

## **Appendix A**

### **Welsh Government White Paper;**

#### **Improving Public Transport**

#### **Response of the Cardiff Capital Region Transport Authority (CCRTA)**

This response is being submitted by the Cardiff Capital Region Transport Authority (CCRTA), whose objectives are to connect communities, business, jobs, facilities and services across south east Wales and includes the local authority areas of Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen and Vale of Glamorgan. The CCRTA is a sub-committee of the Cardiff Capital Region (CCR) City Deal Regional Cabinet and has been established to facilitate the City Deal by coordinating transport planning and investment, to enable economic growth, social cohesion, and improve quality of life across the Region. The Cardiff Capital Region City Deal (CCRCD) aims to achieve two mutually supportive objectives of boosting competitiveness and tackling inequalities to deliver sustainable and inclusive growth. Key targets include:

- Creation of 25,000 new jobs
- £4bn of private sector investment
- 5% increase in GVA

The CCRTA is chaired by the Leader of Bridgend County Borough Council, Cllr Huw David, with Cllr Andrew Morgan, Leader of Rhondda Cynon Taf as vice chair. The committee is comprised of the executive member for each council with responsibility for transportation. The CCRTA plays a key role in advising the CCR Cabinet on recommended strategies to achieve transport objectives within the region. It works closely with, and supports local authorities in any transport-related collaboration and imparts transport expertise when needed.

In responding to this White Paper, the CCRTA is heartened by the steps that the Welsh Government is taking to support bus as the cornerstone of a viable and sustainable public transport offer. Like the Welsh Government, the CCRTA recognises the huge benefits

that bus services provide to local communities and to the economy of Wales, enabling around 100 million passenger trips in Wales each year.

Whilst the evolving proposals may deliver a more efficient, effective and integrated public transport offer, they should not divert attention from the fact that public transport in Wales will only be transformed by significant increases in both capital and revenue funding.

**Q1) Do you agree that it is important for local authorities to work together with regard to local bus services? Yes/No? Please explain your answer to this question.**

The CCRTA supports the principles of collaborative working, and the development of regional Joint Transport Authorities (JTAs), asserting that a single JTA should be established for south east Wales, comprised of the ten local authorities (LAs) that combine under the Cardiff Capital Region City Deal and the CCRTA.

There are major benefits that accrue from a regional approach to managing and commissioning local bus services. Many local bus services operate across LA boundaries. The ability to provide consistency of provision over a wider area will therefore simplify the offer to the travelling public, and provide opportunities to achieve economies of scale in the procurement of bus related infrastructure and / or services, with associated financial benefits.

In order for any regional collaboration to be successful, local governance and accountability is critical. Any future set up needs to be well constituted, with sufficient funding and organisational resources to undertake the relevant work.

Whilst LAs have existing powers to collaborate on elements of bus provision including Statutory Bus Quality Partnerships and joint ticketing arrangements, to date, these have been difficult to implement due to limited funding horizons. The current funding arrangements (annual settlements) do not reflect the minimum timescales for statutory Bus Quality Partnerships (5 years).

**Q2) Please provide comments on the proposed organisational structures. Which is your preferred option and why?**

There is a strong case for regional working, which is widely supported by LAs and numerous stakeholders. Regional JTAs are supported by the CCRTA. Current legislation includes reference to the need for an authority to be accountable to the communities that it serves. The creation of appropriate regional organisations could achieve this requirement.

Making regional working statutory under JTA arrangements would give regional JTAs a permanent footing which would endure beyond political cycles.

It is imperative that adequate resources are available to establish JTAs and that sustainable long term funding is identified and secured for JTAs in order to enable the role to be effectively delivered.

The case for, and the role of, a national JTA is unclear beyond the current arrangements, where Welsh Government effectively sets Transport Policy and commits funding to its transport priorities, with its wholly owned delivery body, Transport for Wales (TfW), having an evolving role in providing transport services, programme/project delivery and technical advice to Government and others.

In any future scenario, it is critical that roles and responsibilities are clearly established so that;

- i. There is no duplication
- ii. Accountabilities are clear
- iii. Roles and Responsibilities are allocated to the body best placed for delivery
- iv. Governance is appropriate to the role
- v. The transport offer is seamless from a user perspective.
- vi. Strong regional and national coordination and collaboration, especially related to policy development, funding and prioritisation.

