

Bus Services (Wales) Bill

Stage 1 Report

July 2025



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Bus Services (Wales) Bill

Stage 1 Report

July 2025



About the Committee

The Committee was established on 23 June 2021. Its remit can be found at:
www.senedd.wales/SeneddClimate

Current Committee membership:



Committee Chair:
Llyr Gruffydd MS
Plaid Cymru



Janet Finch-Saunders MS
Welsh Conservatives



Delyth Jewell MS
Plaid Cymru



Julie Morgan MS
Welsh Labour



Carolyn Thomas MS
Welsh Labour



Joyce Watson MS
Welsh Labour

The following Member attended as a substitute during the scrutiny of the Bill.



Heledd Fychan MS
Plaid Cymru

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Recommendation 20. The Welsh Government should publish a response to the Wales Centre for Public Policy report within three months of its publication.
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Recommendation 22. The Cabinet Secretary should clarify how cross-subsidy will operate under franchising, including whether it will function at a national or franchise-area level. This should include clarification of how cross-subsidy will align with commitments to local reinvestment of local authority contributions. It should also make clear that those local authority contributions are additional to funding committed by the Welsh Ministers. Page 73

Recommendation 23. The Cabinet Secretary should ensure that TfW progresses the development of the local bus service permit system, in consultation with stakeholders, ensuring this is in place from day one of the new system. Page 73

Recommendation 24. The Cabinet Secretary should bring forward regulations setting out how the permitting aspect of the Bill will work, including permit types and eligibility criteria. These Regulations should be developed in consultation with operators, local authorities, community transport, and others. In addition, the Cabinet Secretary should issue guidance to explain to operators how they can apply for permits to run services outside of the Plan..... Page 73

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Recommendation 33. The Cabinet Secretary should establish clear and transparent lines of accountability for bus service performance, with defined responsibilities for TfW and the Welsh Government, to ensure the public can

understand issues around accountability and how poor performance will be addressed.....Page 84

Recommendation 34. The Cabinet Secretary should clarify the role of existing municipal bus operators under the franchise system, including whether they will be required to compete for contracts on the same terms as private operators or whether they will receive specific protections.....Page 92

Recommendation 35. The Cabinet Secretary should bring forward amendments to the Bill to introduce a statutory duty on local authorities, Welsh Ministers, and TFW to work in partnership to ensure the continuity of the bus network, following the phasing out of the section 63 duty.....Page 92

Recommendation 36. The Cabinet Secretary should ensure that the phasing out of the section 63 duty is implemented with sufficient notice and guidance to enable effective planning by local authorities during the transition to franchising.Page 92

Recommendation 37. The Cabinet Secretary should publish a clear policy statement outlining how the principles of cross-subsidy and local funding will be balanced.....Page 92

Recommendation 38. The Cabinet Secretary should ensure that a draft policy framework on staff transfers, and employment protections is published for consultation ahead of the next Senedd election, to allow sufficient time for stakeholder input and scrutiny.....Page 96

Recommendation 39. The Cabinet Secretary should clarify what contingency measures will be in place in the event that TUPE transfers encounter legal or operational difficulties.Page 96

Introduction

1. On 31 March 2025, the Cabinet Secretary for Transport and North Wales, Ken Skates MS, introduced the Bus Services (Wales) Bill (the Bill) to the Senedd. On 1 April 2025, the Cabinet Secretary made a statement on the Bill in Plenary.
2. The Business Committee referred the Bill to the Climate Change, Environment, and Infrastructure Committee (the Committee) for Stage 1 scrutiny with a reporting deadline of 25 July 2025.

Terms of reference

3. The Committee agreed to consider the following:
 - The general principles of the Bill and the need for legislation to deliver the stated policy intention.
 - The Bill's provisions, including whether they are workable and will deliver the stated policy intention.
 - The appropriateness of the powers in the Bill for Welsh Ministers to make subordinate legislation.
 - Whether there are any unintended consequences arising from the Bill.
 - The financial implications of the Bill.

The Committee's approach to scrutiny

4. The Committee undertook a public consultation between 1 April 2025 and 13 May 2025 and received 46 responses¹. The Committee also received correspondence in relation to the Bill.
5. We held oral evidence sessions with the Cabinet Secretary on 7 May and 19 June 2025. Following the 7 May meeting, the Cabinet Secretary wrote to the Committee with further information. We also wrote to the Cabinet Secretary to request a response on additional matters not covered during the session. The exchanges in correspondence can be found on the Senedd's website. We held a series of oral evidence sessions with external witnesses, including bus service

¹ All of the responses can be found on the Committee's website - <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062454641&cp=yes>

operators, local authorities, passenger representative groups, and other experts in the field.

6. Details of written submissions and oral evidence sessions can be found at the end of this report.

7. We would like to thank all those who contributed to our work.

Scrutiny of the Bill by other Senedd committees

8. The Senedd's Finance Committee and Legislation, Justice and Constitution Committee took evidence from the Cabinet Secretary for Transport and North Wales on their respective areas of interest. Their reports can be found on the Senedd's website.

1. Policy and legislative background

Current bus powers

9. Bus services in Great Britain, outside London, have been deregulated since 1986. Under the Transport Act 1985² (“the 1985 Act”), operators are responsible for planning most bus services, tickets and fares. An operator can register and operate any service that it chooses to on a commercial basis. In Wales, this is normally by giving 56 days’ notice to the Traffic Commissioner. The operator must run the service according to the specification in the registration. Most Welsh bus services operate commercially.

10. Under section 63(1) of the 1985 Act, local authorities have a duty to secure services to meet public transport requirements that would not otherwise be met (known as ‘socially necessary services’). Local authorities can contract to subsidise these services.

11. The 1985 Act prohibits local authorities from running their own bus services except under specific circumstances. These include where a local authority was already operating the company before the 1985 Act took effect, which is the case with Cardiff Bus and Newport Bus.

Community transport

12. ‘Community transport’ comprises non-commercial transport services which are generally community led.

13. Sections 19 and 22 of the 1985 Act allow community transport providers to apply for permits exempting them from the need to hold a Public Service Vehicle (PSV) operator’s licence. They must “operate without a view to profit”. Section 19 permits relate to the use of vehicles by community groups and must be used to transport members “or people whom the organisation exists to support”. They cannot be used to transport the general public. Section 22 permits are used to provide a “community bus service”.

² <https://www.legislation.gov.uk/ukpga/1985/67/contents>

The 2020 Bill

14. In 2018, the Welsh Government published a White Paper³ on “Improving public transport” and subsequently introduced a Bill⁴ relating to bus services in March 2020. This was later withdrawn due to the pandemic.

The 2022 White Paper

15. The Welsh Government published its White Paper, One network, one timetable, one ticket: planning buses as a public service for Wales⁵, in March 2022. A summary of consultation responses⁶ was published in December 2022.

16. The responses were generally supportive of the proposals. The Explanatory Memorandum says, “the most common response was about affordability for the end user”, and “many had reservations about how affordability would be achieved and its impact”.

17. Other considerations included:

- operator concerns about how franchising would work in practice;
- local authorities were supportive, but stressed a need for a local role (some suggesting franchising as part of a toolkit – as in England and Scotland, and in the 2020 Welsh Bill);
- the role of SMEs in Welsh bus services; and
- the need for coordination with learner travel alongside the scheduled network.

³ <https://www.gov.wales/improving-public-transport>

⁴ <https://business.senedd.wales/mgIssueHistoryHome.aspx?lId=27864>

⁵ <https://www.gov.wales/one-network-one-timetable-one-ticket-planning-buses-public-service-wales.html>

⁶ https://www.gov.wales/sites/default/files/consultations/2022-12/one-network-one-timetable-one-ticket-planning-buses-as-a-public-service-for-wales-consultation-summary-of-responses_0.pdf

2. General principles

Purpose of the Bill

18. The Explanatory Memorandum summarises the Bill as follows:

“The Bus Services (Wales) Bill (“the Bill”) establishes a new legislative framework to support the delivery of local bus services as part of a wider “one network, one timetable, one ticket” reform of public transport in Wales.

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. The Welsh Ministers will also be required to prepare and publish the Welsh Bus Network Plan (“the Plan”) setting out the essential characteristics of services they consider are required to fulfil the duty to secure.”

19. Although Transport for Wales (TfW) is not mentioned in the Bill, it will have a central role in delivery. The Explanatory Memorandum says:

“The development of the Plan and the implementation of local bus service contracts, local bus service permits and direct provision of services will be delivered by TfW on behalf of Welsh Ministers in consultation with local authorities and CJs.”

The need for the Bill

20. Stakeholders overwhelmingly supported the aims of the Bill and its focus on improving public transport and integrated networks.

21. Anglesey Council said, “there are clear shortcomings with the current system” and “the Government needs to intervene in order to achieve the change that is truly needed”⁷. Carmarthenshire Council said:

⁷ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

*"The general principles of making the shift to public transport more attractive, accessible and seamless is welcomed."*⁸

22. The CTA said:

*"We welcome this renewed focus on Bus as a vital part of our transport infrastructure, and are very pleased to see the recognition and inclusion of community-led provision alongside more mainstream modes in the draft Bill."*⁹

23. There was recognition that the Bill could support modal shift and contribute to broader policy aims, such as decarbonisation. The Federation of Small Businesses (FSB) said:

*"TfW's ongoing reform of rail and expansion into addressing and implementing bus reform and wider multi-modal views provides a welcome response to fragmentation of decision-making within the system and has the potential to provide more stability and clarity in a better integrated system."*¹⁰

24. However, First Cymru expressed reservations:

*"The Bill will not solve the problem of declining bus patronage nor achieve modal shift towards a sustainable transport system by reducing car use....it is highly likely that, in their initial form at least, the networks to be delivered through franchising will amount to substantially no more in terms of network coverage, frequencies and times of operation than the networks currently provided, for the same reason of financial affordability."*¹¹

25. Newport Transport supported the aims of the Bill, but added :

"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

⁸ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁹ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁰ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹¹ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

government-controlled network is a guarantee nor key to providing these types of services.”¹²

26. In reference to the phased transition to the new regime, the leader of Cardiff Council wrote:

“The current proposal to franchise South East Wales in 2029 creates a further four years of uncertainty in the market. Bus operators are less likely to invest in their fleets and grow bus patronage. Some may withdraw from the market in Cardiff as a result. This would be a significant risk to providing cost-effective home to school travel.”

A lack of detail

27. Several stakeholders noted that the Bill lacks detail in key areas. The Urban Transport Group (UTG) described it as “quite light”, but noted “it is advantageous in some ways” to have a “lighter framework”. In written evidence, it said:

“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.”¹³

28. However, bus operators and local government representatives felt that the Bill’s lack of detail on key issues was a concern. Gwynedd Council said that:

“quite a bit of the vital detail is missing, vague and/or unclear as to how the proposed arrangements will work in practice. This extends from the role, responsibility and level of influence and accountability of stakeholders, which include the Welsh Government, Transport for Wales, local authorities, companies and the Regional Corporate Joint Committees.”¹⁴

29. The Confederation of Passenger Transport (CPT) felt that guidance - statutory or otherwise - was needed to address the lack of detail in the Bill. It said:

¹² Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹³ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁴ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

“this is essentially an enabling Bill...and there is a lot of supporting infrastructure and architecture that's required around it. What concerns me and my members is that we're not seeing that detail at this stage.”¹⁵

30. Transport Focus said that it would be helpful if guidance was available soon so that stakeholders could understand the proposals more fully.

31. Much of the operational detail of the new regime will be set out in regulations. Some stakeholders recognised that this allowed flexibility; others felt too much had been left to regulations. For that reason, several stakeholders felt that comprehensive consultation on regulations would be necessary. CPT said, “these powers are appropriate and aligned with the purpose of the Bill”. However,

“given the level of detail that will become apparent through secondary legislation, we would urge Ministers to ensure thorough and genuine consultation with operators and other stakeholders as subordinate legislation is developed.”¹⁶

Affordability

32. Many stakeholders raised concerns about the affordability of the proposals in the Bill, particularly the Welsh Government’s preferred gross-costs franchising model. They argued that the scale of ambition in the Bill cannot be achieved within the current funding envelope. The UTC cautioned that:

“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). 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.”¹⁷

33. For the WLGA, the question of funding was “fundamental”. They believed that:

¹⁵ Oral evidence, <https://business.senedd.wales/ie/IssueDetails.aspx?Id=45442&Opt=3>

¹⁶ Written evidence, <https://business.senedd.wales/mg/ConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁷ Written evidence, <https://business.senedd.wales/mg/ConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

“Without additional funding, changing the legislation will not, by itself, deliver on the policy intention and objectives. By introducing gross cost contracts, Welsh Government will have to meet any additional service costs not covered by increased fare box revenue.”¹⁸

34. Several stakeholders expressed concerns about whether the benefits described in the Regulatory Impact Assessment (RIA) were realistic. The Association of Transport Co-ordinating Officers (ATCO) called for “a review of revenue and cost assumptions within the Bill, as actual revenue has been overstated and costs underplayed.”¹⁹ Cardiff Bus agreed, describing the “unquantified benefits” as painting “too fantastical a picture”²⁰. Pembrokeshire Council cautioned that the RIA does not take into account increases to administrative costs and inflation:

“the Affordability Assessment indicates that franchising would be delivered within the existing overall quantum of funding for local bus services. This is a significant concern. If there is no additional funding, any increased administrative costs would reduce the funding available for front-line services.”²¹

Managing public expectations

35. Stakeholders consistently emphasised the risk of creating unrealistic expectations. Bus Users Cymru cautioned, “it can take several years to deliver noticeable improvements” and:

“It will be vital, therefore, to manage passenger expectations and communicate clearly throughout the process in order to retain the trust and support of the public.”²²

¹⁸ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁹ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

²⁰ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

²¹ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

²² Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

36. The CPT said:

“there is a real risk here that we’ve built up public expectation, in the same way as happened with the railways, and, actually, then delivery doesn’t follow, or significant improvement doesn’t follow, for a long time.”²³

Lack of contingency provisions

37. Stakeholders were concerned about the absence of contingency arrangements should the franchising model underperform or prove unaffordable. ATCO said:

“Accepting that the current set up is to change, having ‘other tools in the box,’ rather than reliance on franchising, would be beneficial.”²⁴

38. This was echoed by CPT, which said:

“If they suddenly realise that the costs are going through the roof, then the Welsh Government will want fairly quick remedial work done. Will the industry be able to adapt at that point in time...? How do you unravel that?”²⁵

39. Cardiff Council suggested that mitigation measures should be included in the Bill “to deal with such outcomes, particularly with regards to protecting local bus services and the inter-related needs of home to school transport”.²⁶

40. The leader of Cardiff Council called for more flexibility to be included in the Bill, saying that:

“it may be more effective for Cardiff to be the franchising authority within the Cardiff area. Such an arrangement could commit to being aligned to the national franchising standards whilst meeting the local needs of Cardiff with reduced risks to the market. The Bill also needs to provide the flexibility for enhanced partnerships and net cost contracts as options that

²³ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

²⁴ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

²⁵ Oral evidence, <https://business.senedd.wales/ieIssueDetails.aspx?Id=45442&Opt=3>

²⁶ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

may be appropriate to get best value depending on local circumstances.”²⁷

Capacity of TfW

41. Several stakeholders expressed concern that TfW lacks the capacity to deliver the substantial and ambitious reform programme proposed in the Bill. The Older People's Commissioner commented:

“It is vital that Transport for Wales ensure that they have sufficient expertise specifically on buses to ensure the successful implementation of the Bill.”²⁸

42. There was concern that a loss of transport expertise to TfW would weaken capacity in local authorities. Monmouthshire Council highlighted that TfW's strengthened role “may result in the loss of LA officers into TfW by way of TUPE or higher salaries for equivalent roles. This could create delivery constraints for LAs particularly in home to school transport functions.”²⁹

Learner travel

43. The omission of learner travel was one of the key concerns raised by stakeholders. The Children's Commissioner noted that the Welsh Government's 2023 learner travel recommendations report³⁰ said franchising would allow schools and colleges to be taken into account in planning regional bus networks, but it is not clear from the Bill how this has been done. The Commissioner said:

“a lot of the rationale for not doing a comprehensive review of the learner travel Measure was...that this bus Bill was in development. Unfortunately, now that this has come, it still doesn't directly relate or respond to those concerns...This needs urgent attention, and it is a big concern.”³¹

²⁷ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

²⁸ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

²⁹ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

³⁰ [Learner Travel \(Wales\) Measure recommendations 2023 | GOV.WALES](https://gov.wales/learner-travel-wales-measure-recommendations-2023)

³¹ Oral evidence, <https://business.senedd.wales/ielIssueDetails.aspx?Id=45442&Opt=3>

44. Several contributors warned that failing to align learner travel with public bus services could lead to duplicated provision and increased financial burdens on local authorities. The WLGA said:

“We always try and integrate public transport with school transport journeys where feasible, to get the most for our money. Under the buses Bill, we’ll lose that ability to a certain extent, which will mean that we will have to procure separate, potentially, school coaches under closed school contracts, which are likely to cost more.”

