

BSWB 32 - Evidence from: Newport Transport Ltd

Senedd Cymru | Welsh Parliament

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith | Climate Change, Environment, and Infrastructure Committee

Bil Gwasanaethau Bysiau (Cymru) | Bus Services (Wales) Bill

1. What are your views on the general principles of the Bill, and is there a need for legislation to deliver the stated policy intention?

The general intention of the Bill seeking to provide the public of Wales “reliable, affordable, and easy-to-use bus services” is one shared by all operators regardless of the nature of the company. However, we do not believe the Bill and a government-controlled network is a guarantee nor key to providing these types of services.

In the recent Transport Focus survey ‘Your Bus Journey’ Newport Transport scored 89% in customer satisfaction against a backdrop of a Welsh average of 84% and English average of 83%. These results are positive and should be celebrated. It is notable that these results are more favourable than the Greater Manchester scoring 79% which has been a franchised network since 2023 and Transport for Wales train operations scoring 80% journey satisfaction in Transport Focus ‘Rail User Survey’ (September 2023 – July 2024) and 81% for March 2025.

Within the detail of the passenger focus survey, punctuality, reliability and frequencies of services are highlighted as key passenger requirements. Arguably all three of the issues above are outside operator’s control and until there is a coordinated approach throughout differing portfolios and policy alignment including land use planning, there is unlikely to be a massive step change on these issues by the introduction of a franchised network. The lack of bus priority investment by Local Authorities is stark and even commitments to address this through the Burns Commission have not come to fruition.

There is a concern that there is little understanding of the affordability and deliverability of the outcomes stated for this Bill. There are currently two major franchised models in the UK that use the same methodology as that proposed by Welsh Government, Transport for London and the Bee Network of Greater Manchester.

In London the gap between costs of operation and revenue received was more than £700m in 2019 and the most recent figures disclosed relating to the Bee network this gap is circa £226m. Both these networks are in metropolitan areas

with significant population density to Wales across the whole nation. No doubt there will be evidence given to the scrutiny committees which quote the significant 'investment' that WG have spent on bus services to justify the decision to franchise the network and these figures will sound like huge amounts of money until someone requests the detail of this sum. It will include educational transport, concessionary fares and items that are not investments in the local bus network. The reality of Welsh Government Bus funding is that BSSG paid via grant from DfT was immediately cut by 25% and has had no inflationary increases in the annual grant since WG devolved the scheme. The bill provides no option B or potential for reflection if the plan does not come to fruition. If revenue drops and/or costs increase significantly then Welsh Government will be in same position to make decisions on their networks that they criticise operators for making – increase fares, reduce service provision or request subsidy and will need to answer to the electorate when doing so.

2. What are your views on the Bill's provisions (set out according to Parts below), in particular are they workable and will they deliver the stated policy intention?

▪ Part 1 - Key concepts and general objectives (sections 1 to 4)

As stated above the objectives of the bill are admirable and will of course be welcomed by bus passengers however the promises and suggestions made in relation to this Bill can be perceived as over promising and under delivering. The Bill in its current form lacks detail to understand if franchising is the most beneficial way for ministers to deliver on these objectives, especially in a scenario where other Government priorities relating to health, education and social services may come into conflict with transport especially around budgets.

Rail currently receives £5 of investment for every £2 the bus receives even though rail only carries around one third of the passengers. For any Minister to undertake their duty to promote local bus services, there requires a re-thinking of the status quo in Wales. Ministers need to understand that bus can and is the first choice of transport for many people and not the only choice and funding and addressing this imbalance is one way to reflect this. Since the covid pandemic where every politician of every party told people not to use the bus there not been the same vociferous messaging relating to people getting back on the bus.

Currently transport is seen as the portfolio that gets added on to a minister's responsibilities and in recent years it has been part of the economy portfolio moving to climate change etc in recent years. We believe it to be essential considering the significant financial risk that is attributed to franchising that on a

background of other governmental priorities this doesn't reduce the ability of any minister to discharge their duties effectively.

