

Financial implications of the Bus Services (Wales) Bill

July 2025

1. Introduction

1. The Bus Services (Wales) Bill¹ (the Bill) and Explanatory Memorandum (EM)², including the Regulatory Impact Assessment (RIA), were introduced by Ken Skates MS, Cabinet Secretary for Transport and North Wales (the Cabinet Secretary) on 31 March 2025.

2. The Finance Committee (the Committee) took evidence on the financial implications of the Bill on 7 May 2025³, from:

- Ken Skates MS, Cabinet Secretary for Transport and North Wales;
- Alex Walters, Deputy Director, Public and Integrated Transport, Welsh Government;
- Andrew Hobden, Economist, Welsh Government; and
- James Burgess, Head of Bus and Community Transport, Welsh Government.

3. Policy scrutiny of the Bill was undertaken by the Climate Change, Environment, and Infrastructure Committee.⁴

4. The Legislation, Justice and Constitution Committee also considered the Bill in accordance with matters which fall within its remit.⁵

¹ [Welsh Government, Bus Services \(Wales\) Bill](#)

² [Welsh Government, Explanatory Memorandum](#)

³ [Finance Committee, Agenda, 7 May 2025](#)

⁴ [Climate Change, Environment, and Infrastructure Committee](#)

⁵ [Legislation, Justice and Constitution Committee](#)

2. Financial implications of the Bill

5. In an oral statement on the Bill's introduction, the Cabinet Secretary said:

*"This legislation marks a fundamental change in the way the bus network is designed, procured and operated. It represents a significant, necessary and exciting change. The Bill delivers on our programme for government commitment to create a modern legislative basis for transport in Wales. It marks a significant shift in the way Welsh bus services are delivered, moving us away from a deregulated model that has seen services and passenger numbers gradually contract since 1985."*⁶

6. The Bill will place a duty on the Welsh Ministers to:

- determine and secure, as far as reasonably practicable, local bus services that are required for the purpose of safe, integrated, sustainable, efficient and economic transport in Wales.
- prepare and publish the Welsh Bus Network Plan setting out the essential characteristics of services they consider are required to fulfil the duty to secure the delivery of those services.
- create new data sharing provisions and a new sanctions regime. The sanctions regime will apply to those who operate local bus services otherwise than in accordance with the Bill, and those who fail to comply with the data sharing provisions.⁷

7. The Bill will also lift the restriction on local authorities providing bus services to enable them to provide services directly or via their own bus companies.⁸

8. The Welsh Government envisages that most of the local bus network in Wales will be grouped into franchise packages. The details of how areas will be sub-divided and contracted will be subject to future determination. Assumptions made in the RIA include:

⁶ Plenary, RoP, 7 April 2025, paragraph 12

⁷ Welsh Government, Explanatory Memorandum, page 6

⁸ Welsh Government, Explanatory Memorandum, page 6

- Wales could be sub-divided into franchise zones (or areas) for purposes of efficient contract management and to deliver service planning and operations locally to suit the particular local geography, demand characteristics and community needs.
- Local bus service contracts could be set up for groups of services on specific corridors, for services in a sector of an area, or for a whole area.⁹

Cost summary (Option 3: Bus reform)

9. The RIA appraises costs over a 30 year period between 2025-26 and 2054-55 inclusively. The RIA shows that the total net cost of the Bill over the appraisal period is approximately £623.5 million. The most significant costs are administrative costs of £927 million, with a reduction in compliance costs of £303.4 million for operators compared to the current approach to compliance.¹⁰

Table 1 Summary of costs associated with the Bus Services (Wales) Bill from 2025 to 2055

Cost description	Cost (£ million)
Administrative costs	
Transitional costs	372.3
Recurrent costs	554.6
Total costs	927.0
Compliance costs	
Transitional costs	-14.2
Recurrent costs	-289.3
Total costs	-303.4
Total Bill costs	623.5