45. Newport Transport highlighted that:

“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.”³²

Congestion and barriers to bus

46. Stakeholders noted that the Bill will not address many of the key barriers to bus travel. Newport Council said, “the Bill does not make the link between service reliability and the need for bus priority”. Cardiff Council argued the Bill “would benefit” from a requirement to address congestion through bus priority measures.³³

Passenger voice

47. There was a strong view that effective passenger engagement must be embedded in the new regime, not just during initial planning. Transport Focus asked:

“Which body will be responsible for passenger relations within the new proposed system and for ongoing and independent representation of the passenger voice?”³⁴

³² Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

³³ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

³⁴ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

48. Passenger representatives were concerned about the lack of a defined complaints pathway in the Bill. Bus Users Cymru suggested that “this is an ideal opportunity for Transport for Wales to establish a standard set of complaint procedures”³⁵.

49. A key recommendation from passenger representatives was the creation of a Passenger Charter. Transport Focus stated:

“The Bill does not refer to the production of a passenger charter outlining what passengers should expect from their bus service and what to do if their expectations are not met.”³⁶

50. In oral evidence, Transport Focus highlighted that “in the English legislation, that is there as a statutory requirement. We would like to see that included.” Bus Users Cymru agreed.³⁷

Equality and accessibility

51. Many stakeholders raised a need for greater consideration of accessibility issues. The Equality and Human Rights Commission noted:

*“as it is currently drafted it is not clear how the Bill will embed equality and accessibility”.*³⁸

52. This was echoed by the RNIB, which warned that:

“there’s no tangible legislative commitment to accessibility in the Bill... We would like to see provisions in the Bill expanded to include some more robust and specific accessibility requirements.”³⁹

53. The Children's Commissioner for Wales raised the lack of meaningful involvement of young people in shaping service design:

³⁵ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

³⁶ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

³⁷ Oral evidence, <https://business.senedd.wales/ieIssueDetails.aspx?IId=45442&Opt=3>

³⁸ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

³⁹ Oral evidence, <https://business.senedd.wales/ieIssueDetails.aspx?IId=45442&Opt=3>

“Without the involvement of children in shaping the Network Plans...it is unlikely that there will be a positive impact on children’s rights.”⁴⁰

TfW evidence

54. In its written submission, TfW set out that:

“Understanding the priorities of our stakeholders and communities is key to building the bus network that Wales needs. An important way in which we uphold this is through our multimodal travel advisory architecture that bring together representatives from customer groups, government, industry and people with protected characteristics.”⁴¹

55. It went on to describe its “engagement strategy for operators”, which had included “a two monthly structured engagement session with the operators that have shown an appetite for franchising opportunities. Promoting engagement opportunities through industry bodies and other channels has brought together a diverse group of operators from various regions and sizes, with about 25-30 operators participating in each session so far.”⁴²

56. In oral evidence, Lee Robinson responded to stakeholder feedback that engagement from TfW has remained “high level,” despite some recent improvements. He outlined a “comprehensive engagement architecture” that includes a wide range of stakeholders: “trade unions, local authorities and corporate joint committees, the Association of Transport Co-ordinating Officers, Welsh Local Government Association, passenger representatives, the Community Transport Association and operators and their operator representatives”.⁴³

57. He explained that it would not have been appropriate to consult on the details of the Bill before it had been introduced in the Senedd.

⁴⁰ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁴¹ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁴² Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁴³ Oral evidence, <https://business.senedd.wales/ieIssueDetails.aspx?Id=45442&Opt=3>

Capacity of TfW

58. In oral evidence, Lee Robinson said that TfW is building organisational capacity to support the transition. Staff expertise will cover “operator environments, local government... customer, procurement, [and] HR”.⁴⁴

59. In reference to the management of the delivery programme, Lee Robinson highlighted the importance of internal governance arrangements, noting that TfW’s board regularly reviews progress on bus franchising.

60. He said that TfW had engaged with Transport for Greater Manchester (TfGM), which had been “really open and honest”, offering regular dialogue on key operational challenges. He confirmed TfW is now working directly with a TfGM team member “particularly around the business change aspects of franchising”.⁴⁵

Learner travel

61. In response to a question about how TfW would ensure that franchise contracts reflect the importance of school transport, Lee Robinson explained that:

“we’re looking at how do we optimise the public transport network so that we are able to carry as many schoolchildren as possible through that network and minimise the closed school services, obviously recognising that that is also a mainstay for SMEs.”⁴⁶

62. He referred to planning in south-west Wales as an example:

“we worked with them to develop what we refer to as the base network, and we looked at how well that accommodated learner travel. We then went around the loop again and looked at closed school transport services and basically said, ‘Are there any ways in which we can enhance and develop this network that will mean that we can encourage fewer closed school transport services and more schoolchildren to use the public transport network?’, and indeed we went through that loop a second time.”⁴⁷

⁴⁴ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?lId=45442&Opt=3>

⁴⁵ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?lId=45442&Opt=3>

⁴⁶ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?lId=45442&Opt=3>

⁴⁷ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?lId=45442&Opt=3>

Passenger voice

63. In its written submission, TfW said:

"In preparation to lay the Network Plan before the Senedd in 2026, we will be launching a programme of both online and in-person public engagement in Summer 2025 for stakeholders, customers and bus operators to have their say on how the bus network should look. This engagement will continue as we move closer to the first roll out milestone, as we refine our approach to franchising and build passengers the best possible network using these key insights."

64. In oral evidence, Lee Robinson said that passenger representative groups are closely involved in "our engagement framework". Richard Marwood said that an "engagement commitment" for the south-west Wales franchising proposals had been published in June 2025. He explained:

*"At the moment, we've used our existing platform, which the business already uses, Have your Say, and we asked the panels on there what are they most interested in in terms of engagement around the local bus network. And then, we've used that to build the engagement commitment that we published earlier this month. That's focused on the south-west, because that's where we're more developed and, in terms of our planning, is first, but we'll replicate that process through the rest of Wales as we progress."*⁴⁸

65. In terms of dealing directly with customers regarding the operation of services, such as for complaints. Lee Robinson said:

*"We already have within TfW a bilingual contact centre, which deals with issues both in terms of rail and bus, and, indeed, the Fflecsi service. And looking to the future, we want to put in place something that will enable passengers to give real-time feedback on their service experience through an app, or something of that nature."*⁴⁹

⁴⁸ Oral evidence, <https://business.senedd.wales/ielIssueDetails.aspx?IId=45442&Opt=3>

⁴⁹ Oral evidence, <https://business.senedd.wales/ielIssueDetails.aspx?IId=45442&Opt=3>

Cabinet Secretary's views

A lack of detail

66. In reference to concerns about the lack of detail included on the face of the Bill and the lack of guidance provision, the Cabinet Secretary said:

*"We did consider including a power to issue statutory guidance, but we basically concluded that it was unnecessary because the functions primarily sit with Welsh Ministers. If we decide to issue guidance to any relevant parties involved in delivering bus services, then non-statutory guidance would be issued under general powers in the Government of Wales Act 2006."*⁵⁰

67. On 7 May, the Cabinet Secretary explained that not all existing local authority powers had been repealed or amended and that this would be done by Government amendments at Stage 2, should the Bill progress.

Affordability

68. In oral evidence, the Cabinet Secretary pointed to "the enormous amount of money that we are already investing in bus services across Wales." He said, "we can achieve savings with the model that we are proposing." Responding to scepticism from stakeholders on this point, the Cabinet Secretary said:

*"We're spending over the course of this Senedd term around £600 million...When you set aside the cost of learner travel...Now, that is a huge amount of money, but we have very little control over how it's used. This Bill is going to give us far more control over how it's used. And it'll also give us the tools to secure a whole-network approach to services to be able to integrate with rail services. Instead of having a firefighting approach to delivering public transport - which is essentially what we've got at the moment, where urban areas disproportionately benefit from access to services - we will have a proactive ability to be able to plan the whole network and to ensure that there is that integration in place."*⁵¹

⁵⁰ Oral evidence, 7 May.

⁵¹ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

69. He referred to the TrawsCymru service as a model example “where we do have control of the network, we've seen, in the space of, I think it's the last 12 months, huge uplifts in patronage”.

Managing expectations

70. The Cabinet Secretary acknowledged the need to manage public expectations and accepted there is a risk that “people think that as soon as we pass the legislation, that bus services are going to improve immediately, we're going to see far more routes and so forth from day one and improved reliability”. He recognised that expectation management could have been better in the past:

“you're absolutely right to say that with rail there were - and I take responsibility for this - some raised expectations that people would see improved services from day one.”

71. He cautioned that, “It will take time to realise the ambition that we've set out”, but there “are some tangible short-term benefits from franchising that will be noticed by the travelling public”. He explained:

“They won't have to, for example, navigate multiple different operators and timetables and systems. They'll be able to benefit from a network that is co-ordinated. There'll be a single app to plan journeys and we're going to be able to integrate from very early on timetables with rail service timetables as well.”⁵²

Consultation with stakeholders

72. The Cabinet Secretary's letter of 18 June referred to consultation with local authorities and with the bus industry:

“Officials have consulted on bus reform extensively and continue to work closely with local authorities and other key stakeholders to inform policy on bus reform, for which the Bill will provide the legislative structure.”⁵³

And

⁵² Oral evidence, <https://business.senedd.wales/issueDetails.aspx?llid=45442&Opt=3>

⁵³ Correspondence from Cabinet Secretary

“Discussions with the industry have been on-going since 2017 and have taken place in the form of bus summits, working groups and public consultations. The provisions in this Bill have been shaped by these discussions, consultations, and publications.”⁵⁴

Engagement with the public

73. On the issue of public engagement, the Cabinet Secretary explained in his letter of 18 June that:

“As we begin the work to roll out franchising in each zone, Tfw will publish a regional engagement commitment that details the plans to involve local communities in bus network design. The commitment will focus on capturing the views of local service users and potential service users to ensure we build a network that local people want and can use. The Commitment to Community Involvement has now been published for the South West Wales region and provides detailed information on our engagement: Bus Reform: South West Wales.”⁵⁵

74. He added:

“As the transition to franchising will take place over several years and owing to the complexities across the network and diversity of our communities, we will publish a revised regional engagement plan ahead of franchising being rolled out for every zone, bespoke to each.”⁵⁶

Learner travel

75. The Cabinet Secretary was clear that “learner travel is out of scope of the Bill, and learner travel will remain a responsibility for local authorities, whereas franchising will be a responsibility for Welsh Ministers”⁵⁷. In his letter of 18 June, the Cabinet Secretary addressed concerns about the omission of learner travel. He said:

⁵⁴ ~~Correspondence from Cabinet Secretary~~

⁵⁵ https://tfw.wales/sites/default/files/2025-06/Bus-reform-SW-Wales_ENG.pdf

⁵⁶ ~~Correspondence from Cabinet Secretary~~

⁵⁷ Oral evidence, <https://business.senedd.wales/ielIssueDetails.aspx?IId=45442&Opt=3>

“We have been clear that it will take time for us to see significant changes to the way learners access education, which is why it so important that we continue to work closely with local authority partners in the implementation of bus reform. Local authorities in South West Wales, where we will begin the rollout of the new model, have been central to the development of the Welsh Bus Network Plan (the Plan) – we recognise the huge amounts of knowledge and expertise they have, and want to work closely with them to deliver an effective network. We will continue to work with local authorities and TfW to explore how the Plan can be developed further to maximise the opportunities for learners (compulsory and non-compulsory learner transport) to use the public service network, as per the provisions in the Bill.”⁵⁸

76. In outlining the potential advantages arising from the Bill, the Cabinet Secretary said, on 19 June:

“when Transport for Wales designs the network plan, they'll be able to consider whether there are any opportunities whatsoever to work alongside learner travel provision. This could be particularly beneficial given that...a lot of the SMEs in Wales provide learner travel as well as passenger transport.”⁵⁹

77. An official accompanying the Cabinet Secretary added:

“There might be an opportunity within some of those contracts that we're currently considering to deliver school transport provision at the beginning and the end of the school day, but also have the opportunity to also operate public bus services in between these times.”⁶⁰

Congestion and barriers to bus

78. In response to a question about the absence of bus priority measures in the Bill, the Cabinet Secretary acknowledged that congestion is “part of the wider policy context”. He added that such measures would be “beyond the scope of the Bill, but it is vitally important that we recognise that dealing with congestion is

⁵⁸ Correspondence from Cabinet Secretary.

⁵⁹ Oral evidence, <https://business.senedd.wales/jelIssueDetails.aspx?lId=45442&Opt=3>

⁶⁰ Oral evidence, <https://business.senedd.wales/jelIssueDetails.aspx?lId=45442&Opt=3>

going to be crucial in delivering a successful network, and in driving up passenger patronage". He added that:

*"we have an interest in driving up the use of bus services as much as we possibly can, given that we're going to be carrying the revenue risk. Now, the only way to drive up patronage is to make sure that you offer safe, reliable and frequent services. The only way that you're going to be able to deliver frequent services and reliable services is if you make sure that the infrastructure is in place to enable that to happen. So, Welsh Government and local authorities will have a vested interest in ensuring that buses can travel without facing serious congestion."*⁶¹

Passenger voice

79. The Cabinet Secretary described the "passenger voice" as being "at the heart of everything that is planned". In reference to the suggestion of a passenger charter, the Cabinet Secretary said:

*"We're looking at what is being done in Manchester and what is being done at the moment in the Liverpool city region with regard to passenger charters, and we'll be learning from them. We'll be working with trade unions as well, because, obviously, a passenger charter must reflect the workforce in the sector and the responsibilities that workers have. So, we'll be developing something akin to the passenger charter for rail."*⁶²

Bus-stop infrastructure

80. In reference to bus stops, the Cabinet Secretary said that Tfw would be "producing national bus stop standards", which would be "important in ensuring that there's a high and consistent standard of bus stops across Wales". He added that the "standards are going to be co-created with the access and inclusion panel", which had been "invaluable in informing how we can ensure that public transport is accessible to all".⁶³

⁶¹ Oral evidence, <https://business.senedd.wales/ielIssueDetails.aspx?IId=45442&Opt=3>

⁶² Oral evidence, <https://business.senedd.wales/ielIssueDetails.aspx?IId=45442&Opt=3>

⁶³ Oral evidence, <https://business.senedd.wales/ielIssueDetails.aspx?IId=45442&Opt=3>

Our view

We agree that the Bill represents an important and necessary step toward strengthening Wales' local bus service provision. However, we share the concerns of many witnesses that the Bill, as drafted, lacks detail in key areas. It has been disappointing that significant aspects of the proposals will only become apparent after the Bill has become law. While we recognise the Cabinet Secretary's explanations for this, the approach has clearly affected stakeholders' ability to engage with the detail of the proposals and has caused concern, and, in some cases, misunderstanding of the Welsh Government's intentions. Furthermore, we note the Cabinet Secretary's comments that not all existing local authority powers have been repealed or amended under the Bill, as introduced, and that this would be done by Welsh Government amendments at Stage 2, should the Bill progress. Again, this has meant that stakeholders and the Committee have not been given a full understanding of the implications of these provisions during the Stage 1 scrutiny process .

