



URBAN TRANSPORT GROUP

Written submission

Bus Services (Wales) Bill

Climate Change, Environment and Infrastructure
Committee

Senedd Cymru

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1 About the Urban Transport Group

- 1.1 The Urban Transport Group (UTG) is the UK's network of transport authorities. UTG represents the largest transport bodies in England, which, between them, serve over twenty million people in Greater Manchester (Transport for Greater Manchester), London (Transport for London), the Liverpool City Region (Merseytravel), Tyne and Wear (Nexus), the Sheffield City Region (South Yorkshire Mayoral Combined Authority), the West Midlands (Transport for West Midlands), West Yorkshire (West Yorkshire Combined Authority), East Midlands (East Midlands Combined County Authority) and West of England (West of England Combined Authority).
- 1.2 Our wider associate membership includes Cambridgeshire and Peterborough Combined Authority, Strathclyde Partnership for Transport, Tees Valley Combined Authority, Translink (Northern Ireland) and Transport for Wales.
- 1.3 We are a thought leader in urban and local transport policy, bringing together stakeholders across the transport sector to advocate for policies that deliver affordable, trusted, green transport networks that enrich and connect people and places.

2 Introduction

- 2.1 Buses account for three-quarters of all public transport journeys in Wales, with around 90 million journeys made by bus every year, three times more than on rail services in the country¹. For the 19.4% of households in Wales without a car, particularly, buses are a lifeline.
- 2.2 Despite their popularity and utility, bus use in Wales has been generally falling since the 1980s, with further impacts through the Covid-19 pandemic. Although patronage in Wales did see a 16% rise over 2023/24, networks are still yet to recover to pre-Covid levels. There has also been a long-term reduction in the distance travelled by local buses in Wales over the last twenty years, indicating a reduction in bus services².
- 2.3 This challenging background in a deregulated market is the context for Welsh Government's bus reform and wider public transport ambitions under 'one network, one timetable and one ticket' plans set out in the Government's bus reform white paper³.
- 2.4 Our English members have significant experience in undertaking bus reform within a deregulated market, with Greater Manchester completing its franchising tranches earlier

¹ [One network, one timetable, one ticket: planning buses as a public service for Wales \[HTML\] | GOV.WALES](#)

² [Bus services on life support: how did we get here?](#)

³ [One network, one timetable, one ticket: planning buses as a public service for Wales \[HTML\] | GOV.WALES](#)



this year, and Liverpool, West Yorkshire and South Yorkshire currently going through the franchising process.

- 2.5 Whilst both the existing and newly proposed English bus legislation⁴ and approach are different to that envisioned in Wales, the challenges set to face Transport for Wales (TfW), local authorities and the government are similar. Therefore, in this submission we aim to provide comments on the Bus Services (Wales) Bill based on our experience in supporting the development of the English Bus Services (No. 2) Bill and the wider experience of our members.

3 The Welsh Government's approach

- 3.1 Beyond the governance and legislative differences between England and Wales, it is also important to note at the outset the difference in the wider Welsh transport policy context. The Welsh government published its transport strategy, Llwybr Newydd, in March 2021, outlining its target of 45% of journeys across Wales to be by sustainable means by 2040. The strategy is supported by the 2022–27 National Transport Delivery plan, outlining the programmes, projects, and policies to deliver the strategy in the coming years. To account for the new strategy, the Welsh government also updated its transport appraisal guidance (WeTAG). **This approach gives the reform a clear and stable footing across policy and strategy.**
- 3.2 In order to bring to life the ambitions set out in the Welsh Government's bus reform White Paper, the new bill places a duty on the Welsh Ministers to determine and secure local bus services and develop the Welsh Bus Network Plan that will underpin the delivery of the nation's bus network. The Bill aims to make Transport for Wales the franchising authority. Whilst the bill places explicit duties and accountability on the government, it also recognises the collaboration that will be needed across the country between TfW (acting effectively on behalf of the Welsh Ministers), the local authorities and the Corporate Joint Committees (CJCs). **Placing explicit responsibility and accountability on the Welsh Government, underpinned by clear strategic and policy direction, should result in a more determined and strategic approach to bus services in the country.**
- 3.3 The delivery of the network is envisaged through three key approaches - local bus service contracts, local bus service permits and direct provision. **We acknowledge the bill in presenting the varied options available, recognising the limitations that a blanket 'franchising only' option could present for a varied and complex bus network. However, as we set out further in our submission, there could be practical challenges of the delivery of these options that may warrant further consideration.**
- 3.4 The Welsh Government hopes to move at pace with this significant reform. It is proposed that bus reform will be rolled out across Wales on a phased basis over approximately four years. The roll out is intended to begin in South West Wales in 2027, followed by