The CCRTA would wish to work with Welsh Government, TfW, other regions and operator representatives in developing the dedicated White Paper setting out future arrangements for regional JTAs.

Co-production of the detailed White Paper would enable clarity on optimising how a regional JTA would operate in conjunction with LAs, TfW, WG and transport operators, together with the details of;

- i. Footprint of regional JTAs
- ii. Funding streams (including clarity on potential precept)
- iii. Make-up of the JTA Board including voting rights
- iv. Extent of functions to be undertaken
- v. Resources (Staff implications for JTAs and residual staffing for LAs to deliver functions not covered by a JTA)
- vi. Potential for phased and continued transition of LA functions to regional JTAs
- vii. The role of JTAs in supporting Regional Cabinets to deliver economic growth.

**Q3) Is there another organisational structure for Joint Transport Authorities that we should consider? Please describe.**

Please refer to the response at 2

In considering the role of a regional JTA, consideration must be given to the wider regional situation where City Deals and Growth Deals, jointly agreed between Central, Welsh and

Local Government, have catalysed activity towards a regional approach to Economic Growth through investment, upskilling and improved physical and digital connectivity.

The regional JTAs should therefore be the bodies that deliver the transport aspirations of these regional bodies to enable green growth aligned with the Wales Transport Strategy, National Transport Plan and the National Transport Finance Plan.

It is advocated that the Welsh Government should retain responsibility for publishing these national plans, informed by TfW and the regional JTAs.

Government decisions around programming and prioritisation of transport investment should involve the JTAs, with statutory Regional Transport Plans (RTPs) establishing regional priorities and eliminating the need for bidding for strategic transport projects.

Ongoing 5 year funding arrangements should be agreed for delivery of the RTPs.

**Q4) Do you have any comments on the proposal that the Welsh Ministers should be represented on a JTA or any committees of a JTA?**

The consultation document sets out the reasons why it is considered necessary for Welsh Government Ministers to be represented on a JTA or any committee of a JTA. These reasons are acknowledged. Further discussion will be needed to clarify and justify the need for Welsh Government Ministers to sit as members of a future JTA. The CCRTA presents the view that this model or composition of JTA memberships should not be promoted as it would blur the relationship between Welsh Government and local government, diluting local democracy.

The first breach is the potential conflict of interest where the Minister is represented on the JTA but also has powers to step in where a JTA is failing.

Whilst a JTA first has to clear the public perception of additional bureaucracy and the costs that may come with it, Ministerial membership could pose a barrier to the effectiveness of a JTA due to conflicting roles. The White Paper proposes that “Welsh Ministers be given new powers to issue guidance and directions to JTAs in relation to their functions, and have intervention powers in respect of all functions discharged by the JTAs.”

Where such a model of JTAs exist, it would be especially difficult to see where a Minister stands in cases where the addressing of local circumstances, demands or needs is at variance with Welsh Government priorities and policy imperatives.

JTAs should not be seen as an extension of the Welsh Government. The Welsh Government must limit itself to the role of setting policy directions and strategic guidance, whilst JTAs must be given the democratic freedom to find local solutions to local public transport problems within the context of local circumstances, which can differ from one LA area to another and from region to region.

A JTA needs the assurance that where conflicts arise between a JTA and the Welsh Government, a Minister should not be placed in the awkward position of wearing two caps, firstly as the issuer and enforcer of guidance and secondly, and also as, the implementer of guidance by virtue of a Minister being a member of a JTA. Local democratic accountability should not be sacrificed for a JTA.

Where the Welsh Government is able to provide a compelling case for Welsh Ministers sitting as members of a JTA, the RTA would need to be able to have a full and frank discussion how to limit ministerial membership to ex-officio non-voting membership. Framed in this way, it is acknowledged that the representation of Welsh Ministers on a JTA could assist two-way discussions with stakeholders to develop appropriate, sustainable standards.

Whilst current dialogue is good, historically the ability to have a meaningful discussion with policy officials to achieve sustainable progress has on occasions been challenging; therefore, opportunities to promote mutual understanding between stakeholders is welcomed.