Currently, the Bill contains no provisions for statutory guidance, and the Cabinet Secretary has said he will rely on general powers to issue guidance, if necessary. We recognise the need to ensure that there is flexibility within the Bill and are generally persuaded that the right balance has been struck between flexibility and providing more detail. However, there are key areas where it has become apparent through the scrutiny process that guidance is needed to ensure that those affected by the proposals fully understand the impact they will have on them. Later in this report, we make specific recommendations that guidance is issued in these key areas.

Several of our recommendations in this Chapter, and elsewhere in this Report, relate to matters that are not included in the Bill. We will seek an update from the Cabinet Secretary on progress on these matters within 3 months of the publication of this Report.

Affordability and managing expectations

We note the concerns expressed by several stakeholders that the financial assumptions underpinning the Bill are not realistic or sufficiently robust.

We caution that, if the Bill's ambitions are to be realised, the proposals must be accompanied by an ongoing programme of significant investment. Without this, there is a serious risk that the legislation will raise expectations that cannot be met.

The scale of the ambition is considerable, yet tangible improvements are likely to take time to come to fruition. The Welsh Government and TfW must avoid repeating past mistakes around rail services. The Welsh Government and TfW must communicate clearly about the nature, scope, and timing of reforms, and set out what passengers can realistically expect during the phased transition.

Capacity of TfW

The effective delivery of franchising will require significant organisational capacity in TfW. Our visit to Transport for Greater Manchester demonstrated the scale of staff resource and skills required. TfW's current capacity in bus service delivery is unproven at the scale necessary to deliver and subsequently manage franchising. The phased approach will be beneficial for TfW in giving it time to build expertise gradually, but the timelines are challenging. The Welsh Government must satisfy itself that TfW is putting in place appropriate mechanisms to address this key area.

We are concerned about the potential transfer of skilled staff from local authorities to TfW, which could weaken local transport functions, including learner travel. TfW must work closely with local authorities to ensure that both national *and* local capacity is improved. It should address this through strong partnership working with local authorities.

Learner Travel

We believe the omission of learner travel from the Bill represents a missed opportunity to establish a clear statutory basis to design an integrated public transport system that meets the needs of all users, including children and young people. However, we acknowledge the Cabinet Secretary's argument that there is a need to produce a Bill that is deliverable.

We believe the Bill should be amended to require a more prominent consideration of learner travel. Including such provisions within the objectives under section 4, as proposed by stakeholders, would be a proportionate and constructive step. We make specific recommendations on this issue in chapters 3 and 4.

Congestion and infrastructure

The Bill does not address congestion or require the use of bus priority measures, which are fundamental to improving reliability and patronage. We do, however, note the Cabinet Secretary's comments that it will be in the Welsh

Government's interests to address congestion under the new regime, as a way of increasing patronage and managing the need for subsidy.

In addition, we note the ongoing responsibility of local authorities for bus stop infrastructure and associated facilities. We believe that there should be a formal agreement between TfW and local authorities to ensure a consistent approach to infrastructure, including the provision of real-time and timetable information at bus stops.

Passenger voice

The voice of the passenger must be embedded in the ongoing design, delivery, and oversight of the bus network.

We believe that a requirement for a Passenger Charter should be included on the face of the Bill, drawing on best practice elsewhere. This would give passengers a clear understanding of their rights and expectations and ensure accountability in service delivery.

We also seek reassurance that TfW's customer service and complaints-handling capacity is being strengthened in preparation for a potentially significant increase in demand in future, once the rollout of franchising begins.

Accessibility

We have called for the development of a passenger charter and believe this should include specific reference to accessibility of service provision and infrastructure.

We have considered specific provisions relating to accessibility in chapters 3 and 4, including recommending that the Cabinet Secretary define "accessibility" for the purposes of the Bill.

Recommendations

Recommendation 1. The Senedd should support the general principles of the Bill.

Recommendation 2. The Cabinet Secretary should direct TfW to implement a clear and ongoing communications strategy, which should include management of public expectations around the scope, timeline, and outcomes of the bus reform programme.

Recommendation 3. The Cabinet Secretary should require TfW to demonstrate that it is actively developing the necessary organisational capacity, both in terms of staffing numbers and expertise, to deliver franchising.

Recommendation 4. The Cabinet Secretary should publish a policy statement explaining how learner travel relates to, and will be considered in, delivery of the Bill.

Recommendation 5. The Cabinet Secretary and TfW should work with local authorities to address structural barriers such as congestion and inadequate infrastructure. The Welsh Government, TfW, and local authorities should establish a formal agreement to ensure consistency in bus stop infrastructure and the provision of passenger information.

Recommendation 6. The Cabinet Secretary should bring forward amendments to require the development and publication of a Passenger Charter, setting out clear standards of service, passenger rights, and accountability mechanisms. The Charter should be subject to consultation, including with under-represented groups.

Recommendation 7. The Cabinet Secretary should ensure that the Passenger Charter (see Recommendation 6) includes specific provisions to embed accessibility within it. We are content for the Cabinet Secretary to define accessibility, as recommended in Recommendation 11.

Recommendation 8. The Cabinet Secretary should ensure that TfW strengthens its customer service and complaints-handling functions in preparation for increased public engagement and feedback under the new franchising regime.

3. Part 1 - Key concepts and general objectives

Sections 1 to 3 - Key concepts

81. Section 1 defines a “local bus service” as a service for carrying passengers by road at separate fares using Public Service Vehicles with one or more embarkation/disembarkation points, each less than 15 miles apart (measured in a straight line). One or more embarkation or disembarkation points must be in Wales. Services which do not meet the distance criteria are “non-qualifying services”.

82. The Explanatory Memorandum explains the definition of local bus services is similar to the existing definition in section 2 of the Transport Act 1985⁶⁴. In reference to “non-qualifying services”, the Explanatory Notes say:

“the Welsh Ministers will not, when determining the local bus services that they consider are required for the purpose of securing safe, integrated, sustainable, efficient and economic transport in Wales under section 5(1)(a), need to consider whether short distance parts of nonqualifying services are required, i.e. whether a long distance service in its capacity as such needs to include short distance stops.”

83. Section 2 defines “embarkation point” and “disembarkation point”.

84. Section 3 defines a “flexible local bus service” as one so flexible in operation that it would not be practicable to identify its route in the Welsh Bus Network Plan. A “standard local bus service” is defined as one which isn’t flexible. The Explanatory Memorandum describes the two types of service defined in section 3 as “standard services, which are the more traditional services with set routes and stopping points”, and “demand responsive services, which may not have set routes or stopping points” but rather “operate within certain geographical areas”.

85. The limited evidence received by the Committee on section 1 focused on the appropriateness of the 15-mile between-stops criterion in the definition of “local bus service”. Cardiff Council suggested this required “scenario testing”:

⁶⁴ <https://www.legislation.gov.uk/ukpga/1985/67/section/2>

“to ensure that the 15-mile measure is appropriate for Wales and any unintended consequences associated with it are given due consideration.”⁶⁵

86. CaBAC agreed that 15 miles may be an issue for rural operators but acknowledged that this mirrored the existing approach under the 1985 Act. They said:

“I think if you look at what you’re trying to achieve in this massive change, one does wonder whether you want to add more change at the same time. So, my initial thought on this was: status quo to a certain extent, and then, as you adapt and build, change as you go along. Yes, the 15 miles is an issue for rural operators, but it’s all they know. If you change the regulation now, as well as changing the franchising model, you’re just going to confuse.”⁶⁶

Section 4 - Objectives

87. Section 4 requires the Welsh Ministers to have regard to the objectives listed in that section. These include: to “promote” the use of local bus services; “continuously to improve” their reliability, safety, affordability and accessibility; “increasing the availability” of services; to “work towards” an integrated transport system; “to facilitate” journeys by more than one local bus service; and “to reduce” greenhouse gas emissions and waste from road transport.

88. The Explanatory Notes say that “The objectives are not written in any order of importance, and each objective is important to delivery.”

89. Contributors generally welcomed the objectives. RNIB questioned the use of the requirement to “have regard”, saying that it was “quite a vague” statement⁶⁷. They added:

⁶⁵ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁶⁶ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?Id=45442&Opt=3>

⁶⁷ A statutory obligation to “have regard” to something arises in many different contexts, and its application will depend on the circumstances. However, it is generally taken to mean the ‘regard that is appropriate in all the circumstances. The duty must be performed with a ‘vigour and an open mind’; general awareness of the duty to have regard does not amount to the necessary due regard. However, in the context of section 4 of the Bill, it does not mean that the objectives must be met, but they must be at least demonstrably taken into account.

*"I don't see how we're going to make progress on that, or how we are going to incentivise bus operators to make progress against that."*⁶⁸

90. The meaning of "accessibility" in the second objective was queried by stakeholders. The Older People's Commissioner told the Committee:

*"...the one reference to accessibility that is in the objective isn't then provided with any clarity of definition within the Bill itself."*⁶⁹

91. The RNIB said the Bill:

*"does not provide specific details on how accessibility will be improved or what achieving the objective could look like. We believe expanding on the objective, through specific improvements and measures would make this more workable and deliver the intended policy changes."*⁷⁰

92. The FSB suggested that the Bill should include an objective for economic growth, saying:

*"The aims of the bill should serve business needs in the round and economic development as an aim of the reforms should be on the face of the bill to signal the priority to those tasked locally with implementing it."*⁷¹

93. CPT suggested that an objective relating to "diversity of the market" could help address SMEs and municipal operator concerns.

94. Passenger representatives felt that the Bill should include an explicit objective relating to the passenger experience.

95. Cardiff Bus and the Children's Commissioner suggested that the Bill should include an objective relating to Learner Travel.

⁶⁸ Oral evidence, <https://business.senedd.wales/jelIssueDetails.aspx?Id=45442&Opt=3>

⁶⁹ Oral evidence, <https://business.senedd.wales/jelIssueDetails.aspx?Id=45442&Opt=3>

⁷⁰ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁷¹ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

96. Bus Users Cymru suggested an objective to address congestion. Cardiff Bus and First Cymru made similar suggestions concerning bus priority measures.

97. Cardiff Bus suggested an objective relating to the use of the Welsh language.

Evidence from the Cabinet Secretary

98. In his letter of 18 June, the Cabinet Secretary said, in relation to the inclusion of 15 miles in the definition in section 1 (3):

“The definition in the Bill aligns with the existing definition so that it remains recognisable within the industry and will not cause any unnecessary issues on crossborder services.”⁷²

99. In oral evidence, the Cabinet Secretary responded to suggestions for incorporating additional objectives into section 4. He said he was “open to considering further objectives, as long as they're reflective of the Bill's aims and could be within scope and could be delivered”. However, he cautioned against overloading the Bill with such provisions, stating, “taking too much on... could inadvertently lead to it collapsing under its own weight”.⁷³

Our view

Key Concepts

We acknowledge that the definitions provided in sections 1 to 3 of the Bill seek to provide continuity with existing legislation and reflect current industry practice. In particular, the 15-mile threshold in the definition of a “local bus service” maintains consistency with the Transport Act 1985. While some concerns were raised about the suitability of this threshold for rural areas, we are satisfied with the Cabinet Secretary’s rationale. However, we believe the practical implications of this definition should be kept under review.

Objectives

We welcome the general objectives set out in section 4 and agree with stakeholders that these are an important part of ensuring the Bill reflects its wider policy aims. We note concerns that the requirement for Welsh Ministers to “have regard” to the objectives may lack the necessary strength. We believe

⁷² Correspondence from Cabinet Secretary

⁷³ Oral evidence, <https://business.senedd.wales/ielIssueDetails.aspx?IId=45442&Opt=3>

the Cabinet Secretary should clarify how the Welsh Ministers will interpret the objectives under section 4 and the requirements in relation to them.

We also believe that the objective to continuously improve “accessibility” must be underpinned by a clear definition of “accessibility”. Without this, it will be difficult to measure progress against the objective. We believe that the Bill should be amended to include such a definition.

As stated in Chapter 1, we believe the objectives in section 4 should be amended to include a reference to learner travel.

Recommendations

Recommendation 9. The Cabinet Secretary should ensure that the practical implications of the 15-mile threshold in the definition of a “local bus service” are kept under regular review, with particular attention to potential impacts on rural communities.

Recommendation 10. The Cabinet Secretary should clarify how the Welsh Ministers will interpret their duty to have regard to the objectives in section 4, including how in practice they will “have regard” to the objectives.

Recommendation 11. The Cabinet Secretary should bring forward amendments to include a clear and measurable definition of “accessibility” in section 4. If the Cabinet Secretary is not minded to bring forward such amendments, he should clarify in response to this Report how “accessibility” will be interpreted by Welsh Ministers for the purposes of fulfilling their duty under section 4.

Recommendation 12. The Cabinet Secretary should bring forward an amendment to include learner travel within the scope of the objectives in section 4.

4. Part 2 – Functions of the Welsh Ministers relating to local bus services

Section 5 - Core duties of the Welsh Ministers

100. Section 5(1)(a) requires the Welsh Ministers to determine the local bus services they consider are required for the purpose of securing safe, integrated, sustainable, efficient, and economic transport in Wales. Under section 5(1)(b), they must set out the “key particulars”⁷⁴ of those services in a Welsh Bus Network Plan and secure their provision “as far as reasonably practicable” by contract, permit, directly under section 17 or by services of a type defined in section 18.

101. The Explanatory Memorandum says:

“At its core, the Bill places a duty on 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.”

102. Some contributors queried the scope of the section 5(1)(a) requirement. They suggested that, unlike the 1985 Act, there is no reference to the need to provide ‘socially necessary services’. First Cymru said section 5(1)(a) “sets no social necessity grounds. This is an omission that should be addressed.”

103. The FSB questioned the meaning of “economic” and whether this means “economic development” or “affordability”.

Sections 6 to 8 - Welsh Bus Network Plan

104. Section 6 addresses the process for preparing, publishing, and laying the Welsh Bus Network Plan (‘the Plan’). The Welsh Ministers must seek views of local authorities and have regard to the Wales Transport Strategy and Regional Transport Plans in preparing the draft Plan. Section 6 defines who must then be consulted before publication and laying before the Senedd.

⁷⁴ The “key particulars” that must be set out in the Plan are the route and principal stops in the case of a standard service, and the geographical area with any fixed sections or stops in the case of a flexible service.

105. Section 7 requires the Plan to be kept under review and revised where the Welsh Ministers consider it is required. They may also revise it where they consider it appropriate. They must have regard to the Wales Transport Strategy and Regional Transport Plans in doing so, and publish the revised plan. The revised Plan must be laid within 13 months of the date it was last laid, accompanied by a statement detailing how it differs.

106. Section 8 sets out how the Welsh Ministers must engage with local authorities and consultees on a “revised draft plan” in areas affected by the proposed revisions.

Accessibility

107. Several stakeholders welcomed the provisions for a Welsh Bus Network Plan but called for specific requirements around accessibility. The RNIB said this would ensure that “bus services are designed and operated with the needs of disabled people, including blind and partially sighted people, in mind.”⁷⁵

108. Guide Dogs and Disability Wales, in their joint submission, shared this view and said:

“We wish to see “essential characteristics” of the Bus Network Plan include a requirement to deliver services which are available to and accessible for disabled passengers. This must be specific and clear and compliance with these requirements monitored as a condition of contractual arrangements.”⁷⁶

Regional Transport Plans

109. The CTA said they were concerned about the reliance on RTPs “given the very poor community engagement we have seen” so far. They added:

“Feedback to CTA shows that these documents are complex, disconnected from reality and lived experience, aspirational, and unrealistic – they miss the very real challenges that

⁷⁵ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁷⁶ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

currently prevent people from accessing our public transport network.”⁷⁷

110. The Older People's Commissioner acknowledged that “while it is sensible to have regard to regional transport plans”, the Welsh Ministers should ensure they have “been subject to meaningful and wide-ranging consultation, including with older people”.⁷⁸

Consultation and Plan development

111. Many stakeholders identified a need to strengthen consultation requirements in the Bill. Transport Focus called for “an on-going conversation” rather than ad hoc consultation as an “event”. Bus Users Cymru agreed.