⁴ [Bus Services \(No. 2\) Bill \[HL\] - Parliamentary Bills - UK Parliament](#)



North Wales in 2028, South East Wales in 2029 and Mid Wales in 2030. **Whilst we understand that significant progress has been made in testing and preparing transition arrangements, the experience in England suggests that the proposed timelines could present some challenges.**

- 3.5 In the case of Greater Manchester, the total time taken between announcing its intention to prepare an assessment, to the first franchised buses commencing operation was over six years⁵, with the first franchised services entering the network in September 2023. There were a number of factors behind this, not least being the 'first mover', having to prepare extensive assessment as set out in the English legislation, and delays caused by COVID. Even without COVID, we estimate that the process could not have finished before May 2021 (cutting the process to four years). The process itself was also complex, something that the forthcoming English legislation seeks to address. It should be, however, noted that these timelines should not be directly compared, given the extra requirements in the English legislation and the judicial review claim mounted during the process.
- 3.6 The Welsh bill's reforms aim to deliver long term certainty, simplicity and a stable network of bus services consistent routes, numbering and branding. Whilst we recognise both the rationale as well as envisioned benefits of the bus reform set out in the bill and accompanying policy and strategy documents, the English experience points to the potential extent and complexity of the reform proposed.
- 3.7 Changes will also take time to bear fruit. Early results from Greater Manchester's franchising tranches have seen patronage increase, and enabled work on cross-modal integrated ticketing. However, further optimisation of the network will take place through ongoing network reviews and varying the initial franchise scheme. It is promising to see early yet significant and promising patronage growth on the TrawsCymru routes, as part of TfW's 'bridge to franchising' initiative that is aiding in the testing of the nation-wide plans.
- 3.8 It is also important to note the expected transitional and ongoing costs of bus reform. The transitional costs for Welsh Bus Reform are estimated at £316.5m, with further significant costs on acquiring depots (at an estimated cost of £275.2m to £302.7m)⁶. No further funding allowances have been listed. **Consideration should be given to what ongoing financial support will be required to support a franchised network and the wider infrastructure and bus policy.**
- 3.9 The Welsh Government has set out a pathway for a zero-emission bus fleet operating in Wales by 2035⁷. However, the Welsh Bill, in contrast to the English Bus Services (No 2) bill, does not enable Ministers to mandate an end sale/use date for new non-zero emission buses. Furthermore, the Bill's explanatory memorandum notes that Wales has an older and more polluting bus fleet than the other UK nations⁸ and therefore faces a

⁵ [UTG Report - A Smoother Ride FINAL 2.pdf](#)

⁶ Bus Services (Wales) Bill Explanatory Memorandum

⁷ <https://www.gov.wales/sites/default/files/publications/2022-12/welsh-government-net-zero-strategic-plan.pdf>

⁸ [WCPP-Decarbonising-Wales-transport-system-while-connecting-people-and-places-Background-paper.pdf](#)



significant, and costly, challenge in decarbonising its fleet, along with necessary upgrades to depots, fuelling and maintenance equipment. Unlike in England and Scotland, there are currently no grant schemes for zero or low emission buses in Wales.