**Q5) Do you have any comments on the proposals that the Welsh Ministers should have powers to issue guidance and directions, and to intervene where a JTA is failing to exercise its functions effectively?**

Local bus services across Wales are operated in areas with a wide range of different characteristics (economic, topographical, geographical, social etc.) and a variety of conditions and issues for LAs and bus operators to address. It is important that a 'one size fits all' approach is not taken by Welsh Ministers in the event of being granted powers to issue guidance and directions.

The ability of Ministers to direct JTAs through guidance could potentially assist to achieve a consistent approach, for example a suite of common standards for infrastructure provision (reflecting urban and rural differences, but with a common corporate regional identity).

However, with regards to Welsh Ministers being able to intervene in the event of a JTA failing to exercise its functions, the legislation will need to set out the terms and circumstances under which this intervention will take place. For example, how will it be determined that a JTA is failing to exercise its functions effectively, how will the intervention be applied and for how long? This is a matter that will need to be explored during formulation of the detailed White Paper.

If local government is to be judged on the performance of a JTA, then local government must have the ability to control the decision making process.

Whilst the CCRTA fully support aspirations to raise the quality of service, this must be achieved in a financially sustainable way.

**Q6) Is the proposed division of national and regional functions appropriate?**

The responses to questions 1-5 cover this matter. Co-production of the detailed White Paper will clarify further.

**Q7) Should any other transport functions be transferred to a JTA? Please describe.**

The areas that should initially be transferred are those that align with the title of the White Paper; Improving Public Transport. It is therefore appropriate to assume all public transport functions and resources would be pooled under a JTA.

There is a tension between public transport functions and residual responsibilities of LAs that will need to be resolved.

For example, consideration needs to be given to;

- those functions associated with educational and adult care transport, as they predominantly tend to be combined under Integrated Transport Units within individual LAs.
- Transportation Planning staff responsible for Regional Transport Plans, who receive technical support (land-use and transport modelling, etc) from Transport for Wales.
- whether Traffic Regulatory powers, which are fundamental to efficient bus operations, should be available to JTAs or subject to agreement with LAs?

A phased approach may be appropriate and this is one of the primary areas for detailed consideration and agreement to inform the formulation of a subsequent White Paper.

**Q8) Do you think that legislation is required to secure the benefits of enhanced partnership working? Yes / No? Please explain your answer to this question.**

No. Enhanced Partnership working, with a focus on meeting passenger aspirations is favoured.

The Transport Act 2000 laid down the original legislation for a LA to establish a Partnership Scheme, with the Local Transport Act 2008 making it easier to implement. The CCRTA supports the move towards enhanced partnership working, with a genuine alliance between bus operators, LAs (working through a regional JTA) and other partners to work together to deliver high levels of passenger satisfaction, with key deliverables being to shape the bus network, promote sustainable transport, contribute to economic growth and job creation, connect communities and reduce pollution.

**Q9) Do you agree with our proposals for Enhanced Quality Partnerships, in particular the proposed process for developing and making EQPs? Yes/No? Please explain your answer to this question.**

No. Whilst an EQP may work effectively on the strongest commercial corridors, it would not be appropriate for marginal services and smaller bus operators who operate a high proportion of services throughout Wales.

The key ingredients of successful partnership working between parties is trust and an understanding of what each party can effectively deliver.

The CCRTA believe that a move towards a Bus Alliance model / Quality Partnership Agreement between operator, LAs (working through a regional JTA) and other stakeholders is the most cost effective and practical way in which the necessary improvements in local bus service provision, sought by passengers and potential passengers, can be achieved.

Such an Alliance could be developed on a regional basis, with confirmed outputs and targets, with local partnership agreements tailored to meet local passenger needs. They should encompass;

- bus priority through pinch point locations
- cover the enforcement of bus lanes, parking, the mitigation of the impact of utility works, and maintenance of bus access to town and city centres
- provide modern, quality vehicles that are clean and well maintained
- simplify the fares and ticketing structure
- improve service frequencies during the daytime (with services operating 7 days a week from early morning to late evening)
- provide Equality Act compliant raised kerbs to facilitate access to buses, well maintained shelters and information displays at bus stops and targets to reduce emissions.

There is no need for any new legislation to establish a Quality Partnership Agreement in Wales. The Transport Act 2000 provided the original legislation for a LA to establish a Quality Partnership Scheme, with the Local Transport Act 2008 making it easier to implement. The Welsh Government and Transport for Wales, working through regional JTAs, simply need to be more proactive and supportive of their introduction.

