

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

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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.