112. The CPT suggested bus service operators should be involved before the development of the Plan to ensure it reflects local knowledge.

113. The CTA suggested “non passenger voices” should be included. Friends Of the Earth Cymru (FoE) echoed this:

“Subsection (f) includes a reference to persons using or likely to use local bus services, but it is not clear to us if this includes those who do not or cannot currently use bus services. It is vital that their needs are considered in preparing the new network plan (e.g. shift workers and those in rural communities).”⁷⁹

114. The Bevan Foundation said, “requirements to engage with specific groups or in particular ways are not specified.”⁸⁰ Guide Dogs and Disability Wales agreed, saying:

“We have concerns about how Transport for Wales will meet the requirement to engage with all passengers; mechanisms for effectively engaging with disabled bus users have never been developed; bus operators are not compelled to seek their views or act on their feedback, so CJsCs would have to work in

⁷⁷ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁷⁸ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁷⁹ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁸⁰ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

their region to establish these connections and build an effective co-productive process.”⁸¹

115. Several stakeholders were concerned that local government would not be sufficiently included in the development of the Plan. Pembrokeshire Council said:

“Whilst the views of LAs must be sought, there is no mention of decisions by TfW being made in conjunction with the CJC’s or LAs. This sidelines local experience, knowledge, and democratic accountability.”⁸²

116. ATCO called for “A partnership approach, with full Local Authority engagement and involvement”⁸³. This was echoed by the WLGA.

117. The UTG suggested:

“There may...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.”⁸⁴

118. Several contributions highlighted that responsibilities such as bus infrastructure and roadworks management will remain with local authorities under the new regime. Monmouthshire Council cautioned:

“Franchise procurement and management by itself will not improve bus services without improvements being made to bus priority, infrastructure, and information provision all of which will remain as the functions of LAs. Funding for these elements needs to be considered as part of the overall franchising

⁸¹ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁸² Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁸³ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁸⁴ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

package to achieve a joined up and integrated public transport network.”⁸⁵

Plan review

119. Several contributors highlighted that the Welsh Ministers will not be required to revise the Plan where steps taken in respect of a local bus service will not have effect for more than 14 days. Using the example of roadworks, they suggested that this will lead to frequent reviews. The WLGA explained:

“If you have roadworks, they last more than 14 days in many areas. So, you might have to divert a vehicle to a different route completely. So, you need changes to that plan to be dynamic. You need them to be able to be moved around, because if you have new developments that come along, where you want to provide a bus service into, you need to change that plan quickly. You don’t want to have to go through all that consultation period just to change a service.”⁸⁶

120. ATCO said that the consultation requirements for revisions to the plan “are very onerous and could take a longer period to consult upon than to implement; therefore, we do not consider these to be workable”.

121. Consultation is not required where the effect of a revision is “minor” or is not “reasonably practicable”. Several stakeholders queried the meaning of “minor” and “reasonably practicable” in this context. ATCO said:

“We know that even seemingly very small changes to existing bus services can have significant implications for the passengers that rely on them, and question whether TfW will have sufficient local knowledge to decide this.”⁸⁷

122. Although the Plan must be kept “under review” under the Bill, some contributors recommended specific review points. The Chartered Institute of Logistics and Transport UK (CILT) said:

“it would appear sensible that any network review process is dovetailed with the emergence of Regional Spatial

⁸⁵ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁸⁶ Oral evidence, <https://business.senedd.wales/jelIssueDetails.aspx?Id=45442&Opt=3>

⁸⁷ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

Development Plans and also the next iteration of the National Transport Delivery Plan which are both understood to be likely in 2027.”⁸⁸

123. FoE queried whether there should be a “periodical review of the plan or new plan developed, e.g. every 4/5 years, in addition to the duty on Welsh Ministers to keep the plan under review on an ongoing basis.”⁸⁹

Sections 9 and 10 - Local bus service contracts

124. Section 9 allows the Welsh Ministers to enter into “local bus services contracts” in fulfilling their duty to secure local bus services. A contract may be entered into with a community bus permit or PSV operator licence holder.

125. Section 10 allows the Welsh Ministers to specify the terms included in local bus service contracts in regulations, and gives examples of the matters which might be included. Regulations may set out a standard form for terms to be included and prescribe circumstances where this is used.

126. In relation to regulations under section 10, the statement of policy intent for subordinate legislation to be made under the Bill says:

“Work is already on-going with Transport for Wales to understand and test contracts for use under the new model. We intend to produce an early draft model local bus contract before the summer recess to aid engagement with key stakeholders. This will inform proposals for compulsory terms to be specified in regulations.”

Concerns about single model delivery

127. The Welsh Government and TfW outlined their franchising approach in Bus reform for Wales: our roadmap to franchising. This proposes a gross cost contracting model, with ticket revenues received by the Welsh Ministers and operators paid a fee with financial incentives. However, the Bill does not include any provisions that *mandate* a franchising approach.

⁸⁸ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁸⁹ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

128. As Bus franchising: a literature review of international practice⁹⁰, commissioned by the Senedd's Research service from Leeds University, illustrates, other models are available.

129. The CPT published "Y Ffordd Gymreig: delivering franchised services the Welsh way"⁹¹ in 2023, proposing a "minimum subsidy model" (essentially, a net cost franchise where revenue is retained by operators). In its written submission, the CPT expressed concerns about gross-cost franchise contracts, stating they present the "biggest risk to the public purse and passengers". The CPT called for a "value for money" test to be included in the Bill to inform the decision on the approach. It explained:

*"Under a net cost model, operators would have an opportunity to use their local knowledge and commercial expertise to propose changes to the network or offer special tickets to attract more passengers, or to reduce costs through innovation and efficiency, reducing the cost to the public purse. Following an appropriate Value for Money test, authorities could then take informed decisions on which of these models is appropriate."*⁹²

130. First Cymru echoed this, saying:

*"there is a range of policy options for the delivery of a franchised bus network with different models of shared costs, risks and rewards which might offer better value for money, rather than the rigid approach to gross cost contracts envisaged in the Bill."*⁹³

131. As set out in Chapter 2, widespread concerns were raised in evidence about the affordability of the proposals.

⁹⁰ <https://research.senedd.wales/research-articles/bus-franchising-a-literature-review-of-international-practice/>

⁹¹ <https://www.cpt-uk.org/campaigns-reports/delivering-franchised-bus-services-the-welsh-way/>

⁹² Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁹³ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

SME and community transport operators

132. Stakeholders expressed concern that SMEs are not explicitly addressed in the Bill. CaBAC noted that its SME members are “petrified about this Bill”. CPT explained:

“the SME market is very concerned because we don't know the detail, and we've asked for detail on how you're going to do this. I understand why, I understand your intentions, but how? Legally, how are you going to do this? And no-one can tell me.”⁹⁴

133. A recurring theme in evidence was the absence of clear mechanisms to enable SME participation in the franchising process. Stakeholders raised concerns regarding the complexity and cost of bidding for franchise contracts, warning that these factors could unintentionally exclude SMEs from the market. CPT noted:

“From other parts of the UK, we've heard the cost of bidding was in six figures and there were significant regulatory legal barriers before you could even participate in bidding and taking part in that procurement process...If we're going to do it successfully in Wales, we need to overcome that.”⁹⁵

134. FSB explained that:

“Many SMEs are resource-stretched in comparison to larger operators, who will likely have a team that will look at bidding opportunities and already have many procedures in place.”⁹⁶

135. Bus Users Cymru expressed a widely shared view that:

“SMEs and community transport operators deliver many excellent services for passengers across Wales but may not have the central office functions necessary to bid for contracts. Initial support through the bidding process may be needed until they develop the expertise required.”⁹⁷

⁹⁴ Oral evidence, <https://business.senedd.wales/ielIssueDetails.aspx?lId=45442&Opt=3>

⁹⁵ Oral evidence, <https://business.senedd.wales/ielIssueDetails.aspx?lId=45442&Opt=3>

⁹⁶ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁹⁷ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

136. The CTA welcomed the Welsh Government's recognition of community transport's role in the Bill, but agreed community transport operators "are not in the same financial or operational position as commercial businesses to be able to bid for contracts – despite their ability to deliver them well in practice."

137. The FSB called for a "requirement" to be included in the Bill "that a percentage of profitable routes be open specifically for SMEs to bid for."⁹⁸

138. Evidence highlighted that SMEs are integral to learner travel services. There were concerns that school transport would be affected if SMEs found that it was not financially viable for them to continue to operate under the new regime. Cardiff Capitol Region (CCR) explained:

*"Failure to win franchises could force [small companies] to close or...increase the costs of home to school transport substantially...Either way, the outcomes would be negative for councils and the local area, involving the possible loss of local jobs and/or increase in school transport costs."*⁹⁹

Rural application and cross-subsidy

139. Several contributors highlighted the challenges of introducing a franchise model in rural areas. Cardiff Bus suggested "you cannot necessarily apply a franchising model that is suited to a city or even metro-mayorality, to an entire country that is disconnected by valleys and mountains"¹⁰⁰. Anglesey Council echoed this:

"The challenges of rural hinterland transport are significant and a traditional bus is not going to be cost effective in a significant number of areas. We therefore need innovative solutions (community transport vehicles, DRT, flexi etc.) that connect with the main bus provision and ensure that any savings from franchising and taking the profits of the big companies are

⁹⁸ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

⁹⁹ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁰⁰ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

diverted to ensure some form of suitable transport in other areas.”¹⁰¹

140. In reference to cross-subsidy, the leader of Cardiff Council highlighted, in a letter to the Committee, that:

“The proposal to cross-subsidise bus services across Wales from surplus bus revenue is a risk to the effectiveness of the bus network in Cardiff. Any such surplus in Cardiff will be needed to reinvest locally to support growth and make best use of the funds to grow patronage and make a significant contribution towards achieving the aims and objectives of the Wales Transport Strategy, Regional Transport Plan, Cardiff Local Development Plan, Cardiff Transport White Paper and One Planet Cardiff Strategy.”¹⁰²

141. Several stakeholders stressed that community transport providers are uniquely positioned to meet rural transport needs. Dolen Teifi CT explained:

“Our evidence of good practice shows that in rural areas CTO’s like ourselves will be needed to form part of this integrated network because we can offer the flexible, out of hours, door-to-door services that are required to produce accessibility and equity of service.”¹⁰³

Sections 11 to 16 - Local bus service permits

142. Section 11 allows the Welsh Ministers to issue permits (with or without conditions) to community bus permit or PSV operator’s licence holders to provide local bus services. These may either be to fulfil their duty to secure local bus services or otherwise. A permit cannot be granted where it would adversely affect contracted local bus services or services provided by the Welsh Ministers and must be consistent with the Wales Transport Strategy.

143. Section 12 requires a permit to specify a period during which it has effect, and makes clear it ceases to have effect when that period expires or the permit is revoked. A suspended permit has no effect during the suspension period.

¹⁰¹ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁰² Correspondence from the Leader of Cardiff Council

¹⁰³ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

144. Section 13 provides for conditions to be attached to permits. Permits issued for community bus services must include conditions requiring services to be provided as community bus services. The Welsh Ministers may also make regulations regarding further conditions to be attached to permits. The statement of policy intent for subordinate legislation to be made under the Bill says, with regard to regulations under section 13:

“The Welsh Ministers will work with local authorities and representatives from industry, passenger interests and third sector to understand what conditions may need to be included in local bus service permits. The policy intention is, in the first instance, for the regulations to set out conditions in relation to some or all of the matters listed in subsection (3). It is recognised that some permits will require similar standards to contracted services, while others will need to be tailored to the specific type of local bus service being provided.”

145. Section 14 allows the Welsh Ministers to make regulations about permit applications, such as the form and content of applications, when and how an application is to be made, and any fees payable.

146. Section 15 says the Welsh Ministers may give notice to the permit holder revoking or suspending the permit. Section 16 provides for an appeal process.

147. Several contributors called for clarification of the proposed permitting system. The WLGA said:

“It is not clear whether the desire is for a permit to operate public services (e.g. those under section 19 and 22 of the Transport Act 1985) or a permit to provide services in those areas that are operating under a franchising system. Additional criteria clarifying the circumstances under which a permit will be issued would be welcomed.”¹⁰⁴

148. UTC said permitting is welcome, but there is a need for clarity on how it will be used “in the Welsh network, beyond cross-boundary services”.¹⁰⁵ Pembrokeshire

¹⁰⁴ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁰⁵ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

Council suggested the permit process needs to be proportionate “and allows the timely registration and variation of routes.”¹⁰⁶

149. Some respondents were concerned about the notice period for the variation or revocation of permit conditions. ATCO said:

“13 (4) and 13 (5) appear to give Welsh Ministers (TfW) the right to vary these conditions with no minimum notice period. The potential for conditions to be changed without notice is a concern.”¹⁰⁷

Section 17 - Local bus services provided by the Welsh Ministers

150. Section 17 empowers the Welsh Ministers to provide a local bus service directly if they’re satisfied this will be more effective than a contract. This doesn’t apply to community bus services (i.e. the Welsh Ministers cannot directly operate a community bus service for the purposes of fulfilling their duty to secure local bus services).

151. The Explanatory Memorandum says direct provision will be used where there are no bids for a local bus service contract, or a contract fails. The Explanatory Notes say, “the Welsh Ministers will, in the first instance, directly provide services via Transport for Wales”.

152. The UTG felt that having an operator of last resort was “positive”. CILT agreed, saying:

“It appears to us entirely correct that an operator of last resort is available for an essential public service. We would wish to see a clear hierarchy of operator types established to ensure that wherever possible private sector innovation can be brought to significant market growth challenges.”¹⁰⁸

153. However, a range of stakeholders had concerns, including the circumstances where the power would be used. The UTG suggested:

¹⁰⁶ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁰⁷ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁰⁸ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

“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.”¹⁰⁹

154. The WLGA raised concerns about TfW’s capability to establish such an operator. They said:

“if TfW became an operator at any point; they would have to meet the financial standing regulations, which they currently probably wouldn’t, and also it’s the cost of setting all that up in the first place, and it takes time.”¹¹⁰

155. Several stakeholders queried how the Welsh Ministers would be “satisfied” that direct provision is “more effective” than “entering into a local bus service contract”, as required by the provisions. First Cymru asked:

“How is that to be proven? There is no detail and no reference to future regulations; there is a risk that Welsh Ministers could direct award the whole network to their own opco without any safeguard.”¹¹¹

Teckal

156. A number of respondents queried whether the “Teckal” judgment, which is incorporated in UK procurement law, could apply to the proposals in the Bill. This permits a public authority to award a contract to its own directly-controlled companies or subsidiaries without tender in certain circumstances. ATCO said:

“It is our assumption that the delivery of Welsh Ministers duties will be discharged through TfW, which is a Teckal Company. There are some restrictions on what can be directly awarded through the Teckal Company.”¹¹²

¹⁰⁹ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹¹⁰ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹¹¹ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹¹² Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

Section 18 – Reliance on certain services

157. Section 18 allows the Welsh Ministers to rely on community transport and certain other specified services without a contract or permit in satisfying their duty to secure local bus services. The services in question are the following, provided under existing legislation:

- Community transport services delivered under either section 19 or 22 (of the Transport Act 1985) permits;
- Learner travel services which allow paying passengers (section 46(1) of the Public Passenger Vehicles Act 1981); and
- Services under Part 3 of Schedule 1 of the Public Passenger Vehicles Act 1981.

158. The Explanatory Notes say:

“This means for instance that if the Welsh Ministers determine that a local bus service to a hospital is needed, and a service provided under section 22 of the 1985 Act meets that need (either wholly or in part), the Welsh Ministers can rely on that service (either wholly or in part, depending on the circumstances) for the purposes of their duty under section 5(1)(c).”