The Welsh Government's Voluntary Welsh Bus Quality Standard", built upon and largely replicated the ground breaking south east Wales scheme and recognised that the key benefits of such an approach would be to ensure;

- (i) a consistent minimum standard across Wales, which also enables LAs to respond to local needs;
- (ii) similar flexibility to adjust the percentage split between essential and enhanced standards;
- (iii) the ability to add or remove standards over time in order to continually drive-up standards.

These standards must evolve and act as an incentive to deliver tangible improvements for passengers. The Welsh Government should set the parameters but not 'micro manage' the determination of the actual 'quality standards', which should be able to reflect

local market conditions. At the same time, they should be fair and attainable for operators and deliver a balanced outcome that is inclusive and does not impact on the bus services that operate on the margin of sustainability. Whilst the protection of the BSSG funding line by Welsh Government over the last 6 years is welcomed in the current financial climate, it has resulted in a real term cut. Simply adding additional requirements within the same budget envelope is not sustainable, with a risk there will be a lower number of routes albeit with higher quality provision than currently in operation.

**Q10) Do you think that the proposed scheme provides a more workable option for the franchising of local bus services? Yes / No? Please explain you answer.**

Franchising would not address traffic congestion, which is one of the main issues affecting the reliability of local bus service operations in the urban areas of south east Wales and requires additional resources to be committed to maintain service frequencies as journey times increase.

Perhaps more fundamentally, the implications of continuing to fund the entire bus network under a franchise regime needs to be considered. Since 2011/12, as public bodies have strived to maintain core services against a background of continued austerity measures, the Welsh Government and most LAs have cut their revenue support for bus services. The combined reduction in revenue support for subsidised services in the region, following reductions in BSSG (formally LTSG) from the Welsh Government and the LA's own revenue support grant is significant and the tough financial settlements predicted in future financial years will put further pressure on budgets.

Franchising could be a consideration when the commercial bus network is unresponsive to local transport needs, and may be influenced by factors other than demographics and population density. For example, many operators have failed due to cut throat tendering and first past the post tendering, encouraged by LAs seeking to balance funding against delivery without any regard for quality or sustainable supplier safeguards. In essence the 1985 Transport Act is still fit for purpose so long as operators are still viable and LAs (working through a regional JTA) are funded to set appropriate standards of quality.

The extent of a bus network in any given area is defined by the revenue generated. This is made up of fares paid by passengers, revenue support (through service subsidy and BSSG / kilometre support), concessionary fare reimbursement and revenue from season tickets (e.g. for school / college transport), whilst factors such as cost / productivity, vehicle speed, highway conditions and bus priority measures determine if it is possible to serve communities in a cost effective manner. Any changes in this mix of revenues will have a direct impact on the cost of providing bus services and therefore the level of service provided.

In a commercial market, operators direct their resources to those services that generate the highest levels of patronage and therefore income. As with any business, operators need to generate profit to replace assets, pay interest on borrowings, repay loans and reward shareholders of their business for their investment / risk. In one of the



presentations at the Bus Summit in Wrexham in January 2017, the TAS Partnership highlighted that a return of 10% to 13% was necessary to sustain a robust local bus operation, but highlighted that a 10% profit level had not been achieved in a single year collectively across Wales over the past 24 years.

Franchising perhaps has a role in areas where the balance of the network is biased towards subsidised routes, rather than towards commercial provision. However, for the majority of urban areas in south east Wales, there is concern that franchising will lead to higher overall costs for the funding authority, particularly if franchising reduces interest in the bus market and leads to reduced competition of provision.

To put this in context, growth on many of the most successful routes has been achieved through improving frequencies – often to a level of ‘turn up and go’, where services run at least every 10 minutes along corridors and additional demand is generated to sustain this level of service. However, this level of service is often contrasted with other corridors where the demand for travel can only sustain much lower frequencies of provision, or where support has to be used to provide links between places or at times that are unlikely to generate sufficient demand to be commercially sustainable.