- 3.10 The Bill's Regulatory Impact Assessment concludes that franchising could have an economy of scale cost-reduction benefit if buses are purchased by the franchising authority – and could also support the identification of long term funding plan. **Consideration could be given to the potential, therefore, to develop a Wales-wide programme for transitioning to zero emission buses⁹.**

4 Bus Services (Wales) Bill

- 4.1 The intention of the Bill is to create a legislative footing for a dynamic and flexible network, setting out a framework for the coordination, principles and objectives of the network. The Bill does not set out how the franchising, permitting process or direct provision will work in practice.
- 4.2 Having an overly prescriptive legislative framework could constrain rather than aid this work, something which was identified during the implementation of the 2017 Bus Services Act in England. **Whilst we recognise that secondary legislation is set to provide much of the details not currently set out in the legislation, further clarity over the function of various new powers earlier may be of benefit.**

Welsh Bus Network Plan (Sections 6-8)

- 4.3 **We welcome the Bill providing a clear footing for the reform, in the shape of the Bus Network Plan.** We understand that the Plan will offer a high-level overview of the standard network and stopping places, as well as the flexible routes. It is positive to see that the Plan will be required to have regard to Wales' transport strategy and the wider objectives and principles of bus reform. Transparency is improved by requiring an updated plan to be presented to the Senedd in case of any substantial changes or revisions in 13 months after the previous/initial plan was laid. Also helpful is the regular reporting requirements set in section 20, in which see Ministers required to report on the progress of achieving the key reform objectives set out in the Bill.
- 4.4 This is in effect similar to franchise schemes in England, which currently require burdensome and long process to vary them as the network develops (set to be addressed in the new English legislation). **Flexibility to vary the network based on need or circumstance as it develops and matures is part of the proposed approach for Wales and it could offer greater flexibility, allowing the network to be more dynamic and responsive to passenger needs and market changes. Effective stakeholder engagement and management will be crucial for this approach to work effectively in practice.**

⁹ Regulatory Impact Assessment



Local bus service contracts (Sections 9-10)

- 4.5 The Bill's Explanatory Memorandum states that '*Though the Bill does not specify a hierarchy, the intention is a presumption that franchising will be the principal mechanism for delivering services*'. It is, therefore, crucial that the local bus service contracts are both robust enough to deliver the expected benefits, as well as be flexible enough to meet future requirements as the network develops and matures and recognise any major current limitations of possible bidders (i.e. SMEs, existing fleet, etc).
- 4.6 Given the intention of these sections are to enable Ministers to work with stakeholders to make provisions as to what must be included in the contracts, note must be taken from the experience of English authorities that have or are in the process of franchising their networks. **It is helpful that work is ongoing, led by TfW, to test draft contracts with appropriate stakeholders.**
- 4.7 Beyond the content of the contract, the systems and procurement processes will also be important to ensure a smooth and fair transition from a deregulated to a franchised network. Of particular concern in Wales is the future of small and medium enterprise (SME) operators.
- 4.8 The government and TfW have recognised the concerns of SMEs, seeking to ensure that the procurement process will allow operators to compete for contracts (service packages) most suited to their size and nature of business, as well as including social value in the procurement process. **These measures are welcome means to support small businesses and recognise the value they bring to communities.**
- 4.9 English Transport Authorities currently in the process of franchising their networks are implementing various strategies and tools with the aim of assisting SMEs, including early engagement, depot access requirements, tendering packages, and other support tools. **There is benefit to TfW in continuing to engage with English Authorities on their approach to supporting SME's.**

Local Bus Service Permits (Sections 11-16)

- 4.10 Amongst the ways to secure bus services is the option for granting local bus service permits. The permitting regime is to be used for cross-boundary services and services '*that have not been determined as required by the Welsh Ministers to operate in Wales where it is in the public interest for them to do so*'. Permits are to be granted if operators satisfy Ministers that the service will not have material adverse impact and is consistent with the policies and proposals in the Wales Transport Strategy. The Bill includes powers to make regulations to attach conditions to any Local Bus Service Permit and set out the grounds for the revocation or suspension of a permit. The possible (but not final) permit conditions set out in the bill are similar to those in English legislation, however, we would



suggest further clarity is provided in particular on the definition of 'safety', training requirements and the envisaged enforcement regime.