Source: Welsh Government, *Explanatory Memorandum, Bus Services (Wales) Bill*, March 2025 (totals may not sum due to rounding)

10. The Committee explored the reasons for forecasting costs across a 30 year appraisal period, as well as the challenges in estimating costs and forecasting passenger demand. The Cabinet Secretary explained that 30 year appraisal

⁹ [Welsh Government, Explanatory Memorandum, page 79](#)

¹⁰ [Welsh Government, Explanatory Memorandum, pages 53-54](#)

periods are not unusual for transport-related matters, referring to a “well developed methodology and evidence base in place”. He added:

“But I do accept that a 30-year period is very significant, and fiscal events, other events, may happen that impact on costs. So, I do accept that an RIA of this nature can only ever be a snapshot in time. But our assessment clearly shows the benefits outweighing the costs.”¹¹

11. On forecasting passenger demand, the Cabinet Secretary referred to utilising a model developed by the Department for Transport to establish the baseline scenario, which “shows that bus journeys in Wales are estimated to fall by 15.5 per cent over the 30-year appraisal period”. He went on to say:

“...We utilised a generalised journey time approach to estimate the benefits associated with the statutory partnership and bus reform options, and generalised journey time impact translated to an increase in demand using those published data.”¹²

Administrative costs

12. The RIA estimates a total cost of £372.3 million for transitional staff and capital costs incurred over the initial 5 years. These costs would be incurred for planning all aspects of bus reform, including devising plans for franchised networks, developing contracts, setting up ticketing and data systems, setting up and running permitting arrangements, purchasing and setting up bus depots for fleet operations and maintenance.¹³

13. A total of £308.7 million of transitional costs are classed as capital costs related to bus depots, IT and ticketing systems. The remaining £63.6 million in transitional costs relate to the staff required to design and implement franchised networks.¹⁴

14. The recurrent costs total £554.6 million, which include ongoing staff and operational costs. The additional cost to the Welsh Government/Transport for Wales (TfW) is partially offset by a reduction in ongoing staff costs in local authorities.¹⁵

¹¹ Finance Committee, RoP, 7 May 2025, paragraph 174

¹² Finance Committee, RoP, 7 May 2025, paragraph 175

¹³ Welsh Government, Explanatory Memorandum, page 54

¹⁴ Welsh Government, Explanatory Memorandum, page 54

¹⁵ Welsh Government, Explanatory Memorandum, page 54

Compliance costs

15. IT systems and ticketing will be overseen by the Welsh Ministers (via TfW). Therefore, these costs will no longer be incurred by operators. The RIA identifies savings of £14.2 million in transitional costs to bus operators, with upfront costs for tendering for franchises “more than offset” by reductions in costs related to IT systems and ticketing over the 5-year transition period.¹⁶

16. There will also be savings of £289.3 million in recurrent costs to operators with costs for managing and operating contracts. The Welsh Government expects bidding for future contracts to be outweighed by large reductions in costs related to IT systems, ticketing and depot lease costs.¹⁷

Benefits

17. The RIA identifies £3,294 million of economic benefits for bus passengers over the 30-year appraisal period “due to monetised Generalised Journey Time (GJT) savings and are non-cash”.¹⁸

18. The RIA explains that:

“GJT captures interventions that directly affect users’ journey times (for example, improved bus network connections or improved service frequency) and other measures (for example, improved information about services and how they connect to each other or reduced boarding / dwell times linked to integrated ticketing) related to the quality or reliability of bus services.”¹⁹

19. The Cabinet Secretary’s official elaborated on the GJT approach as “a means of combining actual journey time benefits and service quality benefits”:

“...if I could give an example related to modern comfortable buses with Wi-Fi and tablet or phone chargers, there’s a generalised journey time benefit of approximately 2.2 minutes for concessionary fare passengers. And another example: the provision of an online real-time information and ticketing