In a franchise environment, decisions would need to be made on where resources are targeted. With limited or no additional funding, frequencies would need to be reduced to release resources to improve service levels on other parts of the network. By definition, this will reduce the amount of revenue generated in a given network, as the strongest revenue earning routes will be less attractive and revenue will decline, whilst the ‘new’ elements of the network will not generate sufficient revenue to make up for the decline. Alternatively, if frequencies on the core network are maintained, additional resources would be required to meet other network aspirations. Either way would require additional revenue support at some stage to repair a potentially damaged or distorted network.

Network strategies would also become a political decision, with local politicians deciding on service frequencies, and not the customer. The business risk for commercial operation therefore moves from the operator to the LAs or a regional JTA and their politicians, who have to answer for the success or otherwise of a franchised network to the electorate. Furthermore, operators will get paid, regardless of whether their services are attracting sufficient passengers to cover costs, as they would have no commercial incentive for growing the market. Any losses will have to be met from the public purse.

The role of LAs as defined by the 1985 Transport Act is based on filling gaps / maintaining services that are not met by the commercial bus market. In most of urban south east Wales, the bus network is provided by a mix of operators that cover small, medium and large independent / family owned businesses, two significant LA operations run at arms-length by Cardiff and Newport City Councils and two subsidiaries of the major UK bus Groups (First and Stagecoach). Community Transport, operated under Section 19 or 22 Permit, supplements the established bus network, particularly in the most rural areas (Monmouthshire and the Vale of Glamorgan) and in those communities in the urban areas, which are remote from the main public transport networks.

The London model of franchising is often used as an exemplar of provision, but there are some significant differences when compared with the provision in south east Wales. Buses are far more efficient serving areas of high population density, which in London is 5,523 per km<sup>2</sup>. In south east Wales, the average is 748 per km<sup>2</sup>, ranging from 109 to 2,535 per km<sup>2</sup> across the region. The proportion of households without a car in London is 41%. In south east Wales it is 24.7%. Public funding per head of population in London (excluding concessionary fare reimbursement) at just over £76 is around 7.5 times higher than in Wales. In south east Wales, direct revenue support for bus services (including the LA and kilometre support elements of BSSG) is just over £10 per head of population. Concessionary travel reimbursement in London is reimbursed at over 90% of the average adult single fare. In Wales it is 69.18%.

There have been significant policy decisions in London that support bus provision, including the adoption of 'Red Routes', the introduction and increase of the congestion charge, high cost and limited car parking, significant investment in new, bespoke and more environmentally efficient buses, staff and network management, including the enforcement of moving traffic offences. This has enabled seamless and integrated ticketing to be delivered across all modes, a stable and integrated public transport network, consistent and high quality infrastructure and information, innovative technologies and many other tangible passenger benefits. However, to achieve this model in Wales, with much lower population densities, higher levels of car ownership and far wider and diverse travel patterns would have huge resource implications for the Welsh Government and the LAs (working through a regional JTA). Furthermore, it is notable that even against these significant differences, bus patronage in London has still declined by 2.3% in the year to March 2017.

The administration and monitoring duties associated with a proposed bus franchising scheme could be both bureaucratic and expensive and it is questionable whether the expertise is currently available to deliver this provision. Other issues could arise, including the long term employment security for bus company staff in the event of a franchise being lost, and how quickly could a franchisee respond to changes in passenger needs. It should be noted that there is limited protection for pensions and that in London, wages have declined in real terms, along with poorer terms and conditions for staff, as operators cut margins to maintain franchised contracts. In common with any industry that loses its business as a result of government policy, the bus industry in Wales is likely to seek compensation should such a loss occur as a result of the creation of a franchising scheme. Finally, the finance model for operators in a franchise model is quite different, with vehicles on operating leases, rather than outright purchase through capital or loans. This model is predicted to increase the costs of operation and operators will take this into account in their pricing.

Perhaps more fundamentally, the funding of an entire bus network under a franchise regime is flawed, particularly in the current economic environment, where public bodies are striving to maintain core services against a background of significant funding cuts

from Central Government. This does not lend itself to franchising and could do irreparable damage to a network.

A regional partnership approach, based on the West Midlands Bus Alliance model, where clear outputs are defined and agreed by operators, LAs (working through a regional JTA) and other stakeholders that commit to delivering some of the positive outputs of the London model, as outlined above would be a more appropriate solution. To achieve a step change, particularly in the provision of information ticketing and infrastructure, it is inevitable that additional revenue and longer term funding commitments are required.