159. Few respondents discussed this provision. Those who did sought clarity on the type of services included within it. The CTA said:

“While CTA welcomes the recognition of the importance of existing community-led services and we believe the intention is to avoid disruption to vital services already in place, it is unclear how this might work in practice – in particular the funding mechanisms which are essential to understand from a sustainability point of view, but not the purview of primary legislation; also any potential conflict that might arise from the development of new contracts or permits that cross into areas where Ministers are ‘relying on community services’ and which would be given priority.”¹¹³

¹¹³ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

160. There were wider concerns about how community transport will be funded. The CTA questioned:

“if then the Welsh Government is simultaneously relying on bus services that are not part of those [franchising] contracts, and the only funding that's going to be available will be via the local authorities, what funding is that going to be? How is it going to be delivered? Is it going to be annual? Is it going to be in line with the updated funding code of practice?”¹¹⁴

Section 19 - Cross-border services

161. Section 19 defines a “cross-border service” as a route, or geographical area in the case of a flexible service, which is in the Plan and is partly in England. The Explanatory Memorandum says:

“The Bill will enable the franchising, permitting and direct provision of entire cross-border services. However, the Bill makes provision to avoid competition issues with the English system, so that the Welsh Ministers are not required to secure the part of a local bus service that operates in England if provision of the Welsh section of the service satisfies Welsh transport needs.”

162. The Explanatory Notes set out that section 19(5) means that:

“When considering whether ...[Welsh needs are met]..., the Welsh Ministers cannot take account of services secured by county councils in England under section 63 of the 1985 Act (which requires county councils to secure needed services that would not otherwise be provided). This exclusion is required to ensure that section 63 of the 1985 Act and section 19 can work together without circularity.”

163. Respondents stressed the importance of clarity on cross-border services. The Older People’s Commissioner considered it “essential that sufficient consideration is given to the successful operation of cross-border services, both in the development of the Bill and its implementation”.¹¹⁵

¹¹⁴ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹¹⁵ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

164. Monmouthshire Council said cross-border services should not be “detrimentally impacted by the franchise proposals”, saying that “bus services do not stop at the Welsh / English border” and “further detail is required”¹¹⁶. UTG said 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”.¹¹⁷

165. CPT and First Cymru queried the purpose and effect of section 19(5). CPT suggested it “could create some confusion around cross-border services into England. Further clarity is needed on the definition between tendered services and commercial services here.”¹¹⁸

Section 20 - Reporting requirements

166. Section 20 requires the Welsh Ministers to report on the extent to which they have contributed to achieving the objectives in section 4 of the Bill. The Bill requires the Welsh Ministers to publish their report, and lay it before the Senedd, no later than 12 months after the end of each “reporting period” (initially two years after the duty to secure services enters into force, and subsequently every four years).

167. The Older People's Commissioner welcomed the reporting requirement:

*“Reporting on progress at regular intervals as set out in the Bill will be helpful in terms of scrutinising developments. Such reports should be user friendly and accessible, allowing interested parties to understand progress.”*¹¹⁹

168. The frequency of reporting was most commonly raised in relation to this section. Several respondents suggested reports should be published annually. First Cymru said:

“Section 20 (3) requires Welsh Ministers to report on the achievement of the Objectives of franchising (Section 4) after 2 years and every subsequent 4 years – we believe that this

¹¹⁶ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹¹⁷ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹¹⁸ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹¹⁹ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

should be annual, even if it ends up being a “no change since last year” report.”¹²⁰

169. Bus Users Cymru agreed that the timescales for reporting were “too long” and suggested this should initially take place annually, “and then biennially as things settle down within the network”.

170. Transport Focus said that “while we welcome this provision, we would like to see the Bill go further and require consultation with users.” They said that:

“The legislation in England (Part 2 of the Transport Act 2000) requires franchising authorities to publish a plan explaining how they will consult users on how well their franchising scheme is working. We recommend that something similar is introduced in Wales.”¹²¹

Evidence from TfW

Sections 6 to 8

171. In its written submission, TfW affirmed that “Local Authorities have an integral part to play in our bus reform engagement framework”. It explained that:

“the Zonal Methodology commits us to our partnership with Local Authorities, codifies the requirements for locally elected members to approve network and service provision, and allows each Local Authority/region to adapt the methodology to their specific requirements. Local Authorities across Wales and the Association of Transport Coordinating Officers (ATCO) have had the opportunity to provide feedback and develop the methodology collaboratively.”¹²²

172. For almost the past two years, TfW said it had held “twice monthly meetings, alongside Welsh Government, with Transport Officers and Managers from all 22 Local Authorities across Wales”. It added, “we’ve also engaged with all four Corporate Joint Committees to discuss Bus Reform, the Zonal Methodology, core

¹²⁰ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹²¹ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹²² Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

principles, the engagement framework, regional and public engagement in South West Wales, school transport, and funding.”¹²³

173. It explained, “One of the main outputs from our engagement with Local Authorities in the South West so far is the production of a ‘base network’.” This “uses the application of the network design principles to the current network in order to improve the customer offer, whilst also being deliverable within the current funding and resources available in today’s system.” It concluded that, “Following the bus operator and public engagement taking place this summer, we will re-introduce the ‘base network’ to the CJC for the region and all four individual Local Authority Cabinets”.¹²⁴

174. On maintaining and updating the Plan, Lee Robinson described a regional governance model involving CJsCs and a “multimodal, multi-partner advisory panel”¹²⁵ to manage operational and strategic decisions.

Sections 9 and 10

175. In its written submission, TfW set out the approach and timeline for the transition to the new regime. They said it had “been agreed between Welsh Government and Transport for Wales that we will roll out franchising across four zones”¹²⁶ which overlay with the Corporate Joint Committee (CJC) footprint.”¹²⁷ It went on:

*“The key considerations made when agreeing the sequencing of franchise areas includes the complexity of the network, such as cross-country and cross-border movements; current levels of control and competition within those zones; ability to grow revenue in the area; and the bus decarbonisation opportunities available.”*¹²⁸

176. TfW noted the diversity of operators in Wales, and the need to design a contracting framework to take account of that:

¹²³ Written evidence

¹²⁴ Written evidence

¹²⁵ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹²⁶ In 2024, the Cabinet Secretary for Transport and North Wales, announced the following timetable for the roll out: South West Wales – 2027; North Wales – 2028; South East Wales – 2029; Mid Wales – 2030.

¹²⁷ Written evidence

¹²⁸ Written evidence

“We are designing packages to be attractive to this diverse mix of operators and ensure that in a franchise network, all types of operators continue to deliver local bus services. As well as this, we are conscious of the important role that SMEs in particular have in delivering learner travel, and other important commercial services such as coach travel. Hence, we are looking to sustain the SME market to ensure that these other important services are not adversely impacted by franchising.”¹²⁹

177. In oral evidence, Lee Robinson affirmed the importance of SMEs to bus service provision in Wales. He said, “supporting SMEs, both in terms of engagement and the way in which we’re working, has been a mainstay of our approach.” He went on to emphasise the need for simplicity in contract design: “we want the process of contracting with us to be simple and accessible... particularly from an SME perspective.” Richard Marwood expanded on this, saying, “it’s a real focus for us, making sure that the way we franchise creates space for both large operators and SMEs. And of course we’re thinking about community transport a lot as well, what they offer as a local bus service, and how they might be able to bid themselves. They probably have similar challenges to smaller SMEs.” He went on to describe the development of proposals in south-west Wales, saying that:

“In there, we’ve got packages as small as two buses, for example. So, we’re really focused on making sure there are contracts that will be really accessible for SMEs.”¹³⁰

178. He added that smaller packages would provide opportunities for SMEs. :

“we see that we can actually really have quite distinct offerings that are really focused on where the SME market is and how we can ensure that SME market continues to thrive.”¹³¹

179. Lee Robinson said, “we are very conscious of the differences in Wales, and there are obviously stark differences between the urban and rural areas.” In reference to cross-subsidy, he noted the need to be “open about the fact” that rural services:

¹²⁹ Written evidence

¹³⁰ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹³¹ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

“tend to cost more because they're longer distance services, and...there are fewer people to pay the farebox. So, I think that this sits around the opportunity to drive growth in urban areas, so that you maximise the farebox in those areas, which then enables an opportunity for funders to make decisions around how subsidy is apportioned across Wales.”¹³²

180. In reference to plans around infrastructure, such as depots and fleet, TfW said that:

“it is expected that several strategic depots will need to be owned by TfW but most depots will remain owned by operators. We're currently in the early stages of identifying suitable locations for these depots which, in the South West, includes a potential new depot operating a fleet of hydrogen fuel cell electric buses supporting the Welsh Government's intent to move to zero emission vehicles and develop the hydrogen economy.”¹³³

181. A proposed incremental introduction of TfW-owned vehicles into the “Welsh Bus Fleet” would include “zero emission buses, with the majority being battery electric but some using hydrogen as fuel.” TfW explained:

“At the outset of franchising, it's likely that the majority of buses will be those in the existing fleet, with a smaller number of new vehicles introduced at the start.”¹³⁴

Sections 11 to 16

182. Lee Robinson said that, despite the Bill including provisions for different types of services, it is intended that “the majority of services in Wales will be delivered through franchise contracts”. He said:

“permits is one area where we haven't developed any detailed process yet. Obviously, we absolutely recognise the need, and we are going to have to have permits, and, again, this is a place

¹³² Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹³³ Written evidence

¹³⁴ Written evidence

that we are taking learning from Manchester and London and other such places.”¹³⁵

183. He added:

“there are currently 53 cross-border services that are contracted either by Welsh authorities or English authorities. Thirty five of those are contracted by Welsh authorities, and 18 are contracted by English authorities. So, that's the kind of scale we're talking about at the present time for permits. But, again, it's making sure that that system is simple, accessible and timely.”¹³⁶

Section 17

184. Richard Marwood explained that direct provision would be used only in exceptional circumstances where operators are unable, or unwilling, to deliver services. He highlighted two “primary circumstances” where the provisions may be necessary:

“One is if there's supply failure, so an operator unfortunately exits the market for whatever reason, and we're not able to take measures maybe in other operators with contracts, franchise contracts, to cover it, which could change those. If we can't do that, then that's one scenario. The other is if we're running a procurement and we're unsuccessful in attracting the right bids or we get non-compliant bids.”¹³⁷

185. He said that TfW was considering preliminary steps such as “setting up legal entities that are ready... to be turned into direct provision.”¹³⁸

Section 18

186. In oral evidence, Lee Robinson assured the Committee that “100 per cent we see community transport as part of the one network” proposals. He added that “we are fully engaged with community transport and wanting to facilitate growth in that sector.”

¹³⁵ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹³⁶ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹³⁷ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹³⁸ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

187. In its written submission, TfW referenced the involvement of community transport representatives in the development of proposals, saying:

“We are working with the Community Transport Association (CTA) and local authorities to hold engagement sessions with CT Operators in South West Wales to share their views about network design, and how it can be improved moving forward.”¹³⁹

Section 19

188. Lee Robinson confirmed that engagement was already taking place with key English cross-border local authorities. Discussions were currently “at a reasonably high level”. He identified the North Wales franchise as a priority in this regard and expected “much more detail” to be addressed in the planning and coordination of cross-border services in advance of the roll-out there.¹⁴⁰

Evidence from the Cabinet Secretary

Sections 6 to 8

189. The Cabinet Secretary said he would “want to work as closely as possible with local authorities, councils and councillors and council officials, very close to the ground. They know their communities best, and their knowledge of local bus networks is vitally important”. He continued:

“it's important that sign-off comes once local authorities are content with the network. And, for that reason, we're going to be setting up a bus board in TfW, which will comprise corporate joint committee representatives on transport. They will then propose the network to Welsh Ministers. So, in effect, local authorities will have a far greater role than I think many people thus far have appreciated, and they're going to have a huge role as well in preparing the plan - not just in proposing the plan to Ministers, but also in preparing the plan.”¹⁴¹

190. An official accompanying the Cabinet Secretary added:

¹³⁹ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁴⁰ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁴¹ Oral evidence, 7 May

*"all of the publications, such as the road map, have been very clear that the network needs to be co-developed with local authorities, CJsCs and other partners to ensure that strategic join-up across Wales."*¹⁴²

191. They went on to say:

*"we are considering making further efforts to clearly define roles and how Welsh Ministers intend to work with local authorities, through a memorandum of understanding to which the WLGA has signalled its support, and we'll continue ongoing engagement with local authorities to make sure that that support is maintained."*¹⁴³

192. The Cabinet Secretary acknowledged stakeholder concerns about RTPs but clarified they are "not the only reference points". The Welsh Bus Network Plan will also draw on "the Wales transport plan... passenger and public engagement," and have significant input from local authorities.¹⁴⁴

193. In reference to the requirements to consult on the Plan, the Cabinet Secretary said this section includes "pretty strong duties requiring consultation with anyone that the Welsh Ministers believe to be appropriate in providing services."¹⁴⁵

194. In his letter of 18 June, the Cabinet Secretary addressed concerns about the process for revising the Welsh Bus Network Plan. He said:

"There may be some circumstances where a revision to the plan will have a very limited impact on passengers and providers of bus services. For example, if a route changed without affecting principal stopping points and with little impact on journey time, that would be considered a minor revision. These minor amendments should not trigger the consultation requirements because it would be disproportionate considering the limited impact on users. Similarly, there may be circumstances that make it impracticable to consult. For example, if emergency works have to be carried out on a road leading to a deviation in a service

¹⁴² Oral evidence, 7 May

¹⁴³ Oral evidence, 7 May

¹⁴⁴ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁴⁵ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

*route it may not be practicable to consult on that change because the change might not last as long as the consultation or there is no choice as to action.*¹⁴⁶

195. In terms of the revision process, an official accompanying the Cabinet Secretary said that the Welsh Government had sought to strike the right balance between flexibility and being thorough. In reference to the 14-day requirement in section 7(3), the Cabinet Secretary said:

*“We consider that 14 days would be an adequate period of time to cover emergency circumstances. Changes lasting beyond this 14 day period would cause a longer-term disruption to passengers and would require a revision and subsequent publication of the Plan.”*¹⁴⁷

196. Explaining the rationale for the 14-day requirement, an official accompanying the Cabinet Secretary said, “most of it is around what's in existing transport legislation, and so we've gone with consistency there.”¹⁴⁸

Sections 9 to 10

197. Referring to the development of franchise contracts and how they can be used to increase patronage, the Cabinet Secretary said in his letter of 18 June:

*“A range of different metrics are being considered for suitable incentive regimes that may be included in franchise contracts. Among others, these may include measures related to punctuality, ticketless travel, customer satisfaction and patronage.”*¹⁴⁹

198. He added that, even in a gross cost model, “there are a number of levers that may influence patronage that will remain under the control of operators to ensure delivery of a safe and reliable journey, with good customer service.” He said that the Wales Centre for Public Policy (WCPP) had considered incentives and would be addressing these issues in its report, to be published later in 2025.¹⁵⁰

199. The Cabinet Secretary acknowledged calls for a “plan B”, but rejected alternatives such as enhanced partnerships, stating they do not “offer a means of

¹⁴⁶ [Correspondence from Cabinet Secretary](#).

¹⁴⁷ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁴⁸ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁴⁹ [Correspondence from Cabinet Secretary](#).

¹⁵⁰ [Correspondence from Cabinet Secretary](#).

delivering on the ambition that we've set out for an all-Wales network of franchise services." He added:

*"if you want to talk about a plan B and a plan C, we felt it prudent to ensure that there was flexibility in place to respond to opportunities and challenges and crises to allow us to avoid any major loss of service. So, we do believe the scope of provision - including permitting, including direct provision - ensures appropriate alternative methods to guarantee certainty and continuity of services should emergencies arrive, or should there be market failure."*¹⁵¹

200. He concluded, "I'm quite confident that we've got flexibility built into the legislation."

201. In terms of developing a regime that can meet urban and rural need across Wales, the Cabinet Secretary said that he supported cross-subsidy:

*"I think it's probably valuable to point to the value of increasing passenger numbers in terms of increasing the farebox overall. And with an increase in the farebox, then you can reinvest and make sure that all parts of Wales benefit from an integrated public transport network, not just those areas where the greatest revenue raise can be generated."*¹⁵²

Sections 11 to 16

202. The Cabinet Secretary said, "the administrative system for operating a permitting system is going to be developed by Transport for Wales." In reference to the notice period for varying or revoking permits, he added that consultation on this matter:

*"will be subject to timely and collaborative engagement with key stakeholders, including the industry, but on occasions, it is going to be important, I think, that immediate action can take place. For example, if there's an issue with safety on the network, I think it's important that action can be taken immediately."*¹⁵³

¹⁵¹ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁵² Oral evidence, 7 May 2025.