¹⁶ Welsh Government, Explanatory Memorandum, page 54

¹⁷ Welsh Government, Explanatory Memorandum, page 54

¹⁸ Welsh Government, Explanatory Memorandum, page 55

¹⁹ Welsh Government, Explanatory Memorandum, page 55

platform has a benefit per passenger of approximately 0.49 minutes in generalised journey times.”²⁰

20. The Cabinet Secretary subsequently provided the Committee with a technical note on the GJT approach.²¹

21. The RIA also refers to operators seeing “increased recurrent revenue of £344.6M over the appraisal period for franchise operations”. It adds:

“Other wider benefits would be expected, including health benefits from additional passengers walking, reduced carbon emissions and improved air quality if some car travellers switched to bus travel and greater social equity.”²²

Unquantified benefits

22. The Welsh Government suggests the Bill could lead to unquantified benefits:

- “Greater cross-subsidisation opportunities; for example, bus routes could be planned for to provide convenient journeys to school or healthcare destinations which could lead to economies of scale.
- Ability to coordinate the bus network to integrate with the local and regional rail networks and timetables.
- Better targeting of bus services towards delivering on key transport policy priorities – such as greater social equity, particularly in rural and peri-rural communities; and equality and inclusivity.
- Better alignment of investment in network and infrastructure.
- Benefits to bus franchise operators from the certainty and stability that franchising provides which will enable an operator to better develop training and career progression for their employees.”²³

²⁰ Finance Committee, RoP, 7 May 2025, paragraph 184

²¹ Letter from the Cabinet Secretary for Transport and North Wales, 12 June 2025

²² Welsh Government, Explanatory Memorandum, page 55

²³ Welsh Government, Explanatory Memorandum, page 55

Methodology

23. The RIA notes that “cost estimates have been derived through extensive engagement with key stakeholders, including Transport for Wales (TfW) and Transport for Greater Manchester”.²⁴

24. The RIA states that, given the impracticality of assessing every bus service in Wales in detail, a “proportionate approach” was adopted for the economic and patronage assessment. This involved examining three example local areas to provide case studies upon which to assess impacts:

- Cardiff – a large bus network in a single urban area;
- Wrexham – a town-based network in a medium-sized urban area; and
- Pembrokeshire – a rural/inter-urban network located in a rural area with a number of small towns and villages.²⁵

25. The Welsh Government notes that results from the analyses of these networks “give an indication of the economic impacts throughout Wales, by extrapolation to an all-Wales level on a pro-rata basis using bus vehicle-km statistics”. It adds that further consideration of costs and benefits will be undertaken “during the implementation phase when routes and networks are being designed”.²⁶

26. When asked why these three areas were chosen, and how the model takes account of other communities, the Cabinet Secretary referred to a desire to “select areas that reflected all of Wales” and reiterated a “need to strike a balance between the level of detail and the cost of the modelling”.²⁷ He elaborated on the analysis of the chosen areas:

“On the basis of improvements to aspects of the bus service, we were able to ascertain that there'd be an estimated patronage uplift of 22 per cent in major urban areas, 12 per cent in towns, 17 per cent in rural networks by 2040.”²⁸

²⁴ Welsh Government, Explanatory Memorandum, page 66

²⁵ Welsh Government, Explanatory Memorandum, page 66

²⁶ Welsh Government, Explanatory Memorandum, page 66

²⁷ Finance Committee, RoP, 7 May 2025, paragraph 186

²⁸ Finance Committee, RoP, 7 May 2025, paragraph 187

27. In terms of developing the modelling during the implementation phase, the Cabinet Secretary's official highlighted the work undertaken by TfW, primarily in south-west Wales, and continuing in north Wales:

*"...there will be changes to that methodology as we go forwards, but I think it's fair to say that, from feedback from local authorities and from Transport for Wales, the methodology that they have currently is working effectively, and I think that all parties are content."*²⁹

28. The RIA highlights key uncertainties influencing the results of the assessment:

- The level of passenger demand response that could be expected following the implementation of bus reform or statutory partnerships; and
- The costs involved in setting up and running the bus improvements.³⁰

