meet their communities' needs
- a major say in national decisions about the shape of the franchising system and its operation
- transport for Wales working with them, on behalf of the Welsh Ministers, to help deliver their local-regional needs and priorities with maximum efficiency of resources and expertise
- a substantial say in the distribution of services and national investment from Welsh Government across CJsCs / LA priorities.

Welsh Government will have:

- a bus governance system able to design a bus network fit to address the climate emergency, and capable to fulfil wider environmental, economic objectives and social policy objectives with maximum rapidity and lowest cost
- the ability, through Transport for Wales, to coordinate bus and rail to create a



multimodal integrated 'One Network, One Timetable, One Ticket'.

Bus operators will have:

- a clear vision for the future of the bus network following the COVID-19 pandemic
- maximum patronage uplift and consequent expansion of the bus industry through optimisation of network attractiveness as 'One Network, One Timetable, One Ticket'
- collaborative working through a seat at the top table of the supervisory board guiding mind plus expert exchange at network design level
- removal of market uncertainty risk through the franchising authority by means of gross contracts (i.e. the Welsh Ministers will take the ticket revenue and with it the revenue risk).

Bus company employees will have:

- collaborative working through a representative seat at the 'top table' of the supervisory board guiding mind
- better protection against a race to the bottom with the franchising authority able to set contractual conditions for all franchise competitions, in line with our Economic Contract.

This model ensures that local authorities can work together regionally through Corporate Joint Committees to plan the services their communities need, and then have a meaningful say in how Welsh Ministers combine regional networks into an overall bus system designed to maximise the benefits it generates for people in Wales, contracting with economies of scale and ensuring the whole country has access to the same skills and expertise. This highlights the importance of collaboration and co-design, with all levels of government in Wales working together to best serve our communities, in line with the Ways of Working set out in the Wellbeing of Future Generations Act.

### Question 3

Do you agree with the Welsh Government's preferred franchising model as

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described above? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Question 4

Do you agree that this model provides sufficient local input for designing local bus networks? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Question 5

Do you agree that there is a need for regional consideration and coordination of bus network plans by Corporate Joint Committees, before combining them at a national level? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Question 6

Do you agree that letting and managing contracts at the national level by the Welsh Government through Transport for Wales offers the best opportunity to pool franchising expertise, deliver economies of scale? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Question 7

Do you agree with the need for a duty to ensure plans are designed to be affordable? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Additional requirements, regulations and guidance

Primary legislation will set the structures for franchising, but there will be a lot of additional detail required to ensure implementing franchising is a success. Some of these issues will need to be dealt with in the Bill, ensuring that franchising powers are exercised to support the long-term growth of the industry. Other detail will need to be set out in further regulations and guidance to ensure franchising is implemented well, which is set out below.

We are aiming to maximise the effectiveness of franchising both in providing high quality public transport services and growing and sustaining a healthy market to deliver bus routes. That includes having a range of SMEs and municipal operators as well as the large commercial operators who can bid to run franchise contracts. The majority of this will rely on the contracting approach, ensuring there are attractive opportunities for all types of operators to compete for. However, we are particularly conscious of the risk franchising poses to smaller operators. We are working with Transport for Wales and operators to consider how to ensure zero emission buses and appropriate depot facilities could be available to smaller operators, to reduce the barrier to market entry and capital risk of bidding for contracts. We are proposing that when exercising franchising powers, all feasible steps should be taken to seek to ensure that franchising plans and forms of contracts used to operationalise them will give small and medium sized bus operators an equal chance to compete with corporate players and will support a healthy SME sector. We are proposing that this includes a specific legislative duty to consider the impacts on SMEs when franchising.

Other franchising models, such as in rail, include provisions in case of operator failure to allow an Operator of Last Resort to step in and run services (An operator of last resort is a business in the United Kingdom that operates a franchise if an operating company is no longer able to do so). Even before the crisis of the COVID-19 pandemic this power had been used on multiple occasions to ensure trains kept running after a franchisee in financial difficulties withdrew from a contract. We are proposing to create a similar provision,

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whereby a public service operator, which might for example be a locally owned municipal operator or Transport for Wales at a national level, could step in should a franchise fail and make sure buses keep running.

We are also proposing to give the Welsh Ministers powers to make regulations and guidance in relation to franchising, setting out key objectives we consider are necessary to successful franchising and to support the long-term growth of bus services and the bus industry, especially should powers to franchise be delegated in future. We expect that this should include:

- regulations for dates by which network plans of routes to be franchised should be prepared to ensure rapid transition to new arrangements
- guidance on minimum quality standards for services, detailed through contracts
- guidance on expected service frequency standards, detailed through contracts
- guidance for permits or other requirements for routes crossing the boundary of the franchise area
- decarbonisation requirements, such as targets for decarbonisation of buses,
- regulations to ensure consistency of fares and coordinated ticketing
- regulations on the provision of clear, high-quality and up to date information on bus services, both to ensure passengers can make easy, informed journey choices and to support the development of network plans
- guidance for how bus network plans for franchising should be prepared including co-production with operators and communities, and consideration of wider policies such as planning and learner travel
- guidance for how the bus network integrates with other transport modes.
- guidance for the letting of franchise contracts to include:
  - how the franchise contract procurement strategy addresses the Welsh Government's policy such as supporting SMEs and the foundational economy.
  - standard franchise contract terms, including minimum terms of staff pay and conditions, in line with our Economic Contract.
  - good practice principles for contract procurement strategy.
  - transitional requirements for moving between franchise contracts

These guidance and regulations will also offer the flexibility to consider how best

to implement franchising in different parts of Wales, ensuring that appropriate service levels are delivered both in rural communities and in city regions and considering the make-up of the bus industry in the relevant area.

## Question 8

Do you agree that the proposed powers to make regulations and guidance are suitable to ensure franchises are let successfully and sustainably? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Question 9

Do you agree with the proposed requirement to consider the impact on SME bus operators when franchising? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Question 10

Do you agree with the benefits of establishing a mechanism to allow a public service Operator of Last Resort to ensure services keep running if a franchise fails? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## School transport

This white paper consultation is not setting out any proposals for changes to the Learner Travel Measure, which governs the provision of school transport by local authorities, however our intention is to take forward a full review which will be subject to consultation in due course. Consequently, we are not seeking comments on the Learner Travel Measure at this point. However, the ability to shape the network planning process will allow local authorities to maximise alignment of public and school transport services wherever it is appropriate and

efficient to do so, whilst retaining the power and responsibility to provide dedicated home to school transport for those pupils who need it.

## Transition arrangements

Transitional arrangements will need to be put in place to ensure bus services continue, and continue to improve whilst the proposed legislation progresses and whilst franchises are being prepared and let, minimising disruption for passengers. We will work closely with operators, Local Government and Transport for Wales to make sure we move towards our vision and objectives over this period and prepare the way to transition to a high-quality franchised system. We anticipate creating a regulation-making power for Ministers to make provisions for a smooth transition.

Transitional regulations and arrangements may need to be include (but are not limited to):

- ensuring authorities and operators will be informed and given sufficient notice about changes
- ensuring existing contracts on services are seen out as necessary, or adapted to fit franchise arrangements where this is appropriate
- where team members of existing services that may be affected, should be protected via TUPE arrangements appropriate to each arrangement

## Question 11

Do you think further specific legislative provisions are needed for the transitional period until franchising is introduced? Please provide comments.

## Municipal bus companies

Sometimes, local authorities receive few or no bids to run bus services, be they school services or contracted socially necessary services. This means either

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that services don't run, or that they end up paying over the odds for a private operator to fill that gap because they aren't allowed to run those services themselves except in very limited circumstances.

This problem was further exacerbated by the COVID-19 pandemic, where some bus operators considered ending bus services on certain routes and others survived only because of funding support from the Welsh Government. This highlighted the precarious situation that if a bus operating company failed, the local authority wouldn't be able to protect services in their communities. They aren't able to set up a new municipal bus company to run services directly except in very specific circumstances, and they have no alternatives if there aren't any bids to run contracted services in their area, or if the only bids are unaffordable.

The Transport Act 1985 prohibits local authorities from running their own bus companies, except where:

- a Local Authority was already operating a bus company when the prohibition came into force (Cardiff Bus and Newport Bus operate under this exemption)
- a local authority only runs a small operation and has applied to the Welsh Ministers for an exemption from the general restriction (the number of vehicles permitted under this exception is currently 10) or,
- a bus operator has failed to run a service as contracted under a Quality Contracts Scheme or a franchising scheme and the local authority has had to step in (the law permitting Quality Contract Schemes is not in force in Wales).

We are proposing to lift that restriction to ensure parity that will allow local authorities the powers to run services either in-house or via an arms-length company as part of the franchised network.

An arms-length bus company would manage services as an independent commercial organisation with its own management board. The main shareholder of the company would be the local authority, but it would not involve itself in the day-to-day running of services.

We are also proposing to allow local authorities to invest in or acquire bus

companies.

In addition to removing a barrier to public investment, this would also allow the merger of two municipal bus companies, which could offer economies of scale or allow them to operate over a wider area. Under current rules, the local authority owners could not both remain shareholders of a merged company as it would count as investing in a new company. This actively inhibits collaboration between local authorities and prevents attempts to deliver services more efficiently where this can be done regionally.

Finally, municipal bus companies are currently unable to raise funds, either by borrowing or by selling share capital. This puts them on an uneven playing field with commercial competitors, an issue which was acutely highlighted during the COVID-19 pandemic, and which prevents investment in zero emission buses. We are proposing to relax those restrictions and allow municipal bus operators to raise funds on a level playing field, freeing up investment into the local bus services they run, and ensuring that there are no advantages under the franchised system.

In addition, the implementation of these reforms could also create an option for an Operator of Last Resort whereby a municipal bus company could, where viable, operate in a different part of Wales to provide network bus services should there be no bidders coming forward to tender for a franchise, or a franchisee ceases to operate part way through a contract term.

These provisions are designed to ensure a healthy and equitable bus sector, where all parts of the system, be they municipal, small, or corporate operators, are able to contribute as fully as possible to a network designed for the public good, according to their strengths.

## Question 12

Do you agree that local authorities should be able to run bus services directly? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

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## Question 13

Do you agree that local authorities should be able to set up arms-length companies to operate local bus services? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Question 14

Do you agree that local authorities should be able to invest in or acquire bus companies? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Question 15

Do you agree that municipal bus companies should be able to raise fund by borrowing or selling shares? Please score from 5 agree strongly to 1 disagree strongly. Please provide comments.

## Question 16

Are there any additional safeguards you would like to see applying to the use of these powers? Please provide comments.

## Question 17

Are there any further comments you would like to provide on the content of this white paper?

# Draft regulatory impact assessment

We have published a draft regulatory impact assessment (RIA) alongside this paper, which aims to assess the evidence about the costs and benefits of delivering high quality bus networks through a franchising approach, and comparing with enhanced partnerships (such as have been introduced in England) and a baseline scenario.

The franchising scenario in the RIA is based on a notional scenario in which non-legislative measures, such as bus stop improvements, bus stations, bus priority measures, are not included as they are not directly required or affected by the legislation – to enable a neutral assessment of costs and benefits to be presented.

The legislative proposals are however considered as enabling measures, which would provide an enhanced ability to lock in benefits of wider, and potentially substantial, investments in measures such as on-street or bus station infrastructure, and bus priority measures. Hence the draft RIA includes a second scenario with investment beyond legislative change, which is aimed at producing significant benefits and patronage increases at a scale higher than the legislative proposals themselves.

The draft RIA considers the cost of a franchising model where each local authority is responsible for franchising services in their area. This provides a conservative resource cost estimate that represents functions duplicated over all 22 local authorities. This offers the advantage of providing a fair comparison to an alternative enhanced partnership model, simply on the benefits they can offer passengers, without considering the economies of scale available from franchising at a national level. It also has the advantage of providing a cost comparison that does not pre-suppose the outcome of this white paper.

Although this local franchising model is not the preferred policy approach set forward in this paper, which aims above to set out the benefits of taking a regional view of network plans and concentrating franchising skills at the national level, it has been adopted in the draft RIA to give a level playing field for comparison of the different forms of bus governance. Subject to the outcome of

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this consultation, the draft RIA will be updated to reflect the policy as it is presented in the proposed bill. We will also undertake some further analysis prior to the publication of the final RIA, including sensitivity analysis to test the robustness of the modelling results to changes in key assumptions and further consideration of the impact of the proposals on the bus sector and competition in Wales.

We would welcome any comments or feedback on the modelling contained in the draft RIA.

## Question 18

Do you have any comments on the draft Regulatory Impact Assessment published alongside this paper?

## Question 19

We would like to know your views on the effects that the proposals would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English.

What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

## Question 20

Please also explain how you believe the proposals could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

## Question 21

We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them.

## How to respond

Submit your response by 24 June 2022 in any of the following ways:

- complete our [online form](#)
- download, complete our [online form](#) and email to [busbillconsultation@gov.wales](mailto:busbillconsultation@gov.wales).
- download, complete our [online form](#) and post to:

Bus Bill Team  
Second Floor South Pillar B09  
Welsh Government  
Cathays Park  
Cardiff  
CF10 3NQ

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powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data. In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation. If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by Welsh Government will be kept for no more than three years.

## Further information and related documents

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Welsh Government

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## ANNEX 1 – Regulatory Impact Assessment

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

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## Preamble

This draft regulatory impact assessment (RIA) aims to assess evidence about the costs and benefits of delivering high quality bus networks, comparing a baseline scenario with franchising, and an enhanced partnership approach, such as are being introduced in England, as well as considering further investment beyond legislative change, to set out a comparison between different policy approaches.

The draft RIA considers the cost of a franchising model where each local authority is responsible for franchising services in their area. This provides a conservative resource cost estimate that represents functions duplicated over all 22 authorities. This offers the advantage of providing a fair comparison to an alternative enhanced partnership model, simply on the benefits they can offer passengers, without considering the economies of scale available from franchising at a national level. It also has the advantage of providing a cost comparison that does not pre-suppose the outcome of the corresponding white paper consultation.

Although this local franchising model is not the preferred policy approach set forward in the white paper, which aims above to set out the benefits of taking a regional view of network plans and concentrating franchising skills at the national level, it has been adopted in the draft RIA to give a level playing field for comparison of the different forms of bus governance.

The methodology for assessing costs and benefits is based on relevant transport appraisal guidance as set out within the RIA. Use of guidance has been supplemented by consultation with Welsh Government economists, to ensure the assessment is aligned with the values and strategic transport objectives of the Welsh Government. The costs and benefits presented in this draft RIA are not suitable for comparison with the Explanatory Memorandum prepared for the previous draft bus legislation, which also considered franchising and partnerships. More detailed analysis of potential changes to bus networks has been undertaken to inform this version of the RIA and various cost and benefits assumptions have been amended to reflect plans for bus reform in Wales.

Subject to the outcome of this consultation the draft RIA will be updated to reflect the policy as it is presented in the proposed bill. This will include additional consideration of resources required during the transition period and future steady state operating model.

We would welcome any comments or feedback on the modelling and analysis contained in the draft RIA.

# 1. Introduction

## 1.1. Defining the Policy Problem

### 1.1.1. Falling Patronage of Bus Services

1.1.1.1. Bus journeys account for approximately three quarters of all journeys made by public transport in Wales and perform a critical role in providing access to jobs, services, education, hospitals and leisure activities. Bus use in Wales has been generally falling since the 1980s, from around 180M passenger trips per year in 1986/87, to 130M trips in 2008/09, and 101M trips per year in 2018/19 – a 56% drop since 1987, and a 22% drop since 2009<sup>1</sup>. It should be noted that the population of Wales has increased by 8.2% between 1998 and 2018, and by 3.7% between 2008 and 2018. The fall in bus use has thus taken place against a growth in overall population and total trips by all modes. This trend can be compared with a growth of car traffic (in vehicle kilometres) of 45% from 1993 to 2018<sup>2</sup>. Hence overall the bus services in Wales have collectively not been able to maintain mode share.

1.1.1.2. Over the long period of decline in bus use, regular investment has been made by Welsh Government and local authorities in bus measures and improvements. This includes schemes such as bus stations and interchanges, on-street and segregated bus priority measures, ongoing bus stop improvements, improved online bus information and journey planning via Traveline Cymru, increasing the network of TrawsCymru bus services, significant annual support grants based on operator mileage (Bus Services Support Grant; BSSG), and the all-day concession fare reimbursement scheme. The advent of free concessionary fares for older people and people with mobility difficulties, for a period of some years after their introduction produced the most significant reversal of the declining longer-term ridership trend.

1.1.1.3. Welsh Government's reimbursement of concession fares to operators is made for trips at any time of day, unlike in England where trips in the morning peak are not covered by concession travel. In Wales, fares are reimbursed to operators at approximately two thirds of the regular single fare, which, when concession travellers make a two-way return journey, can often provide a net

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<sup>1</sup> Department for Transport. 2021. [BUS0103: Passenger journeys on local bus services by metropolitan area status and country](#)

<sup>2</sup> StatsWales. 2021. [Volume of road traffic by road classification and year](#)

revenue similar to a normal Return Ticket (or Day Ticket). The reimbursement scheme has had a significant effect on maintaining overall trip numbers. A proportion of concession trips are recognised as ‘generated’ trips which would not have otherwise been made if fares were charged, and also the revenue generated has underpinned the provision of all bus services to attract fare-paying passengers. Selected statistics<sup>3</sup> illustrate the reliance on the concession reimbursement arrangement to maintain patronage levels:

- Half or all bus trips in Wales (50%) in 2019/20 were made by concessionary passengers (up from 43% in 2008); and
- The fall in fare-paying bus patronage from 2008 to 2018 was 25%<sup>4</sup>, whereas the fall in concession journeys was 10% over the same period.

1.1.1.4. Discussions with local authorities, engagement and consultation with bus operators (in the context developing bus reform proposals in 2018-19) and desktop research suggests that the historical reduction in bus patronage is due to a combination of factors. These include:

- Complicated ticket offers and lack of integrated tickets for use on different operators’ services;
- Lack of stability of bus service routes and timetables (which means that people are unwilling to commit to using public transport as part of their daily life);
- Reductions in the number of local authority supported bus services which leads to less bus trips; and
- Slow and unreliable bus journey times makes bus less attractive to potential users, and also increases operating costs – which has a knock-on effect of reduced frequency, which increases waiting times and further reduces attractiveness of buses, and which as a further deterrent to passengers increases the fare prices operators have to charge to cover their costs.

1.1.1.5. Data and research also identify external factors which create challenges to attracting people to use buses, including:

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<sup>3</sup> Department for Transport. 2021. [BUS0105: Concessionary passenger journeys on local bus services by metropolitan area status and country](#)

<sup>4</sup> Department for Transport. 2021. [BUS0103: Passenger journeys on local bus services by metropolitan area status and country](#)

- Increasing car ownership<sup>5</sup> – with the proportion of households in Wales without access to a car or van (for activities such as visiting local shops or going to the doctor) falling steadily from 21% in 2013 to 13% in 2019, which inevitably reduces bus patronage;

The cost of bus travel has increased relative to the cost of motoring. At a UK level, average bus fares have risen by 403% since 1987, compared to just 163% for motoring costs<sup>6</sup>; Activity for work, leisure and retail has shifted from town centres to edge of town, car-served, low density monofunctional spaces like the business park, retail park or owner-occupier estate, creating polycentric patterns of movement<sup>7</sup>. This type of movement does not align well with traditional radial bus services into town centres; and

- A rise in on-line shopping – which tends to reduce the demand for bus travel on core bus routes into town centres.

1.1.1.6. The COVID-19 pandemic from 2020 has also contributed to a trend of working from home for those occupations where this is possible, which is likely to be a long-term phenomenon, and which has beneficial policy outcomes in terms of reducing travel and associated carbon emissions, but also contributes to lowering bus use. Welsh Government announced in 2020<sup>8</sup> a long-term ambition to see around 30% of Welsh workers working from home or near home – giving more people the choice to work in a way that helps their productivity as well as their work-life balance, and with the potential to drive regeneration and economic activity in communities.

1.1.1.7. The importance of car ownership and car availability in peoples' mode choice is underlined by data which shows that the vast majority of bus trips are taken by people with no access to a car for that trip (for example, surveys in Swansea in 2014 indicated that only around 15% of people making bus journeys had access to a car for that trip<sup>9</sup>). It can be concluded that choosing between bus and car is not a practical consideration for most people's journeys, and that a significant proportion of bus patronage in Wales is made up of a 'captive market' of:

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<sup>5</sup> Welsh Government. 2021. Llwybr Newydd: a new Wales transport strategy - [Supporting information: transport data and trends](#)

<sup>6</sup> Department for Transport. 2021. [Bus Back Better: national bus strategy for England](#)

<sup>7</sup> Welsh Government. Foundational Economy Research. 2021. [Small Towns, Big Issues: aligning business models, organisation, imagination](#)

<sup>8</sup> Welsh Government. 2020. [Aim for 30% of the Welsh workforce to work remotely](#)

<sup>9</sup> SSWITCH. 2014. South West Wales Travel Pattern Survey

- people without access to a car (including students, who use buses in large numbers in Wales's university cities); and
- concessionary passengers who travel for free (which comprises of almost half of all bus journeys).

1.1.1.8. Another key inhibitor of bus use is that bus journeys are generally only practical for direct, single leg, bus journeys – which means that bus travel excludes a large proportion of all trips which are not served by direct bus trips. For example, in Cardiff, around 30% of jobs are in the city centre<sup>10</sup> – which is well served by bus. However, the majority of trips in the city are not to and from central areas, and these are generally not well served by bus (and hence are typically made by car). Census data shows that 'direct' journeys on urban radial bus corridors generally have a relatively healthy bus mode-share for Journey to Work of over 20%<sup>11</sup> - but indirect journeys have a much lower bus mode share. An illustrative but realistic theoretical example shows the typical make-up of bus mode share:

**Illustrative theoretical example of bus mode share for direct and indirect journeys**

In a typical urban area with 100,000 trips by all modes in the morning peak period, direct buses may only be a realistic choice for around 40% (or 40,000) of those trips (i.e. those trips which are on radial bus corridors towards the central area). Assuming these radial journeys have a relatively high mode share of 20%, this results in 8,000 bus trips. The remaining 60% of trips (60,000) are not well aligned to radial bus corridors, and hence a much lower bus mode share of around 4% is typical, equating to 2,400 trips by bus. Overall, the number of bus trips is therefore 10,400, equivalent to approximately 10% of all trips. This is an average figure which conceals the wide range of high mode share (for radial journeys which are well served by bus) and low mode share (for non-radial journeys that are not) for movement patterns with different geographical orientations.

1.1.1.9. The illustrative case shows that in order to significantly grow bus usage, it is important to be able to attract some of the 'indirect' journeys, which typically make up the majority of trips in an area but are presently hard to make by bus. For example, a typical car journey across a town, if made by bus, would be likely to involve undertaking an indirect, two or three-leg journey by bus (or by bus and rail), which would presently be an unrealistic and unappealing

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<sup>10</sup> ONS, 2018, Business Register and Employment Survey

<sup>11</sup> Census. 2011. [Method of travel to work](#) - Llysfaen/Llanddulas to Llandudno (Central) 20.5% bus mode share, Leckwith/Canton to Cardiff City Centre 48% bus mode share.



trip due to the lack of co-ordination between bus services, and complex ticketing arrangements. This leads to a conclusion that for bus to meet people's everyday travel needs, the 'in-scope' journey market for bus travel needs to be widened, which in turn means that operating bus service lines as a co-ordinated network is necessarily a key feature of success – such that customers can realistically reach multiple places on the network (with the ability to easily transfer between services as necessary).

1.1.1.10. In summary therefore, the key aspects of the historical fall in bus passenger numbers in Wales are:

- Bus use has reduced over time even though the population has grown, and in comparison, car use has grown significantly;
- Regular investment in bus services and infrastructure by Welsh Government (although beneficial) has failed to overturn the decline in bus use;
- Welsh Government's free concession travel has masked the decline in bus patronage, and temporarily reversed it, and the associated fare reimbursement scheme continues to be fundamental to maintaining bus services;
- Complicated ticket offers, lack of integrated tickets, and lack of stability of bus service routes all combine to make regular bus travel unappealing;
- Reductions in local authority support for bus services has led directly to fewer bus trips;
- Traffic congestion has led to slower and unreliable bus journey times, which makes bus less attractive, and also increases operating costs and thus fare prices (and can lead to a reduced frequency which increases waiting times and further reduces patronage);
- Much land use development in recent years and decades has not aligned with traditional radial bus routes;
- Increasing car ownership, comparatively low costs of motoring relative to bus travel, a rise in online shopping and working from home have also contributed to the decline in bus use.

1.1.1.11. The ability of the bus sector to halt the decline in patronage is inhibited by the tendency for bus operators to follow a logical commercial imperative of focussing on the most profitable market, that comprising people making journeys on radial corridors towards central areas, a focus which is also the strongest defence to deter competitor incursions which would bite heavily into profit margins. This means that the target market for bus companies in an unregulated environment largely excludes the large number of trips

which start and end outside central areas. This effectively caps the potential bus user market to a minority of trips in an area. Addressing this shortfall will necessarily require bus service lines to be operated as a co-ordinated network – such that customers can realistically reach a much wider range of destinations (with the ability to easily transfer between services as necessary).

### 1.1.2. The Present Bus Operating Model

- 1.1.2.1. The bus sector in Wales (and the rest of Great Britain) has been deregulated since 1986, which means that bus operators design routes and set fares for the majority of bus services (subject to operating standards regulated by the Traffic Commissioner).
- 1.1.2.2. Given this arrangement, bus operators quite rationally focus primarily on maximising their revenue in comparison to their operating cost – and hence understandably are not in a position to prioritise ‘policy’ aspects such as maximising mode share of bus in a town or city. Bus operators instead focus on maintaining their core market of passengers, focusing in particular on people whose regular journeys are constrained to radial bus corridors connected to central areas. As noted previously, in the context of growing car ownership<sup>12</sup>, low costs of car use relative to bus fares and a tendency for polycentric land use development (over recent decades), this core bus market has been slowly decreasing.
- 1.1.2.3. Bus operators effectively control and decide where most core bus services are operated in Wales. This has led to a situation in which local authorities’ transport plans have historically focused on bus infrastructure measures – and neglected consideration of the overall bus network in respect of defining goals and objectives, identifying problems, and generating network plans (with co-ordination of routes and frequencies). This lack of focus on long-term network planning for bus is a natural result of the fragmentation of responsibilities between multiple operators and local authorities – with the former focussed on operating their own bus services to best commercial effect and with a completely free hand to run buses where and when they wish, whilst the latter are focussed on setting transport policies and providing and maintaining transport infrastructure whilst lacking an ability to provide bus services other than those serving destinations and times which commercial bus operators do not wish to serve, and having very limited ability to influence the offering provided by commercial operators. Whilst historically there has been a good level of engagement and partnership working between Welsh Government, Local Authorities

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<sup>12</sup> Welsh Government. 2021. Llwybr Newydd: a new Wales transport strategy - [Supporting information: transport data and trends](#)

and bus operators in Wales, there is an inevitable lack of strategic planning and a consequent ‘misalignment of incentives’ (as described in documentation prepared by the UK Department for Transport as part of development of the England-wide 2017 Bus Act<sup>13</sup>).