¹⁵³ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

203. An official accompanying the Cabinet Secretary added:

“there's quite a bit of work to do, I think, particularly for TfW, in working and in engaging with operators and others about how that's going to work. But I think the intention is to ensure that operators are provided with the appropriate notice of changes to permits.”¹⁵⁴

Section 17

204. The Cabinet Secretary stated that it is not the policy intent to use the provisions in section 17 as a “back door to nationalising the bus network”. He emphasised that the legislative framework prioritises franchising. He added that “it is important that Welsh Ministers are able to directly provide individual routes” if necessary.¹⁵⁵

205. In his letter of 18 June, the Cabinet Secretary addressed stakeholder comments in relation to the Teckal exemption:

“Consideration has been given to the application of procurement legislation, particularly the Procurement Act 2023, and concepts such as Teckal. Compliance with the relevant legislation will also need to be assessed as part of exercising functions under the Bill.”¹⁵⁶

Section 18

206. In reference section 18, the Cabinet Secretary set out that:

“It is unlikely that these types of services will be relied upon on a regular basis. However, we wanted to ensure that it is possible to rely on current services that are part of the existing network where this would be beneficial.”¹⁵⁷

207. In oral evidence, the Cabinet Secretary explained that these provisions sought to ensure that existing services provided by community transport are appropriately recognised within the new regime. An official accompanying the Cabinet Secretary explained:

¹⁵⁴ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁵⁵ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁵⁶ [Correspondence from Cabinet Secretary](#).

¹⁵⁷ [Correspondence from Cabinet Secretary](#).

“say you've got a service, it's provided under a section 19 permit¹⁵⁸, and it may take a certain group in a community to a certain place at a certain time-that need has been identified in the network plan, but actually it's only those people that will want to use that service. So, it's already satisfied, and therefore we wouldn't want to place a duty on Welsh Ministers to provide that service again, to secure that service again, under the network plan, if it's already been satisfied.”¹⁵⁹

Section 19

208. The Cabinet Secretary responded to concerns about the lack of a specific requirement in the Bill to consult English local authorities regarding cross-border bus services. The Cabinet Secretary clarified that such consultation would be captured by sections 6(4)(g) and 8(4)(g), which provide for consultation with “any other person that the Welsh Ministers consider appropriate”.

209. The Cabinet Secretary explained in his letter on 18 June, saying:

“TfW are in contact with English local authorities, particularly along the North Wales borders where they are engaged in discussions on cross-border services for the North Wales region (though they are engaging with English authorities along the entire border). It is important that we protect and promote cross-border services on both sides of the border.”¹⁶⁰

210. He added:

“Discussions with colleagues in the Department for Transport are also on going with regards to cross-border services and the effects of both the UK's Bus Services (No. 2) Bill and our Bill.”¹⁶¹

211. In reference to section 19(5), the Cabinet Secretary, in his letter of 18 June, explained:

“Section 19(5) seeks to remove the possibility that both the Welsh and English duties to secure services could be considered in relation to the same service (the English part of a

¹⁵⁸ Section 19 of the Transport Act 1985

¹⁵⁹ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?Id=45442&Opt=3>

¹⁶⁰ Correspondence from Cabinet Secretary

¹⁶¹ Correspondence from Cabinet Secretary

cross-border service). If that were the case and section 19(5) were not in place there is a risk an impasse could result with both a local authority in England and the Welsh Ministers concluding that if they did not provide the service, the transport need would otherwise be met. This is because the English local authority could conclude that the section 63 duty does not apply, so it does not need to provide the service, because the Welsh Ministers are obliged under section 5 to provide it and similarly the Welsh Ministers could conclude that they do not have to secure that service because, in the absence of them securing it, the English local authority will be obliged under section 63 to provide the service.”¹⁶²

Section 20

212. In reference to the reporting requirement in section 20, the Cabinet Secretary, in his letter of 18 June, said:

“We want to make the process as pragmatic as possible whilst ensuring that we hold Transport for Wales (TfW) to account and enable the Senedd to hold Welsh Ministers to account.”¹⁶³

213. The Cabinet Secretary explained that reporting would be informed by a comprehensive approach to monitoring and evaluation. Monitoring frameworks were being developed and would be based on:

“An evaluability assessment will be completed soon after the Bill’s passage, setting out a programme for assessing its implementation and impact.

An independent process evaluation will occur during the first two to five years of the Bill becoming law to assist Welsh Ministers with reporting on the progress made in rolling out the Bill.

An independent impact evaluation will then be conducted between the three-year and ten-year anniversary of the legislation receiving Royal Assent to determine whether the legislation has had the desired impact on objectives.

¹⁶² [Correspondence from Cabinet Secretary](#)

¹⁶³ [Correspondence from Cabinet Secretary](#)

Building on from the impact evaluation, during years five to ten following Royal Assent it is anticipated a Value for Money assessment will examine cost effectiveness, including time savings, health, and environmental impacts.”¹⁶⁴

Our view

Section 5 – Core Duties of the Welsh Ministers

We note comments from stakeholders about the omission of a requirement to consider social necessity grounds or provide socially necessary services under the Bill. We would expect this to be embedded into the new regime through franchise contracts. We would be grateful for reassurance from the Cabinet Secretary that this is his intention.

We note the comments from stakeholders that the term “economic” is ambiguous and could relate to affordability or economic development. We believe the Welsh Government should clarify the meaning of “economic” in paragraph 5(1)(a).

We also believe that paragraph 5(1)(a) should be amended to include “accessible” as a purpose, to ensure it is treated as a fundamental principle in determining required services.

As stated in relation to Part 1, we believe it is necessary to define “accessible” in the Bill.

Section 6 – Preparation of the Welsh Bus Network Plan

We fully support the proposal to use the existing bus network as the foundation for the first Welsh Bus Network Plan. It is essential that passengers can continue to rely on the bus services they require on day one of the new regime. However, we share stakeholder concerns that the Plan’s reliance on RTPs may be problematic. We were told that RTPs have been developed with inconsistent public engagement, and there are concerns that they may not reflect the needs of communities. We recognise the Cabinet Secretary’s explanation that RTP’s will not be the only source for developing the Plan. Nevertheless, this is a concern as they are given equal weight to the Wales Transport Strategy in provisions on Plan development.

¹⁶⁴ Correspondence, 18 June 2025

We endorse stakeholder calls for greater involvement of under-represented groups in shaping the Plan. We believe the Welsh Government should bring forward amendments to require consultation with under-represented groups, such as disabled people, children and young people, and older people. We believe this is an appropriate step to address the significant concerns expressed to us on this matter.

We were pleased to hear Lee Robinson, from TfW, explain that learner travel was already a consideration in discussions about potential bus routes in south-west Wales in preparation for the first phase of franchising. We believe this approach should be formalised within the process of preparing the Plan under the Bill.

We welcome the Cabinet Secretary's commitment to local authority involvement and the establishment of a 'bus board' within TfW. However, this arrangement is not set out on the face of the Bill. We believe the role of local government in planning the bus network will continue to be vital, particularly as it will continue to have responsibility for learner travel, infrastructure, and funding. This should be formalised in a partnership agreement through provisions on the face of the Bill or a memorandum of understanding.

Section 7 – Review and revision of the Plan

We note the comments from stakeholders that the requirement for Welsh Ministers to revise the Plan if changes to services last beyond 14 days is too onerous. We also note the comments about a lack of clarity about the meaning of "minor" and "reasonably practicable" in relation to consultation requirements in paragraph 8(1)(a).

We believe section 8 should be amended to require the publication of guidance on the review and revision of the plan, including the matters above, to provide clarity for operators, local authorities, and others who will be affected by the provisions.

Sections 9-10 – Local bus service contracts

Although it is not expressly provided for in the Bill, we note the Welsh Government's preference is for a gross-cost franchising model. While this approach has clear benefits, including providing operators with a degree of certainty of their income, it is also a significant financial risk for public finances. Several contributors advocated for a more flexible system, including net-cost or minimum-subsidy models. We considered this issue and concluded that there is, in principle, sufficient flexibility within the Bill to respond to failures in the

system, including through permitting and direct provision. However, we are concerned that arrangements for permitting and direct provision have not yet been developed and stress the need for both to be in place when franchising “goes live”.

We note that the Wales Centre for Public Policy will publish a report later in 2025 on various related matters, including incentives under a gross-cost franchising model. We believe the Welsh Government should publish a response to that report in good time.

SMEs

In Wales, SMEs are essential to the bus network, particularly in rural areas and for learner travel. When we visited Greater Manchester, we heard that the cost and complexity of bidding for franchise contracts can act as a barrier to SME participation.

Anything which undermines the SME sector would be a significant issue, particularly for learner travel. We were reassured by comments from both TfW and the Cabinet Secretary that this is being addressed through contract design and procurement, but given the sector’s importance to wider provision, we believe the Welsh Government and TfW must keep this matter under review.

Rural application and cross-subsidy

We believe that, if the new regime is to deliver the Welsh Government’s ambitions, franchising must work for rural as well as urban Wales. We support the principle of cross-subsidy within a franchising model and recognise it will be necessary to sustain services in rural areas.

We also consider this matter in Chapter 7 of this Report.

Sections 11 – 16 – Local Bus Service Permits

We note the comments from TfW that the expected number of permitted routes will not be significant. However, we are concerned by the lack of progress in developing the permit system. As currently drafted, the Bill lacks clarity about permit types and eligibility criteria. We recommend that these issues be addressed through regulations developed in consultation with operators, local authorities, community transport, and others. In addition, the Cabinet Secretary should issue guidance to explain to operators how they can apply for permits to run services outside of the Plan.

Section 17 – Direct Provision by Welsh Ministers

We support the inclusion of an ‘operator of last resort’ provision as a safeguard against market failure. However, we are concerned that TfW is not currently sufficiently prepared to act as a direct operator. We recommend that TfW ensures that fallback arrangements are in place before the first franchising phase is rolled out, and that progress in this area is closely monitored.

We believe that further clarification is needed on whether the Teckal exemption will apply in relation to these provisions.

Section 18 – Reliance on Certain Services

We make a specific recommendation in relation to community transport in Chapter 5.

Section 19 – Cross-border services

Cross-border routes are essential to the functioning of the bus network, especially in areas on the border. We note the Cabinet Secretary’s rationale for section 19(5) and his explanation of the concept of ‘circularity’. However, we believe section 19(5) as drafted leaves open the risk of duplication of English services under certain circumstances, particularly where a Welsh cross-border service duplicates a section of an English section 63 service which is not cross-border and operates wholly in England. Under these circumstances, the Bill as drafted will require the Welsh Ministers to ignore this service when considering whether the transport needs in Wales would be met by them without securing the provision of a cross-border service in England.

When we wrote to the Cabinet Secretary to ask how duplication would be avoided in this case, his response referred to direct discussion with English local authorities. Consequently, we believe the simplest way to address the risk of circularity without risking duplication is for the Bill to be amended to include a specific requirement for Welsh Ministers to consult English local authorities when planning or permitting cross-border services. This will ensure alignment of services and avoid duplication or gaps in provision.

Section 20 – Reporting Requirements

We welcome the requirement for Ministers to report on progress towards meeting the Bill’s objectives. We note the comments from stakeholders about

the proposed reporting timeline, but we are satisfied by the comprehensive framework for monitoring and evaluation provided by the Cabinet Secretary.

However, we believe section 20 should be strengthened to include a requirement to consult passengers and key stakeholders, to inform the reporting process. This would align with best practice in England and ensure the voices of service users continue to shape delivery.

Recommendations

Recommendation 13. The Cabinet Secretary should clarify the meaning of “economic” in paragraph 5(1)(a) of the Bill.

Recommendation 14. The Cabinet Secretary should bring forward an amendment to paragraph 5(1)(a) of the Bill, to include securing accessible transport as a core duty for Welsh Ministers.

Recommendation 15. The Cabinet Secretary should bring forward an amendment to section 6 of the Bill to require consultation with under-represented groups, including people with disabilities, children, and older people, in the preparation of the Welsh Bus Network Plan.

Recommendation 16. The Cabinet Secretary should bring forward an amendment to section 6 of the Bill to require Welsh Ministers to have regard to learner travel provision when preparing the Welsh Bus Network Plan.

Recommendation 17. The Cabinet Secretary should bring forward amendments to the Bill to formalise the role of CJsCs and local authorities in bus network planning under the Bill. If the Cabinet Secretary is not minded to do this, he should progress the development of a memorandum of understanding to explain how the Welsh Government, TfW and local government will work in partnership to deliver the ambitions of the Bill.

Recommendation 18. The Cabinet Secretary should bring forward amendments to require guidance to be prepared, consulted on, and published on the revision of the Plan (sections 7 and 8), particularly as the provisions will affect others, such as local authorities and operators. This guidance should explain the meaning of “minor” and “reasonably practicable” in section 8.

Recommendation 19. If the Cabinet Secretary is not minded to bring forward amendments to require guidance on the face of the Bill in relation to revising the plan (sections 7 and 8), he should give a commitment that he will use the Welsh

Ministers' general powers to issue guidance on this matter. The guidance should be subject to consultation with stakeholders. The guidance should explain the meaning of "minor" and "reasonably practicable" in section 8.

Recommendation 20. The Welsh Government should publish a response to the Wales Centre for Public Policy report within three months of its publication.

Recommendation 21. The Cabinet Secretary should keep under review approaches to contract design and procurement to ensure that the SME sector can participate in the new regime, including through smaller contract lots and simplified bidding processes. The Welsh Government should ensure there is adequate support for SMEs who wish to participate in the franchising process.

Recommendation 22. The Cabinet Secretary should clarify how cross-subsidy will operate under franchising, including whether it will function at a national or franchise-area level. This should include clarification of how cross-subsidy will align with commitments to local reinvestment of local authority contributions. It should also make clear that those local authority contributions are additional to funding committed by the Welsh Ministers.

Recommendation 23. The Cabinet Secretary should ensure that TfW progresses the development of the local bus service permit system, in consultation with stakeholders, ensuring this is in place from day one of the new system.

Recommendation 24. The Cabinet Secretary should bring forward regulations setting out how the permitting aspect of the Bill will work, including permit types and eligibility criteria. These Regulations should be developed in consultation with operators, local authorities, community transport, and others. In addition, the Cabinet Secretary should issue guidance to explain to operators how they can apply for permits to run services outside of the Plan.

Recommendation 25. The Cabinet Secretary should ensure that TfW has robust arrangements in place for the direct provision of services under section 17, and that they are ready to be implemented, if necessary, before the first phase of franchising commences.

Recommendation 26. The Cabinet Secretary should clarify whether the Teckal exemption will apply in relation to the provisions in section 17.

Recommendation 27. The Cabinet Secretary should bring forward amendments to section 19, or sections 6 and 8 if preferred, to include a specific requirement for

Welsh Ministers to consult with English local authorities when planning or permitting cross-border services.

Recommendation 28. The Cabinet Secretary should bring forward amendments to section 20 to require consultation with passengers and stakeholders as part of the reporting process.

5. Part 3 - Restriction on providing local bus services

214. Section 21 prohibits anyone from providing a local bus service unless under contract, permit or through direct provision by the Welsh Ministers, or they are community bus services or school services carrying fare-paying passengers. Other services can be exempted by regulations.

215. The Explanatory Memorandum explains that the Bill makes it a civil offence to operate a local bus service in contravention of section 21 and sanctions “are similar to established provisions for other similar offences under section 155 of the Transport Act 2000”.

Section 21 – Restriction on providing local bus services

216. Section 21 exempts community bus services and services under section 46(1) of the *Public Passenger Vehicles Act 1981* (paying passengers on school buses) from the restriction. This means that community bus and section 46(1) services can operate outside the new local bus service regime. The CTA welcomed this flexibility and recognition of “the importance of Community Transport”:

“We applaud the Welsh Government for recognising the importance of Community Transport as part of an effective, integrated, and inclusive bus network, and making explicit provisions in law to enshrine the sector’s right to actively participate in both tendered contracts (which are also compliant with other legislation including the Transport Act 1985 and provisions therein relating to Community Transport) as well as providing exempt services according to community need.”

