



Llywodraeth Cymru
Welsh Government

BUS SERVICES (WALES) BILL

Explanatory Memorandum
incorporating the
Regulatory Impact Assessment and
Explanatory Notes

31 March 2025

Bus Services (Wales) Bill

Explanatory Memorandum to Bus Services (Wales) Bill

This Explanatory Memorandum has been prepared by Public & Integrated Transport of the Welsh Government and is laid before Senedd Cymru.

Member's Declaration

In my view the provisions of the Bus Services (Wales) Bill, introduced by me on the 31 March 2025, would be within the legislative competence of Senedd Cymru.

Ken Skates MS

Cabinet Secretary for Transport and North Wales
Member of the Senedd in charge of the Bill

31 March 2025

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PART 1 – EXPLANATORY MEMORANDUM

Glossary

Active Travel	Active travel is a term used to describe walking, wheeling and cycling for purposeful journeys to a destination, or in combination with public transport. Examples of active travel include walking, wheeling, cycling and using a non-motorised scooter as part of a purposeful journey.
Carbon Budget	A carbon budget is the cumulative amount of carbon dioxide (CO ₂) emissions permitted over a period of time to keep within a certain temperature threshold.
Climate Targets	The limits that scientists and policymakers set in plans to combat climate change.
Corporate Joint Committees (CJCs)	The Local Government and Elections (Wales) Act 2021 (“the LGE Act”) created the framework for a consistent mechanism for regional collaboration between local government. CJCs are regional corporate bodies, with broadly similar powers and duties to local authorities. Four CJCs have been established via regulations made in March 2021, under section 74 of the LGE Act. CJCs have functions relating to strategic development planning, regional transport planning and promoting economic well-being of their areas.
Cross-Border Services	These are local bus services that have either routes or areas of geographical operation partly in Wales and partly in England.
Concessionary Fares	The Transport Act 2000 introduced mandatory bus travel concessions outside Greater London. Elderly or disabled people in Wales, upon making an application to their local authority, must be issued with a concessionary permit. The permit can be used to travel on eligible bus service in Wales, for no fare. Local authorities are responsible for administering the scheme, including for reimbursing bus operators for having carried pass holders for no fare. In doing so, local authorities are obliged to ensure that those bus operators are “no better and no worse off” as a result of their participation in the scheme.
De-regulation	The Bus industry in Wales has been deregulated since the Transport Act 1985 with operators being able to determine when and where bus services should be operated subject to registration and

	<p>minimum safety and operating requirements. Decisions are taken on a commercial basis.</p>
Generalised Journey Time (GJT)	<p>Generalised Journey Time is the perceived journey time, rather than the actual journey time. $GJT=JT+PWT$</p> <p>JT = actual journey time from embarking to disembarking of a bus or the actual intended journey time denoted on a timetable. PWT = perceived wait time which is the headway (for example a bus every 30 minutes) divided by half</p> <p>So, for example a bus journey of 20 minutes that comes every 30 minutes would have a GJT of 35 minutes (20+15).</p>
Journey Time Benefits	<p>Journey Time Benefits means the difference between the 'existing' baseline network (in 2020) and the proposed optimised network. It includes perceived benefits i.e. it is not just 'actual' journey time. Main journey time benefits are attributed to :</p> <ul style="list-style-type: none"> - Reduced waiting time - Better connection with other services and hence quicker 2-leg journeys - Reduced boarding time due to having a simpler ticketing system that covers all buses - Perceived quality improvements – such as easy-to-understand network information (following rationalisation / simplification), and a better, integrated ticketing system
Modal Shift	A change from one form of transport to another – e.g. from car to bus.
Municipal Bus Company	A bus company set up, wholly owned and run by local government.
Net Zero	A target of completely negating the amount of greenhouse gases produced by human activity, to be achieved by reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere.
Open Data	Information available to passengers on and about bus services, including routes, operators, stopping places, timetables, fares and tickets; and information on changes or proposed changes to any of those.
Operators	Bus and Coach companies
Patronage	In public transportation, patronage or ridership refers to the number of people using a transit service.
Small and Medium-sized Enterprises (SME's)	SME means a supplier that has fewer than 250 employees and a turnover of less than or equal to £44 million or a balance sheet total less than or equal to £38 million.

Transport for Wales (“TfW”)	Established as the Welsh Government Transport Company in 2015 and renamed in 2016, TfW is a wholly owned, not-for-profit company providing support and expertise to the Welsh Government's transport projects.
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1. Description

- 1.1 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.
- 1.2 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 the delivery of those services.
- 1.3 The Bill will create new data sharing provisions and a new sanctions regime. The sanctions regime will apply to those who operate local bus services otherwise than in accordance with the Bill, and those who fail to comply with the data sharing provisions.
- 1.4 In addition, the Bill will lift the restriction on local authorities providing bus services to enable them to provide services directly or via their own bus companies.

2. Legislative Competence

- 2.1 Senedd Cymru ('the Senedd') has the legislative competence to make the provisions in the Bus Services (Wales) Bill ('the Bill') pursuant to Part 4 of the Government of Wales Act 2006 ('GoWA 2006') as amended by the Wales Act 2017¹.

¹ NB section 22 makes provision to confer functions specifically exercisable in relation to the Traffic Commissioner. Sections 23, 25(5)(a), 25(5)(b) and 30 make provision to confer functions on the Traffic Commissioner or provide power by subordinate legislation to do the same. The Traffic Commissioner is a "reserved authority" in the terms of Schedule 7B of GOWA 2006 and the provision which confers functions on the Traffic Commissioner or confer functions specifically exercisable in relation to the Traffic Commissioner or provides power by subordinate legislation to do the same is within competence if it is the subject of the consent of a Minister of the Crown. The Minister of the Crown consent has been sought but not yet received at the time of drafting this Explanatory Memorandum.

3. Purpose and intended effect of the legislation

Introduction – The Importance of Buses in Wales

- 3.1 In Wales, around 190,000 journeys are made by bus every day. Three quarters of journeys by public transport are made by bus. Bus remains the most practical and popular choice for public transport, and accounts for about 90 million passenger journeys each year (2019 to 2020) compared with approximately 30 million annual rail journeys. Buses are a lifeline for some of the most vulnerable and marginalised in society, particularly for the 19.4% of households in Wales without a car.
- 3.2 Bus services across Wales provide important access to education, training, work, healthcare, social activities and the opportunity to simply enjoy a day out. They are an essential enabler for community and social interaction; and support improved health and activity by being part of the network of more sustainable and healthy modes of transport (walking, cycling and public transport).
- 3.3 They provide vital links between our communities and are an important tool in ensuring a vibrant economy. They support the tourism industry by providing access to many attractions and are often the only means for some urban communities to access our natural landscapes.
- 3.4 The Welsh Government's ambition is to reform bus legislation, to provide a joined up public transport network that is safe, integrated, environmentally sustainable, efficient, economic and responds to meet the transport needs of the public. Local bus services need to meet the specific needs of each locality and, by stimulating patronage, connect more people and reduce reliance on private cars.

The Current De-Regulated System and Legislation

- 3.5 The main body of current law in relation to bus and coach services in Wales is set out in:
 - The Public Passenger Vehicles Act 1981
 - The Transport Act 1985
 - The Transport Act 2000
 - The Transport (Wales) Act 2006 and.
 - The Local Transport Act 2008.
- 3.6 Under these Acts, bus services are provided under a de-regulated model with bus operators able to determine when and where bus services should be operated. Decisions are taken on a commercial basis. The role of Government and the public sector in Wales is largely constrained unless there is a failure of service, or services are not delivered to the appropriate standard.

3.7 Welsh Ministers can:

- Make regulations for reimbursement arrangements for operators as a result of providing mandatory travel concessions. Under the mandatory travel concessions scheme elderly or disabled people in Wales, upon making an application to their local authority, must be issued with a concessionary permit. The permit can be used to travel on eligible bus service in Wales, for no fare.
- Make grants under certain conditions to operators of eligible bus services towards their costs in operating services and to local authorities to enable them to discharge their transport functions.
- Make regulations, and issue guidance, about bus Quality Partnership Schemes and bus Quality Contract Schemes.
- Secure the provision of any public passenger transport services which they consider appropriate for the purpose of meeting any public transport requirements within Wales which would not in their view otherwise be met and enter into agreements providing for service subsidies for such services.

3.8 Local authorities:

- Have a duty to secure the provision of such public transport services as they consider appropriate to meet any public transport requirements which would not otherwise be met.
- Can enter into an agreement providing for service subsidies where the service in question would not be provided, or would not be provided to a particular standard, without subsidy.
- May set up Quality Partnership Schemes under which a local transport authority (or two or more, jointly) agree to invest in improved facilities at specific locations along bus routes (for instance bus stops or bus lanes). Bus operators who wish to use those facilities undertake to provide services of a particular standard (e.g. new buses, or driver training standards). In Wales, TrawsCymru services are delivered by a mix of commercially registered and contracted local bus services, provided under statutory Quality Partnership Schemes.
- May set up Quality Contract Schemes (although these provisions have yet to be commenced in relation to Wales) under which local transport authorities determine what local bus services and any additional facilities should be provided in that area. Local bus services may only be provided in that area in accordance with quality contracts, (subject to exemptions). Effectively, a Quality Contract Scheme involves the suspension of the deregulated market for bus services in an area.

- May make ticketing schemes under which operators of bus services are required to implement arrangements to accept each other's tickets or provide integrated ticketing in ways specified in the scheme.
- Must reimburse bus operators for providing mandatory concessionary travel when the passenger is issued with a concessionary travel permit.
- Must determine what local bus information should be made available to the public and the way in which it should be made available.

The Traffic Commissioners for Great Britain

- 3.9 The Traffic Commissioners are responsible for the licensing and regulation of those who operate heavy goods vehicles, buses and coaches, and the registration of local bus services. They are assisted in this work by deputy Traffic Commissioners, who preside over a number of public inquiries.
- 3.10 The registration of bus services and the related functions of the Traffic Commissioner in relation to Wales were brought within the legislative competence of the Senedd by the Wales Act 2017.
- 3.11 In relation to bus services in Wales, the Traffic Commissioner for Wales has responsibility for:
- The licensing of the operators of buses and coaches, or public service vehicles (PSVs)
 - The registration of local bus services
 - Granting vocational licences and taking action against drivers of PSVs
- 3.12 Under these arrangements, a bus operator may register to run a bus service in any area on a commercial basis, or may withdraw the service, by serving notice to the Traffic Commissioner. The Traffic Commissioner is responsible for ensuring that bus services are operated to required standards and can impose penalties when standards are not met.

Current landscape for bus services in Wales

- 3.13 In Wales, 87% of bus company income is generated from payments for passenger journeys: that is fare paying passengers and mandatory travel concessionaires. When reimbursement for mandatory travel concessions is deducted, it is estimated that about 58% of operating revenue is generated from fare paying passengers. It is estimated that staff costs account for about 60% of a bus company's operating costs, with the remaining 40% being split equally between fixed costs (vehicles and overheads) and variable costs, mainly the cost of fuel. Statistics published by the Department for Transport estimate the operating cost per vehicle kilometre operated in Wales at £2.20 in 2021.²
- 3.14 Operating margins for bus companies between 2004 and 2007 ranged between 2% and 4%, more recently increasing to between 6% and 8%, especially in 2014/2015 with a significant fall in fuel prices. The operating profits of the two major municipal operators, Cardiff Bus and Newport Bus, are affected by social objectives set by their owners.
- 3.15 Welsh Government funding for local bus services comprises:
- Mandatory concessionary bus travel scheme - currently some £59m³ annually. £3 per live pass issued under the scheme is paid to local authorities annually to meet their administrative costs.
 - Bus Services Support Grant - £25m annually.
 - My Travel Pass with an annual cost of £2m
 - TrawsCymru® bus network estimated at £3.2m per annum but could rise to over £5m as contracts are renewed.
 - Bus Users Cymru – £220,000 in 2024-25, including funding for three full-time Bus Compliance Officers who monitor bus services.
 - Community Transport Association – £220,604 in 2024-25.

The need for reform

- 3.16 Reforming the bus system aims to create better financial stability within the market whilst creating a network that better serves the public. Moving from a de-regulated model to a regulated model through franchising will be beneficial for both the industry and public alike. This will also help us towards our ambitious modal shift and climate change

² <https://www.gov.uk/government/statistical-data-sets/bus04-costs-fares-and-revenue>

³ £59m is made available to local authorities to meet the cost of all Wales scheme whilst £10.5m for concessionary bus travel reflecting local authorities' own concessionary bus travel schemes prior to establishment of all Wales scheme.

targets and creating a truly integrated transport system that is fit for purpose. The need for bus reform is further strengthened by the decline in bus patronage.

- 3.17 Bus use in Wales has been generally falling since the 1980s, from around 180M passenger trips per year in 1986/87, to 130M trips in 2008/09, and 101M trips per year in 2018/19 – a 56% drop since 1987, and a 22% drop since 2009. It should be noted that the population of Wales has increased by 8.2% between 1998 and 2018, and by 3.7% between 2008 and 2018. The fall in bus use has thus taken place against a growth in overall population and total trips by all modes. This trend can be compared with a growth of car traffic (in vehicle kilometres) of 45% from 1993 to 2018. Hence overall the bus services in Wales have collectively not been able to maintain mode share. The reduction in bus patronage has had an impact on the bus network and the delivery of bus services to the public. Covid-19 further exposed serious issues around the resilience of the bus services network in Wales and the vulnerability of the bus industry from reduction in patronage and fare-box revenues. Despite less people using public transport during Covid-19 due to public health restrictions, buses remained an important mode of transport in getting front-liners to their jobs.
- 3.18 The historical reduction in bus patronage is due to a combination of factors. These include:
- Complicated ticket offers and lack of integrated tickets for use on different operators' services;
 - Lack of stability of bus service routes and timetables (which means that people are unwilling to commit to using public transport as part of their daily lives);
 - Slow and unreliable bus journey times makes bus less attractive to potential users, and also increases operating costs – which has a knock-on effect of reduced frequency, which increases waiting times and further reduces attractiveness of buses. Ultimately, this increases the fare prices operators have to charge to cover their costs which further deters passengers from using bus services.
 - Changes in behaviour e.g. working from home, online shopping.
- 3.19 The present deregulated bus system in Wales is directed by market force, meaning that the bus network is impacted by commercial decisions.
- 3.20 In contrast to this local bus services in London, where bus franchising has been in place since deregulation in 1985, has more than doubled by 107%. This can be partly attributed to the greater control that

franchising offers allowing direct government and local authority intervention to safeguard routes and improve quality.

- 3.21 To create a fit-for-purpose system, we need to look at the existing system and the elements that need to be changed. As a result of the Transport Act 1985, the UK de-regulated its bus services, in all areas outside of London and Northern Ireland.
- 3.22 Shifting local bus services in Wales to a franchising model will enable the Welsh Ministers to collaborate with local authorities and Corporate Joint Committees (CJC's) to bring their local bus service ambitions to fruition and achieve a better public transport offer for their residents. Government and local authority interventions can be difficult in a deregulated market, impossible to achieve or require significantly more funding than is available to overcome commercial interests or objectives.
- 3.23 The Bill will provide for a more inclusive provision of services for communities across Wales to enable people to reduce their car use and promote social equity so that those who need public transport to access jobs, education and recreational opportunities are able to do so.
- 3.24 We also need to develop a system which works both for rural and urban areas across Wales. Cities and larger towns currently have much more frequent services, though often far from what is required to provide the necessary alternatives to private car use. There is a need for better integration between local bus services and services such as learner travel, social care and health transport services. This will deliver a more comprehensive bus service network for local communities, especially those in rural areas. A new system of co-ordinating local bus services on a national level will enable us to work with operators and local authorities to ensure the network focusses more on public need.

Welsh Government's Commitment to Reform

Welsh Government's programme for Government

- 3.25 The Welsh Government Programme for Government, published in June 2021, sets out how Welsh Government will:
- Build a stronger, greener economy as we make maximum progress towards decarbonisation.
 - Make our cities, towns and villages even better places in which to live and work.
 - Embed our response to the climate and nature emergency in everything we do.

- 3.26 In the Annual Report 2024, it states – “To improve the bus network, we need to end the deregulation of the bus sector and we are progressing our transformative bus legislation. In March 2024, we published Our roadmap to Bus Reform setting out how we will work with the bus industry and trade unions to deliver our vision of a simpler, cheaper, and more efficient bus network”.

Wales Transport Strategy 2021 (Llwybr Newydd)

- 3.27 Wales Transport Strategy 2021(Llwybr Newydd), sets out a **vision** for the future of Wales’s transport system and bus services, encouraging people out of their cars and onto public transport. At its core are three priorities:
- Reduce the need to travel by bringing efficient services to people
 - Allow people and goods to move easily by accessible, sustainable and efficient transport services and infrastructure; and
 - Encourage people to use more sustainable modes of transport
- 3.28 With a target of 45 per cent of journeys to be made by public transport, walking and cycling by 2040, Llwybr Newydd commits the Welsh Government to reducing transport emissions as part of their efforts to tackle the climate emergency. It sets out the overall ambition that Wales needs a transport system that is good for its people, communities, the environment, the economy, and our culture. It also outlines a series of actions across different transport modes, as well as initiatives in different areas of Wales.
- 3.29 Llwybr Newydd contains an outline for buses, setting specific priorities for the sector, such as improving the quality and reach of services, addressing congestion hotspots and delivering new technology and infrastructure.

Bws Cymru

- 3.30 [Bws Cymru](#) is a report that was published in March 2022 and sets out the vision on how to encourage people to use buses in their everyday lives, promoting social mobility and economic activity and in doing so help to reduce car usage, improve air quality and lower transport carbon emissions.
- 3.31 For climate damaging emissions, transport has been the worst-performing sector of the economy. The report identified the need for a transport system that works for everyone and offers a real alternative to relying on a car. This is essential to ensure there are affordable transport options for everyone to get where they need to go, as well as to meet our climate targets. At an average of £44,000 (average cost of an electric car 2021), an electric car is beyond the means of many families.