- 4.11 A permitting system also exists in England's franchised networks and is currently exclusively used for cross-boundary services. However, it could more widely be used to allow bus operators that do not have a franchised contract to operate local bus services into, or within, the franchised area on a commercial basis. In England, it is for individual franchising authorities to decide how applications for permits should be made, and the information to be supplied.
- 4.12 The test for granting a service permit in England through the Bus Services (No 2) Bill is currently moving towards a similar model as set out in the Welsh Bill, including broader grounds for granting a permit based on benefits for passengers and the local economy. The new English legislation seeks to allow transport authorities to exempt heavy and light rail replacement services from the requirement to hold a service permit (in cases where these operate as substitute services). This is something we would suggest the Welsh bill also addresses.
- 4.13 **There would be benefit in a more explicit statement as to how permitting could be used in the Welsh network, beyond cross boundary services.** Explanatory notes include references to permits providing operators '*with an opportunity to consider new, innovative, experimental or temporary services which may offer the possibility of a viable bus route, but which are not provided as part of the franchised network*'. We acknowledge the need for permitting as a 'catch-all' tool to be included in the legislation to enable the network to be dynamic and flexible, as well as give flexibility in cases where other services, e.g. coaches, could be classified in part as local bus services by way of using stopping places in the Welsh network. We would, however, support more clarity in regard to the use of permitting for new, innovative or experimental services.
- 4.14 **We acknowledge the intent of the Welsh Government to work with key stakeholders in the development of the regulations to ensure the application process is simple and streamlined, to limit, as far as possible, unnecessary burden on applicants.**

Provision of local bus services by the Welsh Ministers (Section 17)

- 4.15 The section setting out the powers to secure bus services through direct provision suggests it is a mechanism for a public service operator of last resort (OLR), similar to what currently exists in rail franchising. This is intended to be either a locally owned municipal operator or Transport for Wales at a national level, in cases where provisions have not been successfully secured through a franchising contract, or the service contract has failed.
- 4.16 TfW's envisaged ownership of strategically located depots and fleet ownership could address some of the practical challenges of this approach. **However, based on the complexity of Wales' networks and existing diverse operator landscape, we would**



suggest there may be benefit in providing further clarity as to what extent this option is expected to be used by the government and practicalities of developing an OLR should such a need arise of it to be used.

- 4.17 In England's franchised networks there are no provisions for an OLR. In practice, if franchise contracts were to fail, the authority would go back out to the market to secure service provision. A municipal bus company could be established (once the new English legislation is passed to allow this) to compete for contracts or act as an OLR. In practice, the setting up of a new municipal operator of that scale is likely to be a costly and complex undertaking.
- 4.18 In non-franchised areas, in case of a private operator deciding to withdraw a service, it is left to the local transport authority to secure the service (if deemed necessary and affordable) through going out to the market to tender a service from a private operator, often at a higher price. There are existing municipal operators, as well as Council subsidised and tendered services. In areas with limited commercial and subsidised provision councils also work in partnership with communities to establish community-operated services.

Cross border services (Section 19)

- 4.19 Section 19 sets out Welsh Ministers duty in regard to cross border services. Whilst the Bill enables the franchising, permitting and direct provision of entire cross-border services, Ministers are not required to secure the English part of a cross-border service, as long as they consider that, even if they do not provide the service, Welsh needs for it will be met. Where Ministers are required to secure the English part of a cross-border service, that cross-border service (whether in England or Wales) can be secured through a local bus service contract, or a permit, or direct provision, or any combination of these methods.
- 4.20 The Bill's explanatory notes suggest that only the Welsh part of the service would be subject to a local bus contract or service permit. Limitations and practicalities of franchising services that also operate across the border (in a currently deregulated market) should be thoroughly explored. In either case (but particularly if a franchising contract was to be in place) the whole service in practice would need to meet the standard set out by Welsh Ministers in order for it to cross into Wales. We understand that work is ongoing with the Department for Transport to discuss this and ensure any unintended consequences are addressed. In practice, the approach is likely to develop and mature as bus reform is rolled out and will also include ongoing engagement with operators and authorities in bordering English authorities.
- 4.21 **There may be a benefit to clarifying that relevant stakeholders in bordering English transport authorities will be consulted in developing the approach or issuing permits.**



Information and data (Sections 25 - 31)