217. Bus Users Cymru agreed:

“We welcome the fact that the Bill recognises the important role played by community transport services. The exemption for these services will enable demand responsive transport to continue alongside, but not as part of, a franchised network in a zone. This is crucial to ensure that passengers who are unable

to access the main bus service corridors, are not excluded from using public transport.”¹⁶⁵

218. Pembrokeshire Council said they could see no reason “why these services should be treated differently to other local bus services, providing the application process and fees for Local Bus Service Permits are proportionate for community bus operators.”

Section 22 to 24

219. Section 22 requires the Welsh Ministers to inform the traffic commissioner if section 21 is breached. Section 23 empowers the Traffic Commissioner to make orders enforcing section 21. Section 24 provides for a right of appeal to the Upper Tribunal which can uphold, quash or substitute the order.

220. First Cymru and others suggested a need for greater clarity on penalties and enforcement.

Evidence from the Cabinet Secretary

221. In his letter of 18 June, the Cabinet Secretary explained, in reference to the potential use of section 21(3), that:

“There are no current plans to exercise this power. However, it is recognised that the power may need to be used in future; in an evolving market of public transport there may be, for example, types of bus services that are not envisaged to form part of the core scheduled network but may still be captured by the definition of local bus services.”¹⁶⁶

222. In response to a question about why community bus services are exempt from the restriction on providing local bus services under section 21, and why the permit regime does not apply instead, an official accompanying the Cabinet Secretary said:

“we absolutely recognise the importance of those community bus services and what they do for some of the most vulnerable communities in Wales, and that's why, to reflect this, [section]

¹⁶⁵ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁶⁶ Correspondence from Cabinet Secretary

21(2)(a) of the Bill allows community bus services to operate free of restriction.”¹⁶⁷

223. He explained:

“Our intention is to ensure that we enable community transport provision to continue and flourish alongside and as part of the local bus network...It isn't our intention that these services will be competing with other services operating under a local bus service contract or permit, but instead it's about the fact that they offer a different type of service to communities.”¹⁶⁸

224. The Cabinet Secretary acknowledged the new proposals might cause uncertainty in the community transport sector, but he assured the Committee, “we're determined to protect community transport across Wales”. He added that:

“I've asked my officials to work in partnership with the CTA and, indeed, councils across Wales to look at the best means of achieving their sustainability, and ensure that actually they don't just survive, they actually thrive, and go on serving their communities really well.”¹⁶⁹

225. In reference to funding for community transport, an official accompanying the Cabinet Secretary said:

“currently they get a percentage of funding from the bus services support grant that we provide to local authorities to run community transport services within those local authority areas. That system will be changing as we roll out franchising-on a phased basis, that system will be changing. So, we understand why they want to know exactly what the new funding mechanism will look like, and we are going to invest time and energy into working closely with local authorities and, very importantly, the Community Transport Association and community transport operators to look at what the best system is going forward.”¹⁷⁰

¹⁶⁷ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁶⁸ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁶⁹ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁷⁰ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

Our view

We welcome the recognition in the Bill of the essential role community transport plays in delivering the bus network. These services provide vital lifelines, particularly for those living in rural communities.

We note the Cabinet Secretary's assurance that the exemption in this Part of the Bill is intended to allow community transport to "continue and flourish" and not to duplicate services delivered through franchise contracts or permits. We endorse this principle and agree that community transport offers a different and necessary form of provision.

However, we are concerned that there is a lack of clarity on how community transport services operating alongside the new regime will be supported. There must be clarity about how community services will be funded where they are operating outside the franchising or permitting arrangements under the Bill.

We believe the Cabinet Secretary should clarify how community transport services will be engaged in the planning process and supported financially.

Recommendation

Recommendation 29. The Cabinet Secretary should bring forward amendments to require statutory guidance to explain how community transport will be integrated into the wider network, and the position of community transport operators providing services outside the contract and permitting regimes, particularly in terms of how these services will be funded and supported more generally.

6. Part 4 – Information and data

Sections 25 and 26 - Provision of information to the Welsh Ministers for the purposes of exercising certain functions

226. Section 25 allows the Welsh Ministers to require certain operators or former operators to provide information that would be useful to them in exercising functions under Parts 2 or 3. The information must be of a type specified in regulations, and cannot be for a period more than five years before the notice date. The regulations must make provision about appeals and may make provision about disclosure of information.

227. Section 26 allows the Welsh Ministers to require, by notice, local authorities or community councils to provide them with information of a type which may be specified in regulations.

228. In reference to sections 25 and 26, the Explanatory Memorandum says:

“... the policy intention is that information obtained to support the exercise of the Welsh Ministers functions under the Bill should be shareable for this purpose, but not in such a way as to distort competition.”

229. The Explanatory Notes suggest information sharing would be limited to “subsidiaries” of the Welsh Ministers, those involved in supporting franchising, the Traffic Commissioner and Welsh local authorities.

230. The statement of policy intent for subordinate legislation to be made under the Bill says, in relation to section 25(5) regulations regarding appeals:

“We recognise that some operators, in particular in the SME market, may not have access to the information and data that may be requested so it is important that operators and former operators can appeal the notice requiring them to provide the information.”

231. Several local government stakeholders expressed concern about the risk of duplication of information sharing. Pembrokeshire Council emphasised that local authorities will continue to need data to plan school transport:

*"Currently, operators and LAs work together closely, sharing information to plan local bus services and react to ever-changing circumstances. These local relationships are important and include day-to-day exchanges over matters that impact on routes, and which must not be lost."*¹⁷¹

232. The UTG welcomed part 4, noting that data provision had been an issue "in the fragmented English bus data system" and had affected planning. It said clear regulations outlining what is required of operators, and addressing commercial sensitivity, will be required. SYMCA agreed.

233. The community transport sector raised concerns in relation to the limited resources available to community transport operators to provide information. Dial-a-ride Denbighshire explained:

*"It is important that community transport providers supplying a service under Sec 19 is included in the say of how and what information will be collected as the service we already provide is vitally important and runs on low staffing numbers because of funding shortages, we will need to be fully informed what information will be asked for and how often it will be required."*¹⁷²

Sections 27 and 28 - Information to be made available to the public

234. Section 27 requires the Welsh Ministers to arrange for information regarding certain services to be made available to the public. The information will be specified in regulations.

235. Section 28 empowers the Welsh Ministers to make regulations requiring operators of certain services to provide them with specified information for the purposes of section 27. Any regulations must set out how and when the information is to be provided.

236. The Explanatory Memorandum explains that these provisions should result in public access to more consistent and reliable data.

¹⁷¹ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁷² Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

237. Several contributors questioned how public information at bus stops will be updated, given that local authorities will be responsible for the infrastructure, but TfW will be responsible for bus services. Pembrokeshire Council said:

“Whilst we would welcome a more consistent approach to the provision of local bus information in the future, roles and responsibilities, the way this will be delivered and funded is not clear.”¹⁷³

238. The Older People's Commissioner highlighted the need to consider digital exclusion and added that:

“Older people who do not make use of the internet should not be disadvantaged and should be able to access information and plan journeys by other non-digital channels: for example, printed timetables and over the phone, to ensure accessibility for all.”¹⁷⁴

239. The RNIB said:

“We would strongly call for this information to be made available in accessible formats, such as large print, Braille, audio, and accessible digital files, to ensure equitable access.”¹⁷⁵

240. Transport Focus called for performance data to be published in an accessible format. They would:

“welcome a commitment in the Bill, or the regulations, to publish information about performance and, in particular, patronage, punctuality, journey time and passenger satisfaction data.”¹⁷⁶

Evidence from TfW

241. Addressing concerns about data-sharing and duplication, Lee Robinson said that the proposed approach would involve “a standard suite of data packages or

¹⁷³ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁷⁴ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁷⁵ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁷⁶ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

information packages that everyone has access to”, to ensure consistency and clarity.

242. In reference to ensuring passenger access to travel information, Lee Robinson said “we already provide both printed and digital information for our bus and rail services.” He emphasised the continued use of Traveline Cymru as the central hub for passenger information, covering “journey planning, disruption, timetables, university travel, hospital travel,” and more.

Evidence from the Cabinet Secretary

243. Addressing the concerns of community transport operators, the Cabinet Secretary emphasised the need to gather data from “all operators... [including] community transport operators” to support network planning.

244. The Cabinet Secretary confirmed that local authorities will continue to be responsible for bus stop infrastructure and, therefore, for providing information about bus services. He added:

“each local authority will have a clear process on who is responsible for updating information at each bus stop. And as I've mentioned, we are setting up those national bus stop standards-which will help councils; it'll help the regions through their CJs; and it'll help other partners-to ensure that we have a standard and high-quality provision of information and data.”¹⁷⁷

245. Regarding the format of public information, the Cabinet Secretary reiterated that “local authorities... with the support of Transport for Wales,” will ensure data is made available at bus stops in accessible formats, including “in paper format.”

246. In reference to the inclusion of 5 years as the limit for retrospective data in section 25(2), the Cabinet Secretary explained in his letter of 18 June the rationale as being:

“in line with current legislation - section 143A(4) of the Transport Act 2000. It also falls in line with data retention practices and reflects the fact that some operators, especially SMEs, may not have access to data beyond this point. On this basis it seems unreasonable to ask for data over longer periods.”¹⁷⁸

¹⁷⁷ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?lId=45442&Opt=3>

¹⁷⁸ Correspondence from Cabinet Secretary

247. On performance data, the Cabinet Secretary supported greater transparency. He argued that performance data could help to identify when other interventions are necessary to improve performance, such as bus priority measures.

Our view

Data sharing

We recognise the need for a robust data-sharing framework to support network planning under franchising. However, we share stakeholder concerns regarding the potential duplication of data provision, particularly in cases where operators already share information with local authorities for the purposes of planning school transport. We were pleased to hear Lee Robinson, from TfW, confirm that work was underway to develop a standard approach to address this. Any such approach should be proportionate and take into account the particular resource implications for SMEs and community transport operators. TfW should ensure they consult stakeholders, particularly SMEs and community transport operators, on the development of the approach.

Public access to information

We support steps being taken to improve the consistency and accessibility of bus service information. We emphasise the importance of information being available in accessible and non-digital formats.

Performance data and accountability

We believe that passengers have a right to understand how the bus service is performing, both locally and nationally. We therefore recommend that the Bill should be amended to include a duty to publish such data regularly and in accessible formats. This would align with best practice elsewhere and would strengthen trust in the new regime.

The experience in Greater Manchester has shown the importance of visible leadership and clear accountability for performance. We believe similar clarity is needed in Wales, so that the public know where accountability lies and they can have confidence that poor performance will be addressed.

Recommendations

Recommendation 30. The Cabinet Secretary should ensure that TfW develops a standardised data-sharing framework that avoids duplication of data provision,

particularly where data is already shared for purposes such as school transport planning. The framework should be subject to consultation with stakeholders, including SME and community transport operators. The framework must be in place before the first phase of franchising commences.

Recommendation 31. The Cabinet Secretary should require, by issuing guidance for TfW and local authorities, that all public transport information be made available in accessible formats, including non-digital channels.

Recommendation 32. The Cabinet Secretary should bring forward amendments to Part 4 of the Bill to require the regular publication of data on the performance of the bus network in digital and non-digital accessible formats.

Recommendation 33. The Cabinet Secretary should establish clear and transparent lines of accountability for bus service performance, with defined responsibilities for TfW and the Welsh Government, to ensure the public can understand issues around accountability and how poor performance will be addressed.

7. Part 5 - Local authority powers and duties

Section 32 - provision of bus services by local authorities: removal of restrictions

248. Section 32 amends section 66 of the Transport Act 1985 to remove the restriction that prevents Welsh local authorities, with limited exceptions, from providing bus services which require a PSV operator licence.

249. Several respondents, including the WLGA, noted the cost of establishing municipal companies, querying how realistic it was that this power would be used. Gwynedd Council echoed this, saying:

“While noting that the new legislation will enable local authorities to run their own bus services directly, it is unclear if this is realistic, and/or beneficial, in terms of capacity, timeline, level of investment and the expertise that would be needed to achieve this.”¹⁷⁹

250. UTC advised that:

“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...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.”¹⁸⁰

Arrangements for existing municipal operators

251. Newport Transport and Cardiff Bus, the two current municipal operators, expressed uncertainty about the plans for municipal operators under the Bill. Cardiff Bus said:

“Whilst it is recognised that the ‘political intent is to protect municipal operators’, the uncertainty generated by a lack of

¹⁷⁹ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁸⁰ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

*inclusion in the legislation for treatment of existing municipal operators generates risk and potential for a sub-optimal outcome for the bill...The explanatory memorandum states that the intention is for Cardiff Bus to be able to continue to operate after the 'transition' to franchising, but does not state how that transition will be achieved."*¹⁸¹

252. Newport Transport said:

*"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."*¹⁸²

253. CaBAC said, "there is nothing in the Bill or the RIA that gives confidence to the two municipal bus operators in Wales of business survival". They added that both "entities have massively invested in battery electric fleet and depot electric infrastructure while growing the bus networks with significant increase in patronage."

254. In a letter to the Committee, the leader of Cardiff Council said:

*"These companies are long-standing public assets that play a crucial role in delivering cost-effective, community-focused services. There is a risk that the current framing of the legislation could unintentionally undermine their viability and limit their ability to continue serving the public effectively. This poses a risk to market stability and service continuity. The investment in Cardiff Bus has been significant so there is a need to safeguard public value."*¹⁸³

¹⁸¹ Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁸² Written evidence,
<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁸³ [Correspondence from the Leader of Cardiff Council](#)

Section 33 - removal of duty to secure local bus services

255. Section 33 amends section 63 of the Transport Act 1985, which requires local authorities to secure the passenger transport services they consider necessary where they wouldn't otherwise be met. Section 33 means these "passenger transport services" will not include local bus services in Wales.

256. In reference to this section, the Explanatory Memorandum explains:

"... under the franchising model, given the duty to secure local bus services will be placed on the Welsh Ministers, the duty imposed on Welsh local authorities under section 63 will be lifted in respect of local bus services and local authorities will rely on GPOC¹⁸⁴ to secure bus services."

257. Several stakeholders raised concerns around the provisions. ATCO believed that section 63 of the 1985 Act would need to remain in place until all areas are fully franchised and was concerned that community transport and socially necessary services may "fall through the gap".

258. Several stakeholders raised a broader concern that the removal of this statutory duty may mean that investment in local bus services will reduce as it becomes discretionary. The WLGA said:

*"At present, to comply with this duty, most councils contribute funding from their own budgets, over and above the grants provided to councils for this purpose by Welsh Government. With competing demands on their budgets there is a clear risk that councils will take the opportunity to reduce the amounts they currently contribute themselves, leaving Welsh Government to cover the shortfall (or else reducing the overall amount of funding available for the network)."*¹⁸⁵

Section 34 - financial assistance in connection with local bus services

259. Section 34 empowers local authorities to give financial assistance in connection with the provision of local bus services. It disapplies provisions of the Transport Act 1985 which relate to subsidy control and a requirement to invite

¹⁸⁴ General power of competence

¹⁸⁵ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

tenders. It also amends section 63 of that Act, so local authorities are not able to use that provision to promote local bus services subsidised under section 34.

260. The power to fund local bus services was generally welcomed by those who discussed it. The CTA said:

“CTA welcomes the provision for Local Authorities to continue to provide financial assistance to operators, and we look forward to working with Officials on the detail of this in forthcoming legislation and guidance.”¹⁸⁶

261. Bus Users Cymru agreed, saying:

“We welcome the fact that local authorities can continue to provide funding for community transport. These services perform a vital role by ensuring that anyone unable to use mainstream services can still access public transport.”¹⁸⁷

Evidence from TfW

262. Lee Robinson addressed the role of TfW in supporting municipal bus operations within the franchising regime. He stated that TfW could provide assistance to local authorities seeking to establish municipal bus operations, “subject to it being set within our remit and we weren't acting outside of what we're allowed to do.” However, he emphasised that forming such entities is “very much a legal process”.