“One Network, One Ticket, One Timetable” – The White Paper

- 3.32 The Bill is built upon the White Paper “One Network, One Ticket, One Timetable” published by the Deputy Minister for Climate Change in 2022. The White Paper details Welsh Government’s vision for bus reform, and the intention to achieve a bus system that boosts social equality and can deliver the scale of modal shift required by the climate emergency.
- 3.33 The paper set out the aspiration to create a bus system governed and designed to serve the public interest, with the widest possible geographic coverage, fully integrated services, the highest possible service frequencies and a simple, unified easy to use ticketing and information system, expressed simply as One Network, One Timetable, One Ticket.
- 3.34 The concept of “One Network, One Timetable, One Ticket” reflects the three key objectives of bus reform, whereby to provide an excellent travel option for people in the long term we will need:
- A comprehensive network of bus routes to serve the widest feasible range of destinations, both at busy times and less busy times in the evenings and Sundays.
 - Coordinated timetables for bus-bus connections and bus connections with all other modes of public transport.
 - Simple area-wide fares, valid across all bus routes and on all modes of public transport.
- 3.35 Further objectives for an excellent bus system listed in the White Paper include:
- Bus services that run quickly and on time, with congestion-busting dedicated road space and bus priority infrastructure enabling buses to offer a time-competitive alternative to private car use.
 - A stable bus network from one year to the next, that people come to know and trust.
 - Easy-to-find comprehensive information and a unified high visibility brand.
 - Affordable fares that represent good value in comparison to driving.
 - Passenger-friendly drivers, trained and supported to be front-line ambassadors providing a day-to-day public face for the bus service that helps attract users.

- Good quality waiting facilities and vehicles, with a rapid transition to zero emissions vehicles.
 - All parts of the bus operating sector delivering according to their particular strengths, including SMEs (Small and Medium-sized Enterprise), municipally owned companies and corporate players, demand-responsive services, taxi providers and community-based operators.
- 3.36 The White Paper acknowledged that legislation alone cannot achieve these aims, nor, on their own, can traditional scheduled bus routes. A much-enhanced scheduled network must provide the basis for linked flexible services that extend the reach of buses to cover many more times and places. Implementing the legislation, and introducing franchise contracts over different areas, will take time and will probably require iterative improvements to reach the ambitious level of service we are aiming to develop. We will need to continue making the case for further investment in bus services to deliver the extent and regularity of services they require.

Net Zero Wales Carbon Budget 2 (2021-2025)

- 3.37 In 2021, Welsh Government published the Net Zero Wales Carbon Budget 2 (2021-2025) which highlights the importance of transport in helping Wales reach net zero, and generating wider benefits across health, air quality, accessibility, and the economy. The Carbon Budget reinforces the need for an integrated system that works for everyone and reinforces that significant investment in sustainable modes of transport, including bus, is needed to create services that people want to use and can use. Welsh Government's ambition statements are set out in the Carbon Budget, which are to reduce emissions from passenger transport by 22% in 2025 (from 2019) and 98% in 2050 through demand reduction, modal shift and uptake of low carbon technologies. The aim is to reduce the number of car miles travelled per person by 10% by 2030 and to increase the proportion of trips by sustainable travel mode (public transport and active travel) to 35% by 2025 and 39% by 2030.

The Bus Bill - Proposals

- 3.38 Bus reform, facilitated by the Bill, will make a substantial contribution to achieving the aims set out in the documents above by:
- Enabling public transport to become a real alternative to private transport methods. This will be achieved through a well-co-ordinated network of bus routes to serve the widest feasible range of destinations, both at busy times and less busy times and co-ordinating timetables for multi-modal connections.

- Facilitating a stable bus network from one year to the next that people come to know and trust and enhancing the ability to develop targeted bus priority infrastructure over the medium to long term.
- Lifting the ban on local authorities setting up new municipal bus companies.
- Facilitating the acceleration of the decarbonisation of our public transport fleet - creating new opportunities for business in Wales in the transition to a low carbon economy whilst reducing roadside emissions

3.39 In the longer term, the Welsh Government's aims for bus services are:

- To increase the number of people of all ages using buses for their daily commute to work, for education and training, access to health services and for leisure activities.
- To increase the availability of good quality and accessible local bus services, for passengers as part of an integrated Welsh public transport system comprising a mix of demand responsive or scheduled local transport, together with longer distance express bus services that complement passenger rail services.
- The establishment of national and regional integrated ticketing products to better enable seamless multi modal transportation.
- The provision of bus services that compliment and contribute to the development and the delivery of the Wales metro public transport systems.
- A financially viable and sustainable bus network that offers affordable fares that represent good value in comparison to driving.
- Good quality waiting facilities and vehicles with a rapid transition to zero emission vehicles that will contribute to safeguarding the wellbeing of future generations by tackling poor air quality zones and supporting a sustainable and thriving economy.
- passenger-friendly drivers, trained and supported to be front-line ambassadors providing a day-to-day public face for the bus service that helps attract users.

3.40 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.

3.41 To establish and set out a network of services, the Welsh Ministers must 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 the delivery of those services.

- 3.42 The Bill sets out the definition of local bus services which is similar to the existing definition under section 2 of the Transport Act 1985. Passengers should still be picked up and set down within 15 miles (measured in a straight line). This is well-established in transport legislation and in the practical application of the bus transport system. Retaining this should reduce complexity in the legislation by making it in-keeping with the rest of the UK bus transport systems.
- 3.43 The Bill also identifies two types of services that can be recorded in the Plan –
- 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. These services operate within certain geographical areas and may have some fixed sections of routes or stopping points, but are, by their nature more flexible to respond to the needs of users. These are likely to be particularly advantageous in rural areas where there is less demand but increased distances to reach education, retail, work and leisure settings.
- 3.44 By utilising both types of bus services within the network, services can be provided based on public need. For example, in a rural setting where a standard service will not be sufficiently used, the provision of a demand responsive service will provide an alternative for connecting the population with key commercial, recreational and public services, including shops and hospitals.
- 3.45 The Welsh Ministers must then secure those local bus services in three key ways:
- **Franchising** - entering into local bus service contracts with operators to provide services in line with wider procurement law. Local bus services across Wales will be grouped into service packages for the purpose of tendering; ranging from potentially as small as single routes, which may be of more interest to SMEs, to area wide franchises offering economies of scale for larger operators. In rolling out the new system, TfW will divide Wales into geographical areas (roll-out zones). Though the Bill does not specify a hierarchy, the intention is a presumption that franchising will be the principal mechanism for delivering services.
 - **Direct provision** of local bus services by the Welsh Ministers. The Bill specifies that where the Welsh Ministers are satisfied this would be more effective than entering into a local bus service contract the Welsh Ministers may provide local bus services directly. This power will likely

be used, for example, where (i) the Welsh Ministers have been unable to secure the provision of services via a local bus service contract; or (ii) a local bus service contract has ended before its agreed term (i.e., failed).

- **Permitting** - operators may apply to the Welsh Ministers to provide local bus services. The Welsh Ministers can grant Local Bus Service Permits to satisfy their duty to secure but permits may also be granted in respect of services that have not been determined as required by the Welsh Ministers, provided the Welsh Ministers are satisfied the service will not have an adverse impact on contracted or directly provided services and will not be inconsistent with the Wales Transport Strategy.

3.46 In addition to these, the Bill also makes provision for reliance on certain other types of bus services to fulfil their duty to secure local bus services. These are based on existing legislation and include community transport services. If the “need” identified for passengers is already satisfied by a community transport service, that service should be continued.

3.47 The ability to secure services via direct provision or Local Bus Service Permits will enable the Welsh Ministers to ensure full coverage of services across Wales where circumstances require it, e.g. in the event of contract failure or absence of bids.

3.48 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 CJsCs.

3.49 Provision has been included in the Bill to restrict local bus services that do not fall under the delivery means specified above. This is intended to remove competition which exists under the current de-regulated system to enable greater focus on delivering where there is public need.

Collaboration / consultation

3.50 Collaboration with local authorities and regional leads is key to ensuring the Plan is fit for purpose. Consequently, the following duties are attached to the Plan:

- Duty to seek the views of local authorities in preparing the Plan;
- Duty to consult specified persons/bodies on a draft of the Plan;
- Duty to keep the Plan under review;

- Duty to revise the Plan when appropriate, seek the views of affected local authorities and consult on those revisions (in certain circumstances).
- 3.51 The Welsh Ministers will be required to seek the views of local authorities when preparing the Plan, including identifying routes and principal stopping points along which standard services will operate and the geographical areas within which flexible local bus services will operate. Local authorities have the best understanding of local bus travel requirements in their area.
- 3.52 In addition to this, the Bill includes a duty to consult with specified stakeholders on the draft Plan prior to its publication. This includes representatives of bus operators, staff and passengers, all of whom are critical to the success of the bus network.
- 3.53 The intention is to develop a network plan that is principally guided by local authorities on a regional basis. However, the final decision on the content of the Plan will be made by the Welsh Ministers. This is desirable to ensure a national perspective is retained for fairness across all parts of the country, and essential due to budget constraints.

Objectives

- 3.54 The Welsh Ministers will be required to “have regard to” a number of objectives when exercising their functions under the Bill. These are set out in section 4 of the Bill and are intended to reflect approaches for tackling some of the key challenges identified in Llywybr Newydd, including reducing individual’s reliance on cars, community connectivity and accessibility.

Network planning and franchising

- 3.55 The Bill does not set out how the franchising (contracting) and tender process will work in practice. Greater flexibility will allow appropriate contractual models to be used for different types of service (e.g. between scheduled and demand-responsive services), as well as allowing the Welsh Ministers to reflect developments in procurement practice, the bus market, or the wider public transport system.
- 3.56 It is proposed that the new franchised model will be rolled out across Wales on a phased basis over approximately four years. Further details on how this will work in practice are included in the [Bus reform for Wales: our roadmap to franchising](#), which sets out the various stages leading up to roll-out of the new model. This document also covers the benefits of franchising, funding, network development, network principles and ways of working.
- 3.57 To reflect the status of the Plan as a national asset, the Senedd is to be sighted on the Plan. The Bill includes a requirement for the Welsh

Ministers to lay the initial Plan before the Senedd. This will provide Senedd members with an overview of the “one network” approach taken in the creation of the Plan.

- 3.58 The Bill also requires the Welsh Ministers to keep the Plan under review and revise the Plan to ensure it continues to set out the routes and principal stopping places of standard services and the geographical areas of flexible services.
- 3.59 The Welsh Ministers will have the power to make any other revisions to the Plan that they consider appropriate. Consultation and publication requirements will be applicable on revision of the plan. The duty to consult will be subject to certain thresholds being met to ensure there is sufficient flexibility to respond to changing demands and other potentially urgent circumstances.
- 3.60 The Bill requires the Welsh Ministers to consult on draft revisions where:
- the changes are proposed to have effect for longer than 14 days
 - the revisions are not considered “minor”
 - it is reasonably practicable to carry out a consultation on the proposed revision.
- 3.61 The Bill requires the Welsh Ministers to, before the end of 12 months beginning with the date on which the Plan was last laid, lay a copy of the Plan and a statement setting out the changes from the previous version of the Plan laid, before the Senedd.

Reporting requirements

- 3.62 The reporting requirements have been designed to ensure reporting is required during the roll out of the franchising model and once the transition to the franchising model is complete and it is business as usual. The approach to reporting seeks to be proportionate and reflects the importance of ensuring the Senedd can be appropriately informed of the implementation of the new system for delivering bus services and is able to retain some oversight of the management of the delivery of bus services in the future.
- 3.63 The Welsh Ministers will be required to provide an initial report to the Senedd no later than twelve months after the period of two years starting on the day when the duty to secure local bus services (section 5 of the Bill) comes into force. Subsequent reports should be provided no later than 12 months after each successive period of four years.
- 3.64 In the report the Welsh Ministers will be required to set out the way and extent to which, the exercise of their functions under the Bill have

contributed to achieving the objectives (section 4 of the Bill). It is envisaged that the initial report provided to the Senedd during roll-out will also set out:

- the steps taken by the Welsh Ministers to implement the franchising of bus services in Wales from Royal Assent;
- progress on implementation across each of the four zones, noting the priorities, risks, opportunities, or delivery concerns for the rest of the implementation period;
- what the Welsh Ministers are going to do to mitigate risks and delivery concerns;
- the impact of introducing franchising in any zones where franchising has been implemented;
- any other matters the Welsh Ministers consider relevant to report on the progress they have made in implementing the new system for delivering bus services.

3.65 It is envisaged that later reports may set out the following:

- the Welsh Ministers' policy aims for the next reporting period
- a statement outlining the current state of the market for bus services in Wales; and
- any other matters the Welsh Ministers consider relevant to report.

3.66 This will be alongside setting out the required information regarding the way in which, and the extent to which, the exercise of the Welsh Ministers functions has contributed to achieving the objectives.

Cross-border services

3.67 These are local bus services that have stopping points in both Wales and England.

3.68 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.

3.69 Whilst both the Welsh and the English parts of the service can be franchised, permitted or directly provided as one service the restriction prohibiting other operators from providing services outside of these

circumstances (see paragraph 3.76 for more details) would not be applied to the English part of the service.

- 3.70 Where the English part of the service would otherwise be provided and it meets transport needs in Wales, in practice, it is envisaged that only the Welsh part of the service would be subject to a local bus contract or service permit.

Local Bus Service Permits

- 3.71 The Bill makes provision for services that have not been determined as required by the Welsh Ministers to operate in Wales where it is in the public interest for them to do so. These services will be authorised by the operation of a permitting system. Local Bus Service Permits may also be provided to services which have been determined as required by the Welsh Ministers to satisfy the duty to secure.
- 3.72 The Local Bus Service Permit regime will allow an operator to apply to the Welsh Ministers for a Local Bus Service Permit, which they may award if:
- The proposed service(s) would not have a material adverse impact upon a local bus service provided under a local bus service contract or directly provided; and
 - the proposed service(s) would not be inconsistent with the Wales Transport Strategy.
- 3.73 Local Bus Service Permits will provide operators with an opportunity to consider new, innovative, experimental or temporary services which may offer the possibility of a viable bus route, but which are not provided as part of the franchised network. As noted above, this will also allow operators to run cross-border services to/from England with the permission of the Welsh Ministers, where these services can't be franchised.
- 3.74 The Bill includes powers to make regulations to attach conditions to any Local Bus Service Permit and set out the grounds for the revocation or suspension of a permit.
- 3.75 Provision is also made to allow applicants to appeal against decisions to refuse, revoke, suspend, impose or vary conditions on a Local Bus Service Permit. The right of appeal is broad to ensure a fair right of appeal is available in all circumstances. For example, a condition imposed on a Local Bus Service Permit may be so restrictive or prohibitive so as to make the route unviable for the operator and amount to a refusal.

Restrictions on providing local bus services

- 3.76 Operators will be prohibited from running local bus services except under a local bus service contract or by virtue of a Local Bus Service Permit issued by the Welsh Ministers, subject to limited exceptions for community bus services and services provided under section 46 of the Public Passenger Vehicles Act 1981 (the restriction). These excepted local bus services will be able to operate in Wales without operators having to obtain a local bus service contract or Local Bus Service Permit. The Welsh Ministers will also have a power to except other classes of service from the restriction. The Bill makes it a civil offence to operate a local bus service in Wales in contravention of the restriction. This will be enforced by the Traffic Commissioner.
- 3.77 Provisions included in the Bill setting the sanctions for dealing with breaches of the restriction are similar to established provisions for other similar offences under section 155 of the Transport Act 2000.

Local Authority powers and bus services

- 3.78 Currently, local authorities are prohibited from providing bus services which require a PSV operator's licence under section 66(1) of the Transport Act 1985 ("the 1985 Act"). The Bill allows only those persons holding a "PSV operator's licence" or a "community bus permit" to bid for contracts or apply for a permit under the new system. Therefore, a local authority will need to hold either of these to provide services under a local bus service contract or Local Bus Service Permit.
- 3.79 The rationale for this is that local authorities should have to meet the same standards (i.e. vehicle safety, maintenance and facilities) as other operators to obtain the necessary licence which is a prerequisite for running a bus service. It will be for local authorities to determine which licence or permit they rely on.
- 3.80 To provide local authorities with the ability to obtain a PSV operator's licence and to run local bus services the Bill makes provision to lift, in relation to Wales, the current restriction on local authorities providing bus services under section 66(1) of the 1985 Act.
- 3.81 Where local authorities are to run bus services commercially, they will be required to establish a company, and it is expected that they will rely on the general power of competence ("GPOC") contained in section 24 of the Local Government and Elections (Wales) Act 2021 to do this.
- 3.82 Currently, there are two local authority bus companies operating in Wales – Cardiff City Transport Services Limited (trading as "Cardiff Bus") and Newport Transport Limited (trading as "Newport Bus") – formed under section 67 of the 1985 Act. It is the intention that both Cardiff Bus and Newport Bus be able to continue operating local bus

services in Wales and that the existing controls on local authority transport companies contained in sections 72 to 79 of the 1985 Act should not apply once they have transitioned to the franchising model. Once Cardiff Bus and Newport Bus have transitioned to the franchising model the general controls on local authority companies contained in sections 67 to 73 of the Local Government and Housing Act 1989 and the Local Authorities (Companies) Order 1995 will apply.

- 3.83 The rationale here is to enable local authorities to create new municipal bus companies and enable existing local authority owned bus companies to continue their operation.
- 3.84 Local authorities are also currently placed under a duty to secure the provision of public transport services they consider appropriate to meet any public transport requirements which would not otherwise be met. Local authorities can also enter into agreements for providing service subsidies where services would not be provided, or would not be provided to a particular standard, without subsidy (section 63 of the Transport Act 1985). However, 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 GPOC to secure bus services. The Bill will also provide local authorities with powers to subsidise services. Services that meet the definition of “local bus service” won’t be excepted from requiring a Local Bus Service Permit, unless they fall within the limited exceptions to the restriction.
- 3.85 Under the existing de-regulated model of bus delivery section 6 of the Transport Act 1985 requires bus services to be registered with the Traffic Commissioner. The Bill removes the requirement for standard “local bus services” (section 1 definition) in Wales to be registered because this function will, in effect, be superseded by the Network Plan.

Data and Information Sharing

- 3.86 Clear, high quality and up-to-date information is essential for the smooth running of local bus services. Today people have far greater expectations about the kind of information that should be available to them than even a few years ago, and consumers expect to be able to make informed choices based on easily available data. This standard of data is not currently consistently available to bus passengers in all parts of Wales. New powers for the Welsh Ministers in relation to open data should result in public access to more consistent and reliable data.
- 3.87 Access to clear and accurate information about bus services is important for software developers seeking to create services such as smartphone apps and journey planning systems. Whilst bus journey

planning websites such as Traveline Cymru are already available, unlike some other public transport modes, the information on bus fares and punctuality is not always easily accessible. In comparison, the National Rail Enquiries website provides journey planning and fare information on rail journeys and punctuality data is available on the Office of Rail and Road and Network Rail websites.

