

**SWYDDFA CYMORTH Y CABINET
CABINET SUPPORT OFFICE**

Fy Nghyf / My Ref: CM45098

Dyddiad / Date: 22nd February 2021

Councillor David Walker
Chair, Policy Review and Performance Scrutiny Committee
County Hall
Atlantic Wharf
Cardiff
CF10 4UW

Annwyl / Dear Cllr Walker,

Prap: 20 January 2021 - Bus Emergency Scheme Phase 2 (Bes 2)

Thank you for your letter dated 20th January 2021 in relation to the Policy Review and Performance Scrutiny Committee held on 20th January 2021. For clarity, I have produced this response in the same order as the questions in your letter:

“The Committee is concerned at the implications for Cardiff Bus routes if the Council signs up to the BES 2, given that there will be guidance from Welsh Government that could mean changes to existing routes and, potentially, to more profitable ones.”

There are no profitable routes at the moment. Yes, it is a risk that has been acknowledged and will be managed collaboratively in good faith through the BES 2 agreement. We cannot safeguard the position of any bus operators but we can work with them, Welsh Government, Transport for Wales and the lead local authority to ensure that the competitions rules are complied with.

“Members consider there is a risk that the conditions attached to the proposal to incentivise operators to engage in planned changes in line with Welsh Government’s longer-term ambitions for reform could be unattractive to some smaller bus operators.”

Yes, there is a risk that operators do not sign up to the BES 2 agreement. Smaller operators would have guaranteed income which could help them with their finances that may not be as resilient as larger operators. Larger operators may have greater flexibility to consider their position because they may be more financially resilient.

“Members are keen to establish the role that TfW will play longer term, and whether they are likely to control all modes of transport in Cardiff including bus services.”

The future role of TfW is not currently known. Opportunities for TfW may present themselves through the establishment of the Corporate Joint Committees. Further opportunities may be available through the additional powers in the public transport legislation that is proposed to be progressed in the next term of the Senedd.

“We acknowledge the benefit of linked ticketing and the opportunity for more circular routes around the City.”

TfW are currently working on integrated ticketing. Circular routes are one of the many considerations for establishing an improved bus network. Consultation will be arranged with local members where there are local changes proposed. Subject to revenue budget constraints, Cardiff Council would need to fund any s63 services where the lead local authority under the BES 2 agreement does not agree with the changes.

“It may be the case that not all bus operators, who had no choice in the loss making restrictions which were imposed, will accept the constraints, including profit capping, which signing up to BES 2 would entail.”

Under the bus hardship fund, BES 1 and BES 1.5 profit was not permitted through the reconciliation process. BES 2 will allow for a capped profit based on Welsh Government criteria that it is understood will take into account the operational requirements of the bus operators and which may also include consideration of upgrades to their fleet.

“Members feel strongly that the Council’s ambitious environmental priorities necessitate that it retains control over the type and quality of its bus fleet.”

The Council has no control over the bus fleet of any of the operators whether it is Cardiff Bus or anyone else because it is a commercial operational consideration. We can work cooperatively with operators to encourage them to upgrade their fleet to be more environmentally sustainable. There are also incentives that the Welsh Government are offering for retrofitting or replacing vehicles. However, the bus operators still need to provide match funding.

“We are keen to establish the Council’s progress in recovering the monies loaned to Cardiff Bus during the pandemic and request that you pass on our enquiry to the relevant Cabinet Member and Corporate Director for a response.”

This matter is outside of the scope of the BES 2 agreement. The Council has as agreed sought to recover this emergency support (provided to avoid a failure event for the company and potentially avoid much greater costs falling back on the Council) through the COVID Recovery Fund but unfortunately this was rejected earlier this year.

That fact has been reported within each of the Monitoring reports presented to Cabinet. The Council has also raised the issue directly with the company and they are aware that the COVID Recovery Fund claim was rejected.

With greater certainty now around bus funding including BES2, we will continue to pursue this with the company, although it cannot be said at this stage that we will recover funding in this financial year - it may need to be a longer term arrangement that we agree with the Company but Members will continue to be updated regularly.

I trust the above is of assistance. If you have any further queries, please do not hesitate to contact either my officers or myself directly.

Yn gywir / Yours sincerely,



Cynghorydd / Councillor Caro Wild
Aelod Cabinet dros Gynllunio Strategol a Thrafnidiaeth
Cabinet Member for Strategic Planning & Transport