1.1.2.4. The fragmentation of bus-related activities in Wales involves over 80 bus operators providing around 800 bus routes; 22 local authorities procuring some of these bus services; local authorities also managing BSSG payments to operators; concession passes and reimbursement managed via Transport for Wales; information and timetables provided in various formats via operators, local authorities, and Traveline Cymru; local highway departments maintaining bus stop and road infrastructure; education departments procuring school buses; and four rail franchises operating in Wales with which bus services often compete. There is thus an inherent complexity of interfaces, with a lack of overall planning and clear responsibility for outcomes – which tends to result in each service line being operated as a discrete service with no coordination with other services. This model also leads to financial inefficiencies due to overlaps of bus services (and sometimes overlaps of bus and rail services), and challenges of aligning infrastructure and operational matters.

1.1.2.5. Research studies on the UK’s deregulated environment for bus include conclusions that the current bus model precludes provision of a co-ordinated network and integrated ticketing – with disadvantages noted as follows<sup>14</sup>:

- *“Little opportunity to view the network as a whole”, with tendered services operating as an “add on to the commercial network covering areas and/or time periods which are not considered commercially viable”; and*
- *“In conflict with other policy objectives aimed at stimulating greater use of public transport, such as harmonisation of ticketing systems.”*

1.1.2.6. In terms of funding, in 2018/19 Welsh Government and local authorities in Wales contributed funding of around £115M to the annual bus operator revenue in Wales of approximately £210M (Source: Welsh Government). This means that, even prior to the impacts of the Covid pandemic, over half (c. 55%) of overall bus revenue was government funded. The breakdown of recent annual bus revenue in Wales is summarised as follows (Source: Welsh

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<sup>13</sup> DfT. 2016. [Bus Services Bill Impact Assessments](#)

<sup>14</sup> White, P. 2010. The conflict between competition policy and the wider role of the local bus industry in Britain.

Government):

- Fare-payer revenue at around £95M in 2018/19, which represents around 45% of overall revenue of around £210M;
- Concession fare reimbursement payments of around £68M; and
- Around £47M of grant payments to operators and local authorities (for BSSG and support for tendered services).

1.1.2.7. In the deregulated environment, operators behave rationally by choosing the busiest corridors to operate commercial services, with a reliance on some government support (through the BSSG fund, which provides a per km payment, and with concession fare reimbursement). Bus routes which are not identified by operators as commercial, and which are deemed to be socially necessary, are subsidised by local authorities – with operators contracted to operate these services (via net or gross contracts). In overall terms, and in common with typical international examples of bus networks, each local group of bus services operated in each area of Wales are not commercial in their totality and require significant government financial support.

1.1.2.8. Furthermore, a significant proportion of bus routes in Wales designated as commercial are in fact subsidised via a local authority-funded by de-minimis ‘top-up’ subsidy; for example, to provide services into the evenings and on Sundays. This means that operators can accrue revenue from sale of day-ticket fares for boardings during the daytime – and be subsidised for providing the return trip in late evening.

1.1.2.9. Bus ticketing technology in Wales has been subject to significant improvement in recent years. Payments can now be made via credit/debit card contactless payment or by smartphone app, as well as cash payment on most services. In some areas multiple operator tickets are available (although generally only from bus drivers, rather than in advance through other outlets) which allows passengers to use different operators’ bus services on the same trip, or on the same day, provided they made that choice at the start of their journey. However, these multi-operator tickets are generally more expensive than single operator tickets. Although multiple operator tickets are feasible to implement, the competition requirements of the current deregulated regime means that operators continue to provide their own tickets, if they wish at a lower price, and hence customers are not provided with the simplicity of a single ticketing product (which effectively gives passengers a ‘freedom pass’ which they can use at any time to make planned or ad-hoc trips).

1.1.2.10. If in future, multi-operator tickets were made more widespread and attractive (although without re-regulation there would be a legal

requirement for operators' own ticket systems to remain in operation), this could lead to a growth in linked trips, with passengers using a number of different service lines during a single journey or over a whole day. However, if this increase in multi-leg bus use occurred, a commensurate system for re-distribution of revenue to operators would be needed – on the basis that a simplistic allocation of revenue (e.g. where a passenger first boards a bus, or an equal split for every boarding) would be very likely to result in an inequitable allocation to different operators' services. A fair fare redistribution arrangement would need to consider factors such as vehicle mileage, vehicle travel time (and congestion effects), urban/rural routing, time of day, type and size of bus, passenger numbers, passengers transferring between lines, and cross-subsidisation of services such as late night 'homebound' service with low numbers of passengers. It is therefore likely that even if a multi-operator ticket was to gain a significant market share under the present regulatory arrangements, then the system for reallocation of revenue would effectively dictate the commerciality of operators' businesses. The resulting revenue aggregation and redistribution process and inter-dependency between operators would be likely to raise competition issues. Furthermore, operators would be unlikely to commit to this approach as it would reduce their commercial independence and would also in practice involve continual negotiation and amendments in response to any changes in demand or costs – such as changes to bus services, land use changes, congestion/roadworks, upgrades to parallel rail lines etc. Hence, overall, there are, in the absence of regulatory change, major legal and commercial barriers to putting in place a single ticket system which is used by all passengers, and from which the fare revenue can be equitably redistributed to operators.

1.1.2.11. There has been an emergence in recent years of new mobility solutions such as shared-bike schemes, app-based mobility services (e.g. Uber), micro-mobility services (such as e-bikes and electric scooters), as well as an increased focus by Welsh Government on walking and cycling. Users of these modes are often without access to a car, similar to many bus users, and hence there is a risk that use of, for example, short-hire shared-bikes and improved cycle infrastructure will result in abstraction from bus patronage. This highlights the challenge of the current bus model – with operators typically prioritising their own business plan without coordination to maximise potential synergies with local authorities who are investing in infrastructure and/or providing financial support to other sustainable modes which are likely to abstract from bus patronage to some degree, but could also integrate to feed additional users into bus networks.

1.1.2.12. Hence, the overall situation in respect of the current bus

operating model is as follows:

- There is a fragmentation of responsibilities for bus between multiple operators and local authorities with an associated difficulty of alignment in respect of common goals and policy-based outcomes;
- Local authorities' limited role in managing bus networks means that bus public transport systems are not subject to transport planning as would typically be the case for, for example, road network improvement;
- Bus service lines are typically operated as a set of discrete services with no coordination with other services – as no single organisation has the appropriate capability and directive powers to manage this co-ordination;
- Welsh Government funding accounts for over half of bus operating costs in Wales, but is largely directed to operators without linkage to any long-term improvement strategies; and
- Although multiple operator tickets are feasible to implement under the current arrangements, operators would continue to provide their own tickets, which ultimately fails to provide customers with the simplicity of a single ticketing product. Furthermore, any significant market penetration by a multi-operator ticket will also bring a need for a complex revenue redistribution system to different services and operators, that would likely need continual re-negotiation in response to changes to road conditions, land use, service frequencies etc.

1.1.2.13. Taken together this produces a complex landscape for planning and service delivery of public transport, with a fragmentation of responsibilities, which means that the bus sector is unable to respond in a cohesive and strategic manner to the challenges of long-term declines in ridership.

## 1.2. Rationale for Government Intervention

### 1.2.1. Summary of relevant Welsh Government Policy

1.2.1.1. Welsh Government is promoting and investing in sustainable travel and decarbonisation – underpinned by policy documents:

- **Wellbeing of Future Generations Act:** The Well-being of Future Generations (Wales) Act 2015 places a duty on public bodies in Wales to carry out sustainable development. This means that each public body must work to improve the economic, social, environmental and cultural well-being of Wales.
- **Llwybr Newydd:** The new Wales Transport Strategy sets out a vision of ‘an accessible, sustainable and efficient transport system’. Modal shift is at the heart of the strategy, which means the proportion of trips made by sustainable modes increases and fewer trips are made by private cars. Llwybr Newydd contains a mini plan for buses which sets specific priorities for the sector, including improving the quality and reach of services, addressing congestion hotspots, keeping people safe and delivering new technology and infrastructure.
- **Net Zero Wales:** The Welsh Government has committed to delivering the following targets to decarbonise the bus fleet:
  - The whole Traws Cymru bus fleet to be zero tailpipe emission by 2026;
  - The most polluting 50% of service buses to be replaced by a zero-tailpipe emission bus fleet by 2028; and
  - The remaining 50% of the service bus fleet to be zero emission by 2035.
- **Bws Cymru:** Bws Cymru has considered and developed policies for bus services in the context of Llwybr Newydd. Bws Cymru amplifies and builds on the proposals in Llwybr Newydd to make the bus services more attractive for people to use in order for them to go about their daily lives with ease, promoting social mobility and economic activity. The policies seek to create the environment to allow a greater levels of service provision and flexibility, helping to provide integrated public transport services, seeking to result in increasing patronage from all sectors of society, reducing car use, reducing carbon emissions and improving air quality. In essence, Welsh Government wants to create a bus system with passengers as its focus, which is easy to access, has extensive networks, is easy to use in terms of through ticketing, easy to understand and navigate – expressed in Bws Cymru as each local area or region having ‘One Network, One Timetable, One Ticket’. Bws Cymru

recognises the need to legislate for regulation of bus services to achieve this, whilst laying out a set of actions that are possible in the immediate future to achieve steps in that direction prior to the advent of changes to the bus governance system.

## 1.2.2. Best Practice Bus Networks

1.2.2.1. Addressing shortfalls in the current bus arrangements in Wales requires adoption of best practice for the shape and frequency of services. Best practice guidance states that a network-based approach is essential for public transport success<sup>15</sup> (in terms of service quality, mode share and costs of operation) and depends on addressing the following key requirements:

- An integrated network of bus lines, with easy and comfortable transfer opportunities at several places in the region, not only at the main railway station or city/town centre;
- A simple network with a clear line structure that is easy to understand and remember (for everyone – not just regular users);
- Direct route alignment and the fastest possible speed of vehicle operations with reliable timetables;
- High frequency services where and when the demand is reasonably high;
- Coordinated pulse timetables where demand is weaker in less dense urban areas and rural areas;
- Efficient ‘through’ lines running through central areas and major public transport interchanges, that also connect major origins and destinations outside the central locations;
- Supporting soft measures such as fare structure, ticketing systems, information and marketing, preferably combined with restrictive policy measures towards car use that can significantly influence public transport demand and the success of all the other measures; and
- Efficient arrangement of the network without overlapping services to address the need for financial affordability of operation.

1.2.2.2. Provision of a network of services involves planning and operating bus services as a ‘unified network’, such that passengers are practically able to travel anywhere on that network (easily transferring between services as necessary). Successful European

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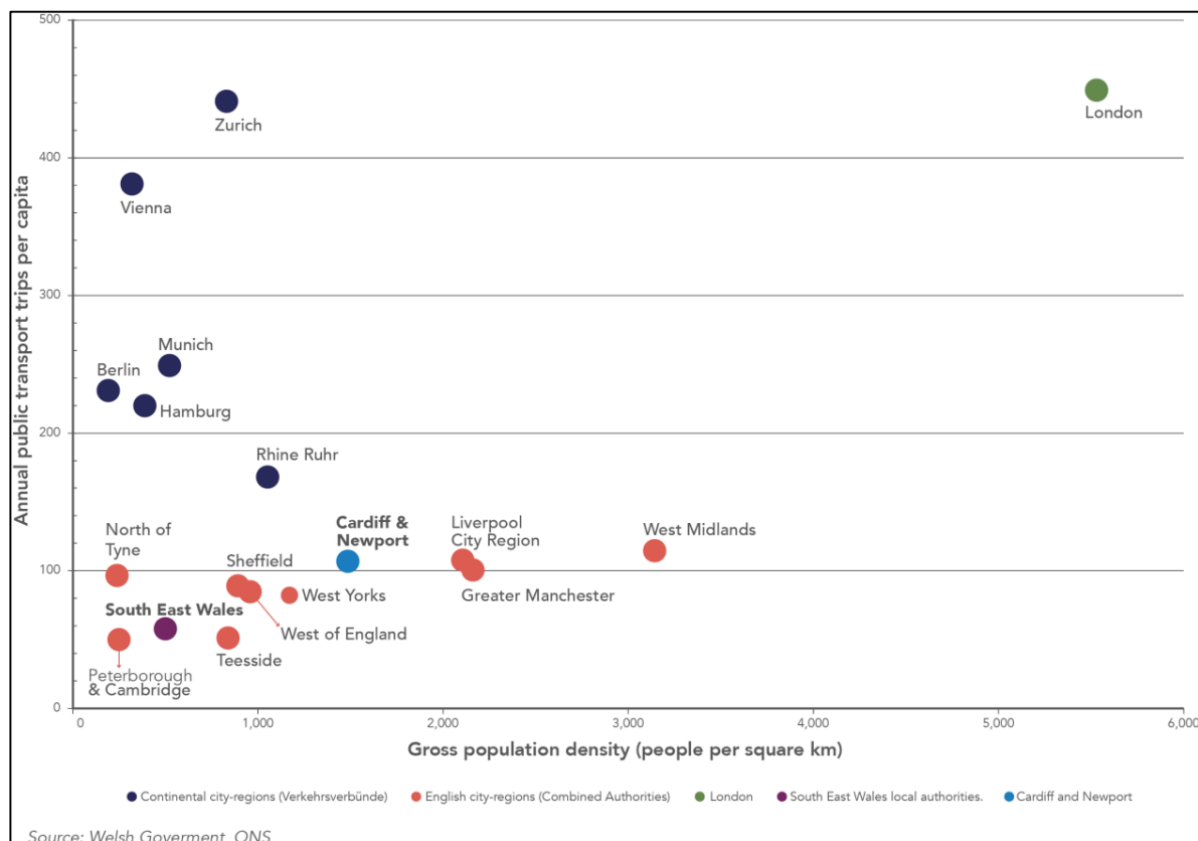
<sup>15</sup> HiTrans. 2005. [Public transport – Planning the networks](#)



public transport operations demonstrate the benefits of network-based approach to operating bus services. In Nantes in France for example, passenger numbers are significantly higher than comparable UK cities, despite the operating mileage of tram and bus services being comparable to bus operations in UK cities<sup>16</sup>. Adoption of these unified network principles will provide a basis for success for bus-based public transport in Wales.

### Annual per capita public transport in six continental Verkehrsverbände and equivalent parts of Wales (and comparators in England)

Public transport networks in the city-regions of Munich, Vienna and Zurich (which are 10-30 times bigger than the built-up areas of their main cities, and extend to surrounding towns and villages), function as a single system. Buses, trams, underground and suburban trains are coordinated by public transport governing bodies or Verkehrsverbände (VV) to provide 'one network, one timetable, one ticket'. Levels of public transport use in the VVs are strikingly higher (3-4 times the number of trips) than in comparable areas of Wales and England, as shown in the graph below<sup>17</sup>.



<sup>16</sup> TAN. 2017. Available at: <https://www.tan.fr/fr/bonjour-la-tan>

<sup>17</sup> Transport for Quality of Life. 2020. [A Wales Transport Policy fit for the Climate Emergency](#)

### **Trips per head for public transport in Wales ranks as the lowest in Europe**

Benchmarking public transport use in Wales against other countries in Europe reveals the poor relative performance. Wales around 42 public transport trips per head in 2018, based on 101 million trips by bus<sup>18</sup> and 31 million trips by rail<sup>19</sup>. This is lower than the respective figures for all 29 European countries referenced in ridership data<sup>20</sup>. Statistics specific to Wales are hidden within the overall UK average of 118 trips per head per year, which is distorted by the significantly higher number of trips in London. Although, it must be recognised that comparison across countries is necessarily inexact due to different profiles of each country in respect of a range of factors which influence public transport use, such as regulatory and governance arrangements, population densities, demographics and economic characteristics.

1.2.2.3. It is important to note that a high usage of buses will necessarily involve making it easy for passengers to transfer between service lines. This aspect of normalising transfer as part of journeys is (perhaps counterintuitively) a characteristic of a successful network operation. Although direct journeys are the most attractive to passengers, it is inevitable that the majority of origin-destination pairs in a region or city are not reachable by a single direct trip, and if made by public transport, would require at least one transfer. Therefore, it is essential that passengers are able to conveniently transfer between services to reach wider destinations.

1.2.2.4. A rule of thumb based on published information<sup>21</sup> is that urban areas with a successful public transport mode share have an average of around 1.5 legs per journey – which would represent a typical range as follows:

- 50% of journeys are direct (0.5 x 1 leg);
- 45% of journeys have 1 transfer (0.45 x 2 leg); and
- 5% of journeys have ≥2 transfers (0.05 x 3 leg).

1.2.2.5. The key aspect for people to adopt regular use of public transport as a lifestyle choice is the practicality of making two and three leg journeys – such that people who typically make direct local

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<sup>18</sup> Department for Transport. 2021. [BUS0108: Passenger journeys on local bus services by region: Great Britain, annual since 1970](#)

<sup>19</sup> Welsh Government. 2018. [Statistical Bulletin: Rail transport, April 2017 to March 2018](#)

<sup>20</sup> UITP. 2018. European Countries Ridership Data

<sup>21</sup> Lunke at al. 2021. [Public transport competitiveness vs. the car: impact of relative journey time and service attributes](#) - This study identifies the average number of public transport transfers as 0.5 – with 38% of the trip segments with one transfer, while 52% were direct routes with no transfers.

journeys can occasionally make longer indirect journeys.

- 1.2.2.6. It should be recognised that developing best practice networks which are designed to be simple for the public to understand, is not a simple process and involves an overall governance arrangement that is capable of planning a complex 'system', comprising a number of components (routes, timetables, ticketing, driver rostering, vehicle type and capacity, vehicle logistics and maintenance, enforcement, infrastructure, and information), all of which need to be synchronised and co-ordinated to achieve successful passenger-facing outputs. The complexity of public transport systems is therefore a key challenge – and requires a systematic orchestration and governance effort to achieve optimal operations.

### 1.2.3. The Need for Bus Planning and Monitoring

- 1.2.3.1. Successful implementation and operation of any major transport scheme or system which addresses objectives of catering for demand, financial efficiency, and wider environmental and economic goals, requires detailed transport planning to be carried out by the relevant transport authority. Typical activities include analysis of travel demand, assignment modelling and capacity investigations, to decide whether to, for example, improve existing roads and junctions or build new infrastructure, or build new rail stations. It is apparent that planning bus networks and systems on a long-term basis, in terms of identifying problems, defining objectives, and generating and evaluating alternatives, has, since bus deregulation in 1985, not been a key feature of local authority Transport Plans in Wales (which have tended to focus on infrastructure measures such as stops, stations and bus priority measures). This gap in bus planning is a logical outcome of the limited role of local authorities in the deregulated bus system in respect of influencing and directing local bus-based policy and network matters.
- 1.2.3.2. International examples of approaches to bus delivery, such as in New Zealand's Public Transport Operating Model (PTOM), involve undertaking two distinct processes – of (a) Bus Planning; and (b) Bus Procurement. Bus planning is undertaken by local government and involves detailed transport planning to devise public transport solutions guided by policies for sustainable travel and economic objectives. This results in a network plan with routes, timetables, and ticketing/fares arrangements.
- 1.2.3.3. Bus procurement, on the other hand, involves translating the planned bus network into an operationalised service, which generally involves contracting operation of all or some service lines to bus operators, which would also include a method for performance monitoring and payment.

### **New Zealand Operating Model for Buses**

The Public Transport Operating Model (PTOM) governs the way regional councils plan public transport services and purchase them from bus and ferry operators.

Under PTOM, regional councils are responsible for providing public transport services. They make their own decisions about how those services operate (including routes, timetables, fares, ticketing etc).

Regional Councils develop regional public transport plans, and then contract public transport operators to operate services.

- 1.2.3.4. Typical examples of successful regional and city public transport systems (in terms of high patronage) have a regional transport authority that is responsible for strategy and delivery of network shape (in terms of routes and frequencies), ticketing systems (including integration across all modes), and all information and branding. Operators are contracted to provide defined services (in terms of timetables and hours of operation) and are paid for delivery of services with payments made according to performance indices (including passenger growth). An example of long-term planning of public transport network which has led to high mode share is in Nantes.

### **Long-term Network Planning in Nantes**

The tram and bus network in Nantes has been subject to a long-term plan<sup>22</sup>. The planning process has included:

- Planning and implementation of three cross-city tram lines in the 1980s/90s
- Planning of a fourth cross-city line, in the 2000s, followed by implementation as a bus rapid-transit (BRT)<sup>23</sup> line (Line 4)
- A long-term, plan for incremental implementation of cross-city (Chronobus) services was developed, including bus priority measures – which were implemented in 2012-14.
- Opening of a further cross-city BRT service (Line 5).

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<sup>22</sup> Allen, H. 2013. [Integrated Public Transport, Nantes, France](#)

<sup>23</sup> Bus rapid transit (BRT) is an approach to designing bus corridors to have better capacity and reliability than a conventional bus system. Typically, as in the case of Nantes, a BRT system includes lanes that are dedicated to buses and provides priority to buses at junctions where they interact with other traffic. BRT systems also have design features to reduce delays caused by passengers boarding/alighting services or paying fares. BRT aims to combine the capacity and speed of a fixed route (e.g. light rail) with the flexibility, lower cost and simplicity of a bus system.

The outcome of long-term planning and incremental implementation has been a gradual increase in public transport use in Nantes over the last 20 years.

### **Co-ordinating of networks of services in Mittelsachsen**

The transport authority for Mittelsachsen<sup>24</sup> region (in Germany) has a key strategic priority to maximise the linkage and co-ordination of modes of transport – including rail, tram, and bus modes (see images of logos below). The authority is also responsible for associated information and public communication.

The authority also manages introduction of complementary mobility services such as car-sharing, car clubs, and demand responsive buses.

In respect of linking modes of transport and transport, the authority also focuses on the development of mobility points and station infrastructure to improve the transfer experience.



1.2.3.5. The ability of transport authorities to manage the overall public transport system is necessary to efficiently manage funding – by allocation of vehicle resource across the network in an arrangement which avoids unnecessary overlaps, ensures that there are regulated headways between different services on the same corridor, and allows some services to operate as feeders to core bus or rail interchanges. This is not the case in Wales, where each area typically has some overlap of services, uneven headways between buses on the same corridors, and very few examples of operation of feeder services to interchange points.

1.2.3.6. Networks which are planned and procured by public authorities generally also undertake thorough monitoring and review to ensure that progress is continually measured in respect of patronage changes and passenger's satisfaction, for example:

- Monitoring performance of services based on an evidence-based approach covering demand, service delivery and customer feedback;
- Undertaking periodic reviews to ensure that services continue to reflect demand and customer expectations; and

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<sup>24</sup> Zweckverband Verkehrsverbund Mittelsachsen (ZVMS). 2021. [Local Traffic Plan 4th Update](#).

- Carrying out customer satisfaction surveys on a regular basis and analyse complaints (this year vs last year comparisons).

1.2.3.7. It is concluded that planning, procurement and monitoring of bus services is a key aspect of long-term success in attracting passengers. Planning of services on a network basis also provides a means to create operational and financial efficiencies. At present in Wales, the fragmentation of responsibilities in the bus sector effectively precludes comprehensive long-term planning of bus networks, and severely inhibits the feasibility of implementing comprehensive network-based initiatives.

#### 1.2.4. Best Practice Success Factors

1.2.4.1. The operation of the bus-based public transport service in Wales can be guided by a number of best practice success factors. These success factors are primarily passenger-focused and contribute towards achieving successful mode share and affordable operations:

- **Area-wide networks with all significant local destinations reachable:** A wide range of key destinations throughout a local area should be reachable in say 45 mins on high frequency bus services during the daytime (with transfers if necessary), and at off-peak times (including evenings and weekends) are reachable by good co-ordination of timings for lower frequency services.
- **One ticket system:** An exclusive ticket system for boarding all buses should be in place, with ticket enforcement automated (especially in urban areas) to allow for passengers to board quickly. It is important to note that operators' having their own ticketing offers alongside a multi-operator ticket is incompatible with the need for passengers to have a single easy-to-understand-and-use ticketing system.
- **Easy To Understand Network:** A public transport network that is inherently easy to understand and use is essential; that is, passengers should be able to understand and negotiate the network easily to reach different destinations. A benchmark for best practice is that a network that can be represented by a simple map, with each individual service shown as an end-to-end line (including in central areas – which in many current networks are unable to be shown clearly on maps due to route complexity).
- **One Brand:** A public transport brand should be present on all vehicles, stops and stations, information sources, and ticketing. This is important in creating a trusted brand which gives passengers confidence to travel frequently and on an ad-hoc basis. An example of this approach can be seen in Dublin's BusConnects initiative, in which the Transport for

Ireland (TFI) logo is shown on the Leap card multi-modal ticket, on bus stops, on the side of buses, and on information media such as online maps and journey planners.

- **Easy and Reliable Transfer:** High quality transfer conditions and arrangements (ticketing, timetables, connection guarantee) are needed to allow passengers to have confidence in relying on transfer to other services to make their journeys. There should be a unified timetable across all bus services and other modes of public transport. Supporting the concept of transfer in Germany includes providing travellers with an alternative means of transport if their public transport service is late and be reimbursed for the cost (e.g. in Nord Rhein Westfalen, the 'Connection Guarantee'<sup>25</sup> typically applies when the local buses or trams are cancelled or are at least 20 minutes behind schedule when leaving the departure stop).
- **Reliable Travel Times:** Journeys by public transport should have reasonable and consistent speeds. The speed of travel could be expressed as, for example a public transport/car travel time ratio of less than 1.5 (e.g. 45 minutes by bus, 30 minutes by car), or a bus speed of say 15 km/hour on urban routes.
- **Easy to Access the Vehicle:** Public transport vehicles should be easy to board by all passengers, including mobility impaired passengers, with immediate entry without a need to queue, and should allow people to easily carry baggage on and off and within the vehicle. This relies on multiple doors for buses operating on busy urban corridors – which is a standard feature of bus operations in typical bus networks in, for example, Germany<sup>26</sup>, France, and generally in urban areas in Europe.
- **Accessible and Comfortable:** Stations and stops should be easy to reach, comfortable with good information, and provide all passengers with easy boarding and alighting of services. Vehicles should be comfortable, well equipped (Wi-Fi, real time information, air conditioning etc) and low crowding levels
- **Public Feedback and Customer Care:** The general public should be given regular opportunities to provide feedback and participate in network evolution

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<sup>25</sup> VRS. 2021. [Mobility Guarantee](#)

<sup>26</sup> Rhein-Main-Verkehrsbund (RMV). 2019. [Minimum Standards for Buses in RMV](#) - which states that buses shall have at least two doors, including one double-wide door, and articulated buses shall have three doors, including two double-wide doors.