- 3.88 It is the intention that people using, or looking to use, bus services in Wales should have access to the same levels of information as passengers on other modes of transport. It is considered that this will make bus services more accessible and a more attractive travel option. To achieve this, it will be essential that there is a comprehensive open data set available for the bus industry.
- 3.89 The Welsh Ministers will be required to make arrangements for information about bus services to be made available to the public. The information to be made available will be specified in regulations. This will include:
- timetables and frequencies of bus services;
 - routes stops and areas of operation;
 - fares and tickets;
 - changes or proposed changes to routes or services;
 - the operation of services, including (potentially)—
 - the location of vehicles operating the services,
 - connections to other services, and
 - the time at which a service has arrived or is expected to arrive at a destination.
- 3.90 The Welsh Ministers will also be able to require certain information be made available to them by operators for the purpose of fulfilling their duty to make information available to the public.
- 3.91 Accurate information is important to develop the bus network, and to assist the Welsh Ministers in preparing the Plan, identifying the local bus services required and informing policy and operational decision-making about supporting and contracting services.
- 3.92 An important step in the franchising process is the provision of sufficient clear information for the purpose of making informed decisions about the level of demand for, and patronage of, services, and about the relative value offered by different bids to deliver them.
- 3.93 The Bill ensures the Welsh Ministers have, for the purpose of their functions of establishing and enforcing the bus network in Wales, the power to require current and former operators of bus services to provide them with information. It is the intention that the Welsh Ministers will be able to specify in regulations the information required and how the information is to be provided.

- 3.94 The Bill also enables the Welsh Ministers to make regulations relating to the gathering of information from local authorities to facilitate the exercise of functions relating to the securing and provision of bus services.
- 3.95 In terms of who information can be provided to, 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. It is proposed that this sharing should be limited to any subsidiaries of the Welsh Ministers or anyone with whom they have entered into an arrangement to support the delivery of the franchising model (such as specialist consultant support); the Traffic Commissioners (for the purpose of defending appeals, etc); and local authorities (operating as local transport authorities) in Wales. The Bill enables the Welsh Ministers to make regulations about the disclosure of information. A failure by an operator to comply with an information requirement is to be enforced by the Traffic Commissioner via the imposition of civil penalties similar to existing provision under section 155 of the 2000 Act.

Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)

- 3.96 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. The Bill provides for the making of regulations to identify the situations which should be treated as relevant transfers for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), so that TUPE applies.
- 3.97 Also, under TUPE and provisions of the Pensions Act 2004 which will be said to apply, staff that are transferred will have specific pension rights protections.

Territorial application

- 3.98 This Bill applies in relation to Wales. Local authorities and Traffic Commissioner for Great Britain have existing statutory responsibilities in relation to the provisions of bus services in Wales. This Bill will impact public, private and third sector bus service operators and individuals and communities reliant on loc

4. Consultation

- 4.1 The Welsh Government has consulted on bus reform extensively and continues to work closely with Transport for Wales (TfW) and other key stakeholders to inform policy on bus reform, for which the Bill will provide the legislative structure. 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, highlights of which are detailed below.
- 4.2 In January 2017, Welsh Government held a bus summit in Wrexham, inviting over two hundred industry stakeholders to attend. During the day, industry wide issues were discussed, supported by presentations and interactive delegate workshops. Workshop discussions considered issues and potential solutions around the following key areas: sustainable and accessible bus networks; a sustainable development approach; reversing bus passenger decline and organically growing the fare paying passenger market.
- 4.3 Following the summit, Welsh Government held a further eight detailed workshops across Wales to delve deeper into the common themes that emerged. These were held in October and November 2017.
- 4.4 In 2018, another bus summit took place in Swansea, involving over two hundred industry stakeholders. Industry issues were again discussed as well as setting the future direction of local bus services in Wales which included working positively with all partners across the industry to explore solutions to meet the transport needs of all our communities.
- 4.5 Feedback and contributions from the industry at the bus summits and workshops played an important role in the development of the Bws Cymru report, which is referred to in more detail in paragraphs 4.13 – 4.15 below.

The Bus Services (Wales) Bill 2020 (Withdrawn)

- 4.6 In March 2020, the Minister for Climate Change introduced the [Bus Services \(Wales\) Bill](#) on bus reform to the Senedd. Running up to this there was wide ranging consultation via formal public consultation, engagement events and specific engagement meetings. Four stakeholder engagement events were held across Wales, with a total of around 200 in attendance and officials attended local authority meetings and engagement events to discuss the proposals. Specific engagement meetings also took place with a range of organisations and individuals sharing protected characteristics, including:
 - Disability Wales
 - Guide Dogs Cymru

- Youth Parliament
- Children in Wales

4.7 Briefing sessions were also held with the following groups:

- Future Generations Commission
- The Welsh Local Government Association
- Country Surveyors Society and the Association of Transport Coordinating Officers
- South West Transport Portfolio Members
- Transport Cabinet Members Advisory Group in North Wales
- NBN Bus Workstream
- Community Transport Association

4.8 The 2020 Bill provided local authorities with two statutory ‘tools’ - ‘Welsh Partnership Schemes’ and ‘Welsh Franchising Schemes’. Both were updates to existing statutory approaches. These differ from the proposed approach in the current Bill because neither tool was mandatory and local authorities would be franchising authorities. However, there were some similarities in that the 2020 Bill would have removed restrictions on local authority bus operations and addressed information provision by operators.

4.9 The Bill was withdrawn on 15 July 2020 owing to the impacts of the COVID-19 pandemic on the legislative timetable.

Llwybr Newydd: the Wales transport strategy 2021 and Bws Cymru consultation

4.10 In March 2022, the [Bws Cymru consultation](#) was published. It set out the Welsh Government’s plans to reform the planning and delivery of local bus services over the next 5 years and included a commitment to publishing a white paper in advance of new primary legislation to alter the way bus services are secured. Bws Cymru built on the outline proposals [in Llwybr Newydd: the Wales Transport Strategy 2021](#) (Llwybr Newydd). As set out below, both Llwybr Newydd and Bws Cymru were developed in conjunction with the public and all stakeholders.

4.11 For Llwybr Newydd, between March and September 2020, over 50 online meetings and three face to face workshops were held to capture the general public’s experience and perception of transport as a whole, which included elements of bus usage. The five Welsh Commissioners were consulted, along with various other key groups:

- Children’s Commissioner for Wales
- Welsh Language Commissioner
- Future Generations Commissioner for Wales
- Older People’s Commissioner for Wales
- Traffic Commissioners

- Equality and Human Rights Commission
- Disability Equality Forum
- Wales Race Forum
- Refugee and Asylum Seeker Task Force
- Strengthening and Advancing Equality and Human Rights steering group
- Ministerial Advisory Forum on Ageing
- Gypsy and Road Traveller representatives
- TfW Accessibility Panel

4.12 Further information on the engagement and consultation activities can be found [here](#).

4.13 For Bws Cymru, fifteen online meetings and workshops with stakeholders, representing users, operators and trade unions, were held between 26 August 2021 and 28 September 2021.

4.14 These meetings and workshops were in addition to ongoing communications with local transport authorities, bus operators and industry representative groups which happened on a regular basis. A Bus Partnership Group with representative bodies from across the bus sector was also formed. The group acted as a sounding board for policy ideas, with members being able to discuss bus reform and bus-related issues with policy officials. The establishment of this group reflects Welsh Government's desire and commitment to work collaboratively within the sector.

4.15 Further information on the engagement and consultation activities including the full schedule of meetings and attendees can be found [here](#).

Working Groups

4.16 In early 2022, the Welsh Government convened two key working groups to assist with policy development in readiness for the publishing of the white paper "One Network, one timetable, one Ticket: planning buses as a public service for Wales" (see paragraphs 4.17-4.18 below): the Bus Operator Working Group and Bus Legislation Working Group.

4.17 The Bus Operator Working Group consisted of representatives from industry bodies and Welsh Government policy officials. Key points raised included the importance of ensuring that the legislation did not disadvantage anyone in the market and encouraged the participation of all types of operators in franchising. The Bus Operator Working Group also noted the major role played by SME in the delivery of bus services in Wales. Concerns were also raised by the Bus Operator Working Group about the transitional period arrangements and what that will look like in practice. The Welsh Government and TfW continue to work with operators to manage the transition to franchising smoothly.

- 4.18 The Bus Legislation Working Group consisted of representatives from local authorities, TfW and Welsh Government policy officials. Key points that arose from discussions related to governance structures, accountability whilst avoiding bureaucracy, the impact of franchising on learner travel and the duty placed upon local authorities to secure public passenger transport services that would not otherwise be provided, under s.63 of the Transport Act 1985.
- 4.19 Welsh Government have acknowledged and taken account of these issues throughout policy development. The Bill makes amendments to the Transport Act 1985 to account for the move to franchising in Wales.
- 4.20 Statutory responsibility for learner travel will not be impacted by the Bill. However, when planning the network, TfW will seek to ensure better integration between the network and learner travel to ensure children and young people have better access to schools and further and higher education.
- 4.21 Welsh Ministers will ultimately be accountable for franchised bus services under the Bill; however, taking account of the feedback from the Bus Legislation Working Group, the Bill requires the Welsh Ministers to involve, among others, local authorities, and Corporate Joint Committees in planning the network in their area. In developing the Bill, we have intentionally avoided creating a bureaucratic process, which local partners fed back would make the Welsh Ministers' management of the network difficult in practice.

White Paper Consultation

- 4.22 The White Paper: ["One Network, one timetable, one ticket: planning buses as a public service for Wales"](#), published for public consultation on 31 March 2022, set out the Welsh Government's vision for the future of bus services across Wales. This White Paper has underpinned the policy development of the Bill.
- 4.23 The consultation on the White Paper ran for 12 weeks and closed on 24 June 2022. Responses could be submitted via post, email or online – through the online questionnaire on the Welsh Government website. Welsh and English language responses were accepted. The link to the consultation was shared with partners including all Welsh local authorities and relevant professional bodies and representative organisations.
- 4.24 739 responses were received to the consultation. Responses were received from bus companies, the public and third sector, industry associations and members of the public. 91% of those who responded stated that they lived in Wales.
- 4.25 Virtual events were organised by officials to engage with local authorities and bus operators to explain the proposals, answer questions and

encourage responses to the consultation. Officials delivered a presentation on the White Paper and the draft regulatory impact assessment (RIA) at these events. Officials also attended other virtual events upon request.

- 4.26 Local authority officers were invited to attend one of four regional events which were delivered online, these regions being South East Wales, North Wales, Mid Wales and South West Wales. They were attended by 48 Welsh local authority officers and a representative from the Welsh Local Government Association (WLGA).
- 4.27 Officials also delivered an online event for bus operators and their representatives which was attended by 13 operators, and representatives from The Confederation of Passenger Transport (CPT), the Coach and Bus Association Cymru (CaBAC) and TfW.
- 4.28 The consultation feedback was very positive in general – with 96% of respondents agreeing with the need for change in how to deliver bus services, 66% in favour of franchising, and 75% agreeing with our proposed franchising model as described in the White Paper.
- 4.29 Many comments that accompanied the consultation responses welcomed the proposed changes. Respondents from more rural areas of Wales welcomed the chance to improve bus services in their areas. Additionally, respondents commented on the current difficulties of finding out when buses were going to arrive due to the mix of companies operating routes, a lack of cohesive services and no clear timetables available. These comments reinforce the need to create a network designed to meet the transport needs of the public.
- 4.30 Respondents expressed their support for a franchised model, with many echoing the need for consistency and national-level direction to deliver high quality, consistent services as well as integration with rail. This further highlights the need for an integrated approach to services, ticketing, and network, which are the key policy objectives of the Bill.
- 4.31 Some respondents' comments showed support for the aim of getting people out of their cars and onto more climate friendly public transport services. However, the majority of those citing climate change as a reason to support the proposals also mentioned that affordability must come first to encourage people to use buses instead of their cars. The most common response was about affordability for the end-user with complaints that the current ticket prices are too expensive, especially for those who rely on public transport for essential travel and social contact. However, many had reservations about how affordability would be achieved and its impact. Those concerns included compromise on services levels or quality and the cost and sustainability to the public purse of affordable ticketing.

4.32 Additional questions and comments raised by respondents are summarised as follows:

- Many operators' questions focused on seeking more detail on how franchising would work in practice, rather than on the legal framework putting it in place. Some operators, including a major operator not currently active in Wales, expressed interest in franchising opportunities.
- Local authorities were generally supportive of the proposals in principle but stressed the importance of having a local role in bus services. Some local authorities questioned whether franchising powers could sit as part of a local 'toolkit' including alternatives such as enhanced partnerships. This was the approach put forward in the previous [\(withdrawn\) Bus Services \(Wales\) Bill](#), and similar to the existing model in England and Scotland. Under that model, the uptake of voluntary partnerships was slow, and they do not prevent operators from withdrawing marginal routes or undercutting, and do not allow local and national Government to decide where and how services should run. The system also does not join up across local government boundaries, so would not offer an overall coordinated timetable, network, and ticketing system for Wales.
- Local input is critical to the bus system, so we are committed to continue working with local authorities to ensure franchising delivers a network that works for all. In line with this input, the Bill requires the Welsh Ministers to involve local authorities in designing a bus network. This also takes account of the strong feedback from local authorities on the importance of local knowledge in planning bus services.
- Comments on the consultation echoed points raised by the working groups above about the role played by SMEs in the delivery of bus services in Wales and the need for coordination between TfW and local authorities to deliver a well-planned and integrated learner travel offer alongside the scheduled network.

4.33 The Deputy Minister for Climate Change met local authority leaders and Transport cabinet members on 20 October 2022 to discuss the proposals and ways of working with local authorities. Leaders were supportive of the proposals in principle and positive about the need for major improvements in the bus system. However, they agreed there was a need for effective governance and further investment if the network is to grow significantly.

Bus Operator Engagement Sessions

4.34 A series of Bus Operator Engagement Sessions took place in November 2024, whereby TfW and Welsh Government officials met with operators to discuss franchising. These sessions were optional drop-in sessions open to any existing or potential bus operators. They focussed on the

proposals for bus reform, provided an overview of the legislative proposals and the approach to the implementation of franchising. Operators had an opportunity to ask questions and express any concerns about franchising. Key themes arising from this were depots, transitional arrangements and the impact on SME's. These concerns have been considered by the Welsh Government and TfW when planning the implementation of franchising.

Reasons for not consulting on a Draft Bill.

4.35 The provisions included in the Bill are underpinned by the proposals put forward in the White Paper consultation published in March 2022, and have been refined in light of the responses received. Given the breadth and depth of engagement with key stakeholders, including local authorities and representatives of bus operators in respect of the proposals, it was not considered necessary to consult on a draft Bill.

5. Power to make subordinate legislation

- 5.1 The Bill contains provisions to make subordinate legislation and issue determinations. Table 5.1 (subordinate legislation) and Table 5.2 (other instruments) set out in relation to these:
- (i). the person upon whom, or the body upon which, the power is conferred;
 - (ii). the form in which the power is to be exercised;
 - (iii). the appropriateness of the delegated power;
 - (iv). the applied procedure; that is, whether it is “affirmative”, “negative”, or “no procedure”, together with reasons why it is considered appropriate.
- 5.2 To assist in understanding the Welsh Minister’s intended use of these powers, a separate ‘Statement of Policy Intent’ has been published to accompany the Bill.
- 5.3 The Welsh Government will consult on the content of the subordinate legislation where it is considered appropriate to do so. The precise nature of consultation will be decided when the proposals have been formalised.

Table 5.1: Summary of powers to make subordinate legislation in the provisions of the Bus Services (Wales) Bill

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
Bill Section: 10(1) and (3) Ref No.1	Welsh Ministers	Regulations	Power to make provision about the terms that must be included in local bus service contracts (section 10(1), the standard form for terms that must be included in local bus service contracts and the circumstances in which a standard form may or must be used in local bus services contracts (section 10(3)). Provision around contracts may need to change in future to enforce standards.	Negative	The content of the regulations would be technical in nature.
Bill Section: 13(2) Ref No.2	Welsh Ministers	Regulations	Power to make regulations about further conditions that must be attached to a local bus service permit.	Negative	The subject matter of the regulations is largely technical in nature. The regulations may deal with matters

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			The conditions of permits may need to change in the future depending on demand and/or technology.		such as the frequency and timing of services and record keeping, for example.
Bill Section: 14 Ref No.3	Welsh Ministers	Regulations	Power to make regulations about applications for local bus service permits. The process for making applications for permits may need to change in the future depending on technology, and fees may need to change in line with inflation.	Negative	The subject matter of the regulations is largely technical in nature. The regulations may deal with matters such as the form and content of applications and fees payable.
Bill Section: 15(5) Ref No.4	Welsh Ministers	Regulations	Power to make regulations to modify section 15(3) (the grounds on which a local bus service permit may be revoked or suspended) and make provision about when revocation or suspension	Affirmative	This provision confers powers on the Welsh Ministers to amend primary legislation and it is appropriate that the regulations are approved by the Senedd.

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			<p>of a local bus permit takes effect.</p> <p>Grounds or provision relating to revocation or suspension may need to change to continue to enforce any evolving standards or safety issues.</p>		
<p>Bill Section: 21(3)</p> <p>Ref No.5</p>	<p>Welsh Ministers</p>	<p>Regulations</p>	<p>Power to make regulations to amend section 21(1) (the restriction on providing local bus services) for the purposes of providing that the restriction does not apply in relation to certain local bus services.</p> <p>In the future, certain services may be operated which should not be subject to the restriction.</p>	<p>Affirmative</p>	<p>This provision confers powers on the Welsh Ministers to amend primary legislation and it is appropriate that the regulations are approved by the Senedd.</p>

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
Bill Section: 23(2)(b) Ref No.6	Welsh Ministers	Regulations	Power to make regulations specifying the order a traffic commissioner may make for breaches of the restriction. The type of Orders the TC may make may need to change to continue to enforce standards.	Affirmative	The regulations would enable the traffic commissioner to impose other sanctions on operators for breaching the restriction.
Bill Section: 23(8) Ref No.7	Welsh Ministers	Regulations	Power to make regulations about the form, content and procedure of orders (among other things) made under section 23. The form, content and procedure of orders made by the TC may need to change from time to time.	Negative	The content of the regulations would be technical and relatively minor detail in the context of the broader legislative regime created by the Bill.
Bill Section: 23(9) (a)(i) and (b)(i)	Welsh Ministers	Regulations	Power to make regulations prescribing the maximum penalty that	Affirmative	The power has financial implications for

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
Ref No.8			<p>may be imposed for breaches of the restriction.</p> <p>The amount of the penalty may need to change in the future to enforce standards.</p>		operators who breach the restriction.
<p>Bill Section: 25 (3) (b)(4)&(5)</p> <p>Ref No.9</p>	Welsh Ministers	Regulations	Sections 25(3) and (4), enable regulations to be made setting out the information that can be requested from current and former operators of bus services via notice, for the purpose of exercising functions under Parts 2 or 3. Under section 25(5) the regulations must also make provision about appeals and may make provision about the disclosure of information.	Affirmative	The regulations provide for the collection of information under powers of compulsion.