A specific issue within Part 1 of the bill is that it fails to acknowledge that a significant number of students uses commercial bus services for home to school transport that also caters for the general public and the Regulatory Impact Assessment (RIA) does not account for any further costs to Local Authorities if these services were lost and transport would be required to be procured via another form. Indeed, the bill and associated RIA doesn't reference the Learner Travel Measure within it.

The Bill in this area is light on detail on how Welsh Government would seek to protect SME's and the current municipal operators. Whilst it has been a stated aim for WG the lack of information within the bill is a cause of concern. The Bee Network also had this stated aim and there is little representation of these type of companies in the network.

3. What are your views on the Bill's provisions (set out according to Parts below), in particular are they workable and will they deliver the stated policy intention?

- Part 2 - Functions of the Welsh Ministers relating to local bus services (sections 5 to 20)**

Again, the Bill establishes the process for delivering the model chosen by WG but again detail is lacking on how and who will be undertaking the consultations set out within minister's duties. The process within the bill provides significant risk to the delivery of services and demonstrates the difficulty in providing the objectives and benefits that have been promoted to the customer in relation to franchising. Firstly, the bill creates the duty to consult with LA's operators and stakeholders but within the areas we operate in, operators have not been privy to these initial discussions and excluded from them. Operators have built their networks over a significant time tailoring and changing their networks to changing demand. The benefit of a commercial model also allows operators to be quick and decisive in changing their networks to the demand which is even more prevalent in the post covid era. The RIA puts a massive weight on cost savings due to 'duplication' of routes. Some of this duplication, based on the drafted plans for our Newport network, fails to understand that duplication is required to make the customer journey palatable. Someone travelling to Cwmbran doesn't want increased journey time to serve St Julians to avoid duplication along Caerleon Road for example.

Will too much consultation take place within a franchised environment and the

network not being able to respond in the fluid way it does currently. Removing the ability for commercial operations to react may also create a risk adverse network planning focusing on costs right now rather than potential growth in the long term especially where governmental budgets are secured year to year.

Would Newport Bus Number 5 service been part of the franchised network if this demand had not been explored prior to this bill for example? Who is taking the lead on providing growth and identifying potential opportunities? How are these costed in the RIA as it is costed on the network as it is currently. If this is the case how in reality are the aims for the network going to be delivered.

Bus Users Cymru and Transport Focus do significant work in ensuring that the customer voice is heard however their work as a representative group will be tailored to a national or regional voice. The difference in an operational environment and customer requirements are vast and these customer focussed insights have gone underfunded by WG for a significant amount of time. Indeed, WG and TfW's decision not to continue to fund the Your Bus Journey Survey with Transport focus for 2025/26 spoke volumes. It is also disappointing that WG have made no provision for written response to this consultation other than via an online form or via email. Considering that a significant proportion of older people using concessionary fares use our services this process may have reduced their ability to respond.

As in Part 1 the Bill ties Ministers to a one size fits all approach to the bus network across Wales without a plan B or a second opportunity to reflect on the network. Extensive damage to the fare box can be done from day one of franchising that may take years to repair. The network built could tick all the boxes, affordable, what LA's want, what politicians want, what the customer representatives suggest customers want but ultimately if it does not work for passengers and they do not use the service.

Other forms of providing ministers objectives are models such as a net cost model and enhanced partnership model. We believe that it would be a mistake not to legislate for these other models as there may be a circumstance where these models may be more beneficial. As an operator of a network that provides urban, rural and inter-urban services we are familiar that there are different complexities in the operation of each type of service. By having varying tools to use this could reduce the financial risk to ministers and improve response to changing circumstances.

The Bill should also go further in relating to land use planning and make it a legal obligation for planning that public transport operations must be consulted with. We have numerous examples where public transport could have benefited from 106 funding through planning requirements that have been missed opportunities.

4. What are your views on the Bill's provisions (set out according to Parts below), in particular are they workable and will they deliver the stated policy intention?

- Part 3 - Restriction on providing local bus services (sections 21 to 24)**

As per our response above we feel the one-dimensional nature of this bill provides significant risk to WG. We would urge WG to use this legislation to ensure there are as many options open to Ministers as possible. Whilst some of the other potential routes are not seen as attractive to ministers and their officials currently, there may come a time where flexibility will be needed.