29. The RIA includes sensitivity tests to take account of these uncertainties.³¹

Engagement on bus franchising

30. Although public service contracts and franchising are common internationally, the RIA notes that bus franchising in the UK has, until 2023, only been carried out in London. It highlights:

*"During 2023, the Greater Manchester Combined Authority (which has an overall population similar to that of Wales, but with higher density) has tendered and enacted a number of initial bus franchise contracts for sectors of the Combined Authority area. This serves as a proof of the feasibility and practicality of transferring some responsibilities for bus planning and operation from operators to a franchising authority (which in this case is Transport for Greater Manchester, TfGM)."*³²

31. In terms of the Welsh Government's engagement with other countries, the Cabinet Secretary indicated that, since the RIA was produced, TfW has "engaged

²⁹ Finance Committee, RoP, 7 May 2025, paragraph 198

³⁰ Welsh Government, Explanatory Memorandum, page 68

³¹ Welsh Government, Explanatory Memorandum, page 181

³² Welsh Government, Explanatory Memorandum, page 79

with operators to understand their perspective on Manchester and indeed other franchising approaches across the UK, Europe and around the world” and sought input from international experts and franchising authorities.³³

32. In subsequent correspondence, the Cabinet Secretary also provided details of research underway by the Wales Centre for Public Policy in coproduction with the Welsh Government and TfW on “Success factors for contracting and awarding bus franchising in Wales”.³⁴

33. The Cabinet Secretary acknowledged the number of contracts won by larger companies in greater Manchester rather than SMEs and referred to “applying those lessons to contract arrangements under Transport for Wales”. As well as ensuring that SMEs are guided through the process, he highlighted the need to “build into the franchise process the importance of social value” and “prioritise pay and conditions for staff”.³⁵ The Cabinet Secretary’s official also emphasised the importance of contract sizes:

“We do want to have a mix of operators. We want to have larger operators. We want to have publicly owned operators, third sector and, of course, SMEs. We recognise how important they are in the context of school transport, for example, as well as the local bus network.”³⁶

Committee view

34. The Committee notes the aims of the Bill and its intention to improve the efficiency, reliability, and accessibility of bus services in Wales. The net cost of the Bill is estimated to be approximately £623.5 million between 2025-26 and 2054-55. We acknowledge the Cabinet Secretary’s evidence that 30-year appraisal periods are not unusual for transport-related matters. We also recognise that some policies with long-term effects have costs and benefits that extend beyond the standard 10-year appraisal period suggested in the UK Treasury’s Green Book.³⁷ Nevertheless, we have found it challenging to assess the accuracy of costs over such a lengthy appraisal period. We have considered the Bill and RIA as they are presented, but it is important to acknowledge that the full picture of costs

³³ Finance Committee, RoP, 7 May 2025, paragraph 241

³⁴ Letter from the Cabinet Secretary for Transport and North Wales, 12 June 2025

³⁵ Finance Committee, RoP, 7 May 2025, paragraphs 295 and 297

³⁶ Finance Committee, RoP, 7 May 2025, paragraph 300

³⁷ HM Treasury, The Green Book: central government guidance on appraisal and Evaluation, 2022

remains uncertain, given the risks associated with long-term forecasting and the potential for costs and benefits to change over time.

35. The Committee notes the Welsh Government’s ongoing research and engagement with key stakeholders and bus franchising authorities elsewhere, and acknowledges the valuable insights gained from the experiences of others. In particular, we note the lessons learned through direct engagement with the Greater Manchester Combined Authority, and welcome the Cabinet Secretary’s comments in relation to facilitating the participation of SMEs and recognising the importance of social value in the franchising process. However, it is unclear how these factors are reflected in the RIA and how they will be evaluated by the Welsh Government during the post-implementation phase, and we ask for these details to be provided.