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			<p>The type of information and dataset required to plan the bus network will change over time.</p> <p>Suitable for regulations as gives the Welsh Ministers the flexibility to prescribe persons to whom information may be disclosed and the purposes for which that information may be used.</p> <p>Provision about appeals may need to be amended over time to ensure it remains fit for purpose.</p>		
<p>Bill Section: 26 (3) (b)& (4)</p> <p>Ref No.10</p>	<p>Welsh Ministers</p>	<p>Regulations</p>	<p>Power to make regulations setting out the information that can be requested from local authorities via notice.</p> <p>The type of information and dataset required to</p>	<p>Affirmative</p>	<p>The substance of the provision will be set out in subordinate legislation made in exercise of the power.</p>

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			plan the bus network will change over time.		
<p>Bill Section: 27(1),(2),(4) & (5)</p> <p>Ref No.11</p>	Welsh Ministers	Regulations	<p>Section 27(1) places a duty on the Welsh Ministers to make arrangements to ensure that information about bus services specified in regulations is made available to the public.</p> <p>Section 27(2) is a power to specify information related to specified services.</p> <p>Section 27(4) specifies the type of information that may be included in the regulations.</p> <p>Section 27(5) requires regulations to make provision specifying how and when the information is to be provided to the public.</p>	Affirmative	The regulations relate to the collection of information under powers of compulsion.

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			The content of the information and the manner in which it is shared with the public may change.		
Bill Section: 28 Ref No.12	Welsh Ministers	Regulations	<p>Section 28(1) is a power to make regulations requiring operators of local bus services to provide specified information.</p> <p>Section 28(2) limits that power to information required for the purpose of section 27(1).</p> <p>Section 28(3) sets out the type of information that may be included in the regulations.</p> <p>Section 28(4) provides that the regulations must specify how and when the information is to be provided.</p>	Affirmative	The regulations provide for the collection of information under powers of compulsion.

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			The content of the information to be shared with the public may change over time.		
Bill Section: 30(2)(b) Ref No.13	Welsh Ministers	Regulations	Power to make regulations specifying the order a traffic commissioner may make. The types of orders a TC can make may need to change in the future to enforce standards.	Affirmative	A new type of order from a TC may have impacts, financial or otherwise, on operators.
Bill Section: 30(8) Ref No.14	Welsh Ministers	Regulations	Power to make provision about orders under this section, including about the form and content of an order and the procedure to be followed by a TC. The form, content and procedure of Orders may need to change in the future to enforce standards.	Negative	The subject matter of the regulations is technical in nature. The regulations may deal with matters such as the form and content of Orders and make minor amendments to the procedures followed by a TC in respect of Orders.

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
Bill Section: 30(9)(a)(i) and (b)(i) Ref No.15	Welsh Ministers	Regulations	Power to make regulations prescribing the maximum penalty that may be imposed for breaches of the information requirements. The maximum penalty may need to change in the future to enforce standards.	Affirmative	Due to the financial implications for operators who breach the information requirements.
Bill Section: 35(1), (2) and (3) Ref No.16	Welsh Ministers	Regulations	Duty to make regulations for circumstances in which a relevant transfer is to be treated as taking place, for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) and sections 257 and 258 of the Pensions Act 2004 and a power to make further provision in regulations in connection with the application of	Affirmative	The power has significant implications for bus operators and their workforces.

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			<p>TUPE by virtue of provision made under section 35(1)</p> <p>There may be a number of transfers of different natures, in different circumstances as the system established by the Bill is implemented and after implementation that should be treated as relevant transfers for the purposes of TUPE. There is a need for flexibility as the new system is rolled out.</p>		
<p>Bill Section: 38</p> <p>Ref No.17</p>	<p>Welsh Ministers</p>	<p>Regulations</p>	<p>Provides that powers to make regulations under the Bill also include the power to make supplementary, incidental, consequential, transitional or savings provision.</p>	<p>As set out for each power but where regulations modify any provision of primary legislation the affirmative procedure applies.</p>	<p>A higher level of scrutiny is appropriate where the regulations enable provision to be made</p>

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
					that amends provisions of primary legislation.
Bill Section: 40(3) Ref No.18	Welsh Ministers	Regulations	<p>Power to make regulations about circumstances in which a person of a specified description is to be treated for the purposes of section 40(2) as providing or not providing a local bus service</p> <p>Appropriate for regulations as this power gives the Welsh Ministers the flexibility to amend the definition of an operator should the term need to change in the future. This is an important definition for the sector therefore a mechanism to amend</p>	Affirmative	This provision confers powers on the Welsh Ministers to amend primary legislation and it is appropriate that the regulations are approved by the Senedd.

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			more responsively is required.		
Bill Section: 42 Ref No.19	Welsh Ministers	Regulations	<p>Section 42(1) is a power to make supplementary, incidental, consequential, transitional, transitory or saving provision for the purposes of giving full effect to any provision of the Bill. Section 42(2) confirms that the regulations may modify any enactment.</p> <p>Regulations are the appropriate legislative vehicle for technical or consequential amendments which will need to be made as a result of the Bill.</p>	Negative unless amending primary legislation in which case the affirmative procedure will apply.	A higher level of scrutiny is appropriate where the regulations enable provision to be made that amends provisions of primary legislation. Otherwise, the negative procedure applies.
Bill Section: 43(3) and (4) Ref No.20	Welsh Ministers	Order	Section 43(3) enables commencement orders to be made and section 43(4) confirms how that power may be exercised.	No procedure	These orders relate to commencement and are technical in nature.

Section and Ref No.	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			<p>Suitable for delegated powers as this enables the Welsh Ministers to commence certain provisions of the Bill that are not commenced automatically.</p> <p>Transitional or saving provisions can be made in connection with the coming into force of the provisions.</p>		

Table 5.2: Summary of powers to make directions and to issue codes and guidance in the provisions of the Bus Services (Wales) Bill

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
Bill Section: 5(1)(b)	Welsh Ministers	Plan	Duty to publish a Welsh Bus Network Plan. Suitable for delegated powers as the Welsh Bus Network Plan sets out details of local bus services that have been identified as required. The Welsh Bus Network Plan must set out the routes and principal stopping points of standard bus services and the geographical areas of operation of flexible bus services.	No Senedd procedure. Procedure set out in section 6 must be followed including satisfying the consultation requirements.	The content of the Welsh Bus Network Plan would be technical in nature.
Bill Section: 23(1) and (3)	Traffic Commissioners (TCs)	Orders	Power to make orders to impose a penalty on operators who breach the restriction, power to make an order (of a description that the Welsh Ministers prescribe in regulations) to impose sanctions on operators who breach the restriction (section 23(1) and a power to make orders to impose additional penalties on	No Senedd procedure. The procedure to be followed by the TC may be set out in regulations (section 23(8))	The TC can only make Orders as set out in section 23 or those described in regulations made by the Welsh Ministers. Whilst the TC has discretion as to the amount of penalty payable this is subject to the upper limit

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			<p>operators who fail to comply with orders (section 23(3))</p> <p>The TC can currently undertake enforcement action against bus operators in respect of failures to comply with the requirements of the Transport Act 1985 and 2000 under section 155 of the Transport Act 2000 via the making of Orders.</p>		described in section 23.
Bill Section: 30(1) and (3)	Traffic Commissioner (TC)	Orders	<p>Power to make Orders to impose a financial penalty on operators who breach the data provision requirements, power to make an order (of a description that the Welsh Ministers prescribe in regulations) to impose sanctions on operators who breach information requirements (section 30(1) and a power to make orders to impose additional penalties on operators who fail to comply with orders (section 30(3)) The TC can currently undertake enforcement action against bus operators in respect of failures to comply with the requirements of the Transport</p>	<p>No Senedd procedure. The procedure to be followed by the TC may be set out in regulations (section 30(8))</p>	<p>The TC can only make Orders as set out in section 30 or those described in regulations made by the Welsh Ministers. Whilst the TC has discretion as to the amount of penalty payable this is subject to the upper limit described in section 30.</p>

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			Act 1985 and 2000 under section 155 of the Transport Act 2000 via the making of Orders.		

PART 2 – REGULATORY IMPACT ASSESSMENT

6. Regulatory Impact Assessment (RIA) summary

Overview

- 6.1 A Regulatory Impact Assessment (RIA) has been completed for the Bill and it follows below.
- 6.2 The RIA has been informed by assessment of potential costs and benefits, and engagement with key stakeholders, undertaken with Welsh Government by independent consultants (Arup).
- 6.3 There are no specific provisions in the Bill which charge expenditure on the Welsh Consolidated Fund.

Table A

- 6.4 The following table presents a summary of the costs and benefits for the Bill as a whole. The table has been designed to present the information required under Standing Order 26.6 (viii) and (ix).

Bus Services (Wales) Bill

Preferred option: The preferred option is Bus Reform (see Chapter 7). Bus reform would require the Welsh Ministers to identify the local bus services that they consider are needed for the purposes of securing safe integrated, sustainable, efficient and economic transport in Wales as a whole; to set the key particulars of those services out in the Welsh Bus Network Plan (routes, principal stopping points and areas of operation); and to secure the provision of those services. The Welsh Ministers would be required to secure local bus services either by entering into local bus service contracts with operators (franchising); by granting local bus service permits to operators (permitting); by providing local bus services directly (direct provision); or by relying on the provision of certain other services, such as community bus services; or by some combination of these things. Bus networks in Wales will be designed by the Welsh Ministers (via Transport for Wales (TfW) who will work in collaboration with local authorities, Corporate Joint Committees (CJCs) and operators to design and deliver the local bus service network. It is envisaged that most of the local bus network in Wales will be grouped into franchise packages made up of one or more service(s).

Bus reform would give the Welsh Ministers the ability to deliver the desired ‘One network, one timetable, one ticket’ objective which is essential to improve the attractiveness of local bus services to existing and prospective passengers. In particular, bus reform will enable bus services to be planned and operated as a single system, with coordinated timetables and connections across services, with inefficient duplication removed, tickets that are easy-to-use and valid across the local transport network, and with consistent and comprehensive information provided to the general public. An alternative approach that has been considered is statutory partnership. It is understood, however, that this approach would be unable to provide the same beneficial outcomes for passengers as the inherent fragmentation of the planning and operation of buses under the current regime would be retained – albeit with some improved coordination. If we were to not undertake any reform, and continue business as usual, bus services would remain fragmented across Wales.

Stage: Introduction	Appraisal period: 2025-26-2054-55 inclusive	Price base year: 2023
Total Cost: £623.5M	Total Benefits: £3,650.7M	Net Present Value (NPV): £1,672.8M
Present value: £426.8M	Present value: £2,099.7M	

Administrative cost

Costs: There will be transitional staff and capital costs incurred over the initial 5 years for the process of planning all aspects of bus reform, including devising plans for franchised networks, developing contracts, setting up ticketing and data systems, setting up and running permitting arrangements, purchasing and setting up bus depots for fleet operations and maintenance. £308.7M (present value £274.7M) of the transitional costs are classed as capital costs related to bus depots, IT and ticketing systems. The remaining transition costs relate to the staff required to design and implement franchised networks. The recurrent costs total £554.6m (PV £260.3M) and include ongoing staff and operational costs. The additional cost to Welsh Government/Transport for Wales is partially offset by a reduction in ongoing staff costs in Local Authorities.

Transitional: £372.3M	Recurrent: £554.6M	Total: £927.0M	PV: £588.7M
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Cost-savings: The changes to overall national and local government organisational staffing and IT systems will result in an overall increase in costs, although some savings may accrue at an individual organisational level depending on how bus reform management is organised. This has been reflected in the section above.

Transitional: £0	Recurrent: £0	Total: £0	PV: £0
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Net administrative cost: £927.0M

Compliance costs

The Welsh Ministers (via Transport for Wales) will oversee IT systems and ticketing and therefore these costs will no longer be incurred by operators. There will be transitional costs of -£14.2M (PV -£11.9M) to bus operators, with upfront costs for tendering for franchises more than offset by reductions in costs related to IT systems and ticketing (over the 5-year transition period). Similarly, there will be total recurrent costs of -£289.3M (PV -£149.9M) to operators, with costs for managing and operating contracts, and bidding for future contracts outweighed by large reductions in costs related to IT systems, ticketing and depot lease costs. For the operator sector, there are expected to be increased recurrent revenues for franchise operations (due to increased overall patronage), this is included in the benefits section below. There is a potential for a reduction in revenue for individual operators if they are unsuccessful in bidding for a franchise

Transitional: -£14.2M	Recurrent: -£289.3M	Total: -£303.4M	PV: -£161.8M
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Other costs

There are no other costs directly associated with enacting and operating bus reform.

Transitional: £0	Recurrent: £0	Total: £0	PV: £0
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Unquantified costs and disbenefits

All anticipated costs and disbenefits are captured in the figures reported in this RIA.

Benefits

User (bus passenger) economic benefits of £3,294.0M (PV £1,828.5M) will accrue over a 30-year appraisal period due to monetised Generalised Journey Time (GJT) savings and are non-cash. GJT captures interventions that directly affect users' journey times (for example, improved bus network connections or improved service frequency) and other measures (for example, improved information about services and how they connect to each other or reduced boarding / dwell times linked to integrated ticketing) related to the quality or reliability of bus services. Such quality and reliability factors affect the way users perceive bus services and make bus travel more attractive. There are a range of values in technical literature which express these improvements as reduction in GJT, which allows quality and reliability factors to be incorporated into the modelling frameworks in a similar way to actual changes in fares or journey times.

Operators will see increased recurrent revenue of £344.6M over the appraisal period for franchise operations (PV £191.6M). Other wider benefits would be expected, including health benefits from additional passengers walking, reduced carbon emissions and improved air quality if some car travellers switched to bus travel and greater social equity.

Unquantified benefits include:

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

Total:
£3,650.7M

PV:
£2,099.7M

Key evidence, assumptions and uncertainties

Estimates of transition and recurrent costs have been developed using the professional judgement and experience of Welsh Government officials, Transport for Wales and transport consultants commissioned to support the preparation of this RIA and are necessarily indicative. They are based on engagement with the industry and have been updated since the [Draft RIA from 2021](#) to take account of recent cost rises. This RIA also takes account of feedback received from consultation on the White Paper '[One Network, One Timetable, One Ticket](#)'.

On street bus infrastructure such as on-street stops, stations, and bus priority measures are not dealt with in the legislation, and will remain under the responsibility of local authorities going forward hence they have not been included in this assessment in respect of costs or benefits. Although fleet and depots are not dealt with by the legislation, they have been factored into this assessment as they are likely to be factored into the costs incurred by operators of bus franchises, and the Welsh Ministers, and will be factored into operator bids and costs of the network.

7. Options

Introduction

The Need for a Joined up and Coordinated Network

- 7.1 Addressing shortfalls in the current bus network in Wales requires adoption of best practice for the shape and frequency of services. Best practice research⁴ and guidance⁵ shows that a network-based approach is essential for public transport success (in terms of service quality, attracting passengers and costs of operation) and depends on addressing the following key principles:
- An integrated network of bus routes with easy and comfortable transfer opportunities at several places in the region, not only at the main railway station or city/town centre.
 - A simple network with a clear route structure that is easy to understand and remember (for everyone – not just regular users).
 - Direct route alignment with reliable timetables.
 - High frequency services where and when the demand is reasonably high.
 - Coordinated pulse timetables where demand is weaker in less dense urban areas and rural areas.
 - Efficient ‘through’ routes running through central areas and major public transport interchanges, that also connect rural Wales to urban Wales and improved transport links within rural Wales itself.
 - A clear fare structure that applies to the whole network with a single ticketing system on all buses.
 - Comprehensive and consistent information, branding, and marketing for the whole bus network.
 - Efficient arrangement of the network without unnecessary overlapping of services, to address the need for financial affordability of operations.
- 7.2 Adoption of these network principles will provide a basis for success for bus-based public transport in Wales and for an integrated transport