For instance, there may be a scheme or an area where WG may want to share a commercial risk with an operator and a partnership model might suit that provision for the short or medium term. Or what if franchising in its current form just doesn't work and becomes a drain on WG budgets, how can WG respond but maintain service provision etc?

5. What are your views on the Bill's provisions (set out according to Parts below), in particular are they workable and will they deliver the stated policy intention?

- Part 4 - Information and data (sections 25 to 31)**

We and other operators take great care in ensuring our data is timely, clear, accurate and high quality for our passengers. Our app and website for example is a source of truth and information to our customers.

It is evident that this Bill alone does not improve the data that will be received by customers. Indeed, Traveline Cymru has been in TfW control for a significant period and there have been occasions, especially around Christmas operations where they could not make the changes even when operators met their deadline for changes. An example where operators are perceived as the issues in relation to data when the root cause is elsewhere.

The Bill also does not resolve the issue of who is responsible for the bus stop infrastructure and provision of customer information at bus stops. From the RIA there are no costs attributable to the generation and installation of this information. The same point is made about provisions of printed timetable information with the focus on data and data sharing for publication on digital platforms alone. There is a requirement to provide this information flexibly to

older people or those who can't use or afford mobiles, laptops etc. Indeed, where paper timetables are provided by operators for bus stops the infrastructure is sporadic in nature and lacks robust maintenance regimes.

Within the Bill it is also clear that it will be a requirement for operators to share commercial data once the bill passes. This will need to be supported by strong non-disclosure agreements to protect commercial operators up to and post franchising of their area and free of FOI requests.

6. What are your views on the Bill's provisions (set out according to Parts below), in particular are they workable and will they deliver the stated policy intention?

- Part 5 – Local authority powers and duties (sections 32 to 34)**

It is essential that local accountability for the network under a franchised system is kept. Local Authorities will have extensive expertise and knowledge that should be protected. Even at a regional CJC level there is a possibility where some simple change or amendment to a service that would normally be delivered between the LA, and operator which could take place quickly to the benefit of the customer gets delayed or missed. This reactivity needs to be retained at all costs in some way.

Regarding local authority bus operators, we still seek clarity on how the protection of the municipal companies will be enacted and must continue to run the business under the presumption that these protections will not come to fruition. Some decisions being taken now may make it more difficult for WG to protect the company in relation to Teckal for example.

Currently the bill does not provide any provision on what 'equal footing' means as mentioned in paragraph 71 of the explanatory memorandum. Indeed, the wording seems to imply that municipal operators are at an advantage in this process when the reality is that both the municipal and SME operations will be disadvantaged in this process due to several financial factors.

7. What are your views on the Bill's provisions (set out according to Parts below), in particular are they workable and will they deliver the stated policy intention?

- Part 6 – Miscellaneous and general (sections 35 to 44)**

Whilst protections to employers and employees in relation to TUPE are welcome there needs to be a clear understanding of what timeframes this information is received during the tender processes.

In relation to employee's Terms & Conditions it is noted in the RIA 8.82 it mentions and intended policy of fair pay. The bill does not confirm if this will be the case. It also suggests that hourly rates would increase to £13.19 per hour. The RIA will then be significantly under if this is the rate used with increases among operators taking pay beyond this level for basic rates and other rates such as overtime, anti-social and weekend working in some cases attracting a premium. It also likely that average pay and the NI increases to business in April 2025 have also not been considered in the RIA.

8. What are the potential barriers to the implementation of the Bill's provisions and how does the Bill take account of them?