- **Passenger Safety, Security, and Health:** Passenger safety, security and health should be inherent in all aspects of people's experience of public transport, including roadside air quality and carbon emissions.
- **Network Efficiency and Financial Affordability:** Although this success factor is not directly customer-facing, it is important that service lines are optimised to limit inefficient overlap of services to maximise overall viability and financial affordability. This ensures that best use is made of available funding, and also addresses the need to make networks understandable. Financial affordability over the long-term will also be assisted by introduction of low emission technology and propulsion systems which have lower fuel costs than diesel-fuelled buses.

1.2.4.2. These success factors can be encapsulated in Welsh Government's aim set out in the Bws Cymru strategy as 'One Network, One Timetable, One Ticket':

- Easy to access – by extensive networks and welcoming infrastructure and drivers;
- Easy to use – through simple ticketing and sensible routes; and
- Easy to navigate – with fully integrated journeys and clear information.

### 1.2.5. Public transport as a lifestyle choice

1.2.5.1. Data from countries with high public transport and sustainable travel mode shares shows that people in cities with joined up networks with single ticket travel are willing to adopt a 'lifestyle choice' to use public transport for much of their weekly journeys. This is dependent on destinations across their local area being practically reachable by public transport – and hence is only achievable with a 'network' approach to planning and operating of services.

1.2.5.2. Travel data for Germany underlines the multi-modal lifestyle nature of people's travel behaviour. For example:

- In medium-sized cities in rural areas of Germany<sup>27</sup>, 6% of people are termed as 'multiple mode users' (who use car, bicycle and public transport modes at least weekly), compared to 4% who use public transport daily or weekly (and other modes more rarely), along with 12% of people using bicycles daily or weekly and all other modes more rarely.

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<sup>27</sup> Federal Ministry of Transport and Digital Infrastructure. 2019. [Mobility Trends in Germany](#)



1.2.5.3. This car-free, multi-modal lifestyle confirms that high use of cycling and public transport are mutually supportive - with travellers relying on different sustainable modes according to their daily needs (including weather impacts). Hence, increasing the rate of sustainable travel in Wales will require co-ordinated investment and governance of improvements to bus, rail and active travel. Costs and funding for single-mode measures will need to consider mutual interactions across sustainable modes. For example, success in growing cycle use in an area may in the short-term result in some abstraction from bus travel but in the long-term should help to increase bus use. Hence, policy and planning for buses needs to carefully consider the role of active travel and new mobility solutions – such that investment in the range of sustainable modes are planned within a co-ordinated governance and funding structure with an aim to increase the proportion of sustainable travel, rather than treating each mode as if their users are a discrete group of people.

### 1.3. Options to Address the Policy Problem

#### 1.3.1. Option 1: Business as Usual

1.3.1.1. Business as usual is based on buses being operated as either commercial services, with operators planning the networks and receiving concessionary fare reimbursement and BSSG, or as non-commercial services, set up through tendering by local authorities with the operator typically taking all fare income i.e. as a net cost contract.

1.3.1.2. Under this option, Welsh Government would be required to maintain a high level of poorly directed subsidy as it has done throughout the period of COVID lockdown, continuing over an unknown but possibly extended period since bus use is, at best, likely to continue below pre-COVID levels for some time. In fact, bus patronage would quite possibly show a long-term depression due to permanently increased working from home until there is significant investment to attract more patronage through better service provision. Given that Welsh Government has an ambition to invest in sustainable transport to meet mode shift and carbon targets, the significant additional subsidy required in a business-as-usual scenario is not considered good value for money.

#### 1.3.2. Option 2: Statutory Partnerships

1.3.2.1. A partnership is an agreement between a local authority and local bus operators to work together to improve local bus services. Putting in place a statutory obligation to implement partnerships across Wales in order to continue to be eligible for bus operating revenue support would represent an incremental approach, encouraging more cooperative approaches between local authorities

and operators. Although 'statutory' the involvement of operators would necessarily be voluntary, in that they could only be signed up to partnership arrangements to which they agreed the content, terms and conditions.

1.3.2.2. Similar provision currently exists in England, with the UK Government's Bus Back Better strategy outlining the expectation for Local Transport Authorities to establish Enhanced Partnerships across their entire areas under the Bus Services Act 2017, and all operators to co-operate throughout the process. New discretionary forms of bus funding in England will only be available to services operated, or measures taken, under an Enhanced Partnership has been made (or where a franchising scheme has been made – see para below).

1.3.2.3. Partnerships set out agreements over a range of bus service components and the actions needed from the local authority and operators for each item, which could include:

- Vehicle specifications;
- Branding;
- Passenger payment methods;
- Ticketing structure;
- Real-time information requirements;
- Frequency of service; and
- Timetables.

### 1.3.3. Option 3: Franchising

1.3.3.1. Franchising is a system where franchisors plan a coordinated network, ticketing and timetable and award the exclusive right to run a bus route or routes to the most competitive bidders. Under a franchising model, bus networks in Wales would be designed and controlled by a single 'guiding mind' authority with powers to design and deliver bus services to maximise coverage and service level achievable within available public resources.

1.3.3.2. Under franchising, a local authority would specify the provision of bus services. Private companies operate services under a contract secured following a competitive tendering process. Other operators may not register other routes within the franchised area, providing exclusivity for the winning bidder. Franchising of bus services would give local authorities control over:

- Where bus services run and when (i.e. the network, hours of operation and timetables)
- Types of ticket available (including discounts for passengers as required)

- Fares and methods of payment which must be accepted (including smart and contactless)
  - What information is available to passengers; and
  - Vehicle specification (including branding, emissions standards and technologies).
- 1.3.3.3. The guiding mind could ensure that there are bus-to-rail connections and bus-to-bus connections, with an integrated timetable and with tickets that are easy-to-use and valid right across the transport network. This outcome is sometimes referred to as ‘One network, one timetable, one ticket’.
- 1.3.3.4. Franchising legislation would not generally define the precise operational approach to franchising, recognising that different approaches to franchising may be appropriate to different parts of Wales. For example, route-by-route franchising or franchising of small batches of routes is likely to be a more suitable approach to ensure that SME operators can participate in the franchising procurement market.
- 1.3.3.5. The required timescale for development and implementation of franchising schemes will be specified in the Bill. It is recognised that some flexibility will be valuable to enable ‘bridging’ contractual arrangements to span the period between the termination of Coronavirus emergency bus support funding and the start of franchising, and that contractual continuity to minimise commercial risk would be beneficial.

## 2. Costs and Benefits

### 2.1. Methodology

#### 2.1.1. Modelling Costs and Benefits

2.1.1.1. The economic assessment model utilised for this RIA uses demographic data, bus passenger statistics, and financial statistics for the three network examples (and for the whole of Wales), available from Government sources. Costs and benefits have been assessed for the three types of Welsh network (major urban, town urban and rural), which have then been extrapolated on a pro-rata basis to an all-Wales level according to the annual bus mileage figures

2.1.1.2. A key guiding principle for demand modelling and economic assessment is proportionality, which refers to striking a balance between the level of detail and the cost of the modelling, considering factors such as the required functionality, data availability, and robustness and resource and time constraints. It was not considered proportional to assess every network in Wales in detail. For the economic and patronage assessment, three example network plans (Cardiff, Pembrokeshire and Wrexham) provide case studies upon which to assess impacts. The results from this analysis give an indication of the economic impacts in other Welsh local authorities, and extrapolation to an all-Wales level on a pro-rata basis using bus vehicle-km. The example networks represent the following types of locations in Wales:

- a large urban bus network (Cardiff);
- a rural / inter-urban network (Pembrokeshire); and
- a smaller urban / town network (Wrexham).

2.1.1.3. Costs have been estimated for initial set-up activities by the Welsh Government, Transport for Wales, local authorities (LAs) and operators. The Welsh Government favours the transfer of responsibilities for some bus functions and related transport matters from local authorities to Corporate Joint Committees (CJCs). However no assessment of which functions would be transferred has been made for this RIA. As such, references to local authorities should be treated as LAs and/or CJCs depending on which body would have responsibility for the relevant function under the future operating model for bus in Wales. It is also possible that some of the functions referred to as LA functions will be centrally undertaken by Welsh Government or by Transport for Wales acting on their behalf. However it is considered that the cost allocations and calculations in this document are robust as a cautious (i.e. high) assessment since they factor in no savings from LA functions being centralised to

concentrate expertise and achieve economies of scale. Annual recurrent costs have been estimated for local authorities, operators and bus users, as have revenue and economic benefits.

2.1.1.4. Estimates of set-up and recurrent costs have been developed using the professional judgement and experience of Welsh Government officials, Transport for Wales and transport consultants commissioned to support the preparation of this RIA and are necessarily indicative at this stage. Where relevant, estimates have been cross-checked by equating the costs to an approximate equivalent Full Time Equivalent (FTE) staff resource, and references have been made from published documentation where appropriate. Additionally, cost estimates were previously discussed with stakeholders across the bus industry in Wales as part of the development of the Explanatory Memorandum for the Public Transport (Wales) Bill in 2019 and have been updated to reflect the currently proposed legislation where relevant. It is noted that the costs identified represent add-on costs over and above present costs. The basis and build-up of costs is described further in Appendix 1.

2.1.1.5. The primary mechanism through which bus improvements are translated into higher demand and benefits for users is through adjustments to the actual or perceived cost of travel. An industry-standard approach has been taken to estimating benefits, drawing on the UK Government's WebTAG transport guidance, which is referred to within WelTAG, and provides detailed guidance on technical aspects of transport economic appraisal<sup>28</sup>. The RIA economic assessment model considers estimates of the impact of the interventions for each option on bus patronage, based on calculating the Generalised Journey Time benefits of each relevant change. Appendix 2 provides a description of the methodology for economic assessment and build-up of benefits.

2.1.1.6. Appendix 2 also describes steps that have been taken to ensure that general principles set out in the Green Book have been applied in a way that is fully aligned with the values and strategic transport objectives of the Welsh Government. Adjustments to the modelling are applied consistently across all scenarios. A full set of adjusted

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<sup>28</sup> Welsh Transport Appraisal Guidance (WelTAG) is a framework for considering proposed changes to the transport system in Wales. It contains best practice for the development, appraisal and evaluation of proposed transport interventions. WelTAG cross refers to the Department for Transport's WebTAG for UK Government transport analysis guidance where appropriate. WebTAG contains detailed technical advice on transport modelling which has been utilised for this RIA, alongside guidance on economic modelling is set out in the Green Book, issued by HM Treasury. Use of these guidance set out in these documents has been supplemented by consultation with Welsh Government economists, to ensure this RIA is fully aligned with the values and strategic transport objectives of the Welsh Government.

and unadjusted values (with standard Green Book rates) is included for all scenarios in Appendix 3 for comparison.

2.1.1.7. The costs and benefits estimates presented in this RIA should not be considered as suitable for comparison with the Explanatory Memorandum prepared for the previous draft bus legislation, which also considered franchising and partnerships. More detailed analysis of potential changes to bus networks has been undertaken to inform this version of the RIA and various cost and benefits assumptions have been amended to reflect latest plans for bus reform in Wales. In addition, a 30-year appraisal period is used for this version, which is longer than the 15-year appraisal period used previously.

## 2.1.2. Assessment Scenarios

2.1.2.1. The Welsh Government has historically provided funding to local authorities to invest in bus infrastructure (for example, bus stops, bus interchanges, bus lanes). The introduction of legislation for improving the regulatory environment for buses in Wales does not necessarily require local authorities to commit to new bus infrastructure. In practice, and given Welsh Government's aspirations around net-zero, it is likely that implementation of the legislative measures would include a range of supporting investment in transport infrastructure and policy measures.

2.1.2.2. Costs and benefits for statutory partnerships and franchising have thus each been assessed under two scenarios, namely:

- Partnerships;
- Partnerships Plus+;
- Franchising; and
- Franchising Plus+.

2.1.2.3. The first scenario in each of these pairs represents a notional scenario in which non-legislative measures, such as bus stop improvements, bus stations, bus priority measures, are not included as they are not directly required or affected by the legislation. These scenarios are referred to simply as 'Partnerships' and 'Franchising'.

2.1.2.4. The legislative proposals can be considered as enabling measures, which provide an enhanced ability to lock in benefits of wider, and potentially substantial, investments in measures such as on-street or bus station infrastructure and bus priority measures. The second set of scenarios consider the inclusion of these measures, which are likely to produce significant benefits and patronage increases at a scale higher than the legislative proposals themselves. These scenarios are referred to as 'Statutory Partnerships Plus+' and 'Franchising Plus+'.

2.1.2.5. Should a local authority decide to bring forward proposals for

improving bus infrastructure to complement changes to the network as a result of the legislative proposals, the decision to proceed would be informed by detailed assessments of the implications of the proposal, which would include a full financial assessment and cost benefit analysis.

### 2.1.3. Timeframes

- 2.1.3.1. It is assumed the earliest the Bill would receive Royal Assent would be in January 2024, subject to the will of the Assembly. Following Royal Assent, the current working assumption is that the subordinate legislation to implement the Bill would not come into force before April 2024. The economic assessment modelling covers a 30-year appraisal period from 2024/25 to 2054/55 to ensure the evaluation of costs and benefits is made over the medium term.
- 2.1.3.2. In line with HM Treasury Green Book guidance, the majority of future costs and benefits have been discounted using the Treasury's central discount rate of 3.5%<sup>29</sup>. The Green Book provides scope for appraisals to use lower discount rates in appropriate cases to ensure that very long-term costs and benefits are given proper consideration. In order to reflect Welsh Government's long-term view and consideration of the impact of policy decisions on future generations rather than a focus on short term impacts, a lower discount rate of 1.5% has been applied in the appraisal to benefits associated with health, well-being, and the environment, as described in Appendix 2.
- 2.1.3.3. Making a prediction of exactly what may happen to bus patronage in the next 30+ years is complicated as there are many factors to consider. Some of the factors that influence travel behaviours and patterns include growth rates in the economy and employment, commuting patterns, changes in shopping and leisure habits, growth in home deliveries, rates of car ownership, car parking provision and cost, demographic changes, journey time reliability and fuel prices. The assessments in this RIA are necessarily outline in nature, and local authorities will need to carry out bespoke investigations for their local area prior to carrying out changes to the way buses are operated.

## 2.2. Option 1: Business as Usual

### 2.2.1. Costs of Option 1: Business as Usual

- 2.2.1.1. Under this option Welsh Government would be required to continue to provide high levels of support just to sustain bus

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<sup>29</sup> HM Treasury. 2020. [The Green Book: central government guidance on appraisal and evaluation](#)

services, as it has with emergency support throughout the period of COVID when there has been lockdown or guidance to the public to avoid public transport where possible. This support would probably be required for an extended period since there are indications that high levels of working from home may continue, some bus users may have permanently switched to other modes, and thus it is not evident when demand may return to pre-COVID levels (or, more precisely, the pre-Covid trajectory of gradual decline).

2.2.1.2. Given the decline in bus patronage in recent years, it is fair to conclude that without action passenger numbers will continue to decline, which would have cost implications. Prior to the impacts of the COVID-19 pandemic, the UK Department for Transport estimated that Welsh bus patronage will fall by around 13% between 2018/19 and 2054/55 (around 0.4% per annum)<sup>30</sup>.

2.2.1.3. Currently, 77% of the c.99 million kilometres of bus trips in Wales each year are on services that operators provide commercially<sup>31</sup>. The decline in bus patronage is likely to lead to a reduction in the commercial viability of many services. The potential cost implication of this decline is that more public sector funding would potentially be needed to support the network and maintain socially necessary services. It is difficult to predict how many bus services operators are likely to decide to stop providing, and of those services, how many local authorities would decide to subsidise, if any.

2.2.1.4. Given the prevailing financial situation and pressures, it is unlikely that more public funding to merely support services at the status quo would be available. This would mean that the provision of bus services would continue to reduce. This could lead to increased reliance on the private car and subsequent negative impacts on congestion and the environment.

## 2.2.2. Benefits of Option 1: Business as Usual

2.2.2.1. Maintaining the status quo is likely to result in the continued decline in patronage placing greater pressure on local authorities and bus operators to review networks with a risk of service withdrawals. This option is the baseline for assessment of the legislative options and hence the costs and benefits of those options are calculated in terms of the change from the business-as-usual

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<sup>30</sup> Department for Transport. 2016. [NTEM data release notes and frequently asked questions](#). NTEM National Trip End Model (NTEM) bus use projections are presented in a software package called TEMPro. The data in NTEM is not based on observations or fare data but is derived from Census data and forecast patterns of population and employment.

<sup>31</sup> StatsWales. 2021. [Vehicle kilometres and passenger journeys on buses and coaches by year](#)



costs.

2.2.2.2. There would be a possible dis-benefit in that the decline in availability of services could also lead to an increase in social isolation and limited access to employment opportunities, where people are left with few alternatives for getting around and therefore cease to take trips they previously would have done.

### 2.2.3. Summary of Costs and Benefits of Option 1: Business as Usual

2.2.3.1. The short-term emergency funding for bus services is not considered an appropriate or financially sustainable situation for Welsh Government in the long-term. Neither is reducing subsidy to pre-COVID levels (and thus impacting level of service) consistent with wider policy and requirement to grow demand for bus services to address the climate emergency. Welsh Government intervention is required to achieve the necessary radically different outcomes for bus.

2.2.3.2. This option is used in order to calculate a baseline for assessment of the legislative options, but that should not be taken to imply that it is considered a realistic option as the basis of future policy.

## 2.3. Option 2: Statutory Partnerships

### 2.3.1. Costs of Option 2: Statutory Partnerships

2.3.1.1. Welsh Government could mandate that all bus services within a local authority area must come under a Statutory Partnership, agreed between the local authority and local bus operators. The decision to proceed with proposals for a partnership would be informed by detailed assessments of the implications, which would include a full financial assessment and cost benefit analysis.

2.3.1.2. Considerations by local authorities and CJs on implementing a partnership would be assisted by availability of detailed regulations and guidance on the types of measures available and any legal considerations (for example, competition issues). It is assumed that the Welsh Government would produce regulations and guidance on partnerships, and it is estimated that the cost would be approximately £100k.

2.3.1.3. It is assumed that Welsh Government would make capital funding available for upgrades to depots to support charging/re-fuelling of low-emission vehicles in line with Net-Zero Wales aspirations as part of partnership agreements. The capital costs per local authority are estimated to be £0.5m for a rural network, £1m for a town urban network, and £1.5m for a major urban network.

2.3.1.4. Local authorities would incur costs in developing a partnership

through gathering information, analysing the bus market, holding and attending meetings with bus operators, seeking legal guidance and following the procedural steps for developing and making a partnership. This could include the use of consultants. The costs per local authority are estimated to be £60k for a rural network, £90k for a town urban network, and £120k for a major urban network<sup>32</sup>. Partnerships would need to be revised at various stages, for example when a new operator enters a local market or when new development requires changes to bus services. An assumption has been made that significant revision to partnerships would be required every five years, with costs to LAs at 50% of the original set up costs.

2.3.1.5. Patronage uplifts are estimated for partnerships, which would result in higher payments to operators for concessionary reimbursement. This would be an additional annual revenue cost to the Welsh Government.

2.3.1.6. Bus operators would also incur costs in setting up a partnership - attending meetings with local authorities, seeking specialist legal advice and reaching an agreement with local authorities for a partnership. The additional costs per bus operator is estimated to be £50k for a rural network, £75k for a town urban network, and £100k for a major urban network. For modelling purposes it is assumed that there are two operators in each partnership on average, and hence operator set up costs per local authority area will range from £100k to £200k. Whilst there is likely to be more than two operators operating within each LA, even in rural parts of Wales, partnership agreements would probably be cross-border, and negotiations would be made with multiple LAs at the same time. Operators which solely operate S63 contracted services would not need to be involved in additional negotiations, which are expected to be comparable with existing arrangements without requiring any additional resources. Bus companies already have discussions with local authorities on issues such as timetables and scheduling and other aspects (e.g. information) of their bus operations. A partnership will formalise discussions on these aspects with local authorities, with a need for more formalised meetings and consultations, and consideration of measures and intended outcomes. For example, operators may agree as part of a partnership deal with local authorities that looks to improve customer service standards to send all drivers and passenger-facing staff on customer care training. All of these costs are new costs for operators. It has been assumed that an additional level of resource (at 50% of the initial transition cost) would be required every five years to negotiate new partnerships, or

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<sup>32</sup> A summary of cost assumptions is provided in Appendix 1.

significant revisions to existing partnerships.

- 2.3.1.7. An allowance of £250k recurring costs has been made to account for strategic programme management, monitoring of partnerships and back-office ticketing and financial monitoring support for multi-operator ticketing. This is equivalent of one FTE per region (four in total).
- 2.3.1.8. The management of a partnership will require ongoing resource requirements for local authorities to administer and monitor the plan, including stakeholder meetings and handling issues such as complaint resolutions. Depending on the scale of the partnership, this could be up to the equivalent of up to ½ FTE per year, with costs of £15k per year for a rural network, £20k per year for a town urban network, and £25k per year for a major urban network. A similar annual cost is assumed for bus operators.
- 2.3.1.9. For modelling purposes, it is assumed that costs for low emission buses are phased in, resulting in 100% of the service bus fleet to be zero emission by 2040. Additional lease costs for low emission vehicles are included within operator recurring costs. These additional costs are offset somewhat by cheaper running costs of electric buses compared to diesel.
- 2.3.1.10. Partnerships could include agreements on pay and conditions in line with Welsh Government's intent for a policy of fair pay for bus workers. It is also assumed that driver's hourly salary would increase to £11.94 under a statutory partnership model, representing a 5% increase on baseline of £11.3733. As pay conditions would need to be negotiated as part of the partnership, it may not be possible to agree this policy with all operators.
- 2.3.1.11. All of the above estimated costs are summarised at a Wales level in Table 1. A further breakdown of costs and benefits is provided in Appendix 3.

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<sup>33</sup> Office for National Statistics. 2021. [Earnings and hours worked - ASHE Table 3: Transport and mobile machine drivers and operatives](#)

Table 1: Estimated Costs for Statutory Partnerships

Item	WG/TfW	LA/CJCs	Operators	Users	Total
Capital Costs	£23.5 M	-	-	-	£23.5 M
Transitional Costs	£0.2 M	£8.0 M	£13.3 M	-	£21.4 M
Recurring Costs	£110.0 M	£13.8 M	£13.8 M	-	£137.7 M
<b>Total Costs</b>	<b>£133.7 M</b>	<b>£21.8 M</b>	<b>£27.1 M</b>	-	<b>£182.6 M</b>

Notes:

1. The values shown are approximate and are intended to provide only indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2020 prices
3. Costs and benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

### 2.3.2. Benefits of Option 2: Statutory Partnerships

2.3.2.1. The benefits of an effective partnership could include a more efficient bus network, improved operating viability for bus operators and improved services for passengers along with potential for increased patronage. For example, if partnerships were established that resulted in coordinated timetables, common ticketing arrangements (noting limitations on the ability for partnerships to set common single fares and operators' own multi-journey tickets), and better information, then buses in that area would become more attractive as a means of transport. This in turn is likely to increase bus patronage resulting in financial benefits for the bus operators in the partnership.

2.3.2.2. Modelling of benefits for Partnerships, for a best-case scenario where all measures such as coordinated timetables, common ticketing arrangements, and better information are put in place at the same time (see Appendix 2), shows an estimated patronage increase of 9% in major urban; 6% in town; and 9% in rural networks in 2040, based on examination of case study networks in Cardiff, Wrexham and Pembrokeshire. This estimate is for the benefits arising from the legislation alone and does not account for additional investment.

2.3.2.3. It is estimated that there would be a significant economic benefit to users. The actual benefits for bus users would depend on what requirements are included in a partnership. It could include fare simplification, improved journey times, easier to understand bus routes and timetables and services at more convenient times. There could also be health and environmental benefits arising from modal shift. Whilst these generally are not 'pure cash' benefits (such as increased fare box revenue) they will have a positive impact on local and national policies. These include reduced congestion, improved access to employment and services, improved air quality, increased

levels of resident satisfaction and increased footfall at key economic centres.

2.3.2.4. A summary of the estimated financial and economic benefits of partnerships is set out in Table 2, with a further breakdown provided in Appendix 3.

*Table 2: Estimated Benefits for Statutory Partnerships*

Item	WG/TfW	LA/CJCs	Operators	Users	Total
Financial Benefits	-	-	£22.3 M	-	£22.3 M
Economic Benefits	-	-	-	£1,880.1 M	£1,880.1 M
<b>Total Benefits</b>	-	-	<b>£22.3 M</b>	<b>£1,880.1 M</b>	<b>£1,902.4 M</b>

Notes:

1. The values shown are approximate and are intended to provide only indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2020 prices
3. Costs and benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

### 2.3.3. Summary of Costs and Benefits of Option 2: Statutory Partnerships

2.3.3.1. Modelling of the costs and benefits impact of partnerships indicates that overall economic benefits would outweigh costs, as shown in Table 3. This is driven principally by the user benefits. Partnerships in major urban areas, town urban, and rural areas will necessarily have different characteristics, and local authorities will need to carefully consider their aims in terms of patronage, social inclusion and catchments – as well as wider policy and economic objectives – when developing partnerships.

*Table 3: Summary of Costs and Benefits of Statutory Partnerships*

Item	WG/TfW	LA/CJCs	Operators	Users	Total
Total Costs	£133.7 M	£21.8 M	£27.1 M	-	£182.6 M
Total Benefits	-	-	£22.3 M	£1,880.1 M	£1,902.4 M
<b>Net Present Value</b>	<b>-£133.7 M</b>	<b>-£21.8 M</b>	<b>-£4.9 M</b>	<b>£1,880.1 M</b>	<b>£1,719.7 M</b>
<b>BCR</b>	-	-	-	-	<b>10.4</b>

Notes:

1. The values shown are approximate and are intended to provide only indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2020 prices
3. Costs and benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

### 2.3.4. Costs and Benefits of Statutory Partnership Plus+ Scenario

2.3.4.1. Estimates of costs and benefits relating to partnerships have so far been based on those arising from the legislation alone, and do not account for additional investment. In practice, and given Welsh Government's aspirations around net-zero, it is likely that

implementation of partnerships would include a range of supporting investment in transport infrastructure and policy measures. The legislative proposals can be considered as enabling measures, which provide an enhanced ability to lock in benefits of wider, and potentially substantial, investments in measures such as on-street or bus station infrastructure and bus priority measures.

2.3.4.2. As set out in Appendix 2, a high growth bus patronage scenario is considered, consistent with meeting the mode share target of 45% of journeys to be made by public transport, walking and cycling by 2040 as set out in Llwybr Newydd. Achievement of this outcome will rely on rapid and complete reform of bus governance in Wales, to enable efficient investment in buses, and design of bus networks and supporting infrastructure to work as complete networks to give the best possible service coverage, working in conjunction with heavy rail and tram services.

2.3.4.3. In addition to the cost assumptions previously set out for partnerships, the Statutory Partnerships Plus+ scenario considers a capital spend of £3bn (2020 prices) for bus infrastructure improvements to 2040, (equivalent to around £165m per annum), associated infrastructure maintenance costs, and an additional £50m (2020 prices) revenue funding per annum for improved frequency of services, and expansion of the geographical reach of the bus network.