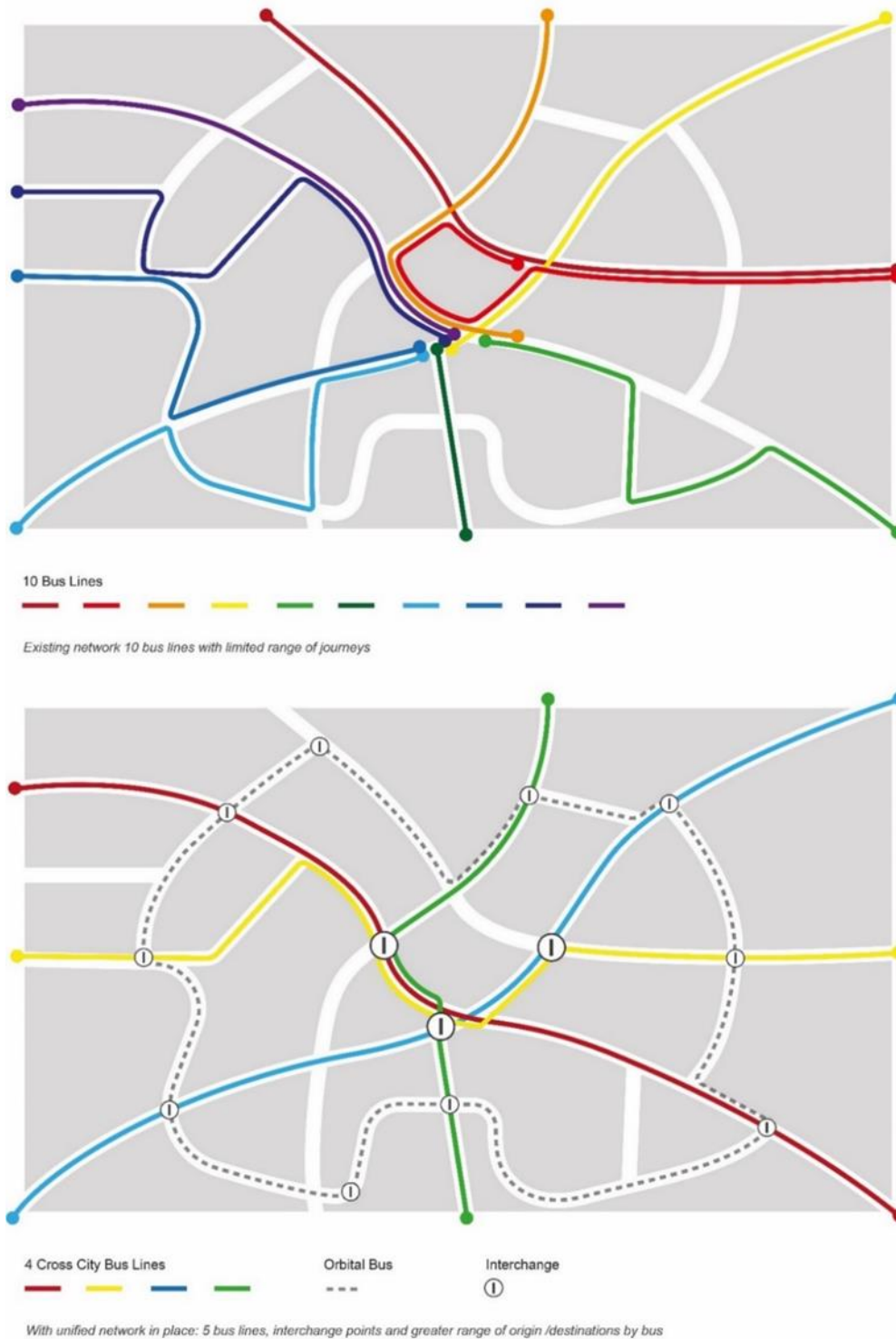
⁴ [best-practice-on-designing-for-equitable-public-transport-networks-through-accessibility-modelling-in-emerging-covid-19-cities.pdf](#)

⁵ [Public transport Planning the networks](#)

network more broadly. It should be recognised that developing best practice networks which are designed to be easy for the public to understand, is not a simple process and requires an overall governance arrangement that is capable of planning a complex 'system', comprising a number of components (routes, timetables, ticketing, driver rostering, vehicle type and capacity, vehicle logistics and maintenance, enforcement, infrastructure, and information), all of which need to be synchronised to achieve successful passenger-facing outputs. The complexity of public transport systems is therefore a key challenge – and requires a systematic orchestration and governance effort to achieve a unified and coordinated network and optimal operations. It is therefore acknowledged that implementing best practice networks take time to fully deliver, given their complexity.

- 7.3 Figure 7-1 provides an example of a unified network in an urban area, where instead of a number of radial bus routes, often with uneven headways, the network is rationalised to a lesser number of cross-city services with high-frequency consistent headways, plus an orbital route connecting with the cross-city services. This rationalised network would offer passengers a wider range of destinations, for direct journeys and also provide an improved convenience for transferring at designated on-street bus stop interchanges (with integrated ticketing and information also supporting this arrangement).

Figure 7-1 Rationalising bus services to create a unified network



Options Assessed

7.4 The Welsh Government wants to put in place a bus system which is designed and managed to serve the public interest, with a wide geographic coverage, fully integrated connections between different services, the highest possible service frequencies, a single easy to use

ticketing system and comprehensive and easy-to-understand information. This ambition has been expressed in the White Paper ‘One Network, One Timetable, One Ticket’⁶.

7.5 As set out in Chapter 3, current legislation does not provide an appropriate governance framework to enable bus services to be planned and delivered nationally, as an integrated network of services that responds to the needs of its communities. By introducing a revised legislative framework, the Welsh Government will have an appropriate means to deliver better bus services in Wales that benefit the public. In developing the proposals, several options were considered. The following being the three main ones we focused on, in line with other practices across the UK and other countries:

- Option 1 – business as usual and rely on existing legislative provisions.
- Option 2 – develop statutory partnership arrangements.
- Option 3 – introduce Bus Reform.

7.6 It is essential that Welsh Ministers have the right tools available to deliver appropriate provision of bus services across Wales. Our preferred option is option 3, which will introduce bus reform, enabling the Welsh Ministers, in collaboration with local authorities and CJsCs, to define a unified and coordinated network of services, to enter into local bus service contracts with bus operators to provide the required bus services (franchising), permit services; provide local bus services directly; or rely on the provision of certain other services, such as community bus services. The Welsh Ministers would also be required to make arrangements to ensure certain information about bus services is made available. Local authorities will also be able to bid for contracts and provide bus services, as the proposed legislation will lift the existing restriction on local authorities providing bus services.

Options to Address the Policy Problem

Option 1: Business as usual

7.7 Business as usual is based on buses being operated as either commercial services, with operators planning the networks and receiving concessionary fare reimbursement and Bus Services Support Grant (BSSG), or as non-commercial services, set up through tendering and contracting by local authorities with the operator typically taking all fare income i.e. as a net cost contract. Financial support for non-commercial services is provided through the Bus Network Grant (BNG), introduced in April 2024. The scheme provides local authorities with £39m funding (for

⁶ [One network, one timetable, one ticket: planning buses as a public service for Wales | GOV.WALES](#)

FY2024-2025) to secure bus services through their existing statutory duties that would not otherwise be provided commercially.

- 7.8 Under this option operators would continue to operate independently of one another and Welsh Government would continue to provide funding to bus operators, in the form of grant payments, financial support for tendered services, and funding to operators for each trip undertaken by concessionary travel card holders. Prior to the COVID pandemic, Welsh Government effectively funded over half of the operating costs of bus services in Wales (for example in 2018/19, data from Welsh Government shows that fare-payer revenue was at around £95M in 2018/19, which represents around 45% of overall revenue of around £210M, while Welsh Government provided concession fare reimbursement payments of around £51M; and around £64M of grant payments to operators and local authorities (BSSG and BNG). During and following the COVID pandemic, and up to the present-day situation in 2024-25, Welsh Government financial support to bus operators has increased as a proportion of overall bus operational costs. However, bus patronage in Wales has not recovered to pre-COVID levels. Given that Welsh Government has an ambition to increase sustainable transport usage to meet modal shift and carbon targets, a business-as-usual scenario of continued funding of more than half the costs of bus services in Wales, but with an outcome of a consistent trend of reduced patronage, is not considered good value for money by Welsh Government.

Option 2: Statutory Partnerships

- 7.9 A statutory partnership is an agreement between a local authority and local bus operators to work together to improve local bus services. Putting in place a statutory obligation to implement statutory partnerships across Wales would represent an incremental approach, encouraging more cooperative approaches between local authorities and operators. Although 'statutory', the involvement of operators would necessarily be voluntary, in that they could only be signed up to statutory partnership arrangements to which they agreed the content, terms and conditions.
- 7.10 Similar provision currently exists in England, with the UK Government's Bus Back Better National Bus Strategy for England, which requires Local Transport Authorities (LTA) to establish Enhanced Partnerships across their entire areas under the Bus Services Act 2017, and all operators to co-operate throughout the process. This option in Wales would involve Local Authorities, working in partnership with all their local bus operators, drafting a Partnership Plan. Commitments by Local Authorities and operators would be developed through negotiations in individual Local Authority areas, and each individual statutory partnership would decide what those commitments are, and document these in a Partnership document.
- 7.11 To note: In December 2024, England introduced the Bus Services (no. 2) Bill (the UK Bill). The UK Bill will, among other things, seek to

strengthen the partnership approach implemented under the Bus Services Act 2017 between LTAs and bus operators.

7.12 For a statutory partnership approach, it would be expected that bus funding would be provided from Welsh Government according to the level of quality and commitments in the statutory partnership agreement. In England, funding was initially awarded to around half of LTAs in 2022-23, based on the ambition shown. Further funding has been awarded in 2023-24.

7.13 For a statutory partnership approach in Wales, several commitments would be expected to be set out over a range of bus service components, with agreed actions and obligations for the local authority and operators, which could include aspects of:

- Vehicle specifications
- Branding
- Passenger payment methods
- Ticketing / fares structure
- Real-time information requirements
- Frequency of service
- Bus stop infrastructure
- Bus priority measures.

Option 3: Bus Reform

7.14 Bus Reform will introduce a system where the Welsh Ministers would be required to identify local bus services that they consider are needed for the purposes of securing safe integrated, sustainable, efficient and economic transport in Wales as a whole; to set the key particulars of those services out in the Welsh Bus Network Plan (routes, principal stopping points, and areas of operation); and to secure the provision of those services. Under this model, the local bus network would be designed and delivered by Welsh Ministers, in collaboration with local authorities, CJC's and Transport for Wales. This would maximise coverage and service levels achievable within available public resources. The Welsh Ministers would be required to secure local bus services by entering into local bus service contracts with operators (franchising); by granting local bus service permits to operators (permitting); by providing local bus services directly (direct provision); or by relying on the provision of certain other services, such as community bus services; or by some combination of these things. Where services are secured by franchising, a local bus service contract will provide an

operator with the right to operate one or more services and set out terms (which may relate to matters such as frequency, timing, fares and standards of service) that the operator will need to comply with. Private companies, third sector operators or local-authority owned bus operators would be able to bid for contracts as part of a procurement exercise conducted in line with procurement legislation. Operators would be restricted from providing local bus services unless that service is subject to a local bus service contract, subject to a local bus service permit or it is a service directly provided by the Welsh Ministers. Certain services such as community bus services would not be caught by the restriction. It has been assumed that new municipal bus operators, owned by local authorities, will operate as contracted independent entities in a manner similar to private sector operators.

7.15 Bus reform would give the Welsh Ministers control over:

- Where bus services run and when (i.e. the network, hours of operation and timetables).
- The ticket system, fare structure and types of fares available (including season tickets, fare caps and discounts for passengers as required).
- Methods of fare payment which must be accepted on different types of service (e.g. smartphone, contactless, cash, apps etc).
- The provision of comprehensive information available to the general public.
- Vehicle specification (including branding, emissions standards and technologies).
- Staff pay and contract conditions.

7.16 The Welsh Ministers will have the ability to plan bus-to-rail connections and bus-to-bus connections, with an integrated timetable and with tickets that are easy-to-use and valid right across the transport network, and hence delivering the desired 'One network, one timetable, one ticket' objective which is essential to improve the attractiveness of buses to prospective passengers.

7.17 Bus reform legislation would not define the precise operational approach to franchising, recognising that different approaches to franchising may be appropriate to different parts of Wales. For example, area-wide franchising may be the most suitable approach for some locations, whereas route-by-route franchising or franchising of small batches of routes may be a more suitable approach elsewhere – and in particular could enable opportunities for small and medium-sized enterprise (SME) operators to participate in the franchising procurement market.

7.18 It is estimated that the rollout of bus reform will take 5 years from the date of Royal Assent, and the implementation will include consideration of transitional arrangements to minimise disruption for passengers and provide clarity for operators in respect of the programme for transition.

7.19 Although bus reform is not an approach for planning and operating bus services available in Wales at present, Welsh Government and Transport for Wales have been actively progressing 'pathfinder' projects which represent initial steps in a process of creating well-coordinated networks, with simplified and integrated ticketing, and with networks rationalised to remove duplication and improve cost efficiency. The pathfinder projects are focused in areas where bus services are predominantly tendered services, and hence where there is greatest ability to formulate improvements with a single coordinated approach, which is a key feature of franchising.

TfW Pathfinder Projects

Sherpa'r Wyddfa, Snowdonia

Seasonal tourism and social trends have created a continued influx of visitors to the National Park and the region's transport system has been struggling to cope. Up to recently local bus services did not offer an attractive alternative mode of transport to car, with duplication of routes across operators, inconsistencies in fares, little or no marketing of services, and no vision for service improvement. In response, TfW has worked with the local authority to revise the bus offer significantly, in the form of the Sherpa'r Wyddfa bus service, comprised of the following elements:

- Network redesign – to create a network-level picture of reliability, efficiency, and demand to create optimal service levels for passengers
- Total resource approach – to change the existing situation where multiple operators service parts of the same route and redeploying them to other parts of the network
- Timetable and connections – involving a complete rework of the existing timetables into a coordinated set that improve connection times and increase reliability
- Branding redesign – to attract new customer segments focused on tourism while maintaining engagement with the existing local user base
- Contract management processes – by redesigning the procurement process and streamlining three tenders into one contract
- Fares and ticketing redesign – providing a revised and simplified fare structure and ticketing.

Following the re-organisation, in 2022-23 there was a 19% growth in passenger numbers when compared with 2019-20 (pre-COVID), and 38% increase when compared with 2021-22.



TrawsCymru Integration with Rail

TrawsCymru operates a long-distance strategic bus network serving the dual role of local service and cost-effective long-distance bus network. Funded by Welsh Government and previously tendered by local authorities, from 2023 new contracts are being let by TfW. New highly specified electric vehicles entered service in March 2023 on the T1 route between Carmarthen and Aberystwyth. TfW conduct service quality monitoring, with monthly audits on vehicle presentation and customer service standards, setting the standard for the future of the wider TrawsCymru network.

High quality live passenger information displays are available on board the T1 services showing bus and rail departure information, and the timetable is integrated with the National Rail systems to facilitate through journey planning and ticketing, with over 9,000 through tickets issued by rail to date after launch in 2021. The improvements to the T1 service have resulted in a nearly 60% increase in passengers over a 6-month period compared with a 2022 baseline.



1bws Tap-on/Tap-off Ticket, North Wales

Launched in August 2021, 1bws is a joint initiative between six local authorities in North Wales and a total of 27 bus operators, introduced to encourage passenger recovery following the COVID pandemic and support tourism across the region. The ticket covers 200 bus routes – offering passengers capped daily fares for travel on any service, and uses QR code tickets and electronic ticketing to help customers overcome barriers of using multiple bus services by removing uncertainty of tickets and validity between operators.

Development and management of a multi-operator scheme such as this, including reimbursement to multiple operators in a deregulated market is very complex. The proposed bus franchising arrangements would help TfW overcome several technical and commercial challenges, making the roll out of the system possible in other regions of Wales, and enabling expansion to cover the integration with the rail network.



8. Costs and benefits

Methodology

Modelling Costs and Benefits

- 8.1 The economic assessment model utilised for this RIA uses demographic data, bus passenger statistics, and financial statistics for the whole of Wales, available from Government sources. The cost estimates have been derived through extensive engagement with key stakeholders, including TfW and Transport for Greater Manchester.
- 8.2 A guiding principle for demand modelling and economic assessment is proportionality, which refers to striking a balance between the level of detail and the cost of the modelling, considering factors such as the required functionality, data availability, and robustness and resource and time constraints. As it was not practical to assess every bus service in Wales in detail, a proportionate approach was adopted for the economic and patronage assessment, based on examining three example local areas (Cardiff, Wrexham and Pembrokeshire) to provide case studies upon which to assess impacts. For each case study area, a rationalised and optimised network was devised (at an outline level), based on the best practice principles set out in Section 7.1. The results from analysis of these networks give an indication of the economic impacts throughout Wales, by extrapolation to an all-Wales level on a pro-rata basis using bus vehicle-km statistics. This RIA therefore provides an indicative assessment of the likely costs and benefits from the policy proposals. There will be further consideration of costs and benefits during the implementation phase when routes and networks are being designed. The example networks represent the following typical types of locations in Wales:
- A large bus network in a single urban area (Cardiff).
 - A town-based network in a medium-sized urban area (Wrexham).
 - A rural/inter-urban network located in a rural area with a number of small towns and villages (Pembrokeshire).
 - New costs and changes in costs and revenues (including increases and decreases) have been estimated for staff and operational activities by Welsh Government, Transport for Wales, local authorities (LAs) and operators. Changes to business-as-usual costs have been estimated for initial and ongoing activities for bus reform and statutory partnerships.
 - Transition or setup costs associated with activities and actions necessary to prepare for and implement bus reform or statutory

partnerships; and

- Recurrent costs associated with a new business as usual situation with bus reform or statutory partnerships in place.

- 8.3 For bus reform, Welsh Government favours an approach which recognises that setting up the necessary governance and systems needs to focus on geographic areas larger than individual local authorities, as general travel patterns and main bus routes are typically not confined within council boundaries. Welsh Government desires bus services to be improved across all of Wales, and hence the future organisational approach is assumed to be a combination of concentrated centres of expertise of contractual and data management, and locally or regionally focused teams for each franchised area.
- 8.4 The RIA is a forward-looking assessment of costs and benefits and therefore 'sunk costs' that have already been incurred are excluded from the economic appraisal, e.g. policy development costs, TfW 'pathfinder projects' and commissioning research and analysis. Estimates of future transition and recurrent costs have been developed using the professional judgement and experience of Welsh Government officials, Transport for Wales and transport consultants commissioned to support the preparation of this RIA and are necessarily indicative. Estimates of staffing costs are based on approximate Full Time Equivalent (FTE) staff resource (using a range of £57,500 to £115,000 per year including add-on costs), and costs for other items such as depots and IT systems are based on typical cost values. Additionally, cost estimates were previously discussed with stakeholders across the bus industry in Wales as part of the development of the Explanatory Memorandum for the Bus Services (Wales) Bill (withdrawn due to COVID) in 2020. These have subsequently been updated to reflect comments received on the Draft RIA published with the 'One Network, One Timetable, One Ticket' white paper in 2021 and the current industry costs where relevant.
- 8.5 A summary of staffing resource and costs of ticketing, IT systems and depots is provided in Annex A. All costs are expressed in 2023 prices. All cost inputs to the cost modelling, including those quoted throughout the narrative in this chapter, exclude optimism bias and are expressed in a factor cost unit of account. All input costs are undiscounted. In contrast, the modelling results (both those in this chapter and in Annex C) are in present value terms (i.e. discounted). This is to enable a fair comparison of the costs and benefits of the alternative options.
- 8.6 The primary mechanism through which bus improvements are translated into higher demand and benefits for users is through adjustments to the actual or perceived cost of travel. An industry-standard approach has been taken to estimating benefits, drawing on the UK Government's transport analysis guidance (TAG), which is referred to within WelTAG, and provides detailed guidance on technical

aspects of transport economic appraisal⁷. The RIA economic assessment model considers estimates of the impact of the interventions for each option on bus patronage, based on calculating the Generalised Journey Time benefits⁸ of each relevant change.

