

CABINET MEETING: 23 JUNE 2022

**WELSH GOVERNMENT WHITE PAPER – ‘ONE NETWORK, ONE
TIMETABLE, ONE TICKET’ CONSULTATION RESPONSE**

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

AGENDA ITEM: 4

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 31st March 2022 which closes on 24th 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 2nd February and 3rd 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 25th 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.

SENIOR RESPONSIBLE OFFICER	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*
- 21st January 2021 Cabinet Report: "Bus Emergency Scheme (BES) – Request to All Councils to Sign Up to BES 2 Scheme"
- 15th July 2021 Cabinet Report: "Cardiff's Bus Strategy"