- 4.22 **We welcome part four of the bill that sets out how data will be used to inform the development, maintenance and review of the network, also boosting public transparency.**
- 4.23 These sections aim to address an issue that has been evident in the fragmented English bus data system. A lack of access to accurate and up-to-date data constrains ability to efficiently plan and review the existing deregulated network. Access to the data set out in these sections will be crucial in aiding the development and revision of the Welsh Bus Network Plan.
- 4.24 It will be important to set clear regulations on the exact information, timeframes and approach that operators will be required to provide to ensure a clear and efficient process is put in place, also appreciating operators concerns for the commercial sensitivity of such data. The requirements placed on local authorities under section 26 must also set out a clear approach to requesting information in order to not create unnecessary burdens.
- 4.25 Similarly to the intention in the English legislation, the Welsh Bill looks to make arrangements for making consistent and reliable information available to the public. The Bill's sections do not yet specify how this will be provided, making note that further regulations will specify this. **We would encourage the government to work closely with appropriate stakeholder groups to ensure this is designed in an accessible and user-friendly way, in line with the purpose of such provision.**

Local authority powers and duties (Sections 32-34)

- 4.26 The final part of the Bill amends existing statutory provisions relating to certain duties and powers of local authorities. The Bill will see responsibility for planning most public bus services pass from local authorities to TfW. Councils currently play a key role in supporting commercially unviable but socially necessary services and managing public transport infrastructure. They will continue to play a major role, particularly in ensuring local highway policies and public transport infrastructure (including stopping places) can support the wider Network Bus Plan. Their influence in making decisions about the network at a local and regional level will also be crucial.
- 4.27 We are aware that Local Authorities play an integral part in TfW's bus reform engagement framework. **There may, however, be benefit in the Welsh government setting out an agreement over ways of working between the Local Authorities, CJsCs and TfW, that defines responsibilities and engagement in the context of bus**



reform. The framework ought to recognise the need for a level of flexibility but also offer clarity for all stakeholders, including, the public.

- 4.28 In terms of new powers for local authorities in this Bill, Section 32 would enable local authorities to create new municipal bus companies and enable existing local authority owned bus companies to continue their operation.
- 4.29 Clarity over the intended and expected use of this option and how fairness will be maintained will be important when it comes to competition for franchise contracts. This has also been pointed out by the Competition and Markets Authority (CMA) in their comments on the Welsh Government's Bus Services White Paper, urging for steps to be taken *'to ensure the principle of competitive neutrality is adhered to and that public sector trading operations do not enjoy a commercial advantage solely because of their ownership by or association with a public body or government'*¹⁰.
- 4.30 Similar action is being taken in the English Bus Services (No 2) bill, enabling the setting up of new locally owned bus operators. We have previously advocated for this change¹¹, and support it as it will provide LTAs with the right set of practical options and tools to reinvigorate local bus markets. We are urging for the new power in English legislation to be accompanied by timely and clear guidance as the section comes into effect to ensure authorities have access to most accurate information as to how and in what circumstances this power can be used.
- 4.31 **In our experience, in the context of the English Bill, clarity over the complex adjacent legislation and regulations as early as possible is crucial as is clarity on its intended use, limitations, and safeguards.**
- 4.32 Section 34 enables local authorities to provide financial assistance to support service provision. We understand the need for the inclusion of this provision, as it could provide flexibility and incentive for local authorities to fund any particular additions to existing contracts based on their local need. In practice, this section could also enable a discussion over developing a more equitable and transparent approach to funding concessionary fares and even, potentially, using farebox profit.

Transfer of Undertakings (Section 35)

- 4.33 We welcome the intention behind this section to ensure that at the baseline minimum TUPE rules are adhered to for all relevant transfers to offer assurance in advance of an extensive change of the current system. The Bill enables the exact circumstances under which TUPE may apply when there is a transfer of services between operators to be specified in forthcoming regulations.
- 4.34 Our member's experience points to the benefit of early and ongoing engagement with unions and staff. Furthermore, English LTA experience suggests the need for more employment data from the operators in advance of franchise procurement, as well as

¹⁰ [CMA response to Welsh Government's Bus Services White Paper - GOV.UK](#)

¹¹ [UTG Report - A Smoother Ride FINAL_2.pdf](#)



consideration regarding flexibility over pension schemes. **We would suggest these issues to be taken into consideration when developing regulations on this section.**