- 8.7 The economic modelling work undertaken by Arup considered four sets of parameters. One set is based on TAG values (based on standard HM Treasury Green Book⁹ parameters) and another on parameters that align with Welsh Government policy. In line with HM Treasury Green Book guidance, the majority of future costs and benefits have been discounted using the Treasury's annual central discount rate of 3.5%. However, the Green Book provides scope for appraisals to use lower discount rates in appropriate cases such that very long-term costs and benefits are given proper consideration. In order to reflect Welsh Government's long-term view and consideration of the impact of policy decisions on future generations rather than a focus on short term impacts, the Welsh Government policy parameters apply a lower annual discount rate of 1.5% to benefits associated with health, well-being, and the environment. Further explanation is provided in Annex B.
- 8.8 WeITAG also separately sets out a requirement for two sets of results to be presented – one that includes travel time savings as a benefit, and a second set that excludes the benefits delivered by travel time savings. A ministerial position statement explains the rationale for this WeITAG requirement¹⁰. Both the Wales policy and TAG results are therefore presented including and excluding time savings.

⁷ Welsh Transport Appraisal Guidance (WeITAG) is a framework for considering proposed changes to the transport system in Wales. It contains best practice for the development, appraisal and evaluation of proposed transport interventions. WeITAG cross refers to the Department for Transport's TAG for UK Government transport analysis guidance where appropriate. TAG contains detailed technical advice on transport modelling which has been utilised for this RIA, alongside guidance on economic modelling is set out in the Green Book, issued by HM Treasury. Use of the guidance set out in these documents has been supplemented by consultation with Welsh Government economists, with the intention of aligning this RIA with the values and strategic transport objectives of the Welsh Government.

⁸ Journey Time Benefits - means the difference between the 'existing' baseline network (in 2020) and the proposed optimised franchised network. It does include the perceived benefits i.e. it is not just 'actual' journey time. Since the bus reform scenario does not include any 'speeding up' of buses by bus priority measures (as this would need to be applied to the baseline as well for a fair comparison) – the main journey time benefits are due to items such as:

Reduced waiting time

Better connection with other services and hence quicker 2-leg journeys

Reduced boarding time due to having a simpler ticketing system that covers all buses

Perceived quality improvements – such as easy-to-understand network information (following rationalisation / simplification), and a better, integrated ticketing system

⁹ [The Green Book: central government guidance on appraisal and evaluation, HM Treasury, 2022](#)

¹⁰ <https://www.gov.wales/ministerial-position-statement-assist-welsh-transport-appraisal-guidance-welitag-2022-users-html>

- 8.9 As set out in WelTAG (2022 Consultation draft), journey time savings should only be weighed as a benefit if they support the priorities and ambitions of Llwybr Newydd¹¹, which is to improve journey times for active travel and public transport to make them time-competitive against the private car and encourage modal shift to more sustainable modes of travel. Within the results presented as part of this RIA, the vast majority of time savings are attributable to bus users and therefore, in line with WelTAG, this chapter and the chapter 6 summary tables focus on the set of results that include journey time savings. Modelling results for all four sets of parameters are presented in Annex C for comparison.
- 8.10 Forecasting inherently involves a degree of uncertainty. The key uncertainties that influence the results of this value for money assessment are focused on the level of passenger demand response that could be expected following the implementation of bus reform or statutory partnerships and the costs involved in setting up and running the bus improvements. Sensitivity tests that take account of these uncertainties are reported in Annex C.2.1 and C.2.2. The results set out in this chapter of the RIA reflect the best estimate of costs and benefits based on the available information.

Assessment Scenarios

- 8.11 The passenger benefits and patronage increases estimated for this impact assessment only consider the implementation of the legislative bus reform option proposal. The assessment does not consider the additional costs or benefits associated with any other supporting interventions such as investment in infrastructure or wider policy measures since these go beyond the proposed legislative change. This approach has also been applied to the statutory partnership option in order to compare options on an equal basis.

Appraisal Period

- 8.12 It is assumed the Bill will receive Royal Assent in 2026 subject to the will of the Senedd. Following Royal Assent, the current working assumption is that the subordinate legislation to implement the Bill would not come into force before April 2026. The economic assessment modelling covers a 30-year appraisal period from 2025-26 to 2055-56 to reflect that the evaluation of costs and benefits is made over the medium term.
- 8.13 Projecting exactly what may happen to bus patronage in the next 30+ years is complicated as there are many factors to consider. Some of the factors that influence travel behaviours and patterns include growth rates in the economy and employment, land use patterns, working from home,

¹¹ [Llwybr Newydd, The Wales Transport Strategy 2021](#)

changes in shopping and leisure habits, growth in home deliveries, rates of car ownership, car parking provision and cost, demographic changes, journey time reliability and fuel prices. The assessments in this RIA are therefore necessarily outline in nature and intended to provide guidance on potential costs and benefits associated with the legislative options rather than forming a budget plan for costs and revenues.

- 8.14 A desired outcome of the planned bus legislation is to address the current fragmentation of responsibilities, and hence to have more emphasis on planning of bus services and monitoring of outcomes, to provide an improved basis for long-term financial planning. In practice therefore, and given Welsh Government's aspirations around net-zero, it is likely that implementation of the legislative measures would, over time, be supported by investment in a range of additional measures such as transport infrastructure and frequency increases, and policy measures, which would enable significantly higher patronage increases and passenger benefits to be accrued. Any decision on future infrastructure investments or policy measures will be informed by separate cost-benefit analysis. An illustrative scenario for growing passenger numbers to a level at or closer to European benchmarks is outlined in Annex B (section B.1.14) – which indicates that attracting existing bus passengers to use buses more frequently is a key aspect of achieving significant growth in future. Hence a coordinated network which makes more destinations practically reachable by bus is an essential feature of attracting more regular use of buses.

Costs of Transition to Zero Emission Buses

- 8.15 Welsh Government has set out a pathway for a zero-emission bus fleet operating in Wales by 2035¹². The fleet transition from diesel buses is therefore included in this assessment for both the baseline business as usual and for the statutory partnership and bus reform options. In practice Welsh Government will determine the procurement model (or models) that best suits its decarbonisation ambitions and financial constraints – although it is considered reasonable to assume that with bus reform arrangements in place the pace and programme of fleet transition will be faster than for other options, as bus reform would tend to provide a greater ability to manage the transition programme than with the business as usual or statutory partnership options. These deregulated options would both depend on a more complex grant-funded programme which would be likely to involve an ongoing process of bid applications by local authorities and subsequent awards (similar to the Zebra funding process in England)¹³.
- 8.16 It is assumed for purposes of this assessment that zero emission electric buses are phased in by 2035-36 (under bus reform) in line with Net-Zero Wales targets. Under statutory partnerships and business as

¹² [Welsh Government's Net Zero Strategic Plan](#)

¹³ [\[Withdrawn\] Zero Emission Bus Regional Areas \(ZEBRA\) scheme - GOV.UK \(www.gov.uk\)](#)

usual the transition to a decarbonised bus fleet is assumed to take 5 and 10 years longer respectively.

- 8.17 For the purposes of this assessment the costs of transitioning to a zero-emission bus fleet are assumed to be amortised. Aside from the differential in transition period, the costs associated with phasing in zero emission buses would be broadly neutral and not attributable to bus reform or statutory partnerships as the decarbonisation targets would equally apply with statutory partnerships or under business as usual. An approach based on outright purchase of buses would require significant upfront capital funding, which would have affordability implications. The economic appraisal would be largely unaffected by this as the decarbonisation targets apply to all options tested.
- 8.18 It is noted that studies undertaken by EBRD¹⁴ indicate that, typically, electric bus operation has similar whole life costs to diesel buses over 15 years (at 10% either side, depending on factors such as hilliness, bus kilometres and heating/cooling); that is, the additional vehicle cost (and associated annualised costs) would be offset somewhat by cheaper running costs of electric buses compared to diesel. Welsh Government has separate studies being undertaken which will determine the procurement and financial plan for zero emission buses in Wales. Hence although this assessment therefore takes account of the transition to zero emission buses for all options – in practice this change is not directly relevant to the bus legislation and has a limited impact on the assessment of statutory partnership and bus reform options.
- 8.19 Transition to zero emission buses will also require upgrades to bus depots in respect of fuelling and maintenance equipment (and other operational aspects). The assessment has therefore included costs to Welsh Government for depot upgrades to accommodate and fuel electric buses for all options. It is relevant though that for the bus reform option, an additional cost to Welsh Government for a programme of depot acquisition during the transition phase has also been included at around £178M (before inclusion of optimism bias and market price conversion). The costs associated with decarbonising the bus fleet will be incurred under each option, but the timing will be different. The greater ‘control’ provided by franchising means decarbonisation is expected to be undertaken earliest under franchising, then statutory partnerships, decarbonisation would be undertaken at a later point under BAU.

¹⁴ [|| Going electric: A pathway to zero-emission buses | UITP ||](#)

Option 1: Business as Usual

Costs of Option 1: Business as Usual

- 8.20 Under this option Welsh Government would be required to continue to provide over half of the costs of bus services in Wales (as it did before the COVID pandemic at around £115M per annum in 2018-19, which has risen to £123M in 2024-25). After the COVID pandemic period, Welsh Government funding has had to be maintained, increased and allocated based on keeping bus services viable, resulting in a proportionately higher level of direct subsidy to operators than before 2021, both for commercially operated services and tendered services. This financial support has continued over an extended period as bus patronage in Wales (in 2022-23) is only at around two thirds of bus travel prior to the COVID pandemic¹⁵.
- 8.21 The scale of bus mileage operated in Wales has reduced over the last 10 years, from around 124 million kilometres per annum in 2010-11 to 101 million kilometres per annum in 2019-20¹⁶. After a year in which bus mileage was heavily impacted by the COVID pandemic it recovered in 2021-22 to around 83 million kilometres. The decline in bus patronage has followed a similar profile, from 116 million passenger trips in 2010-11 to 91 million trips in 2019-20. The scale of subsidised services has reduced over this time, from around 43 million kilometres per annum to nearly half of this prior to the COVID pandemic. This historical trend shows that the provision and availability of bus-based travel in Wales is significantly reliant on public funding – both for tendered / subsidised services and direct funding to operators (of BSSG mileage-based grant, de-minimis payments to retain certain off-peak services, and reimbursement of free concession fare travel). Continuation of the business-as-usual approach is thus likely to either result in a continued decline in use of services, or require, if passenger numbers were to grow, significantly increased funding and subsidisation of services. Even before the COVID pandemic, given the prevailing financial situation and pressures in 2020, it was unlikely that more public funding to support services within the present status quo scenario would have been available, with a likely continued downward trend in bus use and service levels – with consequent negative impacts on congestion and the environment, and poorer accessibility by bus to employment, services and education for those people without access to a car.
- 8.22 Given the decline in bus patronage before the COVID pandemic and the slow recovery in bus trips since, it is fair to conclude that without action passenger numbers will continue to decline, which would have cost implications for Welsh Government. The UK Department for Transport baseline scenario forecast (derived from Census data and

¹⁵ BUS01 in [Bus statistics data tables - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/bus-statistics-data-tables)

¹⁶ StatsWales. [Vehicle kilometres and passenger journeys on buses and coaches by year](https://www.statswales.gov.wales/vehicle-kilometres-and-passenger-journeys-on-buses-and-coaches-by-year)

forecast patterns of population and employment) is that Welsh bus patronage will fall by around 21% between 2018-19 and 2054-55 (around 0.6% per annum)¹⁷.

Benefits of Option 1: Business as Usual

- 8.23 Maintaining the current deregulated approach is likely to result in the continued decline in patronage, placing greater pressure on local authorities and bus operators to review networks with a risk of service reductions and withdrawals. This option is the baseline for assessment of the legislative options and hence the costs and benefits of partnership and bus reform options are calculated in terms of the change from the business as usual costs.
- 8.24 There would be a possible wider disbenefit in that the decline in availability of bus services could also lead to an increase in social isolation and limited access to employment opportunities, where people are left with few alternatives for getting around and therefore cease to take trips they previously would have done.

Summary of Costs and Benefits of Option 1: Business as Usual

- 8.25 Continuation of present day funding for bus services is not considered an appropriate or financially sustainable situation for Welsh Government in the long-term, as this would be very likely to lead to a continued trend of reduced patronage on bus services in Wales. This outcome would not be consistent with wider transport, economic and well-being policies, and the associated need to grow usage of bus services to address the climate emergency. Welsh Government intervention is required to achieve the necessary radically different outcomes for delivering local bus services.
- 8.26 This business as usual option is not considered to be a realistic option to deliver and support future policy direction, and is hence used as a baseline against which the legislative options can be assessed.

Option 2: Statutory Partnerships

Costs of Option 2: Statutory Partnerships

- 8.27 Welsh Government could mandate that all bus services within each local authority area must come under a Statutory Partnership, agreed between the local authority and local bus operators. The decision to proceed with proposals for a statutory partnership would be informed by detailed assessments of the implications, which would include a financial assessment and cost-benefit analysis.

¹⁷ Department for Transport. 2016. [NTEM data release notes and frequently asked questions](#) based on observations or fare data but is derived from Census data and forecast patterns of population and employment.

- 8.28 The estimated transition and recurring costs of implementing, operating and managing statutory partnerships have been developed for both the initial setup period (termed as the transition costs), and for the ongoing operations (termed as the recurring costs). The cost estimates made are necessarily indicative. The transition and recurring costs are based on the activities and resources listed in the following paragraphs: 8.29 – 8.41. The figures shown are necessarily approximate and have been expressed in the form of FTE resource cost – which in practice will be distributed among Welsh Government, Transport for Wales, Local Authorities (and which could be procured as specialist advice and consultancy), and operators. Unless otherwise stated, an indicative employee cost (i.e. salary plus on-costs) of £57,500 per FTE per year has been used.
- 8.29 Considerations by local authorities on implementing a statutory partnership would be assisted by availability of regulations and guidance on the types of measures available, funding arrangements, and any legal considerations (for example, competition issues). Initial statutory partnership start-up guidance will need to be developed by Welsh Government / Transport for Wales, which is estimated as needing a resource equivalent to around 10 FTEs per year for a period of two years.
- 8.30 Over a period of around five years, statutory partnership proposals would be designed and rolled out throughout Wales, with a significant resource needed for the local authorities to review the bus market, multiple engagement with all bus operators in their area, seeking legal guidance and following the procedural steps for developing a business case and making a statutory partnership – which is estimated as needing around 2 FTEs per year for each of the 22 local authorities in Wales over a period of five years. As statutory partnerships are rolled out, 1 FTE additional resource would be allocated on a temporary basis to support the set up and roll out of statutory partnership agreements. This level of resource would then effectively transition to be a small statutory partnership management team of 1 FTE per year at each local authority.
- 8.31 At a national level, it is assumed that a resource (likely at Transport for Wales or via consultants) would provide support to all local authorities during the roll-out period, in respect of network design advice, data collection and management, analysis, and modelling, as well as carrying out funding assessment and allocation – at an estimated resource level equivalent to 10 FTEs for a 5-year period (or a lesser FTE per year allocated over a longer period). When statutory partnerships are in place, it is estimated that a resource of 4 FTEs per year would be needed at a national level to continue to provide network design advice, data management, analysis, and modelling, as well as carrying out funding assessment and allocation.

- 8.32 Statutory partnerships would be likely to include developing and promoting a multi-operator ticket arrangement in each local authority area, and a provision at a national level of 4 FTEs per year for a 5-year period has been included. This level of resource is assumed to be maintained over the long term as a recurring cost for managing, and continuous improvement of, a multi-operator ticket product, which would need to vary in different statutory partnership areas – each with their own mix of operators.
- 8.33 Once statutory partnerships are in place, governance at a national level would be needed, including assurance and audit processes, and financial budgeting, assumed to be 2 FTEs per year. These roles are assumed to have a resource cost of £115,000 per FTE per year. Customer care would also be a focus for improvement, with a role for an estimated 2 FTEs at Welsh Government / Transport for Wales to provide support for operators across Wales to give a more consistent level of service to passengers. Transport for Wales would also expect a much improved, automated flow of data from operators in a statutory partnership regime, and a staff resource of 2 FTEs per year is estimated for data and IT systems management.
- 8.34 It is assumed that operators' resource would remain at present-day level during the development of statutory partnerships, with management level staff involved in developing, agreeing and managing statutory partnerships. For Public Relations and Marketing, a reduction in overall resource is assumed across larger operators (at an estimated 4 FTEs per year overall reduction). This would be offset by a similar level of resource being applied at Transport for Wales, as they take a more prominent role in improving the marketing of local bus services – to be carried out within a combined bus and rail marketing team.
- 8.35 In addition to staffing costs, there would be a number of IT-related initial capital costs and recurring operational costs, mainly at a national level, as Transport for Wales will seek to introduce technology on a consistent basis throughout Wales.
- 8.36 Automatic Vehicle Monitoring (AVM) system specification design / installation at around £4M per year, over a 5-year period (although this would be offset by a reduction in costs for operators assumed at around half of this cost). It is also assumed that there will be an ongoing cost of around £2M per year to maintain the AVM system.
- 8.37 An initial cost of upgraded on-vehicle ticketing and back-office systems – at around £2M per year for 2 years (and offset by around £0.5M reduction for operators). The cost of ticket system operation and maintenance is also included as a recurring cost at around £1M per year to the local authorities.
- 8.38 Patronage uplifts have been estimated for statutory partnerships as set out in 8.41, which would result in higher payments to operators for

concessionary reimbursement. This would be an additional annual revenue cost to the Welsh Government.

- 8.39 Costs associated with fleet acquisition have not been included as capital sums in this assessment, as payment of bus purchase costs typically involves amortisation of the cost by leasing or loans (with associated interest payments). For modelling purposes, bus purchase costs have therefore been included within overall annual operational costs. It is assumed that bus mileage in the statutory partnership scenario is effectively the same as for business as usual – with some limited network modifications or rationalisations included in statutory partnership agreements. As set out in Section 8.15, Welsh Government is however planning to fund a transition to zero emission buses – which is assumed to occur for all options – and hence this initiative has limited impact on the overall cost-benefits analysis.
- 8.40 Statutory partnerships would include agreements on pay and conditions in line with Welsh Government’s intent for a policy of fair pay for bus workers. It is also assumed that driver’s hourly salary would increase to £12.88 under a statutory partnership model, representing a 5% increase on a baseline salary of £12.27¹⁸. As pay conditions would need to be negotiated as part of the statutory partnership, it may not be possible to agree this policy with all operators.
- 8.41 All of the above estimated costs are summarised at an all-Wales level in Table 8.1. A further breakdown of costs and benefits is provided in Annex C.