Aligning this with policies that support bus priority will improve network efficiencies, and promote passenger growth and an environment where bus networks can develop organically. A Bus Partnership Alliance could address wasteful competition, perhaps through voluntary partnerships and promote more co-ordinated resources that offer new journey opportunities for passengers. The threat of franchising as a last resort, would encourage reluctant operators to take a more positive and proactive approach to such partnership working.

**Q11) Do you think there should be a requirement for the assessment to be subject to an independent audit? Yes / No? Please explain your answer.**

Yes. It is necessary to scrutinise and be satisfied that the procedures and assessments undertaken by a LA or regional JTA, and the decisions taken, are robust and ensure compliance with the relevant legislation, but also to resolve disputes that might arise between the different parties and ensure that the consumer interest is protected.

The Traffic Commissioner covering North East England performed this role in determining (the ultimately unsuccessful) proposals submitted by Nexus for a proposed Quality Contract Scheme in Tyne and Wear. It is suggested that the Traffic Commissioner for the Welsh Traffic Area could perform a similar role in determining any franchising proposals being prepared by a LA or regional JTA in Wales.

**Q12) Do you have any other comments on the proposed process for franchising?**

Prior to the 1985 Transport Act which introduced 'deregulation' of local bus services, the trend in bus passenger usage was showing an almost continuous decline which, to a certain extent, has not been reversed since the Act came into force. It has also led to a reduced perception in the quality of bus services provided. This decline is not a consequence of the regulatory framework governing local bus service operation. Instead, it is driven more by various social and economic factors, such as rising car ownership and use; planning and land use policies; the decline of large industrial employers with set shift patterns; and the growth of internet shopping, with the related decline in the town centre retail offer.

The North East of England spent 2 years developing the business case for franchising, only to have it rejected as an option as it was financially unviable. Transport for Greater

Manchester is currently spending £11.5m on a feasibility study to explore franchising, which will potentially have the same outcome as the North East of England.

**Q13) Do you have any comments in relation to the proposals for the issuing of permits in circumstances where franchising arrangements are in place?**

The Consultation document does not set out the terms and conditions of the permit and its duration etc., which would be determined by the franchising authority. This situation could result in inconsistencies and differences arising between neighbouring franchising authorities and create potential difficulties for bus operator(s), which serve these adjacent areas, leading to fragmented networks. If franchising arrangements are introduced, then it would be sensible to have a national framework and guidance in place to promote consistency.

**Q14) Do you agree that as part of any arrangements to let franchise contracts, specific consideration should be given to how SMEs can be enabled to be involved in the procurement process? Yes/No? Please explain your answer.**

Yes. Local bus services in Wales are provided by a variety of operators ranging from small, independently owned family businesses to LA owned companies and subsidiaries of the major publicly owned bus groups.

Franchise contracts should reflect the characteristics of the area being served in terms of its geography, highway network and transport provision.

The London style franchising model ensures that small, medium and large scale operators are not disadvantaged in this process with invitations to let both individual bus routes as well as a network of bus routes being covered by the franchises. As a consequence, bus operators with small and medium size fleets can become involved in the franchising process without incurring any significant resource implications.

**Q15) What transitional arrangements should be considered in order to ensure that bus services are not compromised during the process of preparing to franchise?**

This scenario is most likely to arise if an incumbent commercial operator is unsuccessful in becoming the operator of the franchised bus service(s) and decides to discontinue operating its existing commercial bus services and disposes of / transfers its assets such as depots and vehicles.

To ensure that the franchising authority does not act unlawfully against a commercial decision taken by a private company, an option could be to extend the period required to register the withdrawal of those bus services that are to be taken over under the franchising process. This requirement would provide a new franchised bus operator with sufficient time in which to take over the existing operations or set up new operations.

To facilitate a transfer of operations (or establish new operations), work carried out during the initial stages of the franchising process (such as research and planning) would need to be thorough and detailed, so that the operational and resource implications of the new local bus service franchise could be identified.

**Q16) Do you think that local authorities should be able to run bus services directly i.e. in-house services? In what circumstances do you think this would be appropriate? What, if any, safeguards do you feel ought to be put in place with in-house services to ensure that no local authority has an unfair advantage in a deregulated market, and why?**

In the provision of local bus services, it could be argued that the lack of commercial bus operations along a strategic urban route or during the tendering of a local bus service contract could be examples of a market 'failure'. However, as previously highlighted, it could also be argued that commercial local bus services are competing in the market place for passengers against the car and train. Generating an increased interest in tendering for local bus service contracts could be achieved through more targeted funding, better timetabling, scheduling and vehicle utilisation, and encouraging diversification amongst those bus companies not currently involved in local bus service operation.