2.3.4.4. These capital costs are based on analysis of potential improvements to bus infrastructure in the case study networks, including bus priority measures, bus stops, transfer hubs, station improvements, improved integration with rail and Metro networks and measures to improve information, branding and marketing. Whilst a detailed assessment of the exact spend has not been made, it is likely that a more significant proportion of the spend would be made in Major Urban and Town network areas where congestion and bus stop density are highest. Revenue funding would be focussed on bus service improvements in Rural and Town areas of Wales. Additional revenue could support increased frequency and expansion of scheduled bus services and Fflecsi Demand Responsive Transport (DRT) services – consistent with the ambition of serving *‘every village, every hour’*.

2.3.4.5. It should be noted that this is a speculative representation of future bus patronage growth, consistent with Welsh Government transport policy and addressing the climate emergency. It is not intended to represent a forecast and is not directly linked to specific individual infrastructure measures in the economic assessment. Instead, it is an illustrative example of how significant investment in bus could translate into higher mode share. To achieve these levels of public transport use there will also need to be determined

investment in active travel and accompanying policies to deter car use to support car-light lifestyles.

2.3.4.6. Should a local authority decide to bring forward proposals for improving bus infrastructure to complement changes to the network as a result of the legislative proposals, the decision to proceed would be informed by detailed assessments of the implications of the proposal, which would include a full financial assessment and cost benefit analysis.

2.3.4.7. Table 4 presents a summary of costs and benefits in the Statutory Partnerships Plus+ scenario. The summary identifies that, under a high bus patronage growth scenario consistent with mode share targets in Llwybr Newydd be realised, the benefits would outweigh costs of significant investment in infrastructure and increased services under a partnership approach, with a BCR of 1.4.

2.3.4.8. Should a local authority decide to bring forward proposals for improving bus infrastructure to complement changes to the network as a result of the legislative proposals, the decision to proceed would be informed by detailed assessments of the implications of the proposal, which would include a full financial assessment and cost benefit analysis.

*Table 4: Summary of Costs and Benefits of Statutory Partnerships Plus+*

Item	WG/TfW	LA/CJCs	Operators	Users	Total
Capital Costs	£3,422.8 M	-	-	-	£3,422.8 M
Transitional Costs	£0.2 M	£8.0 M	£13.3 M	-	£21.4 M
Recurring Costs	-£1,633.9 M	£2,352.6 M	£13.8 M	-	£732.5 M
<b>Total Costs</b>	<b>£1,789.1 M</b>	<b>£2,360.6 M</b>	<b>£27.1 M</b>	-	<b>£4,176.8 M</b>
Financial Benefits	-	-	£18.4 M	-	£18.4 M
Economic Benefits	-	-	-	£5,963.2 M	£5,963.2 M
<b>Total Benefits</b>	-	-	<b>£18.4 M</b>	<b>£5,963.2 M</b>	<b>£5,981.5 M</b>
<b>Net Present Value</b>	<b>-£1,789.1 M</b>	<b>-£2,360.6 M</b>	<b>-£8.8 M</b>	<b>£5,963.2 M</b>	<b>£1,804.7 M</b>
<b>BCR</b>	-	-	-	-	<b>1.4</b>

Notes:

1. The values shown are approximate are intended to provide only indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2020 prices
3. Costs and benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

## 2.4. Option 3: Franchising

### 2.4.1. Costs of Option 3: Franchising

2.4.1.1. A franchise enables a franchising authority to issue a contract or number of contracts to run all bus services in a particular area. Franchising powers could be used to implement a very wide range of models from a specific corridor to a whole local network which could cover most of a local authority area, or even more than one local authority area. It is assumed that franchising would be carried out on a 'gross cost' contract basis, with the local authority retaining the revenue and therefore being able to choose how to deploy fare box revenue most effectively, but also thereby carrying the financial risk from future revenue fluctuation (as opposed to 'net-cost' contracts where the operator/s retain the revenue and financial risks).

2.4.1.2. Bus franchising has not been implemented in the UK outside of London, making it difficult to estimate the costs of franchising based on directly comparable evidence. A wide range of cost estimates resulted from engagement and consultation with bus operators. There is potential for economies of scale with implementing franchising, both on the cost side, but also in developing schemes which capture benefits across local authority boundaries. For example, local authorities may decide to combine resources to franchise across a larger area, which could result in savings in terms of staff resources and consultancy/legal support. Having considered the evidence, we consider our cost assumptions to represent a cautious conservative estimate. There would be a cost to the Welsh Government in developing and issuing regulations and guidance for local authorities and CJs on franchising. Guidance will be needed on the basis on which franchising is put into action, covering the various options around structuring contracted services within franchised networks and indicating which are preferable. Guidance will also likely be issued in relation to procurement of contracts and contractual content to ensure provision of social value and to create appropriate incentivisation. A set-up cost of £1m is included.

2.4.1.3. The Welsh Government may also consider that the most efficient approach, should local authorities decide to undertake a franchise, may be to provide support to tackle issues, such as franchise configuration, procurement, and guidance on contract management, implementation, transition, governance and compliance, at a strategic level. An allowance of £5m-£8m has been made for Welsh Government support to address these potential additional set-up issues.

2.4.1.4. It is assumed that Welsh Government would make capital funding available for upgrades to depots to support charging/re-



fuelling of low-emission vehicles in line with Net-Zero Wales aspirations as part of franchising arrangements. The capital costs per local authority are estimated to be £0.5m for a rural network, £1m for a town urban network, and £1.5m for a major urban network.

2.4.1.5. The costs to local authorities of setting up an individual franchise across their areas could also be considerable, but would depend on the content, scale and scope of the franchise. When introducing franchising for the first time, local authorities would incur costs on a range of processes to prepare for implementation.

2.4.1.6. The costs to local authorities in setting up a bus franchise would vary significantly across Wales. For example, the net costs are likely to be lower in some of the rural local authorities, where a significant proportion of bus services are already tendered and contracted through Section 63 (Transport Act 1985) contracts. The costs are expected to range from £500k -£1m in rural network areas, £1m - £2m in town urban network areas and between £2m - £5m for complex commercial networks in major urban areas, where there may be very few subsidised services. It may also be the case that, after some initial franchises in Wales have been successfully delivered, the learning experience will enable future franchising costs for other local authorities to be proportionately less.

2.4.1.7. The costs to operators for competing/tendering for franchising is estimated to be between £250k, £500k and £1m (for rural, town urban and urban networks respectively) assuming four tenders are received<sup>34</sup>. It will be important that local authorities provide high quality information and data on existing bus performance (for example, bus speeds and patronage) to bidders such that the prospective operators do not need to spend resources on investigating current bus network characteristics and developing their own database.

2.4.1.8. Once franchise contracts are introduced, they would be retendered at specific times – and it would be expected that contracts would run for a period of up to ten years to achieve a degree of network stability and optimum contract price and cost recovery from investment in new vehicles (although initial contracts in Wales may be for less time with options for extension). For this RIA it is assumed that franchises would be retendered every ten years. It is assumed that operator costs for bidding for the second franchise will be half the cost of the first round as there will be more data provided to operators on operational details (such as

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<sup>34</sup> A summary of cost assumptions is provided in Appendix 1.

operational characteristics, costs and patronage of the bus network).

- 2.4.1.9. An allowance of £500k recurring costs has been made to account for strategic programme management, monitoring of franchising and back-office ticketing and financial monitoring support for multi-operator ticketing. This is equivalent of two FTE per region (eight in total).
- 2.4.1.10. Local authorities would incur ongoing costs for franchising. They would need to monitor performance of the operators over the duration of the contracts and deal with complaints etc. Many local authorities already perform these functions for their subsidised services. There are likely to be additional requirements, particularly in the form of contract moves from a net cost to gross cost contract. The requirements will vary depending on the scope of the franchise and the proportion of Section 63 contracts already being managed by the local authority. It is estimated that the administrative costs per local authority could be between £50K to £225k per year for additional resources required to monitor performance, manage contracts and reconcile accounts. For future franchises, with a franchised bus network and associated contractual and organisational aspects already in place, and the potential to stagger the timing of franchise tenders, it is assumed that re-franchising will be undertaken by local authorities within the scope of these recurring costs.
- 2.4.1.11. Costs associated with acquisition of a fleet by a successful tenderer (either by buying or leasing) have not been included as it is assumed that such costs are included in the normal amortisation of 'capital' costs of vehicles into the annualised operational costs for a bus fleet. For modelling purposes, it is assumed that costs for low emission buses are phased in, resulting in 100% of the service bus fleet to be zero emission by 2035 in line with Net-Zero Wales targets. Additional lease costs would be offset somewhat by cheaper running costs of electric buses compared to diesel.
- 2.4.1.12. Contractual terms on pay and conditions could form part of franchising contracts. It is assumed that Welsh Government would intend to have a policy of fair pay for bus workers to prevent franchising driving down pay and conditions. It is assumed that driver's hourly salary would increase to £12.22 under a franchising model, representing a 7.5% increase on baseline of £11.37<sup>35</sup>.
- 2.4.1.13. Costs of depots for bus operators have not been included in the franchise costs assessment as an add-on item, on the basis that operators bidding will need to include their depot cost overheads in

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<sup>35</sup> Office for National Statistics. 2021. [Earnings and hours worked - ASHE Table 3: Transport and mobile machine drivers and operatives](#)

the operational costs (as would be the case now for existing operators). It is acknowledged that depot costs could influence overall bus operator costs, and that new entrants seeking to win a franchise tender may need to purchase a depot, and the arrangements for depot ownership (or leasing) will need to be addressed within the local authority's planning for franchising.

2.4.1.14. There will be higher administrative costs for the operator franchisee reporting data to the local authority, but these higher costs are assumed to be offset against efficiencies the franchisee would gain by being the sole provider of services in the franchise area for the duration of the contract.

2.4.1.15. When an operator is unsuccessful in bidding for a franchise, they would no longer be able to run services in that section of the market, which would impact on their revenue or potentially lead to an operator ceasing to trade. They would also lose the opportunity to recover the costs of bidding. In the same way as losing a Section 63 subsidised bus tender, they could still run buses in other areas without franchises and bid for other franchising and subsidised Section 63 contracts.

2.4.1.16. For the purposes of modelling for the RIA, it is assumed that the bus kilometres in a franchised network is the same as the present network – but with rationalisation to address issues such as over-bussing, where two operators compete on the same route; and excess capacity, when an incumbent operator is concerned about the risk of competition on profitable routes and timetables too many buses on that route to discourage competition. In addition, a franchised network would be expected to put in place coordination between services to improve the arrangements for passengers to transfer between services, and to ensure consistent and spaced-out headways between services – which provides more reliability for passengers and removes bus-on-bus congestion at stops.

2.4.1.17. In respect of over-bussing and excess capacity, the Competition Commission's 2011 research into the competitiveness of the bus industry in Great Britain<sup>36</sup> made a number of relevant points, notably:

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<sup>36</sup> Competition Commission. 2011. [Local bus services market investigation: A report on the supply of local bus services in the UK](#)

“We found that 46% of routes, accounting for 63% of services in the reference area, do not face effective head-to-head competition. Only 3% of routes, accounting for 1% of weekly services, are likely to face effective head-to-head competition. For the remaining routes, a lack of flow-level information prevented us drawing firm conclusions on the extent to which they faced head-to-head competition. Nevertheless, the extent of overlap faced by these routes suggested that, at least in a substantial number of cases, a large proportion of passengers on these routes were unlikely to have a choice of operator” (page 10); and

“The process of head-to-head competition, driven by an incentive to increase frequency, could in some circumstances lead to the creation of excess capacity (i.e. more buses being run on the route than can attract sufficient revenue to cover costs). This may reduce the profitability of operators and result in their becoming loss-making. An operator will have an incentive to add services, and it will do so as long as the effect is to add more revenue than the increase in costs. Excess capacity can arise as the competing operators would each add extra services because individually these extra services can be timed so as to take revenue from the rival operator’s services (by running shortly ahead of them) and scheduled to maintain or improve the individual operator’s network advantages” (page 8-8).

2.4.1.18. In terms of revenue costs for the Welsh Government, increased concessionary fare reimbursements to operators associated with patronage uplifts have been included in the modelling. In practice, under a franchising model these concessionary fare reimbursement payments could be stopped, with payments to operators streamlined under a contract agreed with the franchising authority. However, as franchising arrangements are yet to be fully defined, for the purposes of this RIA these increases are included to allow direct comparison between the franchising and quality partnerships options. Costs of operating services may still increase if patronage uplift due to concessions require additional bus capacity, but the impact above the effects of the ridership increase driven by network improvements due to franchising is expected to be minimal.

2.4.1.19. Under the Franchising option, it will be feasible to directly award bus operating contracts to either local authority-owned bus organisations, or private operators, if it is deemed through business case evaluation that this arrangement will be beneficial in terms of outcomes, such as better co-ordination and efficiencies with school transport, or efficient transition from the pre-franchising situation. It has been assumed that local authority-owned bus operators will operate as contracted independent entities in a manner similar to private sector operators.

2.4.1.20. The costs of setting up a local authority-owned operator direct

award are considered to be of a similar scale to the overall cost for a number of operators to prepare tenders for a franchise; for example this equates to a £1M cost for the local authority-owned operator, and a local authority cost of £2M - £5M for preparation and organising the direct award process, which could include initial refurbishment / fit out of an existing Council-owned depot. As for franchising, costs associated with acquisition of a fleet by the local authority-owned operator (either by buying or leasing) are included in the normal amortisation of costs of vehicles into the annualised operational costs; that is, it is assumed that the 'local-authority-owned operator' fleet would have the same average age as the current fleet operating in the area. Ongoing depot costs are also included as an annualised cost.

2.4.1.21. Ongoing costs for both the direct-award operator and local authority are assumed to be similar to a tendered franchise operation, with local authority staff monitoring performance of the operator over the duration of the contract and dealing with issues that arise. As for franchising, it is assumed that the direct award contract would be renewed every five to ten years, and that costs associated with this activity would be similar to re-tendering for a franchise (and indeed a local authority may choose to switch from a direct award to a tendered process, or vice-versa depending on best value and policy outcomes).

2.4.1.22. Table 5 summarises the estimated costs for franchising. A further breakdown is provided within Appendix 3.

*Table 5: Estimated Costs for Franchising*

Item	WG/TfW	LA/CJCs	Operators	Users	Total
Capital Costs	£23.1 M	-	-	-	£23.1 M
Transitional Costs	£12.4 M	£51.9 M	£27.0 M	-	£91.3 M
Recurring Costs	-£16.3 M	£73.7 M	-	-	£57.4 M
<b>Total Costs</b>	<b>£19.2 M</b>	<b>£125.7 M</b>	<b>£27.0 M</b>	<b>-</b>	<b>£171.8 M</b>

Notes:

1. The values shown are approximate and are intended to provide only indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2020 prices
3. Costs and benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

## 2.4.2. Benefits of Option 3: Franchising

2.4.2.1. The main beneficiaries of franchising would be the users, as franchising would result in a better planned and stable overall bus network with services running in a joined-up way with full integration of all bus services and other modes of transport, such as rail. It would also be expected that franchising would involve setting and

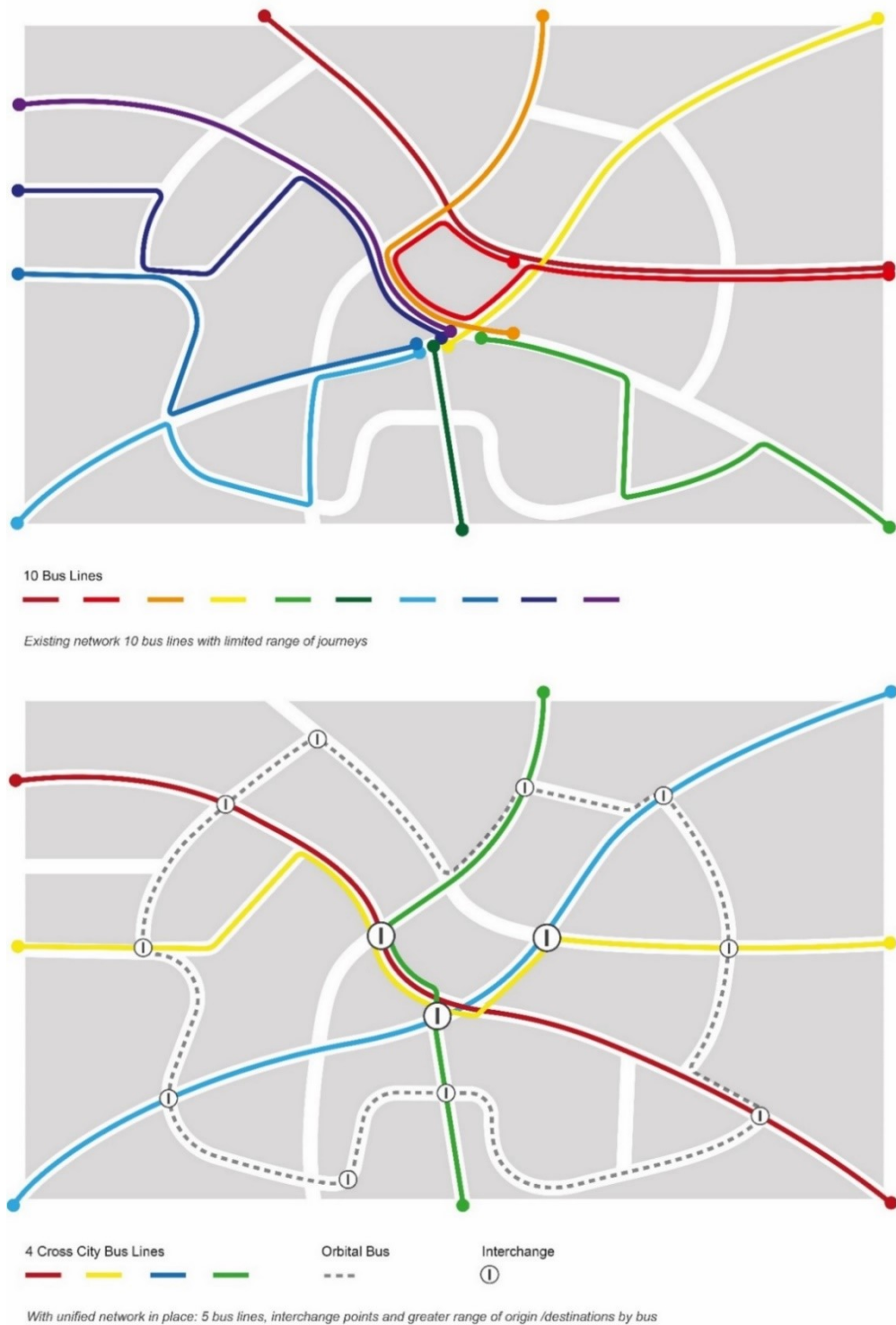
applying more consistent levels of vehicle quality. Additionally, as part of a franchise (even if there are a number of bus operators in the franchise) ticketing arrangements would be based on a single system irrespective of operator. Also, with appropriate patronage-based bonuses in the contract, the local authority and franchise operator would also be incentivised to work together towards increasing patronage.

2.4.2.2. The key outcome of franchising would be ability to create a joined up and unified bus network in each area of Wales. Figure 1 provides an example of a unified network in an urban area, where instead of a number of commercial radial bus routes, often with uneven headways, the network is rationalised to five cross-city services with consistent headways plus an orbital route connecting with the cross-city services. This rationalised network would offer passengers a wider range of destinations, with services passing through on-street interchange locations where passengers could transfer between services (with integrated ticketing also supporting this arrangement).

2.4.2.3. The impacts of a unified network have been considered using the approach outlined in Appendix 2. Benefits to users are expected to be accrued due to:

- improved and more reasonable journey times for journeys involving transfer due to better integration and coordination with other bus routes and public transport modes;
- the ability of passengers to travel on one or more services in the local franchised network using a single integrated ticketing system without needing to plan their journeys or buy a specific multi-operator ticket in advance; and
- better and easier-to-understand information to passengers as a result of having a simplified and planned network of services.

Figure 1: Rationalising bus services to create a unified network



2.4.2.4. On the basis of improvements to aspects of the bus service noted above, estimated patronage uplifts of 22% in major urban; 12% in town; and 17% in rural networks in 2040 would occur, based on examination of case study networks in Cardiff, Wrexham and Pembrokeshire. This estimate is for the benefits arising from the legislation alone and does not account for additional investment.

- 2.4.2.5. Other wider benefits would also accrue if more people travelled by bus:
- health and wellbeing benefits from additional passengers walking to catch a bus;
  - net carbon emissions should be lower due to some travellers switching from car travel; and
  - improved air quality on main road corridors should also accrue if some car travellers switched to bus travel.
- 2.4.2.6. Drawing on international experience, depending on the structure of the franchise contracts, incentivised contracts (for example, bonus arrangements in gross cost contracts) can give a sound basis for operators and local authorities to work together to increase patronage. It is envisaged that contractual arrangements would allow for annual reviews of performance and amendment of routes and frequencies within defined parameters, which would provide franchise operators with opportunities to develop network improvements to attract more passengers.
- 2.4.2.7. Currently, many local authority areas have a mix of commercial and socially necessary subsidised routes. In some cases, operators run services without a direct subsidy on their commercial routes, and in other cases operators receive a contracted subsidy (from local authorities) for running socially necessary routes. The assumption for the purposes of this RIA is that the bus kilometres in a present network would be maintained, but with all services rationalised into a unified and coordinated network which should allow scope for some additional services to operate (for example, by re-routing competing services on a core corridor to create a high frequency orbital service which would act as a feeder trunk service, or by running rural feeders into inter-urban trunk services) thereby widening the scope of potential bus journeys.
- 2.4.2.8. In a like-for-like network scenario, it is assumed that operational costs for operators (other than previously set out) will be unchanged from the present if a franchise is put in place. In practice, the franchising authority may seek to vary the network shape and operation – for example a network review could take place with opportunities for stakeholders to comment. As this is not a requirement, costs for such periodic reviews have not been estimated as part of this exercise.
- 2.4.2.9. There would be benefits to bus franchise operators from the certainty and stability that franchising provides which will enable an operator to better develop training and career progression for their employees could be improved – for example, drivers would be able to transfer between franchisees in the event of retendering of the franchise.



- 2.4.2.10. Franchising would provide local authorities with greater control over the bus network and services to be provided and would provide cross-subsidisation opportunities. For example, bus routes could be planned and coordinated to provide improved convenience for journeys to school or healthcare facilities which provides economies of scale and may reduce the need for bespoke services.
- 2.4.2.11. Local authorities would also be able to ensure that the bus network is integrated with the local and regional rail networks in Wales, for example, by running feeder services to match with rail timetables, thereby reducing the need to run bus services in parallel with rail services which occurs in some locations in Wales.
- 2.4.2.12. Local authority control over bus service provision would also allow for better alignment with delivering on key policy priorities – such as reducing car travel and associated carbon and particle emissions, improving accessibility to key services, maximising social inclusion and improving access to employment.
- 2.4.2.13. Estimated benefits for a bus network operated through a direct award contract to a local-authority-owned or private operator are assumed to be of the same value as for a tendered franchised operation. The practical choice of local authorities to proceed with tendering or awarding contracts directly will in all cases be subject to a detailed investigation of options and their costs and benefits.
- 2.4.2.14. Table 6 provides a summary of the estimated financial and economic benefits of partnerships, with a further breakdown provided in Appendix 3.

*Table 6: Estimated Benefits for Franchising*

Item	WG/TfW	LA/CJCs	Operators	Users	Total
Financial Benefits	-	-	£22.0 M	-	£22.0 M
Economic Benefits	-	-	-	£3,706.8 M	£3,706.8 M
<b>Total Benefits</b>	-	-	<b>£22.0 M</b>	<b>£3,706.8 M</b>	<b>£3,728.7 M</b>

*Notes:*

1. The values shown are approximate are intended to provide only indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2020 prices
3. Costs and benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

### 2.4.3. Summary of Costs and Benefits of Option 3: Franchising

2.4.3.1. Modelling of the costs and benefits of franchising (as summarised in Table 7) indicates that overall economic benefits would significantly outweigh costs, primarily driven by user benefits.

*Table 7: Summary of Costs and Benefits of Franchising*

Item	WG/TfW	LA/CJCs	Operators	Users	Total
Total Costs	£19.2 M	£125.7 M	£27.0 M	-	£171.8 M
Total Benefits	-	-	£22.0 M	£3,706.8 M	£3,728.7 M
<b>Net Present Value</b>	<b>-£19.2 M</b>	<b>-£125.7 M</b>	<b>-£5.0 M</b>	<b>£3,706.8 M</b>	<b>£3,556.9 M</b>
<b>BCR</b>	-	-	-	-	<b>21.7</b>

Notes:

1. The values shown are approximate and are intended to provide only indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2020 prices
3. Costs and benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

#### 2.4.4. Costs and Benefits of Franchising Plus+ Scenario

- 2.4.4.1. It is likely that, in practice, and given Welsh Government's aspirations around net-zero, bus reform under a franchising scenario would also include provisions for new bus infrastructure, and expansion of service frequency and coverage. These types of investments have not been included in this RIA analysis for franchising thus far as they are not direct requirements of the legislation.
- 2.4.4.2. As set out in Appendix 2, a high growth bus patronage scenario is considered, consistent with meeting the mode share target of 45% of journeys to be made by public transport, walking and cycling by 2040 as set out in Llwybr Newydd. Achievement of this outcome will rely on rapid and complete reform of bus governance in Wales, to enable efficient investment in buses, and design of bus networks and supporting infrastructure to work as complete networks to give the best possible service coverage, working in conjunction with heavy rail and tram services.
- 2.4.4.3. In addition to the cost assumptions previously set out for franchising, the Franchising Plus+ scenario considers a capital spend of £3bn (2020 prices) for bus infrastructure improvements to 2040, (equivalent to around £165m per annum), associated infrastructure maintenance costs, and an additional £50m (2020 prices) revenue funding per annum for improved frequency of services, and expansion of the geographical reach of the bus network.
- 2.4.4.4. These capital costs are based on analysis of potential improvements to bus infrastructure in the case study networks, including bus priority measures, bus stops, transfer hubs, station improvements, improved integration with rail and Metro networks and measures to improve information, branding and marketing. Whilst a detailed assessment of the exact spend has not been made, it is likely that a more significant proportion of the spend would be made in Major Urban and Town network areas where congestion and bus stop density are highest. Revenue funding would be focussed on bus service improvements in Rural and Town areas of Wales. Additional revenue could support increased frequency and expansion of scheduled bus services and Fflecsi Demand Responsive Transport (DRT) services – consistent with the ambition of serving *'every village, every hour'*.
- 2.4.4.5. It should be noted that this is a speculative representation of future bus patronage growth, consistent with Welsh Government transport policy and addressing the climate emergency. It is not intended to represent a forecast and is not directly linked to specific individual infrastructure measures in the economic assessment.

Instead, it is an illustrative example of how significant investment in bus could translate into higher mode share. To achieve these levels of public transport use there will also need to be determined investment in active travel and accompanying policies to deter car use to support car-light lifestyles.