263. In reference to the future of existing municipal operators, he said:

“we're working with Cardiff Council and Newport City Council, who are obviously the owners of the current, existing municipals. Basically, that work is to understand the impact of bus reform in relation to the municipals. As with all of the other parts of the market in Wales, we very much see municipals as part of that future.”¹⁸⁸

¹⁸⁶ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁸⁷ Written evidence,

<https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

¹⁸⁸ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

264. Lee Robinson confirmed that the duty under section 63 of the Transport Act 1985 would be phased out based on the schedule for the introduction of franchises in the four areas in Wales.

265. He acknowledged the financial risk arising from removing the statutory duty but added that “it’s probably a risk that exists now” and pointed towards the current variability in investment levels across local authorities. He concluded:

“We have made a commitment to make sure that individual local authorities understand, for want of a better phrase, what they get for their investment. And then, I guess, the key is that it will be for locally elected members to determine whether they choose to invest or not, and, in so doing, the impact that that has on their network. So, if, for example, they choose to withdraw funding, there will be a commensurate impact on the network that is within their area, but they’ll be making a choice understanding the implications.”¹⁸⁹

Evidence from the Cabinet Secretary

266. The Cabinet Secretary said the Welsh Government, alongside TfW, would work with local authorities if they were interested in setting up municipal operators under the Bill.

267. In response to the absence of protections in the Bill for existing municipal operators, the Cabinet Secretary said:

“I don’t think there’s actually a need, within the Bill, to provide those protections explicitly. We’ve got two municipals at the moment - we’ve got one in Cardiff and one in Newport-and the basis upon which they operate is going to be preserved to enable Cardiff and Newport councils to transition the existing companies. And that’s because they’re going to be able to use the general power of competence to create new companies, so they’ll be able to then transition into it.”¹⁹⁰

268. An official accompanying the Cabinet Secretary confirmed that:

“to provide a local bus service, subject to the restrictions in section 21 of the Bill, a municipal operator will need to have

¹⁸⁹ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?Id=45442&Opt=3>

¹⁹⁰ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?Id=45442&Opt=3>

been granted a local bus service contract or local bus service permit.”¹⁹¹

269. The Cabinet Secretary addressed stakeholder concerns regarding the removal of the duty to secure local bus services under section 33 of the Bill. The Cabinet Secretary confirmed that the duty would be phased out:

“we're going to be maintaining the current duty during the transition period, and local authorities will be made aware of when section 33 will commence in good time. We're going to give them ample time, ample notice so that they can make appropriate preparations, and we're going to be doing it on a zonal basis.”

270. In reference to the potential risk that the removal of the duty could mean that local authorities would no longer provide financial support for bus services, the Cabinet Secretary said:

“I recognise that there is a risk. The risk is twofold: first, decisions at a local authority level not to support services as they currently do, but then there's the other risk of potentially a future Welsh Government deciding not to spend or invest as much in services...But it would be my hope that local authorities and future Welsh Governments would commit to supporting the bus network adequately and ensure that it meets the needs of passengers across Wales.”¹⁹²

271. The Cabinet Secretary added that he had given a commitment to ensuring that, in future, local authorities that provide funding will be able to do so “in a way that ensures that it's spent within that authority. So, that will hopefully encourage councils to continue to support bus services within their local authority boundaries.”¹⁹³

Our view

Municipal operators

Looking to the future, we welcome the provision in section 32, although we note that the barriers to establishing new municipal entities, including cost, legal

¹⁹¹ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁹² Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁹³ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

complexity, and local authority capacity, mean there is unlikely to be wide uptake.

We are, however, concerned that the Bill does not provide clarity about the role of *existing* municipal bus operators. An official accompanying the Cabinet Secretary confirmed that, in effect, they will be treated like any other bidders for a franchising contract.

However, in evidence to the Committee, municipal operators appeared to believe they had been given assurances about their continued status and protections within the new regime. The Cabinet Secretary must clarify as a matter of urgency how, if at all, municipal operators will be supported during and after the transition and whether they will be required to compete for contracts on the same basis as other operators. If they do receive specific protections, the Cabinet Secretary must confirm that any such measures will be in compliance with competition and procurement law.

Removal of Local Authority duty to secure services

We are concerned about the potential impact of the repeal of the statutory duty on local authorities to secure socially necessary transport services under section 63 of the Transport Act 1985. Historically, local authorities have contributed additional funding beyond the grant support provided by Welsh Government to maintain services tailored to local needs.

Under section 34 of the Bill, local authorities *may* give financial assistance in connection with the provision of a local bus service, but such contributions will be discretionary. With growing financial pressures, we fear many local authorities may choose to reduce funding.

We note the Cabinet Secretary's hope that both local authorities and future governments will continue to support the network. Nevertheless, we believe the Cabinet Secretary should consider a new duty to be placed on local authorities to work in partnership with the Welsh Ministers and TfW to ensure service continuity.

We endorse the approach to phasing the removal of the section 63 duty in line with the rollout of franchising.

Cross-subsidy

The Cabinet Secretary's assertion that local authority contributions will be spent "within that authority" requires further clarification, particularly given that he also endorsed the principle of cross-subsidy.

We urge the Cabinet Secretary to clarify how local and national funding will interact under the new regime, particularly how local authorities can be sure that a contribution they make is additional to Welsh Government funding, and how decisions on cross-subsidy will be made transparently and fairly.

Recommendations

Recommendation 34. The Cabinet Secretary should clarify the role of existing municipal bus operators under the franchise system, including whether they will be required to compete for contracts on the same terms as private operators or whether they will receive specific protections.

Recommendation 35. The Cabinet Secretary should bring forward amendments to the Bill to introduce a statutory duty on local authorities, Welsh Ministers, and TfW to work in partnership to ensure the continuity of the bus network, following the phasing out of the section 63 duty.

Recommendation 36. The Cabinet Secretary should ensure that the phasing out of the section 63 duty is implemented with sufficient notice and guidance to enable effective planning by local authorities during the transition to franchising.

Recommendation 37. The Cabinet Secretary should publish a clear policy statement outlining how the principles of cross-subsidy and local funding will be balanced.

8. Part 6 - Miscellaneous and general

Section 35 - Transfer of undertakings

272. Section 35 requires the Welsh Ministers to make regulations setting out where a “relevant transfer” falls within the Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”) as a result of the Bill. Regulations must also set out when a transfer is to be treated as a “relevant transfer” within the meaning of TUPE for the purposes of certain provisions in the Pensions Act 2004.

273. The Explanatory Memorandum explains:

“The implementation of the Bill has the potential to bring about significant change for bus operators and for their staff. The Welsh Government and its public sector partners in local government and TfW recognise the importance and value of drivers and other front-line staff to the delivery of bus services. The intention is to ensure that at the baseline minimum, TUPE rules are to be adhered to for all relevant transfers.”

274. Section 35 was generally welcomed. Some contributors queried how TUPE would be applied in practice. For example, CPT suggested TfW would need to work closely with operators to ensure certainty over timescales and transfer arrangements.

Section 38 – Regulations under this Act

275. In its written response, the WLGA said that regulations made under the Bill will “contain much of the detail that is not contained on the face of the Bill”. They added that:

“Full consultation, and the ability of councils to input to any such regulations made using these powers, will be important.”¹⁹⁴

TfW’s evidence

276. Lee Robinson addressed concerns about managing large-scale TUPE transfers during the rollout of franchising. He said that the legal obligations for

¹⁹⁴ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

TUPE “will sit with the operators”. However, he stated, “Our interest... is to make sure that operators communicate clearly with us”, with the aim of ensuring that the transition is timely and without a negative impact on services. He pointed out that there would be “around about nine months to mobilisation from preferred bidder status”, during which discussions about transition would occur. Finally, he said that the learning from any challenges encountered in south-west Wales and, subsequently, in other franchise areas would be taken forward to the next phase.¹⁹⁵

277. In its written submission, TfW referred to its ongoing engagement with trade unions, saying:

“Throughout our work on bus franchising so far, we have actively engaged with Trade Unions through a comprehensive approach rooted in Social Partnership. We’ve established a Social Partnership Framework, consisting of regular engagement opportunities with Trade Unions. This collaboration aims to ensure that the interests and insights of their members and bus operator colleagues are central to the development and implementation of bus services across Wales.”¹⁹⁶

Cabinet Secretary’s evidence

278. The Cabinet Secretary referred to the section 35 provisions and the application of TUPE in his letter of 18 June. He said:

“The Bill is about building bus back up and not about further contraction of services. We want to retain front line staff, especially drivers and want to encourage more to join the industry.

We have an aspiration to work in partnership for the benefit of the people of Wales throughout the further development of the Bill, the regulations and through to implementation. We will continue to engage with unions and operators to work through the details of these regulations and ensure that we are

¹⁹⁵ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?IId=45442&Opt=3>

¹⁹⁶ Written evidence, <https://business.senedd.wales/mgConsultationDisplay.aspx?id=595&RPID=1062453185&cp=yes>

protecting frontline jobs where required, which will protect the industry.

We recognise that all front-line staff work hard in the industry, and we do not want to lose this.”¹⁹⁷

279. In oral evidence, an official accompanying the Cabinet Secretary explained that the operational management of the TUPE process “will be for operators, not for Transport for Wales or for us.” However, she added that the Welsh Government intended to:

“establish a policy framework that we can share the details of in order to consult with stakeholders, so that we can get that done before the election, because that means that we’ll be able to provide some assurances to operators, in particular in the south-west, when the first contracts are tendered next summer.”¹⁹⁸

280. In reference to the need for consultation on regulations arising from the Bill, the Cabinet Secretary said:

“We’re committed...to consult on proposed secondary legislation, and that includes regulations where it’s appropriate...We are working incredibly closely with stakeholders, our partners, and we are absolutely committed to developing secondary legislation with our stakeholders.”¹⁹⁹

Our view

We welcome the inclusion of TUPE provisions within the Bill and support the Cabinet Secretary’s intention to safeguard staff during the transition to the new regime. The protection of employment rights and continuity of service for bus drivers and operational staff is essential, particularly during a period of significant change.

We note the evidence from the Cabinet Secretary and TfW that the legal responsibility for TUPE will lie with operators. Nonetheless, if the process does not work as it should, all of the consequences will fall upon TfW and the Welsh

¹⁹⁷ [Correspondence from Cabinet Secretary](#)

¹⁹⁸ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?Id=45442&Opt=3>

¹⁹⁹ Oral evidence, <https://business.senedd.wales/ielssueDetails.aspx?Id=45442&Opt=3>

Ministers. We believe that appropriate safeguards should be put in place to mitigate against this risk.

During our visit to TfGM, we were told that managing large-scale TUPE transfers during the rollout of franchising had been a significant logistical and administrative challenge. We were pleased to hear that TfW has been engaging with representatives from TfGM on this matter. We also note Lee Robinson's comment that there will be several months before the need to finalise TUPE transfers.

We strongly support the commitment to work through social partnership and to involve trade unions in the development of the approach to staff transfers. We also welcome the intention to provide a policy framework for consultation before the next Senedd election.

Recommendations

Recommendation 38. The Cabinet Secretary should ensure that a draft policy framework on staff transfers, and employment protections is published for consultation ahead of the next Senedd election, to allow sufficient time for stakeholder input and scrutiny.

Recommendation 39. The Cabinet Secretary should clarify what contingency measures will be in place in the event that TUPE transfers encounter legal or operational difficulties.

Annex 1: List of oral evidence sessions.

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the [Committee's website](#).

Date	Name and Organisation
7 May 2025	Ken Skates MS, Cabinet Secretary for Transport and North Wales, Welsh Government
	Alex Walters, Welsh Government
	Hannah Dudley, Welsh Government
	Catrin Dellar, Welsh Government
15 May 2025	Aaron Hill, Confederation of Passenger Transport Cymru
	Scott Pearson, Coach and Bus Association Cymru
	Gemma Lelliott, Community Transport Association Cymru
	Caroline Wilson, Green Dragon Community Transport
	Richard Davies MBE, Voluntary Emergency Services Transport (VEST)
	Beverley Mather, Denbighshire Dial-a-Ride
	Cllr David Bithell, Welsh Local Government Association
	Richard Cope, Newport City Council
	Katie Wilby, Flintshire County Council
	John Forsey, Powys County Council

Date	Name and Organisation
22 May 2025	<p>Jason Prince, Urban Transport Group</p> <p>Matt Goggins, South Yorkshire Mayoral Combined Authority Executive</p>
	<p>David Beer, Transport Focus</p> <p>Barclay Davies OBE, Bus Users Cymru</p>
	<p>Rhian Bowen-Davies, Older People's Commissioner for Wales</p> <p>Rocio Cifuentes, Children's Commissioner for Wales</p> <p>Llŷr ap Gareth, Federation of Small Businesses Wales</p> <p>Nathan Owen, Royal National Institute of Blind People Cymru</p>
19 June 2025	<p>Lee Robinson, Transport for Wales</p> <p>Richard Marwood, Transport for Wales</p>
	<p>Ken Skates MS, Cabinet Secretary for Transport and North Wales, Welsh Government</p> <p>Alex Walters, Welsh Government</p> <p>Hannah Dudley, Welsh Government</p> <p>Catrin Dellar, Welsh Government</p>

Annex 2: List of written evidence

The following people and organisations provided written evidence to the Committee. All Consultation responses and additional written information can be viewed on the [Committee's website](#).

Reference	Organisation
BSWB 01	Individual
BSWB 02	ICE Wales
BSWB 03	Vale of Glamorgan Council
BSWB 04	Neil Thomas
BSWB 05	Dolen Teifi Community Transport
BSWB 06	FSB Wales
BSWB 07	Transport Focus
BSWB 08	Community Transport Association
BSWB 09	Children's Commissioner for Wales
BSWB 10	Confederation of Passenger Transport Cymru
BSWB 11	The Welsh Local Government Association
BSWB 12	Bus Users UK
BSWB 13	Transport for Wales
BSWB 14	Coach and Bus Association Cymru
BSWB 15	Older People's Commissioner for Wales
BSWB 16	Green Dragon Community Transport
BSWB 17	Kenneth MacArthur
BSWB 18	Urban Transport Group
BSWB 19	Dial A Ride Denbighshire Ltd
BSWB 20	Swansea Bay University Health Board
BSWB 21	Public and Commercial Services Wales Associate and Retired Members Section

Reference	Organisation
BSWB 22	Ben Colson
BSWB 23	Louise Burgel
BSWB 24	Jane Griffiths
BSWB 25	Cardiff City Council
BSWB 26	Penarth Town Council-One Voice Wales
BSWB 27	Cyngor Gwynedd
BSWB 28	Cardiff Bus
BSWB 29	Zenobe Energy Limited
BSWB 30	BSI Cymru Wales
BSWB 31	Chartered Institute of Logistics and Transport (CILT)
BSWB 32	Newport Transport Ltd
BSWB 33	Railfuture, Cymru-Wales branch
BSWB 34	Isle of Anglesey County Council
BSWB 35	Carmarthenshire County Council
BSWB 36	Friends of the Earth Cymru
BSWB 37	First Cymru Buses Ltd
BSWB 38	Pembrokeshire County Council
BSWB 39	Bevan Foundation
BSWB 40	Cardiff Capital Region
BSWB 41	Monmouthshire County Council
BSWB 42	Royal National Institute of Blind People
BSWB 43	ATCO Cymru
BSWB 44	Guide Dogs Cymru and Disability Wales
BSWB 45	Newport City Council
BSWB 46	Equality and Human Rights Commission

Additional Information

Title	Date
Letter from the Chair to the Cabinet Secretary for Transport and North Wales in relation to the Stage 1 scrutiny of the Bus Services (Wales) Bill	23 May 2025
Letter from the Cabinet Secretary for Transport and North Wales to the Chair following the 7 May meeting	10 June 2025
Additional information from the Cabinet Secretary for Transport and North Wales	12 June 2025
Response from the Cabinet Secretary for Transport and North Wales to the Chair in relation to the Stage 1 scrutiny of the Bus Services (Wales) Bill	18 June 2025
Letter from the Leader of Cardiff Council to the Chair in relation to the Bus Services (Wales) Bill	25 June 2025