If LAs or regional JTAs can demonstrate that they have robustly but unsuccessfully explored these options, then only under this scenario should a LA or regional JTA contemplate operating bus services directly in-house. Alternatively, if local needs can be met by flexible and innovative services, combined with home to school and / or adult care transport needs on a more cost effective basis than the private sector, then this may be more appropriate with an Operator's licence, rather than the currently restricted Community Permit system.

**Q17) Do you think that local authorities should be able to set up arms-length bus companies to operate local bus services? In what circumstances do you think this would be appropriate? What, if any, safeguards do you think should be put in place with arms-length bus companies to ensure that no local authority has an unfair advantage in a deregulated market, and why?**

Yes, but the LA or regional JTA should demonstrate how it can achieve better value for money for the public sector, offer a potential solution towards improving local bus service provision within its area, as well as meeting the goals of the Well-being of Future Generations (Wales) Act 2015. In this case, the expectation would be an abject failure of the commercial sector to meet the passenger transport needs of the LA or regional JTA, or in a niche / flexible transport solution that could be delivered more cost effectively 'in house' than by the commercial market (such as Caerphilly CBC's Connect2).

Several local Councils in Wales have had previous experience of running their own bus companies. Since 1986 all but two of these have sold to other operators or ceased trading. Cardiff Bus and Newport Bus have survived as they serve densely populated urban areas

with loyal markets and strong networks. The collapse of the major former nationalised company in South Wales helped to strengthen these two companies in the early years of deregulation, but despite this, neither company has enjoyed a strong trading position in recent years, particularly when faced with local competition.

Under no circumstances should arms-length bus companies be used in a way that undermines the operation of commercial local bus services.

**Q18) Do you agree with the Welsh Minister's proposal to align entitlement to a mandatory concessionary fares pass with a woman's pensionable age? Please give reasons for your answer.**

Yes. It is important that the travel scheme reflects the wider demographic changes that are taking place across Wales and in particular, an ageing population and an older workforce. This proposal would appear to take account of these changes and is in line with changes already made in the English scheme.

The impact of any change to the age criteria will need to be fully assessed, especially with regards to any unintended consequences, bearing in mind that there are significant health and (healthy) life expectancy inequalities in some areas, especially our more deprived communities. For many, including some in their early sixties this scheme may be relied upon, and we must be mindful of the huge issue of loneliness and social isolation for Older People. It may also be worth considering that less people on buses may well equal fewer buses and bus services, and the potential impacts of this.

**Q19) Do you agree that an incremental change is the most appropriate method?**

Yes. This will protect existing card holders and allow a gradual transition.

**Q20) Do you agree with our proposal to require the release of open data on routes, timetables, fares and tickets? Yes/No? Please explain your answer to this question.**

Yes, but the requirements placed on bus operators should not become onerous in terms of the ongoing resource commitments, as this will have a negative impact on their commercial viability.

Data on timekeeping and reliability would assist the LAs or regional JTAs in carrying out their strategic role overseeing the highway infrastructure.

This should be a collaborative approach on a regional level – for example through a regional traffic control system that makes better use of existing data and expanding data feeds covering traffic delays, journey times and parking availability system.

**Q21) Do you agree with our proposal to enable local authorities to have the power to obtain information on services which are cancelled or varied, and where**

**appropriate, disclose this information as part of the tendering process? Yes/No?  
Please explain your answer to this question.**

Yes. The role of the LA (working through the regional JTA) is to maintain a comprehensive local bus network within the resources it has available, and to react to withdrawal of services or journeys within a network. The LA or regional JTA needs timely information on passenger usage as soon as the change is made, to enable alternative cost effective solutions to be found. This exists in many LAs, where close relationships have been developed with the bus operators and changes to services that will negatively impact on passengers are shared in commercial confidence with officers before the changes are registered. Where these relationships don't exist, having the power to obtain information that will inform the tender process will help the LA or regional JTA to achieve the most cost effective solution.