2.4.4.6. Table 8 presents a summary of costs and benefits in the Franchising Plus+ scenario. The summary identifies that, under a high bus patronage growth scenario consistent with mode share targets in Llwybr Newydd be realised, the benefits would outweigh costs of significant investment in infrastructure and increased services under a franchising model, with a BCR of 2.3.

2.4.4.7. Should a local authority decide to bring forward proposals for improving bus infrastructure to complement changes to the network as a result of the legislative proposals, the decision to proceed would be informed by detailed assessments of the implications of the proposal, which would include a full financial assessment and cost benefit analysis.

*Table 8: Summary of Costs and Benefits of Franchising Plus+*

Item	WG/TfW	LA/CJCs	Operators	Users	Total
Capital Costs	£3,412.1 M	-	-	-	£3,412.1 M
Transitional Costs	£12.4 M	£51.9 M	£27.0 M	-	£91.3 M
Recurring Costs	-£1,909.6 M	£2,407.5 M	-	-	£497.8 M
<b>Total Costs</b>	<b>£1,514.8 M</b>	<b>£2,459.4 M</b>	<b>£27.0 M</b>	<b>-</b>	<b>£4,001.2 M</b>
Financial Benefits	-	-	£18.4 M	-	£18.4 M
Economic Benefits	-	-	-	£9,118.4 M	£9,118.4 M
<b>Total Benefits</b>	<b>-</b>	<b>-</b>	<b>£18.4 M</b>	<b>£9,118.4 M</b>	<b>£9,136.8 M</b>
<b>Net Present Value</b>	<b>-£1,514.8 M</b>	<b>-£2,459.4 M</b>	<b>-£8.6 M</b>	<b>£9,118.4 M</b>	<b>£5,135.6 M</b>
<b>BCR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.3</b>

Notes:

1. The values shown are approximate and are intended to provide only indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2020 prices
3. Costs and benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

## 2.5. Summary and Preferred Option

- 2.5.1.1. This RIA has outlined three options for the future delivery and organisation of bus services in Wales, namely business-as-usual, statutory partnerships and franchising.
- 2.5.1.2. The business-as-usual model, involving continued emergency funding for bus services as patronage gradually moves back towards pre-COVID levels is not considered an appropriate or financially sustainable situation for Welsh Government in the long-term. Neither is reducing subsidy (and thus impacting level of service) consistent with wider policy and requirement to grow demand for bus services to address the climate emergency. It is considered that Welsh Government intervention is required to achieve the necessary radically different outcomes for bus, so business-as-usual is not considered a relevant option to be taken forward.
- 2.5.1.3. In terms of achieving the policy outcome of better bus networks as set out in Section 1, Table 9 sets out a summary comparison of the powers available under partnership and franchising approaches.

*Table 9: Summary of Powers for Partnerships and Franchising*

Measures Available	Partnership	Franchising
Specify where and when bus services run	○	▲
Minimum Service frequency or evenly spaced timings	■	▲
Timetables	■	▲
Vehicle specifications (e.g. Wi-Fi, lower emissions)	■	▲
Passenger information standards	■	▲
Route or area branding and/or marketing	■	▲
Single ticketing system for all trips / buses	○	▲
Smart cards and contactless payments	■	▲
Common ticket rules and fare zones	■	▲
Maximum fares for given routes or services	■	▲

*Notes:*

▲ LAs determine the details of the services to be provided – where they run, when they run and the standards of the services

■ LAs can seek formal agreement from a defined proportion of operators

○ Not relevant/Powers not available

- 2.5.1.4. Table 10 presents a Red, Amber, Green (RAG) assessment of how a partnership approach and a franchising approach would compare in respect of achieving the success factors identified from best practice. The assessment concludes that a partnership approach would be less able to address success factors (as introduced in Section 1) in respect of passenger outcomes.

Table 10: Comparison of Partnership and Franchising for Success Factors

Factor	Success aspect	Partnerships	Franchising
Area-wide networks with all significant local destinations reachable	A wide range of key destinations throughout a local area should be reachable in 45-60 mins during the daytime (with transfers if necessary)	Focus is on direct journeys only and hence travel between many destinations not convenient	Network approach with co-ordinated transfers
One Ticket	An exclusive single ticket system for boarding all buses should be in place	Multiple operator tickets side-by-side with operator tickets	Single ticket system for passengers on all services
Easy To Understand Network	A public transport network that is inherently easy to understand	Multiple services with overlapping routes	Generally only one or two services on each corridor, with regulated headways.
One Brand	A public transport brand should be present on all vehicles, stops and stations, information sources, and ticketing	Regional brand would co-exist with operator brands	A single brand for all components
Easy and Reliable Transfer	High quality transfer conditions and arrangements (ticketing, timetables).	Network not fully designed for co-ordinated transfer	Network designed with transfer built-in
Reliable Travel Times	Journeys by public transport should have reasonable and consistent speeds	Delivery of bus priority measures could deliver improvements in speed	Manage bus-on-bus congestion and reduced dwell time, in addition to bus priority
Easy to Access the Vehicle	Easy to board with multiple doors for urban buses	Single door vehicles leading to slower boarding / alighting	Multi-door easy access and associated enforcement, reducing delays at stops
Accessible and Comfortable	Stations and stops are easy to reach, are comfortable with good information, and vehicles are comfortable, and well equipped.	Good quality stops and vehicles	Good quality stops and vehicles
Public Feedback and Customer Care	The general public are given regular opportunities to provide feedback	Partnership can include changes over time with agreement of all parties but likely to be unstable over time	Annual network review can be built-in to delivery of franchised networks
Passenger Safety, Security, and Health	Inherent in all aspects of people's experience of public transport, including roadside air quality and carbon emissions	Multiple different operators and local authorities involved.	Single organisation would be responsible for managing these aspects.
Network Efficiency and Financial Affordability	Service lines are optimised to limit inefficient overlap of services	Some overlaps and corridor inefficiencies	All overlaps and inefficiencies designed out at network planning phase

Notes:

**Red** – Unlikely to offer improvement over business-as-usual arrangements

**Amber** - Can achieve improvements but limited potential to achieve best practice

**Green** - Good potential for best practice

2.5.1.5. This RAG assessment has identified an overall conclusion that the franchising option best addresses all of the key success factors. It is further concluded that even though a partnership approach could improve bus services, it does not provide a realistic means to deliver the necessary step changes to meet Welsh Government's aspiration for 'One Network, One Timetable, One Ticket'. A further disadvantage of a partnership approach is that it would involve perpetual negotiations and modifications in response to operators' commercial imperatives.

2.5.1.6. The selection of franchising as a preferred option is supported by the analysis of costs and benefits presented within this RIA and summarised in Table 11. Whilst costs are broadly comparable between partnerships and franchising over the 30-year appraisal period, benefits for franchising are roughly twice as high.

*Table 11: Summary of Costs and Benefits of Partnerships and Franchising Options*

Item	Statutory Partnerships	Statutory Partnerships Plus+	Franchising	Franchising Plus+
Total Costs	£182.6 M	£4,176.8 M	£171.8 M	£4,001.2 M
Total Benefits	£1,902.4 M	£5,981.5 M	£3,728.7 M	£9,136.8 M
<b>Net Present Value</b>	<b>£1,719.7 M</b>	<b>£1,804.7 M</b>	<b>£3,556.9 M</b>	<b>£5,135.6 M</b>
<b>BCR</b>	<b>10.4</b>	<b>1.4</b>	<b>21.7</b>	<b>2.3</b>

*Notes:*

1. The values shown are approximate and are intended to provide only indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2020 prices
3. Costs and benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

2.5.1.7. The cost-benefit analysis prepared for this RIA represents a complex technical exercise, undertaken according to the relevant transport appraisal guidance, which has sought to assess potential costs and benefits to people and the environment that are often difficult to calculate as pounds and pence. The Benefit to Cost Ratio (BCR) results provide a high-level summary which can be compared to estimate the potential trade-offs of each scenario. The BCR of all four options is greater than 1, meaning the expected monetisable benefits of interventions in each scenario outweigh the expected costs. A BCR of above 2 is generally considered high. The selection of a preferred option must not be based on BCRs alone. The relative merits and value for money of each option must be judged in the wider context of ambitions set out in Llywybr Newydd and Welsh Government's response to climate emergency, rather than the highest BCR.

2.5.1.8. The BCRs for 'legislation-only' Statutory Partnerships and Franchising options are higher than values typically presented in

transport business cases, as they do not have significant capital expenditure associated with infrastructure measures (as is typically the case for transport-related investment) but do include significant benefits linked to legislative changes. In practice, it is likely that implementation of legislation to improve bus services in Wales would not be made in isolation but include a range of supporting investment in transport infrastructure and policy measures aimed at delivering a step change in mode share. The legislative proposals should be treated as enabling measures, which provide an enhanced ability to lock in benefits of wider, and potentially substantial, investments in measures such as on-street or bus station infrastructure and bus priority measures. The selection of a preferred option must not be based on BCRs alone. The relative merits and value for money of each option must be judged in the wider context of ambitions set out in Llwybr Newydd and Welsh Government's response to climate emergency, rather than the highest BCR.

2.5.1.9. In summary, a unified, co-ordinated, bus network can only be realised if a single organisation has control over service routes and frequencies – and franchising of bus services by local authorities is an appropriate mechanism to deliver these necessary governance tools. The alternative approach of statutory partnerships, even with more of a role for local authorities compared to previous partnership arrangements, does not provide any party (local government or operators) with the necessary authority to align and deliver the interdependent components of a successful bus system, and would retain the current fragmentation of roles and responsibilities. This conclusion does not imply that bus operators in Wales are not of the required standard to operate quality services, on the contrary, a more stable procurement and operating regime would allow operators to concentrate on a core role of delivering excellent services and high-quality operational practices.



# Appendix 1: Costs Assumptions Summary

## Administrative Costs Assumptions Summary

Cost assumptions for statutory partnerships and franchising are outlined in Table A1- 1 and Table A1- 2 respectively. Where referenced, an approximate FTE cost of between £50k - £65k has been assumed, the variance relates to role, skills, organisation, and regional location.

Table A1- 1: Statutory Partnership Cost Assumptions

Cost Type	Summary of Cost Assumptions
<b>Set Up Costs</b>	
WG / TfW set up costs (paragraphs 2.3.1.2 & 2.3.1.3)	<p><b>£100k</b> (all of Wales)</p> <p>Cost estimate based on inclusion of the following activities:</p> <ul style="list-style-type: none"> <li>• Welsh Government officers prepare guidance document; and</li> <li>• Legal guidance and template partnership contract(s).</li> </ul> <p>This represents an FTE equivalent of about two Welsh Government staff.</p> <p><b>Depot Capex - £1.5m major urban; £1m town urban; £0.5m rural</b> (per LA)</p> <p>An additional capital cost allowance has been made for upgrades to depots to support charging/re-fuelling of low-emission vehicles. This cost has been allocated to Welsh Government on the basis that grant funding to depot owners would be made available to support transition of the bus fleet.</p>
LA / CJC set up costs (paragraph 2.3.1.4)	<p><b>£120k major urban; £90k town urban; £60k rural</b> (per local authority)</p> <p>Assumed cost for setting up a partnership in each local authority area based on the Welsh Government guidance and template partnership contract(s). Cost estimate based on local authority staff undertaking route assessments and consultation with operators on proposed partnerships, with a range from one FTE for a rural local authority to two FTEs for a major urban authority.</p> <p><b>Second and subsequent partnership agreements</b> <b>£60k major urban; £45k town urban; £30k rural</b> (per local authority)</p> <p>Partnerships would need to be revised at various stages, for example when a new operator enters a local market or when new development requires changes to bus services. Costs for ongoing management and minor changes to partnership arrangements are included within the recurring costs, however it is likely that additional resources equivalent to these set-up costs would be required to negotiate significant revisions to partnerships. This could include for example public consultation on bus networks, evaluation and re-design of networks and studies to identify supporting infrastructure measures etc. An assumption has been made therefore that significant revisions to partnerships would be required every five years on average, with costs to LAs at 50% of the original set up costs.</p>
Operators set up costs (paragraph 2.3.1.6)	<p><b>£200k major urban; £150k town urban; £100k rural</b> (per local authority)</p> <p>Cost estimate based on two bus operators negotiating a partnership with the local authority with each requiring between half to one FTE to undertake route assessments, consult with the local authority and negotiate a final deal. Half an FTE is considered more appropriate for a smaller rural network, and one FTE for a major urban network.</p> <p><b>Second and subsequent partnership agreements</b> <b>£100k major urban; £75k town urban; £50k rural</b> (per local authority)</p>

Cost Type	Summary of Cost Assumptions
	Assumed that an additional level of resource would be required every five years on average to negotiate significant revisions to/new partnerships.
<b>Recurring Costs</b>	
WG / TfW recurring costs (paragraph 2.3.1.7)	<p><b>£250k (all of Wales)</b></p> <p>Cost estimate based on the equivalent of one FTE per region (four in total), responsible for the following activities:</p> <ul style="list-style-type: none"> <li>• Strategic programme management, monitoring of partnerships at national level;</li> <li>• Technical and legal support for LAs / CJsCs;</li> <li>• Evaluation of partnerships and interface with policy development;</li> <li>• Engagement with LA/CJsCs and bus operators;</li> <li>• Guidance and knowledge sharing on best practice; and</li> <li>• Procurement of back-office ticketing and financial monitoring support for multi-operator ticketing.</li> </ul>
LA / CJC recurring costs (paragraph 2.3.1.8)	<p><b>£25k major urban; £20k town urban; £15k rural per annum</b> (per local authority)</p> <p>Cost estimate based on the equivalent of up to half an FTE per year additional resource, with costs of between £15k and £25k, depending on the scale of the partnership. It is considered that this includes the following activities:</p> <ul style="list-style-type: none"> <li>• ongoing management of partnerships;</li> <li>• updates to Traffic Regulation Orders;</li> <li>• enforcement and monitoring; and</li> <li>• meetings with operators.</li> </ul>
Operators recurring costs (paragraphs 2.3.1.8, 2.3.1.9 & 2.3.1.10)	<p><b>£25k major urban; £20k town urban; £15k rural per annum</b> (per local authority)</p> <p>Cost estimate based on the equivalent of up to half an FTE per year additional resource, with costs of between £15k and £25k, depending on the scale of the partnership. It is considered that this includes the following activities:</p> <ul style="list-style-type: none"> <li>• ongoing management of WPSs;</li> <li>• compliance and provision of monitoring information; and</li> <li>• meetings with local authority officers.</li> </ul> <p><b>Costs for low emission buses phased in within OPEX modelling</b></p> <p>Additional lease costs included for low emission buses in line with profile identified (i.e. 100% of the service bus fleet to be zero emission by 2040). These additional costs are offset by cheaper running costs of electric buses compared to diesel.</p> <p><b>Increase assumed driver hourly salary to £11.94, representing a 5% increase on baseline of £11.37<sup>37</sup></b></p> <p>An additional increase on driver wages is made in the partnership scenario on the basis that partnerships could include agreements on pay and</p>

<sup>37</sup> Office for National Statistics. 2021. [Earnings and hours worked - ASHE Table 3: Transport and mobile machine drivers and operatives](#)

Cost Type	Summary of Cost Assumptions
	conditions in line with WGs intent for a policy of fair pay for bus workers. This is lower than the cost increase in the franchising scenario, as pay conditions would need to be negotiated as part of the partnership, and it may not be possible to agree this policy with all operators.

Table A1- 2: Franchising Cost Assumptions

Cost Type	Summary of Cost Assumptions
<b>Franchising Set Up Costs</b>	
WG / TfW set up costs (paragraphs 2.4.1.2, 2.4.1.3 & 2.4.1.4)	<p><b>Preparing guidance: £1m</b> (for all of Wales) Cost estimate based on inclusion of the following activities:</p> <ul style="list-style-type: none"> <li>• Welsh Government officers prepare guidance document, estimated as about eight FTEs;</li> <li>• technical support from specialised consultants; and</li> <li>• provision of template contract(s).</li> </ul> <p><b>Support to local authorities: £5m-£8m</b> (for all of Wales) Supporting the transition to franchising, providing guidance on best practice and network development across Wales. Potential for economies of scale in procurement, planning and managing transition at the national level, rather than duplicating processes at LA/CJC level. This cost includes legal advice to address any potential challenge through judicial review.</p> <p><b>Depot Capex - £1.5m major urban; £1m town urban; £0.5m rural</b> (per LA) An additional capital cost allowance has been made for upgrades to depots to support charging/re-fuelling of low-emission vehicles. This cost has been allocated to Welsh Government on the basis that grant funding to depot owners would be made available to support transition of the bus fleet.</p>
LA / CJC set up costs (paragraph 2.4.1.6)	<p>Franchising costs for local authorities including a range of activities:</p> <ul style="list-style-type: none"> <li>• develop and set out governance arrangements;</li> <li>• preparation of business case, as required;</li> <li>• financial investigations on whether the options would require capital spending, such as for the purchase of depots, buses or other infrastructure; and costs associated with the TUPE transfer of staff and their pension protection where relevant;</li> <li>• consultation with operators,</li> <li>• public consultation;</li> <li>• data collection such as patronage, passenger surveys, bus speeds;</li> <li>• preparation of passenger forecast model;</li> <li>• organisational and IT aspects of a bus franchise management office;</li> <li>• Contingency plans for providing replacement services should operators stop running their services before the introduction of the franchising scheme;</li> <li>• an independent review of the economic and financial assessment;</li> <li>• preparation of franchise contract documents;</li> <li>• prepare and undertake the tender process; and</li> <li>• carry out TUPE processes.</li> </ul> <p><b>£2m-£5m major urban; £1m-£2m urban town urban; £0.5m-£1m rural</b> (per local authority) Estimates of set up costs for local authorities have been prepared based on</p>

Cost Type	Summary of Cost Assumptions
	<p>discussions with local government bus officers, operators and other stakeholders – and represent a range of costs from FTEs at CJC/local authority level, to a variety of external costs for aspects such as data collection, external consultants, legal advice, financial and business advice, human resource advice. There is an inherent uncertainty in respect of identifying costs at this stage – and it is likely that costs for local authorities who implement franchising in the short-term will be higher than costs for local authorities taking franchising forward on a longer timescale – due to the learning process and experience gained in the initial franchise authorities (for example contract documents). It is envisaged that re-letting contracts for routes or packages of routes would be undertaken on a rolling basis once the initial process is in place, so costs for LA/CJCs to run subsequent rounds are included in the recurring costs.</p>
<p>Operators set up costs (paragraphs 2.4.1.7 &amp; 2.4.1.8)</p>	<p><b>£1m major urban; £500k town urban; £250k rural</b> (per local authority)  For the purposes of this RIA, it is assumed that four operators bid for a franchise, which is assumed to cover a local authority area. Dividing the costs above per LA by four gives a range of costs per operator of £60-65k for a rural network (c. 1 x FTE), £125k for a town network (c. 2 x FTE equivalents) and £250k (c. 4-5 senior FTE equivalents) for a major urban network contract. These costs account for the fact that, in rural areas, operators may need to bid for a number of smaller contracts within a single LA, rather than all the routes as a single package. As some contracts will be let cross-LA boundaries, extrapolation of these costs on a per LA basis is considered a conservative estimate, which may not be so high in reality.</p> <p><b>Second and subsequent rounds of franchising: £500k major urban; £250k town urban; £125k rural</b> (per local authority)  During the first franchise round the local authority will be gathering data on bus trips and patronage, which it will be able to share with all bidders bidding on the second and subsequent rounds. Therefore the costs of bidding for bidders will be less, as there will be less research to be done by potential new entrants.</p>
<b>Franchising Recurring Costs</b>	
<p>WG / TfW recurring costs (paragraph 2.4.1.9)</p>	<p><b>£500k (all of Wales)</b>  Cost estimate based on the equivalent of two FTE per region (8 in total), responsible for the following activities:</p> <ul style="list-style-type: none"> <li>• Strategic programme management/monitoring of franchising at national level;</li> <li>• Technical and legal support for LAs / CJCs;</li> <li>• Evaluation of partnerships and interface with policy development;</li> <li>• Engagement with LA/CJCs and bus operators;</li> <li>• Guidance and knowledge sharing on best practice; and</li> <li>• Procurement of back-office ticketing and financial monitoring support for multi-operator ticketing.</li> </ul>
<p>LA / CJC recurring costs (paragraph 2.4.1.10)</p>	<p><b>£225k major urban; £125k town urban; £50k rural</b>  This represents a range from approximately one FTE in a rural area to around 4½ extra FTEs for an average Major Urban network. This includes for the following key activities:</p> <ul style="list-style-type: none"> <li>• ongoing management of franchise contracts;</li> <li>• updates to Traffic Regulation Orders;</li> <li>• financial management and accounting;</li> <li>• enforcement and monitoring;</li> </ul>

Cost Type	Summary of Cost Assumptions
	<ul style="list-style-type: none"> <li>• subsequent franchise round competitions; and</li> <li>• contract meetings with operator.</li> </ul> <p>Local authorities already have existing public transport officers involved in managing section 63 subsidised contracts, liaising with commercial operators and promoting information/marketing. The costs above represent net costs in addition to these activities.</p>
<p>Operators recurring costs (paragraphs 2.4.1.11, 2.4.1.12, 2.4.1.13, 2.4.1.14 &amp; 2.4.1.15)</p>	<p><b>Increase assumed driver hourly salary to £12.22, representing a 7.5% increase on baseline of £11.37<sup>38</sup></b></p> <p>An additional increase on driver wages is made in the franchising scenario on the basis that</p> <p><b>Costs for low emission buses phased in within OPEX modelling</b></p> <p>Additional lease costs included for low emission buses in line with profile identified (i.e. 100% of the service bus fleet to be zero emission by 2035). These additional costs are offset by cheaper running costs of electric buses compared to diesel.</p> <p><b>Assume no change to other administrative costs</b></p> <p>Other staff and operating costs not associated with drivers and vehicles represent around 25% of operators total costs<sup>39</sup>. Franchising arrangements will impose some additional requirements on operators in terms of the need to monitor contractual performance and carry out reporting, liaison and accounting procedures as part of the contract with the local authority. However, there would also be reduced administrative effort required of operators in terms of planning routes, ticketing offers, branding and marketing. For the purposes of this RIA, it is expected that these costs would remain largely unchanged.</p> <p><b>Potential for other OPEX savings not included in modelling</b></p> <p>It is assumed that the franchised networks will have the same operating mileage as the present networks but will be better rationalised and coordinated. Franchising could reduce operator costs as a result of:</p> <ul style="list-style-type: none"> <li>• stability of network resulting in longer term economies of scale and reduced need to carry out activities in respect of competing with other operators;</li> <li>• better rationalisation of headways to reduce bus-on-bus congestion at stops which will reduce dwell times;</li> <li>• improved network coverage leading to higher patronage; and</li> <li>• consistent and standardised ticketing / boarding arrangements for all buses which should reduce dwell times at stops.</li> </ul> <p>Franchising thus provides opportunities for operators to reduce operating costs in some areas, however no savings have been accounted for within the modelling to provide a conservative estimate of potential costs.</p>

<sup>38</sup> Office for National Statistics. 2021. [Earnings and hours worked - ASHE Table 3: Transport and mobile machine drivers and operatives](#)

<sup>39</sup> CPT [Cost Index](#). 2019. Adding category '2 Other labour and staff costs' and '7 Other operating costs' gives a total of 26.3%.

## High Growth Scenario Costs Assumptions Summary

As set out in Appendix 2, a high growth bus patronage scenario (of around three times current usage) represents a plausible target and potential realistic outcome for Wales – with appropriate investment and governance in place, including policy-based initiatives to promote use of public transport over private car travel. This is considered consistent with meeting the mode share target of 45% of journeys to be made by public transport, walking and cycling by 2040 as set out in Llwybr Newydd.

Achievement of this outcome will rely on rapid and complete reform of bus governance in Wales, to enable efficient investment in buses, and design of bus networks and supporting infrastructure to work as complete networks to give the best possible service coverage, working in conjunction with heavy rail and tram services.

As a result, and in addition to the Administrative Costs assumptions set out above, the following broad cost assumptions for additional spend in the 'Partnerships Plus+' and 'Franchising Plus+' scenarios have been made:

- Additional capital spend of £3bn (2020 prices) for bus infrastructure improvements to 2040, (equivalent to around £165m per annum) and associated infrastructure maintenance costs; and
- Additional £50m (2020 prices) revenue funding per annum for improved frequency of services, and expansion of the geographical reach of the bus network.

Capital costs are based on analysis of potential improvements to bus infrastructure in the case study networks, including bus priority measures, bus stops, transfer hubs, station improvements, improved integration with rail and Metro networks and measures to improve information, branding and marketing. Whilst a detailed assessment of the exact spend has not been made, it is likely that a more significant proportion of the spend would be made in Major Urban and Town network areas where congestion and bus stop density are highest.

Revenue funding would be focussed on bus service improvements in Rural and Town areas of Wales. Additional revenue could support increased frequency and expansion of scheduled bus services and Fflecsi Demand Responsive Transport (DRT) services – consistent with the ambition of serving '*every village, every hour*'.

It should be noted that this is a speculative representation of future bus patronage growth, consistent with Welsh Government transport policy and addressing the climate emergency. It is not intended to represent a forecast and is not directly linked to specific individual infrastructure measures in the economic assessment. Instead, it is an illustrative example of how significant investment in bus could translate into higher mode share. To achieve these levels of public transport use there will also need to be determined investment in active travel and accompanying policies to deter car use to support car-light lifestyles.

# Appendix 2: Methodology and assumptions for calculation of Benefits

## Modelling Benefits Methodology

### Overview

The economic assessment model prepared for this RIA utilises demographic data, bus passenger statistics, and financial statistics for three network examples (and for the whole of Wales), available from government sources<sup>40</sup>. Assessment of the proposals is underpinned by an economic assessment model that calculates demand impacts, cost implications and economic benefits in accordance with DfT's Transport Appraisal Guidance (TAG) and best practice in economic evaluation.

A key guiding principle for demand modelling and economic assessment is proportionality, which refers to striking a balance between the level of detail and the cost of the modelling, considering factors such as the required functionality, data availability, and robustness and resource and time constraints. Although the overall project represents changes to bus networks across the whole of Wales, at this stage, it was not considered proportional to assess every network in Wales in detail. For the economic and patronage assessment, three example network plans (Cardiff, Pembrokeshire and Wrexham) provide case studies upon which to assess impacts. The results from this analysis give an indication of the economic impacts in other Welsh local authorities, and extrapolation to an all-Wales level on a pro-rata basis. The example networks represent the following types of locations in Wales:

- a large urban bus network (Cardiff);
- a rural / inter-urban network (Pembrokeshire); and
- a smaller urban / town network (Wrexham).

The economic assessment includes estimates of operating costs, administrative costs and capital expenditure. The demand modelling provides a means to illustrate the potential growth in passenger numbers, and to identify the scale and range of measures which are likely to be needed to achieve the targeted growth. The demand figures are then used to estimate the impact on revenues.

The RIA covers a 30-year appraisal period from 2024/25 to 2054/55 to ensure the evaluation of costs and benefits is made over the medium term. In line with HM Treasury Green Book guidance, future costs and benefits have been discounted using the Treasury's central discount rate of 3.5%<sup>41</sup> (unless otherwise stated), to a 2019/20 base year.