Table 8-1 Estimated Costs for Statutory Partnerships including Journey Time Benefits

Item	WG/TfW	LAs	Operators	Users	Total
Transitional Costs	£37.5 M	£30.2 M	£3.7 M	-	£71.4 M
Recurring Costs	£240.2 M	£46.4 M	-£4.4 M	-	£282.3 M
Total Costs	£277.7 M	£76.6 M	-£0.7 M	-	£353.6 M
Notes:					
1. The values shown are approximate and intended to provide indicative forecasts of costs and benefits					
2. Costs represent totals over the 30-year appraisal period, discounted to 2023 prices					
3. Costs include optimism bias and are expressed as market prices.					

Benefits of Option 2: Statutory Partnerships

- 8.42 The benefits of an effective statutory partnership could include a more efficient bus network, more coordination of timetables, a multi-operator

¹⁸ Office for National Statistics. 2021. [Earnings and hours worked - ASHE Table 3: Transport and mobile machine drivers and operatives](#)

ticketing system (while recognising that there would be limitations on the ability for statutory partnerships to replace operators' own ticketing arrangement and fares), and better information, such that buses in that area would become more attractive as a means of transport. This in turn is likely to increase bus patronage resulting in financial benefits for the bus operators in the statutory partnership (although benefits would vary from operator to operator).

8.43 Modelling of benefits for statutory partnerships, for a best-case scenario where all measures such as more coordination of timetables, availability of multi-operator tickets, and better information are put in place at the same time (see Annex B) shows an estimated patronage increase of 9% in major urban; 6% in town; and 9% in rural networks in 2040, based on examination of case study networks in Cardiff, Wrexham and Pembrokeshire. This estimate is for the benefits arising from statutory partnership and does not account for investment in on-street infrastructure (such as bus priority lanes) to provide a comparable basis for option assessment against bus reform.

8.44 It is estimated that there would be an economic benefit to users – but in practice this would be likely to vary significantly according to what measures and agreements are included in each local partnership. Statutory partnerships are assumed in this assessment as achieving better coordination between services, leading to better journey times for some journeys and overall improved connectivity by bus, easier to understand bus routes and timetable information, and more use of multi-operator tickets – all of which lead to some improvement of average actual and perceived journey times.

8.45 A summary of the estimated financial and economic benefits of statutory partnerships is set out in 8-2, with a further breakdown provided in Annex C. Economic benefits accrued by users are predominantly based on improved journey time, quality and reliability enhancements of bus services.

Table 8-2 Estimated Benefits for Statutory Partnerships including Journey Time Benefits

Item	WG/TfW	LAs	Operators	Users	Total
Financial Benefits	-	-	£24.9 M	-	£24.9 M
Economic Benefits	-	-	-	£1,088.8 M	£1,088.8 M
Total Benefits	-	-	£24.9 M	£1,088.8 M	£1,113.8 M

Notes:
 1. The benefits shown are approximate and intended to provide indicative forecasts of costs and benefits
 2. Benefits represent totals over the 30-year appraisal period, discounted to 2023 prices, in market prices.

3. Benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

Summary of Costs and Benefits of Option 2: Statutory Partnerships

8.46 Modelling of the costs and benefits impact of statutory partnerships indicates that overall economic benefits would outweigh costs, as shown in Table 8-3. This is driven principally by the user benefits. Statutory partnerships in major urban areas, town urban, and rural areas would necessarily have different characteristics, and each local authorities would typically tend to have its own priorities in respect of patronage targets, social inclusion, and bus catchments – as well as wider policy and economic objectives. The Benefit to Cost Ratio (BCR) including journey time benefits of 3.1 indicates high value for money¹⁹.

Table 8-3 Summary of Costs and Benefits of Statutory Partnerships incl. Journey Time Benefits

Item	WG/TfW	LAs	Operators	Users	Total
Total Costs	£277.7 M	£76.6 M	-£0.7 M	-	£353.6 M
Total Benefits	-	-	£24.9 M	£1,088.8 M	£1,113.8 M
Net Present Value	-£277.7 M	-£76.6 M	£25.6 M	£1,088.8 M	£760.1 M
BCR	-	-	-	-	3.1

Notes:

1. The values shown are approximate and intended to provide indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2023 prices, in market prices.
3. Costs include optimism bias.
4. Benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

Option 3: Bus Reform

Costs of Option 3: Bus Reform

8.47 Bus reform would require the Welsh Ministers to identify local bus services that they consider are needed for the purposes of securing safe integrated, sustainable, efficient and economic transport in Wales as a whole; to set the key particulars of those services out in the Welsh Bus Network Plan (routes, principal stopping points and areas of operation); and to secure the provision of those services. This option would enable the Welsh Ministers to enter into local bus service contracts with operators to secure services (as well as granting local

¹⁹ Department for Transport, [Value for Money framework](#)

bus service permits to operators; providing local bus services directly; or by relying on the provision of certain other services, such as community bus services). It is envisaged that most of the local bus network in Wales will be grouped into franchise packages made up of one or more service(s). The details of how areas will be sub-divided and contracted will be subject to future determination, and hence for purposes of this assessment assumptions have been made as follows:

- 8.48 Wales could be sub-divided into franchise zones (or areas) for purposes of efficient contract management and to deliver service planning and operations locally to suit the particular local geography, demand characteristics and community needs. The size and shape of franchise zones will be defined to take account of local geography and travel demand, and hence may not in all cases follow local authority boundaries. For purposes of this assessment, it was assumed there will be nine franchise zones across Wales²⁰, potentially comprising of two franchise zones in North Wales, three zones covering the northern, western and southern areas of mid Wales, and two zones in each of the South West and South East Wales regions – broadly consistent with existing travel patterns and network operating zones.
- 8.49 Local bus service contracts could be set up for groups of services on specific corridors, for services in a sector of an area, or for a whole area. Franchising contracts would be carried out on a 'gross cost' basis, with the Welsh Ministers retaining the revenue and therefore being able to choose how to deploy fare box revenue most effectively, but also thereby carrying the financial risk from future revenue fluctuation (as opposed to 'net-cost' contracts, where the operators retain the revenue and financial risks).
- 8.50 Although public service contracts and franchising are common internationally (for example, in Europe, USA, Australia, UAE, Singapore), bus franchising in the UK has, until 2023, only been carried out in London. During 2023, the Greater Manchester Combined Authority (which has an overall population similar to that of Wales, but with higher density) has tendered and enacted a number of initial bus franchise contracts for sectors of the Combined Authority area. This serves as a proof of the feasibility and practicality of transferring some responsibilities for bus planning and operation from operators to a franchising authority (which in this case is Transport for Greater Manchester, TfGM).

²⁰ Since this RIA was completed, it has been decided that Wales will be split into four franchising zones which will align with the four corporate joint committees' regions. These zones are – South West Wales, North Wales, South East Wales and Mid Wales. reasons behind the decision to go with four zones can be found within the following document: [Roadmap to bus reform: Update to franchise areas](#). It is understood that this change to implementation is not likely to have any major impact to this assessment. Efficiencies will be seen at the point of implementation of Bus Reform where costs may be lessened owing to there being four tendering periods over nine.

- 8.51 It is noted that the estimated costs set out in this section include only those costs that are related directly to the changes and ongoing additional resource necessary to operate our bus reform model. Other potential costs that could arise due to wider policy-led investment in bus infrastructure (such as new bus stops, bus priority measures, enhanced bus stations, articulated buses in some urban corridors etc.) have not been included as responsibility for these will remain with local authorities. Bus reform will however provide an improved ability for local and national authorities to develop these types of infrastructure and fleet measures as part of a coherent network and infrastructure plan – but they are not a necessary component of the legislative measures and hence have not been included as costs (and nor have the benefits of these types of measures been included).
- 8.52 It is intended that all areas of Wales will be subject to bus franchising (similar to the process being undertaken in Greater Manchester), and hence there is clear potential for economies of scale in respect of set up and management costs, and in respect of the benefits to passengers of more coordination of bus service planning and operation across regions than has been possible under the deregulated regime.
- 8.53 The estimated transition and recurring costs of implementing, operating and managing bus franchise contracts have been developed for both the initial setup, or transition, period and for the ongoing operations. The cost estimates made are necessarily indicative, but are considered to represent a best estimate based on the available information at this stage. Estimated costs are made up of staffing costs (which could include advice from external advisors and consultants), installation and ongoing costs of IT systems, operators' costs to bid for and operate contracts, and operational costs (which includes driver and other staff salary, fuel and vehicle costs, and maintenance costs). Following implementation of the bus legislation, Welsh Government and Transport for Wales, with inputs as necessary from stakeholders including local authorities and operators, will develop more detailed organisational and resource plans for implementing and operating the bus reform model.
- 8.54 The key transition costs are based on the activities and resources listed below and are assumed to typically span a 5-year period. The figures shown are necessarily indicative and have been expressed in the form of FTE resource cost – which in practice will be distributed among Welsh Government, Transport for Wales, Local Authorities (and which could be procured as specialist advice and consultancy), and operators. The staffing estimations are based on a mix of allocation of staff at either a national level, or for each franchise zone (based on an assumption that bus reform would have been rolled out on a regional basis with nine franchise zones, as noted in 8.48). Unless otherwise stated, an indicative employee cost (i.e. salary plus on costs) of £57,500 per FTE per year has been used.

- 8.55 10 FTEs each year for 2 years (which could include external advice) for developing overall bus reform governance and management arrangements, assurance and audit processes, planning of budgets / subsidies / revenue, developing a communications plan, and setting out marketing / branding / advertising plans – as well as stakeholder engagement.
- 8.56 Over a period of 2 years, planning of networks and associated aspects (including local stakeholder engagement) is estimated to need 5 FTEs per year nationally for 2 years.
- 8.57 Over a period of 5 years, 9 FTEs (one per franchise zone) each year are estimated to be required to develop detailed local franchising plans and configurations, governance plans, and implementation and transition plans.
- 8.58 Over a period of 5 years, 2 FTEs per franchise zone (18 FTEs overall including specialist advice) to carry out procurement and initial franchise contract management, including tendering, evaluation, selection, contract finalisation, and contract performance management. This role will continue following the transition period but with 1 FTE per franchise zone (on average, but working as a team).
- 8.59 A staffing resource will be necessary for the operators competing in tenders, estimated at an overall equivalent of 2 FTEs per franchise zone (i.e. 18 FTEs per year on average) which will apply each year over a 5-year period.
- 8.60 The Welsh Ministers will need staff resource (equivalent to 10 FTEs per year) over an initial 5-year period to set up a ticketing system and fares arrangements across each franchise zone.
- 8.61 The Welsh Ministers will need to set up a bus fleet team to oversee initial fleet planning – with 5 FTEs each year for 5 years.
- 8.62 Following the initial transition period (assumed as 5 years), the staff resource has been assumed to level out as a constant and recurrent resource each year – and for most activities, is effectively a continuation of tasks carried out in the transition period. The key recurring staffing costs are hence estimated to comprise of activities and resources as follows:
- 8.63 Executive management and governance, and assurance and audit processes, at around 10 FTEs. These roles are assumed to have an employee cost of £115,000 per FTE per year.
- 8.64 Planning national budgets / subsidies / revenues is estimated to require around 6 FTEs. These roles are assumed to have an employee cost of £86,250 per FTE per year.

- 8.65 Communications / messaging and social media / stakeholder engagement is estimated to require an additional 2 FTEs (which will be added to the existing team operating at national level with TfW). A commensurate reduction in resource within operators is estimated at an equivalent of 6 FTEs.
- 8.66 For Public Relations and Marketing, an estimated requirement for 6 FTEs (which will be added to existing team operating at national level with TfW), with a commensurate reduction in resource within operators estimated at an annual equivalent of 8 FTEs.
- 8.67 For franchise management, an allowance of 9 FTEs (one per franchise zone) has been made to account for strategic programme management and financial monitoring.
- 8.68 For franchise procurement tasks (tendering, evaluation, selection, contracting) an allowance of 9 FTEs per year has been made, based on an assumption that there will be a rolling programme of franchise tenders each year.
- 8.69 For the second round of tendering, operator resource for bid tendering and contract is estimated at a total 9 FTEs each year, which is equivalent to around an average of 3 FTEs working for operators on each bid for say four months.
- 8.70 For contract and performance / commercial management by the Welsh Ministers, an allowance of 10 FTEs is assumed, with a similar reduction at local authorities to reflect the reduced requirement for direct bus service tendering by local authorities (but also building in a continued resource within local authorities to manage school bus contracting).
- 8.71 For contract and performance / commercial management within operators, there will likely be higher administrative costs for the operator franchisee reporting data to the franchising authority, but these higher costs are assumed to be offset against efficiencies the franchisee would gain by being the sole provider of services in the franchise area for the duration of the contract.
- 8.72 For fleet management by the Welsh Ministers, an additional 5 FTEs are assumed across Wales to reflect need to manage an overall cascaded fleet – which is currently part of the operator role and inbuilt into bus operating costs. Operator fleet management will reduce in scope as government takes ownership responsibility, but no change in resource is assumed as there will be contractual obligations for fleet management in respect of vehicle availability, cleanliness etc.
- 8.73 For depot management, by the Welsh Ministers, an additional 5 FTEs are assumed across Wales to reflect need to manage depots – which is currently part of the operator role and inbuilt into bus operating costs. Operator depot management will reduce in scope as government takes

ownership responsibility, but no change is assumed as there will be contractual obligations for depot on-site management.

- 8.74 For each franchise zone, it is considered that a small team will be required to plan and oversee each network – for example to plan service routes, to coordinate timetables, and plan any changes or new services. A resource of 4 FTEs is estimated for each of nine franchise zones. It is assumed that there will be a marginal reduction in local authority resource currently applied to bus planning, equivalent to 10 FTEs.
- 8.75 For concessionary pass issuing and management, it is assumed that there will be resource efficiency of scale with bus reform, with a reduction of 2 FTEs. Operator resource will reduce, as any interaction with concessionary fare reimbursement will not be necessary – with a reduction of resource equivalent to 4 FTEs across Wales.
- 8.76 The Welsh Ministers will need to oversee and manage a national AVM system. It is estimated that there will be a need for 5 FTEs for staffing.
- 8.77 The Welsh Ministers will need to fill customer feedback / contact centre / social media roles. It is estimated that there will be a need for 5 FTEs for staffing, with a commensurate reduction of an equivalent 5 FTEs within operators.
- 8.78 For ticketing and back-office systems it is estimated that resource within operators will reduce by an equivalent 10 FTEs across Wales, and with say 5 FTEs introduced at a national level for the Welsh Ministers to manage the ticketing system in place of operators.
- 8.79 In addition to staffing costs, there would be several IT-related initial capital costs and recurring operational costs, mainly at a national level:
- AVM system specification design / installation at around £20M, over a 5-year period (although this would be offset by a reduction in costs for operators assumed at around half of this cost). It is also assumed that there will be an ongoing cost of around £1M per year to maintain the AVM system, offset by a saving to operators of around half of this cost.
 - An initial cost of upgraded on-vehicle ticketing and back-office systems – at around £5M (and offset by around half this amount by a reduced cost to operators). The cost of ticket operations is also included as a recurring cost at around £4M per year to the franchising authority, offset by a saving to operators of around half of this amount.
- 8.80 It is assumed that the initial franchise contracts would be procured over an initial 5-year rolling programme. For the purpose of this assessment, it is further assumed that contracts could run for a period of up to ten years to achieve network stability and optimum contract prices (although initial contracts could be set up for less time with options for

extension). With a franchised bus network and associated contractual and organisational aspects already in place, there is potential to stagger the timings of the second round of franchise tenders, such that an ongoing rolling programme of tenders can be achieved over the longer term, which will assist management of procurement, may offer cost efficiencies over and above the FTE numbers indicated and provide a consistent profile of opportunities for operators.

- 8.81 Costs associated with fleet acquisition have not been included as capital sums in this assessment, as payment of bus purchase costs typically involves amortisation of the cost by leasing or loans (with associated interest payments). For modelling purposes, bus purchase costs have therefore been included within annual operational costs. It is assumed that bus mileage in the bus reform scenario is effectively the same as for business as usual – but with a range of network modifications and rationalisations to provide a more joined up network with minimal duplication and consistent headways between services on the same corridor. As set out in Section 8.15, Welsh Government is however planning to fund a transition to zero emission buses – which is assumed to occur for all options – and hence this initiative has limited impact on the overall cost-benefit analysis.
- 8.82 Contractual terms on pay and conditions would form part of franchising contracts. It is assumed that Welsh Government would intend to have a policy of fair pay for bus workers to prevent franchising driving down pay and conditions. It is assumed that driver's hourly salary would increase to £13.19 under the bus reform model, representing a 7.5% increase on a baseline of £12.27²¹.
- 8.83 For the bus reform option, a programme of depot acquisition across Wales has also been included as a cost to Welsh Government (at around £178M). This arrangement will involve operators tendering to operate bus services from a depot owned by Welsh Government, but with the depot equipment and bus operations under the responsibility of operators – providing a stable operating environment from year-to-year and contract-to-contract. This arrangement represents a conservative approach, as in practice it is feasible to award contracts for bus services to operators utilising their own depots for the duration of a franchise period. Following depot acquisition by Welsh Government, it is assumed that operators running franchise operations will be provided with a depot for bus operations and vehicle storage, and hence any costs for operators of depot leasing or similar will no longer apply.
- 8.84 When an operator is unsuccessful in bidding for a franchise, they would no longer be able to run services in that section of the market, which could impact on their revenue or in some cases potentially lead to an operator ceasing to trade. They would also lose the opportunity to

²¹ Office for National Statistics. 2021. [Earnings and hours worked - ASHE Table 3: Transport and mobile machine drivers and operatives](#)

recover the costs of bidding. In the same way as losing a Section 63 subsidised bus tender, they could still compete for tenders to run buses in other franchises. Further consideration around how competition within the market would be affected by a move to bus reform arrangements is included in Annex D.