Concerns around the bill are as follows;

- Affordability - as highlighted by the cost of franchising in both London and Greater Manchester. What happens when there is a higher demand on other budgets such as health and education. Great lengths have been gone to in an effort promote this bill as the delivery integration and co-ordination for bus and rail but no extra costs have been realised for this to happen. How is it possible to run a co-ordinated timetable for buses meeting trains at Cwmbran or Chepstow Train Stations while also maintaining even headways. If bus times change at the same time and frequency as train timetables, this is also unrealised costs to the bus network that have not been accounted for.
- Deliverability - is there the expertise and understanding that areas of Wales may require differing models. The promised outline that franchising will deliver what is expected by the customer cannot be solved by franchising alone.
- Detail – the bill details benefits that cannot be provided unless further policy amendments within other portfolios such as highways, include greater bus priority measures or ensuring public transport access is required at the first stages of land use planning. These could and should be included in the bill.
- Risk – The bill in its current form is one dimensional and rigid. It should provide ministers with a series of options that they can use. The gross cost model is the

most expensive and carries the most risk to the Welsh taxpayer. Municipal operators not being successful in franchising bids will pass liability to their shareholder. SME's exiting the market may increase costs of other transport provision such as home to school transport. If SME's exit the market, there is a danger that WG will face significant increased costs from large corporate operators at the retendering point.

9. How appropriate are the powers in the Bill for Welsh Ministers to make subordinate legislation (as set out in Chapter 5 of Part 1 of the Explanatory Memorandum)

Until some of the inherent issues within the Bill are amended and a final bill is published it is difficult to provide a response on this question. However, it should be noted that any subordinate legislation should be subject to consultation in the same manner as this Bill has been provided to ensure that all stakeholders are heard.

10. Are any unintended consequences likely to arise from the Bill?

Reduction in market provision for other statutory provision of LA's such as home to school transport, educational transport and health transport.

If there is a fair pay policy providing a minimum rate how this is dealt with geographically and is it based on cost-of-living data, if not, does this distort the labour market in some areas. Does it include all staff or just bus drivers.

Union negotiations in pay deals for operators if the franchises set the minimum pay rates who are the union negotiating with?

That money is spent on rebranding of vehicles, but the customer doesn't see the improvements being promoted currently unless cost provision is increased.

11. What are your views on the Welsh Government's assessment of the financial implications of the Bill as set out in Part 2 of the Explanatory Memorandum?

There are significant concerns in the RIA and the assessment of the financial implications. Most have been highlighted in previous responses but to summarise –

The RIA does not legislate for the current UK experience of gross cost franchises that there is a significant gap between costs and revenue that would leave WG in deficit. It presumes that the current commercial services will enable cross subsidy.

We believe that the RIA overestimates this position in relation to the fare box revenue in Wales currently.

The RIA does not provide any detail on how the passenger growth required to make franchising affordable. It suggests that speeding up of journey times will increase passenger numbers but does not explain how these speeds will be increased and even suggests this will be achieved with no increase in mileage. But the narrative around this legislation is that bus services will be more regular and efficient. As pointed out the duplication of routes and the removal in duplication may seem more efficient but may increase the journey times and decrease frequency across sections of routes.

Within the explanatory memorandum pages 72-102 suggest falsely that the following can only be achieved through bus reform;

- Improvements to travel times, accessibility and passenger safety and security.
- Infrastructure improvements, both to fleet and depots, and through investment in bus priority
- Transition to zero emission vehicles under bus reform would not face the same barriers e.g. cost, grid capacity, connection issues.

Travel time can be achieved in the current model by significant investment in targeted bus priority measures. Buses are already accessible and comply with PSVAR regulations but conversely bus stops, under the control of Local Authorities, do not have the same requirements.

Most buses will now have some sort of CCTV in most cases, indeed on tendered routes the LA can specify this as a vehicle requirement, but bus stops are usually unlit with paths and walkways to/from the stop unlit and without any protection to customers. Again, in the LA's control.

Examples of zero emission buses have been procured without franchising or WG assistance already. But if there is a grid capacity issue or lack of connection in a rural area these challenges will remain regardless of the model. Some of the biggest barriers to zero emission fleets are LA's procuring bus services with Euro 3 engines as a base line, WG not recognising ULEV vehicles withing BSSG like BSOG+ in England.

Cost assumptions within the staff rates i.e. using £13.19 as the base rate for any fair pay model in the RIA and the addition NI contributions not being costed for.

Indeed, the NI contributions not only affect wages it affects operators' suppliers so parts and resource costs will have increased for those suppliers are being passed on to their customers.

12. Are there any other issues that you would like to raise about the Bill and the accompanying Explanatory Memorandum or any related matters?

NIL