### Passenger Demand Impact

The demand modelling provides a means to estimate the potential growth in passengers, compare potential growth in each scenario and illustrate the relative importance of measures aimed at achieving that growth. The calculations require two key sets of inputs:

- Estimated current passenger journey numbers and forecast change in passenger numbers in a 'do minimum' scenario (as described below);

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<sup>40</sup> Department for Transport. 2021. [Bus Statistics](#).

<sup>41</sup> HM Treasury. 2020. [The Green Book: central government guidance on appraisal and evaluation](#)

- Estimated journey times before and after network and other improvements have been implemented (generally expressed in transport planning studies as Generalised Journey Time – which includes perceived time to reflect quality and reliability aspects).

Outline matrices of bus travel, including the origin-destination pattern, for each case study area have been obtained and summarised from the SEWTM (South East Wales Transport Model), NWTM (North Wales Transport Model) and SWMWTM (South West & Mid Wales Transport Model) strategic models.

In order to provide a robust baseline for planning measures to grow bus patronage, it is useful to identify a ‘do minimum’ scenario. Forecasts are taken from the DfT’s National Trip End Model<sup>42</sup> (NTEM), which is generally used as the basis for future travel forecasts for DfT transport business cases. The modelling approach assumes a continued decline of bus demand in the business-as-usual option as set out in NTEM, which suggests that bus journeys in Wales will decline by 4.3% over the period to 2030, but with decline in each local authority varying between 1.4% and 8.3%.

### Generalised Journey Time

The primary mechanism through which bus improvements translate into higher demand and benefits for users is through adjustments to the actual or perceived cost of travel, which is expressed in the term Generalised Journey Time (GJT). The GJT combines the costs of different elements of a journey – such as wait time, in-vehicle time and reliability – into a single overall measure. By applying values of time to each element of bus travel (using standard values which are published in WebTAG and elsewhere), it is possible to calculate the direct and non-direct travel times for users.

Some interventions directly affect users’ journey times (for example, improved bus network coverage, improved service frequency, bus priority measures). Other measures (for example improved bus stops and vehicles) relate to the quality of bus services. Such quality factors can have some impact on actual journey times, but they also affect the way users perceive bus services and make bus travel more attractive at any given level of cost or journey time. There are a range of values in technical literature – typically based on ‘willingness to pay’ or stated preference surveys – which express these improvements as reduction in GJT. This allows quality factors to be incorporated into the modelling frameworks in a similar way to actual changes in fares or journey times.

The formula for calculating the average GJT within bus networks takes the form:

$$GJT = IVT + S + I + R + Q$$

Where:

- **IVT** is the ‘in-vehicle’ travel time;
- **S** is the service interval penalty;
- **I** is the interchange penalty;
- **R** is the reliability of bus services; and,

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<sup>42</sup> Department for Transport. 2016. [NTEM data release notes and frequently asked questions](#). NTEM National Trip End Model (NTEM) bus use projections are presented in a software package called TEMPro. The data in NTEM is not based on observations or fare data but is derived from Census data and forecast patterns of population and employment.



- **Q** is a service quality factor

The potential uplift in passenger demand is calculated by applying an elasticity of demand with respect to GJT (where elasticity is a parameter which determines the relationship between changes in GJT and changes in demand). The value of the elasticity is based on recommended values identified in a 2018 study for the DfT<sup>43</sup>.

*Table A2- 1: Elasticity Values*

Journey Type	GJT Bus Elasticity Value
Commute	-1.15
Leisure	-1.05

### **Bus System Components**

Significant growth of passenger numbers is generally reliant on provision of high-quality passenger experience across all components of the bus system. The range of potential bus improvements and initiatives that have been considered in this study are summarised in Table A2- 2, each of which is modelled in turn.

*Table A2- 2: Modelled Components of Bus System Improvements*

Theme	Bus System Components
Network Arrangements	Network Arrangements
	Integrated Ticketing
Infrastructure	Improved Corridor Speeds
	Bus Stops / Transfer Hubs
Vehicles	Bus Boarding / Alighting
	Vehicle Quality & Decarbonisation
Enablers	Information, Branding & Marketing
	Transport Policy

The key element of a bus improvement strategy for Wales is to plan and operate bus services as a co-ordinated network in each area and allow people to choose to rely on buses to meet their day-to-day travel, with a wider range of realistic destinations by bus. Provision of integrated ticketing, which allows seamless transfers between buses using a single ticket is a key aspect of a network-based approach. Co-ordinated networks in urban areas will comprise high frequency services with a series of interchange points where services meet, whereas in rural areas (with lower frequency services) an effective network will rely on consistent and co-ordinated timetables.

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<sup>43</sup> RAND Europe. 2018. [Bus fare and journey time elasticities and diversion factors for all modes: A rapid evidence assessment.](#)

In general, bus priority measures in Wales which have involved on-road bus lanes or segregated busways have delivered measurable improvements in journey times, reliability, user satisfaction and patronage increases. In the context of a network-based approach, infrastructure measures (such as bus priority measures, interchanges and bus stop improvements) can potentially produce higher levels of patronage across the whole network and can also reduce operating costs – and hence justify significant capital costs.

New vehicles and automated ticketing systems can allow faster boarding and alighting, reducing dwell time at stops and speeding up journeys. They can also provide a high degree of comfort for passengers and lower levels of emissions in line with Welsh Government's decarbonisation commitments. Transitioning to a zero-emission fleet is a core part of the future strategy for bus in Wales.

In combination with a network-based approach, improved travel information (with easy-to-understand network maps), and adoption of a single brand for each local network, have a fundamental role in attracting people to use, and trust, the bus network. Wider transport policy initiatives, such as limitation on parking, or traffic management, are also important in incentivising people to use sustainable modes.

### **Assessment Scenarios Overview**

Costs and benefits for statutory partnerships and franchising have each been assessed under two scenarios. The first represents a notional scenario in which non-legislative measures, such as bus stop improvements, bus stations, bus priority measures, are not included as they are not directly required or affected by the legislation. These scenarios are referred to simply as 'Statutory Partnerships' and 'Franchising'. Under the franchising option, tendering of services to operators is the basis for assessing costs, but with an alternative of a direct award (to either a local authority-owned operator or a private operator) also considered.

In practice, and given Welsh Government's aspirations around net-zero, it is likely that implementation of the legislative measures would include a range of supporting investment in transport infrastructure and policy measures. These supporting measures are likely to produce significant benefits and patronage increases at a scale higher than the legislative proposals themselves. Hence the legislative proposals can be considered as enabling measures, which provide an enhanced ability to lock in benefits of wider, and potentially substantial, investments in measures such as on-street or bus station infrastructure, low emission bus fleets and bus priority measures. These scenarios are referred to as 'Statutory Partnerships Plus+' and 'Franchising Plus+'.

The remainder of this section provides a description of the modelling assumptions applied in each scenario, relating to benefits for each of the elements assessed. Table A2- 3 provides an overview of benefits categories and notional scale of impact in each of the scenarios. Some benefits have been quantified within the economic modelling, whilst others are referred to qualitatively within the RIA text.

Table A2- 3: Summary of bus system component benefits by option scenario

Bus System Component	Statutory Partnerships	Franchising	Statutory Partnerships Plus+	Franchising Plus
Network Arrangements	■ ■	■ ■ ■ ■	■ ■	■ ■ ■ ■
Integrated Ticketing		■ ■		■ ■
Improved Corridor Speeds		□	■ ■	■ ■ ■ ■
Bus Stops / Transfer Hubs		■	■	■ ■
Bus Boarding / Alighting		■ ■ ■ ■		■ ■ ■ ■
Vehicle Quality & Decarbonisation	■ ■	■ ■ ■ ■	■ ■	■ ■ ■ ■
Information, Branding & Marketing	■	■ ■	■	■ ■
Transport Policy			■ ■ ■ ■	■ ■ ■ ■

Key:

- Benefits referred to qualitative only within RIA text, but not quantified
- Benefits quantified within economic modelling
- ■ ■ ■ Low to high beneficial impact for option scenarios (indicative only)

Key assumptions for each of the components are explained in further detail in in turn in the following sections. Benefits are applied in the model for each category by two key sets of inputs:

- GJT benefits – based on WebTAG values and evidence from literature; and
- Proportion of trips affected – reflecting that the benefits of some measures only apply to a proportion of passengers e.g. interchange hubs are only used by those using multiple services

Throughout the descriptions of key assumptions, benefits estimates are referred to in financial (cash) and economic (non-cash) terms, as described below:

Financial impacts:

- **Operator benefits:** This is the additional revenue bus operators may receive, based on extra patronage multiplied by average ticket prices; and

- **Government benefits:** This covers central government benefits and local government benefits.

Economic impacts:

- **User benefits:** The approach to estimating passenger economic benefits is to monetise the range of benefits according to their Generalised Journey Time (GJT) savings. This approach summates actual time savings (if journeys are made more quickly) and ‘perceived’ time savings as a result of improvements to elements of the bus system (such as information). This approach follows the general approach set out in Department for Transport’s Transport Appraisal Guidance (WebTAG)<sup>44</sup>. The GJT benefits of each relevant change to network arrangements, integrated ticketing, vehicle quality and travel information are based on standard values of time published in TAG and other research documents. There are a range of values in transport planning research literature – typically based on ‘willingness to pay’ style surveys – which equate these improvements to an equivalent reduction in GJT or fares. We have also included health benefits to reflect the fact that travelling by bus is expected to involve more walking than travelling by car, and the social value of trips that could not take place without an effective bus network.
- **Non-user benefits:** Non-user benefits (e.g. time savings to other travellers if more passengers use buses, carbon reductions, accident reductions, etc.) are also calculated according to WebTAG guidance.

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<sup>44</sup> Department for Transport. 2021. [Transport Analysis Guidance \(TAG\)](#)

## Benefits of Network Arrangements

Key assumptions for network arrangements in each of the modelled scenarios are provided below in Table A2- 4.

Table A2- 4: Summary of Network Arrangements Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><b>GJT improvements and demand uplift calculated based on case study unified networks for Cardiff (Major Urban), Wrexham (Town) and Pembrokeshire (Rural).</b></p> <p>A partnership approach would enable only partial influence over the shape of the network. There are significant obstacles to delivering the types of changes that would create passenger benefit. Allocation of bus resource from different operators to specific routes (e.g. to create a high frequency orbital service line, or a feeder line to an interchange hub) would not be feasible due to the likely need for cross-subsidisation involving reallocation of revenue between operators - and hence the necessary full co-ordination between services and efficient use of overall bus resource would not be achievable. Even with a partnership in place there is unlikely to be sufficient incentive for operators to invest in significant network changes over the long term. The GJT benefits have been set to 50% of the franchised network, to reflect these trade-offs.</p> <p>Network improvements in a partnership model are likely be limited to better timetable co-ordination of services and ticketing improvements. For the present network, wait times for interchange have been subject to a penalty time of 7.5 minutes (an industry standard value), whilst an interchange penalty of 5<sup>45</sup> minutes has been used in the calculation of GJTs for Statutory Partnerships to reflect the complexity for passengers of interchanging between different operators' services compared to the fully co-ordinated franchised network.</p>
Franchising	<p><b>GJT improvements and demand uplift calculated based on case study unified networks for Cardiff (Major Urban), Wrexham (Town) and Pembrokeshire (Rural).</b></p> <p>The network would be planned so that every service is fully co-ordinated and routed to interchange hubs. For the present network, wait times for interchange have been subject to a penalty time of 7.5 minutes (an industry standard value) whilst an interchange penalty of 2.5 minutes is used in GJT modelling to reflect easier transfer opportunities, simplified network with limited duplication of services and standard headways. This is considered a robust figure, with some UK research<sup>46</sup> suggesting that a guaranteed connection could reduce the bus penalty to 0.9 minutes.</p> <p>No competition between service lines would allow the bus vehicle resource to be planned as a many-to-many grid network of high frequency services with planned transfer points – which dramatically increases the range of practical journeys possible by bus.</p> <p>A planned approach would improve network coverage, by efficient allocation of resources to create an appropriate mix of frequent services, long-distance express services, feeder services; for example, instead of operating low frequency services into central areas, these services could be operated as short feeder services at high frequency to interchange hubs.</p>
Statutory Partnerships Plus+	As per Statutory Partnerships.
Franchising Plus+	As per Franchising.

<sup>46</sup> Scottish Executive Central Research Unit. 2001. Interchange and Travel Choice - Volumes 1 and 2.

## Benefits of Integrated Ticketing

Key assumptions for integrated ticketing in each of the modelled scenarios are provided below in Table A2- 5.

Table A2- 5: Summary of Integrated Ticketing Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><b>No Impact</b></p> <p>An enhanced partnership could enable integrated ticketing, but majority agreement would be required. As many operators already provide multi-operator tickets, the benefits of new partnership agreements on ticketing are considered negligible. Operators would probably retain their own ticket offers - meaning the ticketing offer to passengers will retain a level of complexity. Changes to ticketing arrangements on a network basis would continue to be very challenging. For example, use of a single multi-operator ticket or introduction of flat fares would require significant negotiation with each individual operator to agree how subsidy payments and revenue reimbursement would work for different types and combinations of journeys. This considerable administrative burden and requirement for complex revenue redistribution processes would act as barriers to the introduction of simple, straightforward, affordable tickets for passengers.</p> <p>A successful network would tend to have an increasing number of two and three-leg journeys, which would further increase the complexity of revenue allocation – which would inevitably have winners and losers and would ultimately be incompatible with a deregulated competitive environment. Overall, the key benefit of a simple to understand ‘freedom pass’ ticket will be unachievable within a partnership approach.</p>
Franchising	<p><b>Apply 1.43 minutes<sup>47</sup> GJT improvement to 50% of fare-paying journeys to account for simplified ticketing.</b></p> <p>One ticket system for all services, giving passengers full everywhere-to-everywhere access across the bus network; effectively a ‘freedom pass’. The simplicity of a single ticket system for all services and journeys is a critical aspect of allowing people to make a lifestyle choice to use buses to fulfil a significant proportion of their travel needs. Bus passengers would benefit from flexible use of ticketing products across different bus services. A simple, integrated ticketing system would facilitate multi-leg journeys without excessive cost by reducing the cost of journeys that currently require separate tickets.</p> <p>Proportion of trips affected reflects the fact that not all journeys would benefit from simplified ticketing (i.e. single leg trips, or those where multi-operator tickets are already available).</p>
Statutory Partnerships Plus+	As per Statutory Partnerships.
Franchising Plus+	As per Franchising.

<sup>47</sup> Department for Transport. 2020. [TAG Unit M 3.2 Public Transport Assignment](#)

## Benefits of Improved Corridor Speeds

Key assumptions for improved corridor speeds in each of the modelled scenarios are provided below in Table A2- 6.

Table A2- 6: Summary of Improved Corridor Speeds Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><b>No Impact</b></p> <p>Infrastructure measures to improve corridor speeds are considered within the EQP+ scenario.</p>
Franchising	<p><b>Minimal impact – benefits not quantified</b></p> <p>Infrastructure measures to improve corridor speeds are considered within the Franchising+ scenario.</p> <p>There may be opportunities to improve bus journey times on some corridors by reducing over-bussing by improving co-ordination of services and rationalising headways. However this is likely to be limited to a limited number of corridors, and shorter sections of routes in urban centres, thus not considered significant.</p>
Statutory Partnerships Plus+	<p><b>Journey time savings are applied based on examination of potential bus priority measures in the Cardiff (Major Urban), Wrexham (Town) and Pembrokeshire (Rural) case study networks. The proportion of passengers affected is weighted by the proportion of bus-kilometres operated on corridors with infrastructure improvements.</b></p> <p>This measure would reduce OPEX and allow operators to improve journey speed and / or increase frequency (or to improve profitability).</p> <p>A partnership approach would seek to ensure that the operator and local authority are fully aligned in respect of the location and usage of bus priority measures. Infrastructure can however be inefficiently used (at a level less than planned) as there is no direct control over bus routes and frequencies.</p> <p>Inertia in planning and implementing bus schemes due to the lack of overall control of both main parties (the local authority and bus operator) can hinder investment of resources and commitment in the project development process.</p>
Franchising Plus+	<p><b>Journey time savings are applied based on examination of potential bus priority measures in the Cardiff (Major Urban), Wrexham (Town) and Pembrokeshire (Rural) case study networks. The proportion of passengers affected is weighted by the proportion of bus-kilometres operated on corridors with infrastructure improvements.</b></p> <p>In a franchised network, the local authority can ensure that bus priority measures are fully aligned with core service routes and that measures are properly targeted at major delay locations – and are well-maintained and operated by the highway authority. This will ensure the long-term maintenance, enforcement and usage of bus priority measures, provided governance arrangements allow responsibility for franchising and road allocation in the same place.</p> <p>Direct control of bus routing would speed up project planning processes, as infrastructure design and bus routing, frequency, and bus stop planning would be carried out as an integrated process from the outset. In practice, this would mean bus priority measures could be delivered quicker and at lower cost.</p>

## Benefits of Bus Stops / Transfer Hubs

Key assumptions for bus stops/transfer hubs in each of the modelled scenarios are provided below in Table A2- 7.

Table A2- 7: Summary of Bus Stops / Transfer Hubs Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><b>Apply a 0.45p benefit for paper timetables &amp; 1.69<sup>1</sup> minute improvement for RTPI (at bus stops) to half of the level of passengers (compared to franchising scenario) in each case study network.</b></p> <p>Whilst there should be more stability of bus timetables and routes than in the do-nothing case, there is also often a lag between information displayed at bus stops and changes to bus services by commercial operators. Multi-operator routes, branding and ticketing makes information and fares more complex to understand and display at bus stops. Network maps may only be available in some areas, or may only show the bus routes of the operator publishing them. Transfer is not a key feature of the present network and introduction of transfer hubs and facilities will need formal partnership agreement to ensure services will operate via the hubs.</p> <p>As a result, it is unlikely that the same number of passengers would have the benefit of better information and knowledge of services when compared to the franchising scenario, and the benefits are applied to half as many passengers in each of the case study networks.</p>
Franchising	<p><b>Apply a 0.45p<sup>48</sup> benefit for paper timetables &amp; 1.69<sup>1</sup> minute improvement for RTPI (at bus stops) to proportion of passengers affected in each case study network.</b></p> <p>In a franchising scenario, fewer service numbers would call at most stops, particularly in urban areas. There would also be long-term certainty, and a stable network of bus services with consistent routes, numbering and branding. This would allow stops to become 'stations' (or 'hubs') – with better branding and information and accompanying facilities such as cycle parking/shared-bike rental able to be installed within a comprehensive and planned mobility network. Changes to bus schedules would be limited within a franchise regime – with a reduced need for frequent updates of timetable information at stops.</p> <p>Transfers between bus services would be a key feature of a franchised, joined-up, unified network – and planned introduction of transfer hubs and facilities is a major benefit of having control over where buses run e.g. feeder buses connect with core high frequency services at bus hubs. The benefits identified are applied as a proxy for passengers having better information and knowledge of services at improved bus stop/interchange facilities.</p>
Statutory Partnerships Plus+	<p><b>Apply a 1.08<sup>1</sup> minute improvement to proportion of passengers using new bus stops in each case study network.</b></p> <p>With a Partnership in place, there should be more stability of bus timetables and routes and bus stops upgrades can take place.</p>
Franchising Plus+	<p><b>Apply a 1.08<sup>1</sup> minute improvement to proportion of journeys for new bus shelters, 0.45p<sup>2</sup> benefit for paper timetables &amp; 1.69<sup>1</sup> minute improvement for RTPI (at bus stops) to proportion of passengers affected in each case study network.</b></p> <p>Stops would be upgraded to a uniform standard with better branding and information, and facilities such as cycle parking/shared-bike rental. Changes to bus schedules would be limited with a reduced need for frequent updates of timetable information at stops.</p>

<sup>48</sup> Steer Davies Gleave. 2004. Valuation of Station Facilities, Draft Final Report to GMPTE.



## Benefits of Improved Bus Boarding / Alighting

Key assumptions for bus boarding/alighting in each of the modelled scenarios are provided below in Table A2- 8.

Table A2- 8: Summary of Boarding / Alighting Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><b>No Impact.</b></p> <p>Operators are migrating to smart/cashless boarding, but urban operators have shown no inclination to modify their fleet to double door vehicles with for improved boarding/alighting. Hence boarding / alighting times will remain as a significant proportion of the overall journey time (which can be as much as 30% for urban bus routes).</p> <p>Including a move to multi-door operation and boarding / alighting would not be realistically achievable under a partnership due to the major long-term commitment involved in vehicle configuration and associated ticketing / revenue enforcement arrangements.</p>
Franchising	<p><b>A 5% journey time improvement is applied to Major Urban and Town networks as multiple door boarding is rolled out across the fleet. No adjustment is applied to rural networks. The proportion of passenger journeys affected is consistent with the profile of fleet improvements as noted in the Vehicle Quality line.</b></p> <p>Franchising will enable a planned a long-term transition to buses with multiple doors (primarily in urban areas) – which together with on-board tap-on ticketing facilities will significantly ease boarding (with associated reduced dwell time).</p> <p>Previous analysis by pteg<sup>49</sup> suggests that if all bus passengers were to switch to pre-paid tickets, bus operating costs could fall by 3% due to lower journey times and demand would increase by 3.8%. The addition of multiple door boarding would provide further journey time savings. A 5% journey time improvement is considered conservative based on analysis of existing dwell times on urban corridors in Wales.</p> <p>No adjustment is applied to rural networks, on the basis that bus stop dwell times do not form as considerable delays when compared with urban corridors.</p>
Statutory Partnerships Plus+	As per Statutory Partnerships.
Franchising Plus+	As per Franchising.

<sup>49</sup> pteg. 2015. [Public Transport Ticketing Schemes Block Exemption Review \(CMA\) – Consultation Response](#)

## Benefits of Vehicle Quality & Decarbonisation

Key assumptions for vehicle quality and decarbonisation in each of the modelled scenarios are provided below in Table A2- 9.

Table A2- 9: Summary of Vehicle Quality & Decarbonisation Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><b>Decarbonisation benefits of zero emission bus fleet quantified. Assumed Net Zero Wales commitments are not met (100% of the service bus fleet to be zero emission by 2040).</b></p> <p><b>Apply following adjustments: Modern, comfy bus with Wi-Fi and chargers: 6p (Fare-Payers) &amp; 2.20 minutes (Conc.). Proportion of trips affected is in line with the roll out of new fleet.</b></p> <p>Partnerships could involve agreement on vehicle types and propulsion systems. However, operators would need financial support to transition to zero emission buses and would be likely to require funding. The transition would be piecemeal with separate agreements for funding for each operator.</p>
Franchising	<p><b>Decarbonisation benefits of zero emission bus fleet quantified. Assumed Net Zero Wales commitments are met (i.e. 100% of the service bus fleet to be zero emission by 2035).</b></p> <p><b>Apply following adjustments: Modern, comfy bus with Wi-Fi and chargers: 6p (Fare-Payers) &amp; 2.20<sup>50</sup> minutes (Conc.). Proportion of trips affected is in line with the roll out of new fleet.</b></p> <p>Franchising is likely to have an economy of scale cost-reduction benefit if buses are purchased via franchising authorities – and could also enable a greater scope for identifying additional funding plan e.g. developers could potentially fund a fleet upgrade on a particular service line.</p> <p>An organised, Wales-wide programme for transitioning to zero emission buses would potentially provide a basis for a planned cascading of zero emission buses throughout Wales.</p>
Statutory Partnerships Plus+	As per Statutory Partnerships.
Franchising Plus+	As per Franchising.

<sup>50</sup> Steer Davies Gleave. 2017. [West Yorkshire Stated Preference Research Final Report](#)

## Benefits of Information, Branding & Marketing

Key assumptions for information, branding and marketing in each of the modelled scenarios are provided below in Table A2- 10.

Table A2- 10: Summary of Information, Branding & Marketing Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><b>Apply a 0.49 minute<sup>51</sup> GJT adjustment to 50% of trips</b></p> <p>A single online real time platform and ticketing arrangements could be included as part of online journey planners. However, ticketing arrangements and network maps would remain somewhat complex with overlap of different operators' services and would not be available to all customers. Individual bus operators would generally seek to continue to control marketing of their services, perhaps with an overarching network brand.</p>
Franchising	<p><b>Apply a 0.49 minute<sup>12</sup> GJT adjustment to 100% of trips</b></p> <p>Under franchising, there would be a unified brand if bus services in Wales and a single, clear point of contact with comprehensive information provided through various channels (e.g. on buses, at stops and stations, and on the web). All services would be included in a single information platform, with integrated information on other transport modes (e.g. rail, shared mobility services). A single network brand in an area matches with the concept of a unified network. A unified brand will ensure that the network is simple to understand and easily recognisable, giving customers confidence in using the public transport network.</p> <p>Network maps to be produced which will be easy to understand with limited overlap and information on transfer possibilities provided due to no competition barrier between different services.</p> <p>Marketing could be aligned to local authority and Welsh Government priorities e.g. climate change, health, air quality issues etc. There are opportunities to promote and market network benefits to bus users/public.</p>
Statutory Partnerships Plus+	As per Statutory Partnerships.
Franchising Plus+	As per Franchising.

<sup>51</sup> Department for Transport. 2020. [TAG Unit M 3.2 Public Transport Assignment](#) - apply 29% for Web Based Information (Table 2 - Valuation of Information Provision) to the RTPI at 1.69 (TAG Table M 3.2.1)

## Benefits of Wider Transport Policy

In respect of assessing potential patronage increases due to improved bus networks, application of elasticity-based assessment of demand within this RIA, according to the guidance outlined in WebTAG, is considered a conservative approach. Whilst this approach is widely used, for example in rail patronage forecasting, it does not fully account for step-changes in connectivity due to the fact that it is based on factoring existing bus usage. If demand between an origin-destination pair is very small, application of a significant GJT improvement results in only a small uplift. In considering a comprehensive investment in an integrated public transport network to improve connectivity right across the network, additional mode shift to public transport is likely to be much larger.

In addition to the impacts of significant connectivity improvements, consideration of longer-term elasticities resulting from sustained investment in public transport and measures to manage demand for car trips is required. Llwybr Newydd<sup>52</sup> sets out Welsh Government's transport ambitions to 2040, and includes the following measures which are pertinent to consideration of the long-term impact of policy on potential demand for buses:

- target of 45% of journeys to be made by public transport, walking and cycling by 2040;
- target of 30% of the workforce to work at or near to home on a regular basis;
- deliver a strategy for fair road-user charging in Wales as part of a broader package of measures to improve travel choices;
- Support measures that move away from individual vehicle ownership to shared solutions, including car-sharing, car clubs, bike sharing and Mobility-as-a-Service (MaaS);

Similar ambitions to reduce the number of journeys taken by private cars and increase the number of people walking, cycling and using public transport. are reflected in other policy, including:

- An aim is to reduce the number of car miles travelled per person by 10% by 2030<sup>53</sup>;
- Place based approach to land use development, promoting transit orientated development, focusing higher density and mixed-use development around public transport stations and stops and promotion of car-free and low car developments in accessible locations<sup>54</sup>; and
- Carrying out a review of Welsh Government's support for projects to increase road capacity<sup>55</sup>.