Conclusion 1. The Committee is broadly content with the financial implications of the Bill as set out in the Regulatory Impact Assessment, subject to the comments and recommendations in this report. Should there be significant changes to the Regulatory Impact Assessment as a result of the recommendations made in this report, the Committee may consider those changes in more detail.

Recommendation 1. The Committee recommends that the Cabinet Secretary outlines how the participation of small and medium-sized enterprises and the focus on social value will be incorporated, monitored and evaluated as part of the implementation of the bus franchising provisions in the Bill.

3. Other costs arising from the Bill

Growing the bus network

36. The Welsh Government notes a reduction in the scale of bus mileage operated in Wales over the last 10 years “from around 124 million kilometres per annum in 2010-11 to 101 million kilometres per annum in 2019-20”. It assumes, for the purposes of the RIA, that the bus mileage in a franchised network is the same as the present network.³⁸

37. When asked how effective the bus reform model would be in delivering a viable bus service across Wales and growing the bus network to previous levels, the Cabinet Secretary said:

“...what we're proposing will provide the means to grow the network, but we also require the finance to deliver that aspiration. That will be for future Governments to determine. I hope that future Governments will prioritise bus transport, public transport as a whole, as the third public service. But we are providing the ability, through this legislation, to increase miles travelled, increase the scale and the scope of the bus network across Wales.”³⁹

38. In the absence of a funding uplift (TfW’s ‘base network’ plan), the Cabinet Secretary indicated that bus reform will deliver an increase in the proportion of people who have access to public transport (defined as having access to an hourly service within 400 metres of home) from 56 to 60 percent. Access to public transport would increase to 72 per cent under TfW’s ‘aspirational network’, and the mileage covered by that network would increase by 33 per cent.⁴⁰

39. The Cabinet Secretary later shared a technical note on the methodology adopted by TfW in developing a franchised ‘base network’ and ‘aspirational network’.⁴¹

40. The RIA estimates costs related directly to the changes and ongoing additional resource necessary to operate the bus reform model. It does not

³⁸ Welsh Government, Explanatory Memorandum, pages 72 and 85

³⁹ Finance Committee, RoP, 7 May 2025, paragraph 246

⁴⁰ Finance Committee, RoP, 7 May 2025, paragraph 245

⁴¹ Letter from the Cabinet Secretary for Transport and North Wales, 12 June 2025

include potential costs due to wider policy-led investment in bus infrastructure, such as new bus stops or bus stations, which will remain with local authorities.⁴²

Table 3 shows the estimated costs, which include Journey Time Benefits.

Table 2 Estimated costs for Bus Reform at an all-Wales level

Costs	Welsh Government / TfW	Local Authorities	Operators	Total
Transitional	£328.4 million	-	-£11.9 million	£316.5 million
Recurring	£286.4 million	-£26.1 million	-£149.9 million	£110.4 million
Total	£614.8 million	-£26.1 million	-£161.8 million	£426.8 million

Source: Welsh Government, *Explanatory Memorandum*, Bus Services (Wales) Bill, March 2025

Note: Costs represent totals over the 30-year appraisal period, discounted to 2023 prices. Costs include optimism bias and are expressed as market prices. Totals may not sum due to rounding.

Acquiring bus depots

41. The most substantial cost during the transition period relates to the acquisition of bus depots and installation of charging systems to provide a set of bus depots in franchise zones and some smaller satellite depots. This is estimated to cost £178.3 million.⁴³

42. Addressing this estimated cost, the Cabinet Secretary said the acquisition of bus depots is not a requirement of the Bill and is “based on assumptions, because we have not yet fully determined the depots that we wish to own”. He added:

“The reason for owning depots is focused on ensuring competition for franchise contracts and enabling decarbonisation. So, we'll be looking at acquiring sites that will be able to utilise, for example, hydrogen fuel. We'll be looking at acquiring sites that would be near the grid, to enable the use of electric vehicles. So, it's a big piece of work, and I am confident that that figure is accurate. But, as I say, Chair, the majority of depots will remain in private ownership.”⁴⁴

⁴² Welsh Government, *Explanatory Memorandum*, page 80.