It is recognised that supporting a step-change, high growth, modal shift to buses (and trains) will require a large capital investment and ongoing revenue support beyond the current level. Over time, this wider transport policy context, supported by continued investment in the public transport network, is likely to influence perceptions of public transport and support lifestyle choices which mean that more journeys are made by bus (e.g. to reduce household car ownership or to change work/home location).

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<sup>52</sup> Welsh Government. 2021. [Llwybr Newydd: the Wales Transport Strategy](#)

<sup>53</sup> Welsh Government. 2021. [Net Zero Wales: Carbon Budget 2 \(2021-2025\)](#)

<sup>54</sup> Welsh Government. 2021. [Future Wales: The National Plan 2040](#)

<sup>55</sup> Welsh Government. 2021. [Roads Review](#)

The key assumptions to account for impacts of wider transport policy in each of the modelled scenarios are provided below in Table A2- 11.

Table A2- 11: Summary of Wider Transport Policy Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><b>Wider Transport Policy Not Included</b></p> <p>Purpose of this scenario is to consider the impact of changes to the regulatory framework for buses in isolation to allow direct comparison between options.</p>
Franchising	<p><b>Wider Transport Policy Not Included</b></p> <p>Purpose of this scenario is to consider the impact of changes to the regulatory framework for buses in isolation to allow direct comparison between options.</p>
Statutory Partnerships Plus+	<p><b>Apply demand multiplier of 2.9 (as per growth in Franchising Plus+ scenario) to account for impact of Wider Transport Policy measures such as road user charging</b></p> <p>Uplift consistent with Franchising+ scenario to allow direct comparison between scenarios. As this is applied to a lower base demand, the target mode share target set out in Llwybr Newydd would not be met by 2040.</p> <p>It is noted that partnerships will require agreement between operators and local authorities, and compromises may have to be made in terms of what is deliverable. The commercial imperative for operators will be to some extent incompatible with fixing a long-term operational plan needed to create certainty for improvement measures. In addition, agreed network arrangements would require renegotiation every time a 3<sup>rd</sup> party bus operator intended to operate a new service. As a result, the network is unlikely to be as stable as under franchise arrangements. This would cause significant risks in relation to investment and policy decisions, meaning that wider transport policy would have as significant an impact.</p> <p>That said, it is difficult to assess the potential long-term impacts of wider policy measures with partnerships in place. Use of the same growth rate as the Franchising Plus+ scenario provides a best-case scenario, and a basis for like for like comparison. Although, for the reasons set out above, there are significant risks associated with network stability in a partnership model, and franchising is considered to provide significantly sounder basis for locking-in the benefits of wider transport policy.</p>
Franchising Plus+	<p><b>Apply demand multiplier of 2.9 to align with mode share targets set out in Llwybr Newydd</b></p> <p>Equivalent to trebling bus patronage in Wales by 2040 (2018 base year), which is considered consistent with meeting the mode share target set out in Llwybr Newydd.</p> <p>A franchised arrangement will provide long-term, stable and coherent network. This provides a sound basis for incorporating additional investment in public transport infrastructure and policy measures to reduce the number of journeys taken by private cars would have maximum effect.</p>

## How can high growth in bus patronage be achieved?

Potential changes in how often people use buses has been investigated to understand how realistic a future high growth bus scenario is. The baseline from which to consider future growth is that current usage of buses in Wales is approximately 100M trips per year (in 2018), which equates to an average 32 trips per person per year. In practice, usage varies from well over 200 trips per year for some people for whom public transport is convenient, to virtually no trips at all for some people.

In order to understand how a step change increase in bus use could be achieved, a potential future scenario has been built based on the following steps

- (1) Survey data collected for South West Wales<sup>56</sup> provides a basis to understand how public transport usage varies amongst the population. The data provides a range of categories of frequency of bus use (from daily use to less than monthly) and shows the proportion of people in each category of use, including those who never use bus.
- (2) Similar survey data for Germany has been identified which shows typical bus and rail use for each category of use (per week and per month);
- (3) The two sets of data have been compared, from which an illustrative scenario for Wales has been built. This scenario shows that if bus use in Wales jumps one category of use, then a tripling of overall trips could result. For example, this growth scenario would involve people who currently use buses twice a month increasing their use to twice per week.

Data for this illustrative example of how bus use could increase substantially is shown in Table A2- 12 which shows a typical frequency of bus use per week in South West Wales, with an approximate average bus use per head of 37 (which is broadly equivalent to the average Wales bus usage in 2014<sup>57</sup>), and for train trips at 10 trips per head per year<sup>58</sup>. For Germany, the equivalent public transport use per inhabitant per year (in 2018) is estimated at 104 i.e. around 2½ times greater than usage in Wales.

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<sup>56</sup> SWWITCH. 2014. South West Wales Travel Pattern Survey

<sup>57</sup> Department for Transport. 2021. [BUS0108: Passenger journeys on local bus services by region: Great Britain, annual since 1970](#)

<sup>58</sup> Welsh Government. 2018. [Statistical Bulletin: Rail transport, April 2017 to March 2018](#)

Table A2- 12: Illustrative example of existing bus mode share

Frequency of Use category	Bus Use (Wales example)			Train Use (Wales example)			Germany - all PT		
	Trips/ month <sup>4</sup>	Percentage <sup>1</sup>	Trips/1000 people	Trips/ month	Percentage <sup>2</sup>	Trips/1000 people	Trips/ month	Percentage <sup>3</sup>	Trips/1000 people
Daily	40	2.3%	920	40	1.0%	400	50	13%	6500
1-3 days/week	16	13.8%	2208	12	1.1%	132	20	10%	2000
1-3 days/month	4	3.9%	156	4	4.7%	188	5	13%	650
Less than monthly	1	7.2%	72	1	22.4%	224	1.2	22%	264
Never	0	72.8%	0	0	70.7%	0	0	41%	0
Total trips per 1000 people/month	-	100%	3356	-	100%	944	-	99%	9414
Average Trips/year/person/year <sup>4</sup>	-	-	37	-	-	10	-	-	104

Notes:

1. Based on Pembrokeshire data from South West Wales Travel Pattern Survey 2014 (SWWITCH); to represent average values for Wales
2. Based on South West Wales data from South West Wales Travel Pattern Survey 2014 (SWWITCH); to represent average values for Wales
3. Based on *Mobility in Germany; 2018 data*<sup>59</sup>. Trip numbers per month have been increased by a factor of 1.25 to represent more trip-making per day in Germany where public transport is more comprehensive.
4. Total trips per year is assumed to be a multiplier of 11 x 1 month of trips to allow for holiday, illness, weather etc for say 1 month when residents do not make local trips.

Inspection of data for public transport usage in Germany (in Table A2- 12) shows that the difference between Wales and Germany is that the frequency of weekly usage in Germany is effectively a category higher than is the case in Wales. For example, in Wales, around 14% of people use buses between once and three times per week, whereas in Germany 13% of people use public transport on a daily basis<sup>59</sup>.

Table A2- 13 provides an illustrative basis for a future high growth scenario for Wales, in which the use of buses is assumed to increase by one 'frequency of use' category. For example, people who currently use buses 1-3 times a month increase their usage to 1-3 times per week and so on. The proportion of people who never use buses has been reduced to 41% to match average German public transport usage. As can be seen in Table A2- 13, this high growth scenario results in bus usage at around three times current use (at 105 trips per inhabitant, compared to a baseline of 37 trips per inhabitant), and it is also noted that over 95% of these bus trips are made by people who already use buses.

<sup>59</sup> Federal Ministry of Transport and Digital Infrastructure. 2019. [Mobility Trends in Germany](#)

Table A2- 13: Illustrative example of potential future bus mode share

Frequency of Use category	Bus Use (Existing estimation)			Bus Use (Potential future estimation)		
	Trips/ month	Percentage	Trips/1000 people	Trips/ month	Percentage	Trips/1000 people
Daily	40	2.3%	920	50	16.1%	8050
1-3 days/week	16	13.8%	2208	20	3.9%	780
1-3 days/month	4	3.9%	156	5	7.2%	360
Less than monthly	1	7.2%	72	1.2	31.8%	382
Never	0	72.8%	0	0	41.0%	0
Total trips per 1,000 people/month	-	100%	3,356	-	100%	9,572
Average Trips/year/person/year	-	-	37	-	-	105

It is concluded that a high growth bus patronage scenario (of around two to three times current usage) represents a plausible target and potential realistic outcome, with bus as a key part of a multi-modal metro system across Wales, and appropriate investment and governance in place, including policy-based initiatives to promote use of public transport over private car travel and investment in s for the most densely populated parts of Wales.

It should be noted that this representation of future bus trips per inhabitant is not intended to represent a forecast but is instead meant as an illustrative example of how people's willingness to use bus more can translate into a significantly higher mode use.



# Aligning the Economic Appraisal with Welsh Government's Strategic Objectives

## Overview

Welsh Government have set out ten strategic well-being objectives in the Programme for Government<sup>60</sup>. These priorities are reflected in the new Wales Transport Strategy, Llwybr Newydd<sup>61</sup> which sets out the Welsh Government's specific priorities for transport in detail.

Drawing on, and synthesising, the well-being objectives, the specific commitments set out in the Programme for Government and Llwybr Newydd, key Welsh Government values pertinent to this RIA comprise:

- Promoting well-being and health;
- Addressing climate change;
- Promoting social justice; and
- Improving the quality of jobs and increasing employment.

This section describes how general principles set out in the Green Book<sup>62</sup> have been applied in a way that is fully aligned with the values and strategic transport objectives of the Welsh Government, taking each of the strategic objectives above in turn. Adjustments to the modelling are applied consistently across all scenarios.

## Promoting well-being and health

It is recognised that transport has a wide range of implications on both health and general well-being. There is a large body of evidence linking active travel to better health and well-being outcomes, with successful projects showing high value for money once the health benefits are monetised.

Increased use of bus services is associated with greater levels of walking amongst passengers to access/egress to/from bus stops. The World Health Organisation (WHO) Health Economic Assessment Tool (HEAT) has been used to estimate the monetised health benefits of increased walking to and from bus stops. HEAT is an open-source online tool used to estimate the value of reduced mortality that results from regular walking or cycling. It calculates the economic value of mortality rate improvements as a result of a specified increase in walking/cycling distances due to transport interventions, with the aim of facilitating evidence-based decision-making. HEAT is recognised as an industry standard

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<sup>60</sup> Welsh Government. 2021. [Programme for government 2021 to 2026: Well-being statement](#)

<sup>61</sup> Welsh Government. 2021. [Llwybr Newydd: The Wales Transport Strategy](#)

<sup>62</sup> HM Treasury. 2020. [The Green Book: central government guidance on appraisal and evaluation](#)

tool and has been applied on several active travel related projects across the UK<sup>63,64,65</sup>, including in Wales<sup>66</sup>, to make the case for investment.

Based on input parameters specifically for Wales, a unit rate of £853 has been obtained from HEAT, which is an estimate of the annual economic value of reduced mortality per person, per kilometre of additional walking. This unit rate is applied in the model to for trips switching from car to bus (calculated based on WebTAG diversion factors) to account for additional walking to/from bus trips, based on an additional walk of 1,160m per bus trip (580m access to origin bus stop and 580m egress from destination bus stop)<sup>67</sup>.

However there is also likely to be some disbenefit resulting from current walking trips that switch to bus as a result of improved service provision. To account for this, it is assumed that existing walking trips switching to bus (calculated based on WebTAG diversion factors). Would involve 570m less walking, based on an average walking trip distance (1,150m<sup>20</sup>) minus the average walk to a bus stop (580m<sup>20</sup>). This assumes that people switching to bus would walk half as far to a bus stop on average, as journeys with a shorter walking distance to bus stops are more in scope to be replaced by bus trips, rather than walking the whole way.

Other health benefits would arise from improved local air quality and reduced noise, associated with mode shift from car to cleaner, ultra-low emission buses. In addition, factors such as journey time reliability, crowding and comfort all affect passenger satisfaction and could have a positive impact on wellbeing. Whilst these impacts could be significant, they have not been quantified at this stage.

### **Addressing climate change**

The impacts of climate change and associated adaptation and mitigation measures are a key concern for the Welsh Government both in the short and long term. All projects must adhere to carbon budgets and need to align with achieving net zero carbon emissions by 2050.

Carbon prices are a central element in determining the environmental impact of a project. The Green Book uses carbon prices<sup>68</sup> that are aligned with Welsh Government policies and that thus adhere to the goal of net-zero emissions in 2050. To reflect uncertainty in quantifying the cost of carbon emissions, the guidelines provide a central estimate, accompanied by higher and lower series. The higher series has been used in the economic appraisal to reflect the high focus the Welsh Government has on reducing carbon emissions.

Quantifying local air pollution and noise form another vital part of understanding the environmental impacts of policy. The economic benefits associated with mode share to bus are included within the appraisal as part of the Marginal External Costs (MECs) calculations, based on WebTAG guidance.

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<sup>63</sup> Transport for London. 2015. [Valuing the health benefits of transport schemes](#)

<sup>64</sup> Transport for Greater Manchester. 2013. [Vélocity 2025: A cycling plan for 2025 and beyond](#)

<sup>65</sup> SEStran. 2020. [Cross boundary active travel routes, connecting people and places](#)

<sup>66</sup> NRW. 2014. [Economic assessment of the health benefits of walking the Wales Coast Path](#)

<sup>67</sup> WYG. 2015. [How far do people walk?](#)

<sup>68</sup> BEIS. 2021. [Valuation of greenhouse gas emissions: for policy appraisal and evaluation](#)

### **Discount rate**

The Green Book applies a standard discount rate of 3.5% per annum to future benefits and costs. In effect, this discount rate gives preference to present benefits over future benefits, reflecting the view that people generally prefer to receive goods and services now rather than later.

The Green Book provides scope for appraisals to use lower discount rates in appropriate cases to ensure that very long-term costs and benefits are given proper consideration. In order to reflect Welsh Government's long-term view and consideration of the impact of policy decisions on future generations rather than a focus on short term impacts, a lower discount rate of 1.5% has been applied in the appraisal to benefits associated with health, well-being, and the environment. This means that long-term impacts on these items are not reduced by as much as other future benefits when performing BCR calculations.

### **Promoting social justice**

#### *Distributional Analysis*

Promoting social justice and combatting the adverse effects of inequality are given high priority by the Welsh Government. Distributional analysis refers to the assessment of the impact of interventions on different groups in society. Although it is not proportionate to conduct a full assessment of distributional impacts at this stage, the HM Treasury Green Book provides a technique to assess the impact on people of different income levels.

Distributional weights that reflect the economic principle of marginal utility of income have been applied in the modelling (i.e. that the value of an additional pound of income is higher for a low-income individual than a high-income individual). DfT National Travel Survey data on the number of bus trips per person per year by income quintile have been utilised (the data covers England, but the pattern is assumed to be the same for Wales). This shows that the distribution of bus passengers is 'skewed' towards the lower-income quintiles. This is combined with information on income in each quintile from the Department for Work and Pensions and the recommended Green Book marginal utility of income (1.3) to produce weights to apply to the user benefits estimates.

#### *Social Value*

While most interventions are modelled through adjustments to GJTs or costs, there are some exceptions, in which interventions have been modelled as a direct uplift in demand, without a corresponding change in GJT or cost. For example, in the case of the provision of extra Sunday services, the effect of the intervention is to provide users with a travel opportunity that would not otherwise be available. Such an improvement does not lend itself to measurement through changes in GJT.

In such cases, a 'Social Value' methodology has been employed. The social value of bus travel refers to the principle that the provision of bus services enables certain trips that would otherwise not be made at all, thereby allowing people to undertake a wider range of activities. The guidance in WebTAG, which is based on a 2013 study<sup>69</sup>, provides a

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<sup>69</sup> Mott Macdonald. 2013. [Valuing the social impacts of public transport](#)

methodology for splitting out the social benefit of a bus proposal from the overall impact as calculated using the rule of half.

The values identified in Table A2- 14, as set out in WebTAG are applied in the model to monetise the value of wholly 'new' bus trips, that would not take place if the bus service were not available (based on values provided in WebTAG)

*Table A2- 14: Value of Social Impact*

Value of social impact per return bus trip that would not be made (2010 prices)	
Concessionary Pass Holder	£3.84
Non-Holder	£8.17

## **Improving the quality of jobs and increasing employment**

### *Agglomeration Impacts*

Helping disadvantaged groups access employment and improving the quality of jobs, productivity and pay are key priorities for the Welsh Government. Improved bus networks can promote the effective matching of people to jobs and lead to better employment prospects as well as increasing effective economic mass and other benefits such as widening labour pools for businesses.

Improved bus networks, particularly in major urban areas could improve employment accessibility and labour supply, therefore having a direct impact on wage earnings and job choices<sup>70</sup>. These agglomeration benefits can be calculated quantitatively to using expected density changes to calculate productivity<sup>71</sup>, however this has not been undertaken at this stage due to limited data available for the Welsh context. Instead, these impacts are referred to qualitatively within the RIA.

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<sup>70</sup> Börjesson et al. 2019. [Agglomeration, productivity and the role of transport system improvements](#)

<sup>71</sup> Graham, D. and Gibbons, S. 2018. [Quantifying Wider Economic Impacts of Agglomeration for Transport Appraisal: Existing Evidence and Future Directions](#)

# Appendix 3: Cost and Benefits Estimates Summary

## Adjusted Cost and Benefits Estimates Summary

A breakdown of estimates of costs and benefits for the four scenarios as presented in the RIA are included in the following tables:

Table A3- 1: Cost and benefit estimates for Statutory Partnerships (2020 prices);

Table A3- 2: Cost and benefit estimates for Statutory Partnerships Plus+ (2020 prices);

Table A3- 3: Cost and benefit estimates for Franchising (2020 prices); and

Table A3- 4: Cost and benefit estimates for Franchising Plus+ (2020 prices).

These results include the following adjustments made in the economic appraisal to align with Welsh Government's strategic objectives, described further in Appendix 2:

- Income distribution uplift factor included (taken from Green Book guidance on distributional weightings)
- High carbon values used (as opposed to central values, as per WebTAG)
- Lower discount rate of 1.5% applied to benefits associated with health, well-being, and the environment

## Unadjusted Cost and Benefits Estimates Summary

The second set of tables show unadjusted estimates of costs and benefits for the four scenarios, with standard Green Book inputs applied. These results are not presented within the RIA, but are included here for comparison purposes:

Table A3- 5: Cost and benefit estimates for Statutory Partnerships (Unadjusted, 2020 prices);

Table A3- 6: Cost and benefit estimates for Statutory Partnerships Plus+ (Unadjusted, 2020 prices);

Table A3- 7: Cost and benefit estimates for Franchising (Unadjusted, 2020 prices); and

Table A3- 8: Cost and benefit estimates for Franchising Plus+ (Unadjusted, 2020 prices).

In overview, it can be seen that the adjustments recommended by Treasury guidance to place higher value on Welsh Government objectives produce an uplift in the BCR values in the order of 50%.

## **Note on presentation of public funding / subsidy costs**

For transparency, the economic modelling for this RIA retains line items that show the existing funding mechanisms – ‘Concessionary Reimbursement’ and ‘BSSG’ – and the changes to their amounts resulting from any interventions. The ‘Change in Public Funding’ line considers any additional change to funding requirements above and beyond the existing defined mechanisms.

In practice, under a franchising model concessionary fare reimbursement and BSSG payments could be stopped, with payments to operators streamlined under a contract agreed with the franchising authority. The net effect on the public transport budget would be the same whether the funding comes from concessionary reimbursement or a contract fee, as, if subsidy/reimbursement payments were scrapped then operators would expect an additional contract fee to make up for lost revenue and maintain profitability.

Likewise, in the modelling, rearranging costs between ‘Concessionary Reimbursement’, ‘BSSG’ and ‘Change in Public Funding’ line items does not affect the overall size of the Present Value of Costs or Present Value of Benefits. As franchising arrangements are yet to be fully defined, for the purposes of this RIA, the presentation of these line items is consistent in all scenarios to allow direct comparison between the franchising and quality partnerships options, and avoid getting lost in the detail of exactly how different pots of funding will be named/defined in future

Table A3- 1: Cost and benefit estimates for Statutory Partnerships (2020 prices)

Item	Organisation	Summary Grouping	WG/TfW	LA/CJCs	Operators	Users	Total
<b>Costs</b>							
WG Setup	WG/TfW	Transitional Costs	£0.2 M	-	-	-	<b>£0.2 M</b>
LA Setup	LAs/CJCs	Transitional Costs	-	£3.1 M	-	-	<b>£3.1 M</b>
LA Setup (Subsequent)	LAs/CJCs	Transitional Costs	-	£4.8 M	-	-	<b>£4.8 M</b>
Operators Setup	Operators	Transitional Costs	-	-	£5.2 M	-	<b>£5.2 M</b>
Operator Setup (Subsequent)	Operators	Transitional Costs	-	-	£8.0 M	-	<b>£8.0 M</b>
WG Recurring	WG/TfW	Recurring Costs	£7.9 M	-	-	-	<b>£7.9 M</b>
LA Recurring	LAs/CJCs	Recurring Costs	-	£13.8 M	-	-	<b>£13.8 M</b>
Operators Recurring	Operators	Recurring Costs	-	-	£13.8 M	-	<b>£13.8 M</b>
Capex	WG/TfW	Capital Costs	£23.5 M	-	-	-	<b>£23.5 M</b>
Infrastructure Opex	LAs/CJCs	Recurring Costs	-	-	-	-	-
Concessionary Reimbursement	WG/TfW	Recurring Costs	£88.7 M	-	-	-	<b>£88.7 M</b>
BSSG	WG/TfW	Recurring Costs	£61.9 M	-	-	-	<b>£61.9 M</b>
Change in Public Funding	WG/TfW	Recurring Costs	£-48.5 M	-	-	-	<b>£-48.5 M</b>
<b>Benefits</b>							
Operator Revenue	Operators	Financial Benefits	-	-	£142.7 M	-	<b>£142.7 M</b>
Concessionary Reimbursement	Operators	Financial Benefits	-	-	£88.7 M	-	<b>£88.7 M</b>
BSSG	Operators	Financial Benefits	-	-	£61.9 M	-	<b>£61.9 M</b>
Change in Public Funding	Operators	Financial Benefits	-	-	£-48.5 M	-	<b>£-48.5 M</b>
Operator Opex	Operators	Financial Benefits	-	-	£-222.6 M	-	<b>£-222.6 M</b>
User Benefits - Journey Time & Quality	Users	Economic Benefits	-	-	-	£1,748.3 M	<b>£1,748.3 M</b>
User Benefits - Health	Users	Economic Benefits	-	-	-	£94.0 M	<b>£94.0 M</b>
Congestion	Users	Economic Benefits	-	-	-	£34.7 M	<b>£34.7 M</b>
Other Non-User Benefits	Users	Economic Benefits	-	-	-	£7.8 M	<b>£7.8 M</b>
Greenhouse Gases	Users	Economic Benefits	-	-	-	£36.5 M	<b>£36.5 M</b>
Indirect Taxation	Users	Economic Benefits	-	-	-	£-41.1 M	<b>£-41.1 M</b>
<b>Summary</b>							
Capital Costs			£23.5 M	-	-	-	£23.5 M
Transitional Costs			£0.2 M	£8.0 M	£13.3 M	-	£21.4 M
Recurring Costs			£110.0 M	£13.8 M	£13.8 M	-	£137.7 M
<b>Total Costs</b>			<b>£133.7 M</b>	<b>£21.8 M</b>	<b>£27.1 M</b>	-	<b>£182.6 M</b>
Financial Benefits			-	-	£22.3 M	-	£22.3 M
Economic Benefits			-	-	-	£1,880.1 M	£1,880.1 M
<b>Total Benefits</b>			-	-	<b>£22.3 M</b>	<b>£1,880.1 M</b>	<b>£1,902.4 M</b>
<b>Net Present Value (+ve = net benefit)</b>			<b>£-133.7 M</b>	<b>£-21.8 M</b>	<b>£-4.9 M</b>	<b>£1,880.1 M</b>	<b>£1,719.7 M</b>
<b>BCR</b>							<b>10.4</b>
<b>Notes</b>							
1. The values shown are approximate are intended to provide only indicative forecasts of costs and benefits (and are discounted to 2020 prices over a 30-year appraisal period)							

Table A3- 2: Cost and benefit estimates for Statutory Partnerships Plus+ (2020 prices)

Item	Organisation	Summary Grouping	WG/TfW	LA/CJCs	Operators	Users	Total
<b>Costs</b>							
WG Setup	WG/TfW	Transitional Costs	£0.2 M	-	-	-	<b>£0.2 M</b>
LA Setup	LAs/CJCs	Transitional Costs	-	£3.1 M	-	-	<b>£3.1 M</b>
LA Setup (Subsequent)	LAs/CJCs	Transitional Costs	-	£4.8 M	-	-	<b>£4.8 M</b>
Operators Setup	Operators	Transitional Costs	-	-	£5.2 M	-	<b>£5.2 M</b>
Operator Setup (Subsequent)	Operators	Transitional Costs	-	-	£8.0 M	-	<b>£8.0 M</b>
WG Recurring	WG/TfW	Recurring Costs	£7.9 M	-	-	-	<b>£7.9 M</b>
LA Recurring	LAs/CJCs	Recurring Costs	-	£13.8 M	-	-	<b>£13.8 M</b>
Operators Recurring	Operators	Recurring Costs	-	-	£13.8 M	-	<b>£13.8 M</b>
Capex	WG/TfW	Capital Costs	£3,422.8 M	-	-	-	<b>£3,422.8 M</b>
Infrastructure Opex	LAs/CJCs	Recurring Costs	-	£2,338.8 M	-	-	<b>£2,338.8 M</b>
Concessionary Reimbursement	WG/TfW	Recurring Costs	£1,209.5 M	-	-	-	<b>£1,209.5 M</b>
BSSG	WG/TfW	Recurring Costs	£61.9 M	-	-	-	<b>£61.9 M</b>
Change in Public Funding	WG/TfW	Recurring Costs	-£2,913.3 M	-	-	-	<b>-£2,913.3 M</b>
<b>Benefits</b>							
Operator Revenue	Operators	Financial Benefits	-	-	£1,843.7 M	-	<b>£1,843.7 M</b>
Concessionary Reimbursement	Operators	Financial Benefits	-	-	£1,209.5 M	-	<b>£1,209.5 M</b>
BSSG	Operators	Financial Benefits	-	-	£61.9 M	-	<b>£61.9 M</b>
Change in Public Funding	Operators	Financial Benefits	-	-	-£2,913.3 M	-	<b>-£2,913.3 M</b>
Operator Opex	Operators	Financial Benefits	-	-	-£183.5 M	-	<b>-£183.5 M</b>
User Benefits - Journey Time & Quality	Users	Economic Benefits	-	-	-	£4,304.9 M	<b>£4,304.9 M</b>
User Benefits - Health	Users	Economic Benefits	-	-	-	£1,367.8 M	<b>£1,367.8 M</b>
Congestion	Users	Economic Benefits	-	-	-	£502.1 M	<b>£502.1 M</b>
Other Non-User Benefits	Users	Economic Benefits	-	-	-	£108.7 M	<b>£108.7 M</b>
Greenhouse Gases	Users	Economic Benefits	-	-	-	£113.0 M	<b>£113.0 M</b>
Indirect Taxation	Users	Economic Benefits	-	-	-	-£433.3 M	<b>-£433.3 M</b>
<b>Summary</b>							
Capital Costs			£3,422.8 M	-	-	-	£3,422.8 M
Transitional Costs			£0.2 M	£8.0 M	£13.3 M	-	£21.4 M
Recurring Costs			-£1,633.9 M	£2,352.6 M	£13.8 M	-	£732.5 M
<b>Total Costs</b>			<b>£1,789.1 M</b>	<b>£2,360.6 M</b>	<b>£27.1 M</b>	-	<b>£4,176.8 M</b>
Financial Benefits			-	-	£18.4 M	-	£18.4 M
Economic Benefits			-	-	-	£5,963.2 M	£5,963.2 M
<b>Total Benefits</b>			-	-	<b>£18.4 M</b>	<b>£5,963.2 M</b>	<b>£5,981.5 M</b>
<b>Net Present Value (+ve = net benefit)</b>			<b>-£1,789.1 M</b>	<b>-£2,360.6 M</b>	<b>-£8.8 M</b>	<b>£5,963.2 M</b>	<b>£1,804.7 M</b>
<b>BCR</b>							<b>1.4</b>
<b>Notes</b>							
1. The values shown are approximate are intended to provide only indicative forecasts of costs and benefits (and are discounted to 2020 prices over a 30-year appraisal period)							



Table A3- 3: Cost and benefit estimates for Franchising (2020 prices)

Item	Organisation	Summary Grouping	WG/TfW	LA/CJCs	Operators	Users	Total
<b>Costs</b>							
WG Setup	WG/TfW	Transitional Costs	£12.4 M	-	-	-	<b>£12.4 M</b>
LA Setup	LAs/CJCs	Transitional Costs	-	£51.9 M	-	-	<b>£51.9 M</b>
LA Setup (Subsequent)	LAs/CJCs	Transitional Costs	-	-	-	-	-
Operators Setup	Operators	Transitional Costs	-	-	£16.8 M	-	<b>£16.8 M</b>
Operator Setup (Subsequent)	Operators	Transitional Costs	-	-	£10.2 M	-	<b>£10.2 M</b>
WG Recurring	WG/TfW	Recurring Costs	£15.7 M	-	-	-	<b>£15.7 M</b>
LA Recurring	LAs/CJCs	Recurring Costs	-	£73.7 M	-	-	<b>£73.7 M</b>
Operators Recurring	Operators	Recurring Costs	-	-	-	-	-
Capex	WG/TfW	Capital Costs	£23.1 M	-	-	-	<b>£23.1 M</b>
Infrastructure Opex	LAs/CJCs	Recurring Costs	-	-	-	-	-
Concessionary Reimbursement	WG/TfW	Recurring Costs	£158.3 M	-	-	-	<b>£158.3 M</b>
BSSG	WG/TfW	Recurring Costs	£61.9 M	-	-	-	<b>£61.9 M</b>
Change in Public Funding	WG/TfW	Recurring Costs	-£252.3 M	-	-	-	<b>-£252.3 M</b>
<b>Benefits</b>							
Operator Revenue	Operators	Financial Benefits	-	-	£273.7 M	-	<b>£273.7 M</b>
Concessionary Reimbursement	Operators	Financial Benefits	-	-	£158.3 M	-	<b>£158.3 M</b>
BSSG	Operators	Financial Benefits	-	-	£61.9 M	-	<b>£61.9 M</b>
Change in Public Funding	Operators	Financial Benefits	-	-	-£252.3 M	-	<b>-£252.3 M</b>
Operator Opex	Operators	Financial Benefits	-	-	-£219.7 M	-	<b>-£219.7 M</b>
User Benefits - Journey Time & Quality	Users	Economic Benefits	-	-	-	£3,419.7 M	<b>£3,419.7 M</b>
User Benefits - Health	Users	Economic Benefits	-	-	-	£177.4 M	<b>£177.4 M</b>
Congestion	Users	Economic Benefits	-	-	-	£67.4 M	<b>£67.4 M</b>
Other Non-User Benefits	Users	Economic Benefits	-	-	-	£15.0 M	<b>£15.0 M</b>
Greenhouse Gases	Users	Economic Benefits	-	-	-	£151.5 M	<b>£151.5 M</b>
Indirect Taxation	Users	Economic Benefits	-	-	-	-£124.2 M	<b>-£124.2 M</b>
<b>Summary</b>							
Capital Costs			£23.1 M	-	-	-	£23.1 M
Transitional Costs			£12.4 M	£51.9 M	£27.0 M	-	£91.3 M
Recurring Costs			-£16.3 M	£73.7 M	-	-	£57.4 M
<b>Total Costs</b>			<b>£19.2 M</b>	<b>£125.7 M</b>	<b>£27.0 M</b>	-	<b>£171.8 M</b>
Financial Benefits			-	-	£22.0 M	-	£22.0 M
Economic Benefits			-	-	-	£3,706.8 M	£3,706.8 M
<b>Total Benefits</b>			-	-	<b>£22.0 M</b>	<b>£3,706.8 M</b>	<b>£3,728.7 M</b>
<b>Net Present Value (+ve = net benefit)</b>			<b>-£19.2 M</b>	<b>-£125.7 M</b>	<b>-£5.0 M</b>	<b>£3,706.8 M</b>	<b>£3,556.9 M</b>
<b>BCR</b>							<b>21.7</b>
<b>Notes</b>							
1. The values shown are approximate are intended to provide only indicative forecasts of costs and benefits (and are discounted to 2020 prices over a 30-year appraisal period)							

Table A3- 4: Cost and benefit estimates for Franchising Plus+ (2020 prices)

Item	Organisation	Summary Grouping	WG/TfW	LA/CJCs	Operators	Users	Total
<b>Costs</b>							
WG Setup	WG/TfW	Transitional Costs	£12.4 M	-	-	-	<b>£12.4 M</b>
LA Setup	LAs/CJCs	Transitional Costs	-	£51.9 M	-	-	<b>£51.9 M</b>
LA Setup (Subsequent)	LAs/CJCs	Transitional Costs	-	-	-	-	-
Operators Setup	Operators	Transitional Costs	-	-	£16.8 M	-	<b>£16.8 M</b>
Operator Setup (Subsequent)	Operators	Transitional Costs	-	-	£10.2 M	-	<b>£10.2 M</b>
WG Recurring	WG/TfW	Recurring Costs	£15.7 M	-	-	-	<b>£15.7 M</b>
LA Recurring	LAs/CJCs	Recurring Costs	-	£73.7 M	-	-	<b>£73.7 M</b>
Operators Recurring	Operators	Recurring Costs	-	-	-	-	-
Capex	WG/TfW	Capital Costs	£3,412.1 M	-	-	-	<b>£3,412.1 M</b>
Infrastructure Opex	LAs/CJCs	Recurring Costs	-	£2,333.8 M	-	-	<b>£2,333.8 M</b>
Concessionary Reimbursement	WG/TfW	Recurring Costs	£1,363.9 M	-	-	-	<b>£1,363.9 M</b>
BSSG	WG/TfW	Recurring Costs	£61.9 M	-	-	-	<b>£61.9 M</b>
Change in Public Funding	WG/TfW	Recurring Costs	-£3,351.2 M	-	-	-	<b>-£3,351.2 M</b>
<b>Benefits</b>							
Operator Revenue	Operators	Financial Benefits	-	-	£2,127.2 M	-	<b>£2,127.2 M</b>
Concessionary Reimbursement	Operators	Financial Benefits	-	-	£1,363.9 M	-	<b>£1,363.9 M</b>
BSSG	Operators	Financial Benefits	-	-	£61.9 M	-	<b>£61.9 M</b>
Change in Public Funding	Operators	Financial Benefits	-	-	-£3,351.2 M	-	<b>-£3,351.2 M</b>
Operator Opex	Operators	Financial Benefits	-	-	-£183.5 M	-	<b>-£183.5 M</b>
User Benefits - Journey Time & Quality	Users	Economic Benefits	-	-	-	£7,231.0 M	<b>£7,231.0 M</b>
User Benefits - Health	Users	Economic Benefits	-	-	-	£1,552.6 M	<b>£1,552.6 M</b>
Congestion	Users	Economic Benefits	-	-	-	£574.5 M	<b>£574.5 M</b>
Other Non-User Benefits	Users	Economic Benefits	-	-	-	£124.5 M	<b>£124.5 M</b>
Greenhouse Gases	Users	Economic Benefits	-	-	-	£133.8 M	<b>£133.8 M</b>
Indirect Taxation	Users	Economic Benefits	-	-	-	-£498.1 M	<b>-£498.1 M</b>
<b>Summary</b>							
Capital Costs			£3,412.1 M	-	-	-	£3,412.1 M
Transitional Costs			£12.4 M	£51.9 M	£27.0 M	-	£91.3 M
Recurring Costs			-£1,909.6 M	£2,407.5 M	-	-	£497.8 M
<b>Total Costs</b>			<b>£1,514.8 M</b>	<b>£2,459.4 M</b>	<b>£27.0 M</b>	-	<b>£4,001.2 M</b>
Financial Benefits			-	-	£18.4 M	-	£18.4 M
Economic Benefits			-	-	-	£9,118.4 M	£9,118.4 M
<b>Total Benefits</b>			-	-	<b>£18.4 M</b>	<b>£9,118.4 M</b>	<b>£9,136.8 M</b>
<b>Net Present Value (+ve = net benefit)</b>			<b>-£1,514.8 M</b>	<b>-£2,459.4 M</b>	<b>-£8.6 M</b>	<b>£9,118.4 M</b>	<b>£5,135.6 M</b>
<b>BCR</b>							<b>2.3</b>
<b>Notes</b>							
1. The values shown are approximate are intended to provide only indicative forecasts of costs and benefits (and are discounted to 2020 prices over a 30-year appraisal period)							

Table A3- 5: Cost and benefit estimates for Statutory Partnerships (Unadjusted, 2020 prices)

Item	Organisation	Summary Grouping	WG/TfW	LA/CJCs	Operators	Users	Total
<b>Costs</b>							
WG Setup	WG/TfW	Transitional Costs	£0.2 M	-	-	-	<b>£0.2 M</b>
LA Setup	LAs/CJCs	Transitional Costs	-	£3.1 M	-	-	<b>£3.1 M</b>
LA Setup (Subsequent)	LAs/CJCs	Transitional Costs	-	£4.8 M	-	-	<b>£4.8 M</b>
Operators Setup	Operators	Transitional Costs	-	-	£5.2 M	-	<b>£5.2 M</b>
Operator Setup (Subsequent)	Operators	Transitional Costs	-	-	£8.0 M	-	<b>£8.0 M</b>
WG Recurring	WG/TfW	Recurring Costs	£7.9 M	-	-	-	<b>£7.9 M</b>
LA Recurring	LAs/CJCs	Recurring Costs	-	£13.8 M	-	-	<b>£13.8 M</b>
Operators Recurring	Operators	Recurring Costs	-	-	£13.8 M	-	<b>£13.8 M</b>
Capex	WG/TfW	Capital Costs	£23.5 M	-	-	-	<b>£23.5 M</b>
Infrastructure Opex	LAs/CJCs	Recurring Costs	-	-	-	-	-
Concessionary Reimbursement	WG/TfW	Recurring Costs	£88.7 M	-	-	-	<b>£88.7 M</b>
BSSG	WG/TfW	Recurring Costs	£61.9 M	-	-	-	<b>£61.9 M</b>
Change in Public Funding	WG/TfW	Recurring Costs	-£48.5 M	-	-	-	<b>-£48.5 M</b>
<b>Benefits</b>							
Operator Revenue	Operators	Financial Benefits	-	-	£142.7 M	-	<b>£142.7 M</b>
Concessionary Reimbursement	Operators	Financial Benefits	-	-	£88.7 M	-	<b>£88.7 M</b>
BSSG	Operators	Financial Benefits	-	-	£61.9 M	-	<b>£61.9 M</b>
Change in Public Funding	Operators	Financial Benefits	-	-	-£48.5 M	-	<b>-£48.5 M</b>
Operator Opex	Operators	Financial Benefits	-	-	-£222.6 M	-	<b>-£222.6 M</b>
User Benefits - Journey Time & Quality	Users	Economic Benefits	-	-	-	£1,173.3 M	<b>£1,173.3 M</b>
User Benefits - Health	Users	Economic Benefits	-	-	-	£65.5 M	<b>£65.5 M</b>
Congestion	Users	Economic Benefits	-	-	-	£34.7 M	<b>£34.7 M</b>
Other Non-User Benefits	Users	Economic Benefits	-	-	-	£7.2 M	<b>£7.2 M</b>
Greenhouse Gases	Users	Economic Benefits	-	-	-	£17.7 M	<b>£17.7 M</b>
Indirect Taxation	Users	Economic Benefits	-	-	-	-£41.1 M	<b>-£41.1 M</b>
<b>Summary</b>							
Capital Costs			£23.5 M	-	-	-	£23.5 M
Transitional Costs			£0.2 M	£8.0 M	£13.3 M	-	£21.4 M
Recurring Costs			£110.0 M	£13.8 M	£13.8 M	-	£137.7 M
<b>Total Costs</b>			<b>£133.7 M</b>	<b>£21.8 M</b>	<b>£27.1 M</b>	-	<b>£182.6 M</b>
Financial Benefits			-	-	£22.3 M	-	£22.3 M
Economic Benefits			-	-	-	£1,257.3 M	£1,257.3 M
<b>Total Benefits</b>			-	-	<b>£22.3 M</b>	<b>£1,257.3 M</b>	<b>£1,279.6 M</b>
<b>Net Present Value (+ve = net benefit)</b>			<b>-£133.7 M</b>	<b>-£21.8 M</b>	<b>-£4.9 M</b>	<b>£1,257.3 M</b>	<b>£1,096.9 M</b>
<b>BCR</b>							<b>7.0</b>
<b>Notes</b>							
1. The values shown are approximate are intended to provide only indicative forecasts of costs and benefits (and are discounted to 2020 prices over a 30-year appraisal period)							

Table A3- 6: Cost and benefit estimates for Statutory Partnerships Plus+ (Unadjusted, 2020 prices)

Item	Organisation	Summary Grouping	WG/TfW	LA/CJCs	Operators	Users	Total
<b>Costs</b>							
WG Setup	WG/TfW	Transitional Costs	£0.2 M	-	-	-	<b>£0.2 M</b>
LA Setup	LAs/CJCs	Transitional Costs	-	£3.1 M	-	-	<b>£3.1 M</b>
LA Setup (Subsequent)	LAs/CJCs	Transitional Costs	-	£4.8 M	-	-	<b>£4.8 M</b>
Operators Setup	Operators	Transitional Costs	-	-	£5.2 M	-	<b>£5.2 M</b>
Operator Setup (Subsequent)	Operators	Transitional Costs	-	-	£8.0 M	-	<b>£8.0 M</b>
WG Recurring	WG/TfW	Recurring Costs	£7.9 M	-	-	-	<b>£7.9 M</b>
LA Recurring	LAs/CJCs	Recurring Costs	-	£13.8 M	-	-	<b>£13.8 M</b>
Operators Recurring	Operators	Recurring Costs	-	-	£13.8 M	-	<b>£13.8 M</b>
Capex	WG/TfW	Capital Costs	£3,422.8 M	-	-	-	<b>£3,422.8 M</b>
Infrastructure Opex	LAs/CJCs	Recurring Costs	-	£2,338.8 M	-	-	<b>£2,338.8 M</b>
Concessionary Reimbursement	WG/TfW	Recurring Costs	£1,209.5 M	-	-	-	<b>£1,209.5 M</b>
BSSG	WG/TfW	Recurring Costs	£61.9 M	-	-	-	<b>£61.9 M</b>
Change in Public Funding	WG/TfW	Recurring Costs	-£2,913.3 M	-	-	-	<b>-£2,913.3 M</b>
<b>Benefits</b>							
Operator Revenue	Operators	Financial Benefits	-	-	£1,843.7 M	-	<b>£1,843.7 M</b>
Concessionary Reimbursement	Operators	Financial Benefits	-	-	£1,209.5 M	-	<b>£1,209.5 M</b>
BSSG	Operators	Financial Benefits	-	-	£61.9 M	-	<b>£61.9 M</b>
Change in Public Funding	Operators	Financial Benefits	-	-	-£2,913.3 M	-	<b>-£2,913.3 M</b>
Operator Opex	Operators	Financial Benefits	-	-	-£183.5 M	-	<b>-£183.5 M</b>
User Benefits - Journey Time & Quality	Users	Economic Benefits	-	-	-	£2,889.1 M	<b>£2,889.1 M</b>
User Benefits - Health	Users	Economic Benefits	-	-	-	£861.4 M	<b>£861.4 M</b>
Congestion	Users	Economic Benefits	-	-	-	£502.1 M	<b>£502.1 M</b>
Other Non-User Benefits	Users	Economic Benefits	-	-	-	£98.7 M	<b>£98.7 M</b>
Greenhouse Gases	Users	Economic Benefits	-	-	-	£63.2 M	<b>£63.2 M</b>
Indirect Taxation	Users	Economic Benefits	-	-	-	-£433.3 M	<b>-£433.3 M</b>
<b>Summary</b>							
Capital Costs			£3,422.8 M	-	-	-	£3,422.8 M
Transitional Costs			£0.2 M	£8.0 M	£13.3 M	-	£21.4 M
Recurring Costs			-£1,633.9 M	£2,352.6 M	£13.8 M	-	£732.5 M
<b>Total Costs</b>			<b>£1,789.1 M</b>	<b>£2,360.6 M</b>	<b>£27.1 M</b>	-	<b>£4,176.8 M</b>
Financial Benefits			-	-	£18.4 M	-	£18.4 M
Economic Benefits			-	-	-	£3,981.1 M	£3,981.1 M
<b>Total Benefits</b>			-	-	<b>£18.4 M</b>	<b>£3,981.1 M</b>	<b>£3,999.5 M</b>
<b>Net Present Value (+ve = net benefit)</b>			<b>-£1,789.1 M</b>	<b>-£2,360.6 M</b>	<b>-£8.8 M</b>	<b>£3,981.1 M</b>	<b>-£177.3 M</b>
<b>BCR</b>							<b>1.0</b>
<b>Notes</b>							
1. The values shown are approximate are intended to provide only indicative forecasts of costs and benefits (and are discounted to 2020 prices over a 30-year appraisal period)							

Table A3- 7: Cost and benefit estimates for Franchising (Unadjusted, 2020 prices)

Item	Organisation	Summary Grouping	WG/TfW	LA/CJCs	Operators	Users	Total
<b>Costs</b>							
WG Setup	WG/TfW	Transitional Costs	£12.4 M	-	-	-	<b>£12.4 M</b>
LA Setup	LAs/CJCs	Transitional Costs	-	£51.9 M	-	-	<b>£51.9 M</b>
LA Setup (Subsequent)	LAs/CJCs	Transitional Costs	-	-	-	-	-
Operators Setup	Operators	Transitional Costs	-	-	£16.8 M	-	<b>£16.8 M</b>
Operator Setup (Subsequent)	Operators	Transitional Costs	-	-	£10.2 M	-	<b>£10.2 M</b>
WG Recurring	WG/TfW	Recurring Costs	£15.7 M	-	-	-	<b>£15.7 M</b>
LA Recurring	LAs/CJCs	Recurring Costs	-	£73.7 M	-	-	<b>£73.7 M</b>
Operators Recurring	Operators	Recurring Costs	-	-	-	-	-
Capex	WG/TfW	Capital Costs	£23.1 M	-	-	-	<b>£23.1 M</b>
Infrastructure Opex	LAs/CJCs	Recurring Costs	-	-	-	-	-
Concessionary Reimbursement	WG/TfW	Recurring Costs	£158.3 M	-	-	-	<b>£158.3 M</b>
BSSG	WG/TfW	Recurring Costs	£61.9 M	-	-	-	<b>£61.9 M</b>
Change in Public Funding	WG/TfW	Recurring Costs	-£252.3 M	-	-	-	<b>-£252.3 M</b>
<b>Benefits</b>							
Operator Revenue	Operators	Financial Benefits	-	-	£273.7 M	-	<b>£273.7 M</b>
Concessionary Reimbursement	Operators	Financial Benefits	-	-	£158.3 M	-	<b>£158.3 M</b>
BSSG	Operators	Financial Benefits	-	-	£61.9 M	-	<b>£61.9 M</b>
Change in Public Funding	Operators	Financial Benefits	-	-	-£252.3 M	-	<b>-£252.3 M</b>
Operator Opex	Operators	Financial Benefits	-	-	-£219.7 M	-	<b>-£219.7 M</b>
User Benefits - Journey Time & Quality	Users	Economic Benefits	-	-	-	£2,295.0 M	<b>£2,295.0 M</b>
User Benefits - Health	Users	Economic Benefits	-	-	-	£120.2 M	<b>£120.2 M</b>
Congestion	Users	Economic Benefits	-	-	-	£67.4 M	<b>£67.4 M</b>
Other Non-User Benefits	Users	Economic Benefits	-	-	-	£13.8 M	<b>£13.8 M</b>
Greenhouse Gases	Users	Economic Benefits	-	-	-	£82.4 M	<b>£82.4 M</b>
Indirect Taxation	Users	Economic Benefits	-	-	-	-£124.2 M	<b>-£124.2 M</b>
<b>Summary</b>							
Capital Costs			£23.1 M	-	-	-	£23.1 M
Transitional Costs			£12.4 M	£51.9 M	£27.0 M	-	£91.3 M
Recurring Costs			-£16.3 M	£73.7 M	-	-	£57.4 M
<b>Total Costs</b>			<b>£19.2 M</b>	<b>£125.7 M</b>	<b>£27.0 M</b>	-	<b>£171.8 M</b>
Financial Benefits			-	-	£22.0 M	-	£22.0 M
Economic Benefits			-	-	-	£2,454.6 M	£2,454.6 M
<b>Total Benefits</b>			-	-	<b>£22.0 M</b>	<b>£2,454.6 M</b>	<b>£2,476.6 M</b>
<b>Net Present Value (+ve = net benefit)</b>			<b>-£19.2 M</b>	<b>-£125.7 M</b>	<b>-£5.0 M</b>	<b>£2,454.6 M</b>	<b>£2,304.8 M</b>
<b>BCR</b>							<b>14.4</b>
<b>Notes</b>							
1. The values shown are approximate are intended to provide only indicative forecasts of costs and benefits (and are discounted to 2020 prices over a 30-year appraisal period)							

Table A3- 8: Cost and benefit estimates for Franchising Plus+ (Unadjusted, 2020 prices)

Item	Organisation	Summary Grouping	WG/TfW	LA/CJCs	Operators	Users	Total
<b>Costs</b>							
WG Setup	WG/TfW	Transitional Costs	£12.4 M	-	-	-	<b>£12.4 M</b>
LA Setup	LAs/CJCs	Transitional Costs	-	£51.9 M	-	-	<b>£51.9 M</b>
LA Setup (Subsequent)	LAs/CJCs	Transitional Costs	-	-	-	-	-
Operators Setup	Operators	Transitional Costs	-	-	£16.8 M	-	<b>£16.8 M</b>
Operator Setup (Subsequent)	Operators	Transitional Costs	-	-	£10.2 M	-	<b>£10.2 M</b>
WG Recurring	WG/TfW	Recurring Costs	£15.7 M	-	-	-	<b>£15.7 M</b>
LA Recurring	LAs/CJCs	Recurring Costs	-	£73.7 M	-	-	<b>£73.7 M</b>
Operators Recurring	Operators	Recurring Costs	-	-	-	-	-
Capex	WG/TfW	Capital Costs	£3,412.1 M	-	-	-	<b>£3,412.1 M</b>
Infrastructure Opex	LAs/CJCs	Recurring Costs	-	£2,333.8 M	-	-	<b>£2,333.8 M</b>
Concessionary Reimbursement	WG/TfW	Recurring Costs	£1,363.9 M	-	-	-	<b>£1,363.9 M</b>
BSSG	WG/TfW	Recurring Costs	£61.9 M	-	-	-	<b>£61.9 M</b>
Change in Public Funding	WG/TfW	Recurring Costs	-£3,351.2 M	-	-	-	<b>-£3,351.2 M</b>
<b>Benefits</b>							
Operator Revenue	Operators	Financial Benefits	-	-	£2,127.2 M	-	<b>£2,127.2 M</b>
Concessionary Reimbursement	Operators	Financial Benefits	-	-	£1,363.9 M	-	<b>£1,363.9 M</b>
BSSG	Operators	Financial Benefits	-	-	£61.9 M	-	<b>£61.9 M</b>
Change in Public Funding	Operators	Financial Benefits	-	-	-£3,351.2 M	-	<b>-£3,351.2 M</b>
Operator Opex	Operators	Financial Benefits	-	-	-£183.5 M	-	<b>-£183.5 M</b>
User Benefits - Journey Time & Quality	Users	Economic Benefits	-	-	-	£4,852.8 M	<b>£4,852.8 M</b>
User Benefits - Health	Users	Economic Benefits	-	-	-	£981.2 M	<b>£981.2 M</b>
Congestion	Users	Economic Benefits	-	-	-	£574.5 M	<b>£574.5 M</b>
Other Non-User Benefits	Users	Economic Benefits	-	-	-	£113.1 M	<b>£113.1 M</b>
Greenhouse Gases	Users	Economic Benefits	-	-	-	£76.8 M	<b>£76.8 M</b>
Indirect Taxation	Users	Economic Benefits	-	-	-	-£498.1 M	<b>-£498.1 M</b>
<b>Summary</b>							
Capital Costs			£3,412.1 M	-	-	-	£3,412.1 M
Transitional Costs			£12.4 M	£51.9 M	£27.0 M	-	£91.3 M
Recurring Costs			-£1,909.6 M	£2,407.5 M	-	-	£497.8 M
<b>Total Costs</b>			<b>£1,514.8 M</b>	<b>£2,459.4 M</b>	<b>£27.0 M</b>	-	<b>£4,001.2 M</b>
Financial Benefits			-	-	£18.4 M	-	£18.4 M
Economic Benefits			-	-	-	£6,100.4 M	£6,100.4 M
<b>Total Benefits</b>			-	-	<b>£18.4 M</b>	<b>£6,100.4 M</b>	<b>£6,118.8 M</b>
<b>Net Present Value (+ve = net benefit)</b>			<b>-£1,514.8 M</b>	<b>-£2,459.4 M</b>	<b>-£8.6 M</b>	<b>£6,100.4 M</b>	<b>£2,117.6 M</b>
<b>BCR</b>							<b>1.5</b>
<b>Notes</b>							
1. The values shown are approximate are intended to provide only indicative forecasts of costs and benefits (and are discounted to 2020 prices over a 30-year appraisal period)							