⁴³ Welsh Government, *Explanatory Memorandum*, pages 71 and 91.

⁴⁴ Finance Committee, RoP, 7 May 2025, paragraphs 266-267.

Welsh Government/TfW staffing costs

43. Among the recurring costs for the Welsh Government/TfW, the RIA identifies around 10 full-time equivalents (FTEs) for executive management and governance, and assurance and audit processes. These roles are assumed to have an employee cost of £115,000 per FTE per year.⁴⁵

44. The Cabinet Secretary agreed to provide further detail on the functions and costs associated with these roles, adding:

“...I do wonder whether the figures that you've highlighted are higher than they need to be. The RIA was developed on the basis of us moving forward with nine regions, but, of course, we're now moving forward with just four regions, based on corporate joint committee footprints.”⁴⁶

45. In subsequent correspondence, the Cabinet Secretary confirmed that the RIA will be updated by the end of Stage 2 “to show a more accurate account of what the staffing costs will be going forward, especially as the original figures were based on a 9-zone roll out”.⁴⁷

Operator costs

46. Among the recurring costs for operators, the RIA notes that:

“For contract and performance / commercial management within operators, there will likely be higher administrative costs for the operator franchisee reporting data to the franchising authority, but these higher costs are assumed to be offset against efficiencies the franchisee would gain by being the sole provider of services in the franchise area for the duration of the contract.”⁴⁸

47. The Cabinet Secretary explained that TfW’s engagement with operators established that delivering the contracted requirements in a gross cost contract reduces the risks to operators as well as the efforts associated with network development, fares management and marketing. He emphasised that the

⁴⁵ Welsh Government, Explanatory Memorandum, page 81

⁴⁶ Finance Committee, RoP, 7 May 2025, paragraph 252

⁴⁷ Letter from the Cabinet Secretary for Transport and North Wales, 12 June 2025

⁴⁸ Welsh Government, Explanatory Memorandum, page 81

delivery of one network, one timetable and one ticket will also reduce operator costs.⁴⁹

48. When questioned on the estimated reduction in operator costs of £162 million under bus reform (see Table 3), the Cabinet Secretary referred to reductions in fleet costs and highlighted staff cost savings of just over £26 million over the 30 year appraisal period. He went on to say:

*"...in addition to staff cost savings, there are further estimated transition and recurring cost savings to operators for not having to maintain their IT system and their ticketing systems. And, in some cases, in relation to depot ownership, there'll be cost savings as well for them. Those costs are estimated to total, I think it's £18.3 million and £124 million. Now, they're not captured in the RIA model."*⁵⁰

Costs of transition to zero emission buses

49. The RIA highlights the Welsh Government's pathway for a zero-emission bus fleet operating in Wales by 2035, set out in the 'Net Zero Strategic Plan'.⁵¹ The RIA states:

*"It is assumed for purposes of this assessment that zero emission electric buses are phased in by 2035-36 (under bus reform) in line with Net-Zero Wales targets. Under statutory partnerships and business as usual the transition to a decarbonised bus fleet is assumed to take 5 and 10 years longer respectively."*⁵²

50. The costs of transitioning to a zero-emission bus fleet are assumed to be amortised. The RIA states that:

*"Aside from the differential in transition period, the costs associated with phasing in zero emission buses would be broadly neutral and not attributable to bus reform or statutory partnerships as the decarbonisation targets would equally apply with statutory partnerships or under business as usual."*⁵³

⁴⁹ Finance Committee, RoP, 7 May 2025, paragraph 261

⁵⁰ Finance Committee, RoP, 7 May 2025, paragraphs 286-288

⁵¹ Welsh Government, Net Zero Strategic Plan, September 2022

⁵² Welsh Government, Explanatory Memorandum, page 70

⁵³ Welsh Government, Explanatory Memorandum, page 71

51. When asked to elaborate on the calculation of costs associated with transitioning to a zero-emission bus fleet, the Cabinet Secretary's official explained:

*"The programme of fleet transition is expected to be faster under the bus reform option due to the option providing Welsh Government and Transport for Wales with greater ability to manage the programme compared to alternative options. But, for the purposes of the RIA, it was assumed that a new zero-emissions bus fleet would be procured through a leasing arrangement or with the use of loans, with the payments amortised into annual operating costs."*⁵⁴

52. In subsequent correspondence, the Cabinet Secretary outlined the current fleet ages across Wales⁵⁵:

Table 3 Current understanding of Welsh bus fleet

Age in years	More than 16	13-15	10-12	7-9	4-6	Less than 3	Total
Total	261	150	425	328	110	273	1547
Per cent	16.9	9.7	27.5	21.2	7.1	17.6	100

Committee View

53. The Committee is grateful to the Cabinet Secretary for providing additional information on the methodology used by TfW in developing a franchise 'base network' and 'aspirational network', although we are disappointed that this information was not included in the RIA. The Committee notes that, in the absence of a funding uplift, TfW's base network plan will deliver a 4 per cent increase in the proportion of people who have access to public transport, or a 16 per cent increase if its aspirational network is implemented. While we note the view that the Bill's impact on growing the bus network in Wales will depend on the funding decisions of future governments, we believe the Cabinet Secretary needs to set out his vision for bus reform and take ownership of the costs in the RIA in order to justify the course of action taken. As a result, the Committee calls

⁵⁴ Finance Committee, RoP, 7 May 2025, paragraph 212

⁵⁵ Letter from the Cabinet Secretary for Transport and North Wales, 12 June 2025

for further information to understand the estimated financial implications of both the base and aspirational network options under development by TfW.

54. The RIA notes that the acquisition of bus depots represents the most significant cost during the transition period, at £178.2 million. The Cabinet Secretary told us he is “confident that that figure is accurate”, but that it is “based on assumptions, because we have not yet fully determined the depots that we wish to own”. It is disappointing that the estimates relating to this issue remain unknown at this late stage and the Committee calls for further information to be provided in order to gain a better understanding of the costs associated with the acquisition of bus depots.

55. We heard that the 10 executive management and governance posts identified in the RIA (at a cost of £115,000 per full-time equivalent) are “higher than they need to be” given the decision to proceed with developing four rather than nine franchising zones. While the Cabinet Secretary confirmed in subsequent correspondence that the RIA will be updated after Stage 2 to reflect these staffing costs more accurately, we are disappointed that the costs in the RIA were not updated following the decision to progress with four franchising zones. This does not reflect the quality of financial information we would expect to be included in RIAs. It also casts doubt upon the accuracy of other costs that may have been impacted by this decision and we call for clarity in this area.

56. The Committee notes the evidence provided by the Cabinet Secretary’s official that the new zero emissions bus fleet would be procured through leasing arrangements. We would like to understand why this approach was taken, as opposed to purchasing a new bus fleet outright, and how the costs have been calculated.

Recommendation 2. The Committee recommends that the Cabinet Secretary provides clarity on the estimated additional costs to deliver Transport for Wales’s aspirational network and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Recommendation 3. The Committee recommends that the Cabinet Secretary explains how the estimated cost of £187.2 million for the acquisition of bus depots has been determined, including details of the assumptions made, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Recommendation 4. The Committee recommends that the Cabinet Secretary revises the cost estimates set out in the Regulatory Impact Assessment following

the decision to proceed with four franchising zones, or otherwise confirms that there is no impact on costs, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.

Recommendation 5. The Committee recommends that the Cabinet Secretary explains why the assumption has been made to lease the new zero emissions bus fleet, including how the costs have been estimated, and includes this information in a revised Regulatory Impact Assessment, after Stage 2.