8.85 For the purposes of modelling for the RIA, it is assumed that the bus mileage in a franchised network is the same as the present network – but with rationalisation to address issues such as over-bussing, where two operators compete on the same route, or when an incumbent operator, concerned about the risk of competition on profitable routes, operates more buses than needed to meet demand in order to discourage competition. Once a move to bus reform is firmly committed, a significant effort will be applied to detailed network planning, and to development of improved ticketing, enforcement arrangements, information, and branding. In particular, franchised networks would be expected to provide services with improved coordination of timetables and routes – to provide convenient transfer opportunities for passengers, and to provide consistent and equally spaced-out headways between services – which gives passengers more regular and reliable frequencies and also removes bus-on-bus congestion at stops where this occurs. It is also noted that once bus reform is in place, the Welsh Ministers will seek to review the network shape and operation at regular intervals – and could include opportunities for stakeholders to comment. As this is not a fixed requirement of franchising, costs for such periodic reviews have not been estimated as part of this exercise.

8.86 In respect of over-bussing and excess capacity, the Competition Commission’s 2011 research into the competitiveness of the bus industry in Great Britain²² made a number of relevant points, notably:

“We found that 46% of routes, accounting for 63% of services in the reference area, do not face effective head-to-head competition. Only 3% of routes, accounting for 1% of weekly services, are likely to face effective head-to-head competition. For the remaining routes, a lack of flow-level information prevented us drawing firm conclusions on the extent to which they faced head-to-head competition.

Nevertheless, the extent of overlap faced by these routes suggested that, at least in a substantial number of cases, a large proportion of passengers on these routes were unlikely to have a choice of operator” (page 10); and

“The process of head-to-head competition, driven by an incentive to increase frequency, could in some circumstances lead to the creation of excess capacity (i.e., more buses being run on the route than can attract sufficient revenue to cover costs). This may reduce the

²² Competition Commission. 2011. [Local bus services market investigation: A report on the supply of local bus services in the UK](#)

profitability of operators and result in their becoming loss-making. An operator will have an incentive to add services, and it will do so as long as the effect is to add more revenue than the increase in costs. Excess capacity can arise as the competing operators would each add extra services because individually these extra services can be timed so as to take revenue from the rival operator's services (by running shortly ahead of them) and scheduled to maintain or improve the individual operator's network advantages" (page 8-8).

- 8.87 In terms of revenue costs for the Welsh Government, increased concessionary fare reimbursements to operators associated with patronage uplifts have been included in the modelling. In practice, under the bus reform model these concessionary fare reimbursement payments could be stopped, with payments to operators streamlined under a contract agreed with the Welsh Ministers. However, as franchising financial arrangements are yet to be fully defined, for the purposes of this RIA an increase of the cost of concession fare reimbursement is included to allow direct comparison between the bus reform and statutory partnership options. In theory, the costs of operating services may increase if patronage uplift due to concessions requires additional bus capacity, but the impact on capacity due to concession fare riders is expected to be minimal and hence has not been included in this assessment.
- 8.88 For purposes of this assessment, operating costs for both private operators and local authority-owned bus operators are assumed to be similar within a tendered franchise operation. In practice, the private operator would typically expect to have marginally lower costs; however, this aspect would be considered in more detail for each case where a local authority bus operation is being considered, such that the costs and benefits are fully understood before proceeding.
- 8.89 Table 8-4 summarises the estimated costs for bus reform. A further breakdown is provided within Annex C.

Table 8-4 Estimated Costs for Bus reform including Journey Time Benefits

Item	WG/TfW	LAs	Operators	Users	Total
Transitional Costs	£328.4 M	-	-£11.9 M	-	£316.5 M
Recurring Costs	£286.4 M	-£26.1 M	-£149.9 M	-	£110.4 M
Total Costs	£614.8 M	-£26.1 M	-£161.8 M	-	£426.8 M
Notes:					
1. The values shown are approximate and intended to provide indicative forecasts of costs and benefits					
2. Costs represent totals over the 30-year appraisal period, discounted to 2023 prices					
3. Costs include optimism bias and are expressed as market prices					

Benefits of Option 3: Bus Reform

- 8.90 The main beneficiaries of bus reform would be bus users, as it would result in a better planned and stable overall bus network with services running in a joined-up way with full integration of all bus services, and better connections to other modes of transport, such as rail. It would also be expected that franchising contracts under bus reform would involve setting and applying more consistent levels of vehicle quality. Additionally, as part of a franchise (even if there are a number of bus operators in the franchise) ticketing arrangements would be based on a single system irrespective of operator – which would be simple to understand and use for passengers.
- 8.91 The key outcome of bus reform would be the ability to create a joined up and unified bus network across Wales.
- 8.92 The impacts of a unified network have been considered using the approach outlined in Annex B. Benefits to users are expected to be accrued due to:
- improved and more reasonable journey times for journeys involving transfer due to better integration and coordination with other bus routes and public transport modes;
 - the ability of passengers to travel on one or more services in the local franchised network using a single integrated ticketing system without needing to plan their journeys or buy a specific multi-operator ticket in advance; and
 - better and easier-to-understand information to passengers as a result of having a simplified and planned network of services.
- 8.93 On the basis of improvements to aspects of the bus service noted above, estimated patronage uplifts of 22% in major urban; 12% in town; and 17% in rural networks in 2040 would occur, based on examination of case study networks in Cardiff, Wrexham and Pembrokeshire. The approach to calculating these demand uplifts is set out in Annex B. This estimate is for the benefits arising from the legislation alone and does not account for additional investment.
- 8.94 Other wider benefits would also accrue if more people travelled by bus:
- health and well-being benefits from additional passengers walking to catch a bus;
 - net carbon emissions should be lower due to some travellers switching from car travel; and
 - improved air quality on main road corridors should also accrue if some car travellers switched to bus travel.
- 8.95 Drawing on international experience, depending on the structure of the franchise contracts, incentivised contracts (for example, bonus arrangements in gross cost contracts) can give a sound basis for operators and the Welsh Ministers to work together to increase patronage. It is envisaged that contractual arrangements would allow

for annual reviews of performance and amendment of routes and frequencies within defined parameters, which would provide franchise operators with opportunities to develop network improvements to attract more passengers.

- 8.96 Currently, many local authority areas have a mix of commercial and socially necessary subsidised routes. In some cases, operators run services without a direct subsidy on their commercial routes, and in other cases operators receive a contracted subsidy (from local authorities) for running socially necessary routes. The assumption for the purposes of this RIA is that the bus kilometres in a present network would be maintained, but with all services rationalised into a unified and coordinated network which should allow scope for some additional services to operate (for example, by re-routing competing services on a core corridor to create a higher frequency service on a separate corridor, or by running rural feeders into inter-urban trunk services) thereby widening the scope of potential bus journeys.
- 8.97 There would be benefits to bus franchise operators from the certainty and stability that franchising provides which will enable an operator to better develop training and career progression for their employees – which would typically include an ability for drivers to transfer between franchisees in the event of retendering of the franchise.
- 8.98 Bus reform would provide the Welsh Ministers with greater control over the bus network and services to be provided and would provide cross-subsidisation opportunities. For example, bus routes could be planned and coordinated to provide improved convenience for journeys to school or healthcare facilities which provides economies of scale and may reduce the need for bespoke services.
- 8.99 The Welsh Ministers would ensure that the bus network is integrated with the local and regional rail networks in Wales, for example, by securing feeder services to match with rail timetables, thereby reducing the need to run bus services in parallel with rail services which occurs in some locations in Wales.
- 8.100 The Welsh Ministers control over bus service provision would also allow for better alignment with delivering on key policy priorities – such as reducing car travel and associated carbon and particle emissions, improving accessibility to key services, maximising social inclusion, and improving access to employment.
- 8.101 Estimated benefits for a bus network operated through a contract to a local-authority-owned or private operator are assumed to be of the same value i.e. would provide a coordinated and easy-to-understand network with a single ticketing system, and common branding. The practical choice of proceeding with a procurement plan to award contracts to local authority bus companies will in any case be subject to a detailed investigation of options and their costs and benefits.

8.102 Table 8-5 provides a summary of the estimated financial and economic benefits of bus reform, with a further breakdown provided in Annex C.

Table 8-5 Estimated Benefits for Bus Reform including Journey Time Benefits

Item	WG/TfW	LAs	Operators	Users	Total
Financial Benefits	-	-	£20.6 M	-	£20.6 M
Economic Benefits	-	-	-	£2,079.1 M	£2,079.1 M
Total Benefits	-	-	£20.6 M	£2,079.1 M	£2,099.7 M

Notes:

1. The values shown are approximate and intended to provide indicative forecasts of costs and benefits
2. Benefits represent totals over the 30-year appraisal period, discounted to 2023 prices, in market prices
3. Benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

Summary of Costs and Benefits of Option 3: Bus Reform

8.103 Modelling of the costs and benefits of bus reform (as summarised in Table 8.6) indicates that overall economic benefits outweigh costs, primarily driven by user benefits. The BCR including journey time benefits of 4.9 indicates very high value for money.

Table 8-6 Summary of Costs and Benefits of Bus Reform including Journey Time Benefits

Item	WG/TfW	LAs	Operators	Users	Total
Total Costs	£614.8 M	-£26.1 M	-£161.8 M	-	£426.8 M
Total Benefits	-	-	£20.6 M	£2,079.1 M	£2,099.7 M
Net Present Value	-£614.8 M	£26.1 M	£182.4 M	£2,079.1 M	£1,672.8 M
BCR	-	-	-	-	4.9

Notes:

1. The values shown are approximate and intended to provide indicative forecasts of costs and benefits
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2023 prices, in market prices
3. Costs include optimism bias
4. Benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.

Estimated costs and benefits when journey time impacts are excluded

8.104 As outlined in paragraph 8.6 and 8.9, WeITAG states that where a transport project is likely to require funding from Welsh Government, two sets of benefit-cost ratios are needed in the economic appraisal – one that includes travel time savings as a benefit, and a second set that exclude the benefits delivered by travel time savings. As such, this section presents a comparison of the costs, benefits and BCRs when journey time savings are included as a benefit in the analysis and when they are excluded. The set of results with journey time benefits included are the same as presented throughout the preceding analysis in this chapter (paragraph 8.9 explains why it is considered appropriate for this appraisal to focus on the set of results where journey time benefits are included). A more detailed breakdown of the results under each scenario is presented in Annex C.

8.105 As can be seen in Table 8-7, total benefits are significantly lower under statutory partnerships and bus reform when journey time benefits are excluded from the analysis. This demonstrates the scale of the estimated user benefits. Total costs are expected to be higher when journey time benefits are excluded because a reduction in passenger numbers and fare revenue results in higher subsidy payments being required. Importantly, although lower, the BCRs for both statutory partnerships and bus reform remain above 1 even when journey time benefits are excluded and the ranking of the options remains unchanged.

Table 8-7 Comparison of costs and benefits when journey time benefits are excluded

Item	Statutory Partnerships	Bus Reform	Statutory Partnerships	Bus Reform
	including Journey Time Benefits		excluding Journey Time Benefits	
Total Costs	£353.6 M	£426.8 M	£387.0 M	£501.0 M
Total Benefits	£1,113.8 M	£2,099.7 M	£558.3 M	£911.1 M
Net Present Value	£760.1 M	£1,672.8 M	£171.3 M	£410.1 M
BCR	3.1	4.9	1.4	1.8
Notes:				
1. The values shown are approximate and intended to provide indicative forecasts of costs and benefits				
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2023 prices				
3. Costs include optimism bias				
4. Benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.				

Estimated Annual Costs to Government of Bus Reform

8.106 Based on the assumptions and the approach to setting up the bus reform regime described in this document, a summary of the indicative programme of costs involved in implementing bus reform is shown in Table 8-8; the costs are shown as undiscounted in 2023 prices, and without optimism bias, to provide an indication of the financial costs as opposed to the economic costs. Only the key costs directly associated with bus reform are shown, and hence costs for ongoing financial support (in the form of reimbursement of concessionary fares and BSSG – or their equivalent with bus reform in place), the costs of transition to electric buses, and any impact of the changes to bus revenue that occur over this period are not shown (although these elements are included in the overall cost-benefit analysis).

8.107 Table 8-8 shows that:

- The largest cost item in the transition period is for acquisition of bus depots and installation of charging systems, which will provide a set of main bus depots centred in each franchise zone, as well as some smaller satellite depots.
- The indicative addition for staffing costs is at around £14M (or on average around £2.5M to 3M per annum) over the assumed 5-year transition period. This cost will in practice involve potential reorganisation and additions of roles at TfW and at local authorities (where bus officers are currently employed by each authority). The ongoing staffing costs once bus reform has been implemented is estimated at £5M to 6M per annum.
- The additional costs (set out in Table 8-8) to support the transition and operation of bus reform are, as set out in this assessment, necessary to bring about and sustain the benefits realisation of a better service for existing and new passengers. For purposes of understanding the scale of the cost changes to Welsh Government, the pre-Covid annual Welsh Government funding of bus activities amounted to £115M in 2018-19 (including BSSG and reimbursement of concessionary fares), as set out in 7.8, and the approximate annual revenue of the bus sector in Wales was £210M, and there is also a significant public transport officer resource at local authority level undertaking bus-related roles.

8.108 It is important to note that changes to roles, and introduction of new roles, is ongoing at TfW²³, as part of its objectives to grow TfW's capability to support the shift to sustainable travel. TfW aims to expand its multi-modal offer while increasing efficiency throughout the organisation and addressing the risk of duplication. Although the staffing and IT requirements for bus reform set out in this assessment

²³ [Business plan, 2023-24 \(tfw.wales\)](#)

have been treated as discrete additional costs, in practice, the intention of TfW to operate as a multi-modal organisation will drive economies of scale and create synergies across roles (for example, procurement expertise could be applied to rail and bus, and customer care, communications, branding etc can be addressed by holistic public transport teams). Hence the costs set out in Table 8-8 and throughout this document are indicative and for purposes of this assessment only – and do not represent a detailed budget for bus reform set up and recurrent activities. The transition process itself will include for more detailed planning and financial budgeting by TfW – which will include consideration of roles and inputs, and associated costs, for Welsh Government and local authorities, as well as more detailed annual profiling of costs within the transition phase.

8.109 It should be noted that costs presented in Table 8-8 are primarily to inform affordability considerations, as opposed to being part of the economic appraisal outputs presented elsewhere in this document which inform value for money considerations. Discounting, optimism bias and conversion to market price have therefore been excluded from the figures presented in order to provide a basis for comparison with present-day funding.

Table 8-8 Summary of Costs for Total Transition and Annual Recurrent Costs (Undiscounted)

Item	Transition costs (Year 1-5 total)		Recurrent Costs (per year from Year 6)	
	WG/TfW	Operators	WG/TfW/LAs	Operators
Depot Acquisition	£178.3 M	-	-	-
Staffing	£13.8 M	£5.2 M	£5.7 M	-£1.4 M
IT Systems and Other Non-Staff	£25.0 M	-£12.5 M	£5.0 M	-£5.5 M
Notes:				
1. The values are intended to provide indicative estimates of costs				
2. Costs are shown in 2023 prices (undiscounted), in factor cost unit of account				
3. Costs exclude optimism bias				
4. These costs exclude the effect of indirect cost impacts through aspects such as patronage changes and consequent fare revenue changes or changes in concessionary trips and associated reimbursement costs				

Competition Assessment

8.110 The transport network underpins our daily lives, connecting people and communities to jobs, health services, educational opportunities and leisure activities. A modern, multi-modal public transport system should be accessible, affordable and integrated, providing choice and

opportunity as a viable alternative to the private vehicle. It should also be safe, comfortable and available to all, regardless of their circumstance and location.

- 8.111 Understanding and analysing the effects on competition of existing and proposed laws, regulation and policy is important to avoid any unintended consequences or distortions to markets. As part of the proposed reform to the bus market in Wales, it is important to assess whether and how any suite of proposals will impact competition. An early consideration of competition impacts enables policymakers to redress any potential distortions through well considered policy choice and design.
- 8.112 Considering the impact of a policy proposal on competition is enshrined in the legislative process in Wales. Healthy competition in a market (the process of rivalry between firms) encourages suppliers to deliver consumers benefits, namely by offering lower prices, higher quality and increased choice. This is especially the case when products – in this case the provision of bus travel – are effectively standardised.
- 8.113 The Welsh Government is intent on achieving a bus system that boosts social equity and can deliver the scale of modal shift required by the climate emergency. This means a bus system which is governed and designed to serve the public interest, with the widest possible geographic coverage, fully integrated connections between different services, the highest possible service frequencies, and simple unified easy-to-use ticketing and information – expressed simply in the title of the bus legislation White Paper: ‘One Network, One Timetable, One Ticket’.
- 8.114 The vision set out in the White Paper requires a transformation in how buses in Wales are governed to achieve the following overarching aims:
- A bus system that is purposely designed to maximise the public good.
 - A bus system that efficiently uses public investment to strategically address public priorities for bus improvements, thereby justifying greater public investment.
 - A bus system, which forms part of an integrated transport network that provides an excellent travel option, wherever people need it, whenever people need it, throughout Wales.
- 8.115 The competition assessment set out in Annex D. considers the impact of the proposed legislation, the bus reform delivery model and the motivation of bus operators to compete and improve their services.

Risks Associated with Bus Reform

- 8.116 This section outlines some high-level risks associated with bus reform. As franchising arrangements under bus reform require a significant

change to delivery, there are various risks regarding the transition, the operational delivery and the financial elements. As this RIA is focused on the cost-benefit analysis, this section focuses on the risks that predominantly impact cost and benefits. Table 8-9 below reflects these risks and the proposed mitigations. It is important that these risks are managed as part of the wider project management of future bus reform and associated organisational measures. Feedback received from consultation on the Draft RIA has been taken into consideration throughout this RIA and is reflected in the summary of risks.

Table 8-9 Summary of Risks associated with bus reform

Risk Category	Risk Descriptor	Mitigation
Financial	There is a risk around revenue volatility, as under bus reform the revenue risk will sit with Welsh Government/TfW, as they will set the fare structure and retain all revenue. A decline in passenger numbers due to factors such as economic downturns, demographic changes, shifts in transportation trends or lower than forecast uplift in patronage from network rationalisation could significantly impact expected revenue, thus affecting the financial viability of the system.	Welsh Government/TfW would need to accommodate the funding gap by: 1) Developing a reserve account for bus reform which could be topped up in years where surpluses are likely, and using reserves built up over time 2) Scaling the network to reduce costs to reduce the funding gap 3) Reallocating funding from other sources to fill the funding gap or raising revenue. Therefore, to manage this risk, Welsh Government should develop a robust Financial Management Strategy ensuring detailed forecasting is conducted, with a process in place to manage volatility between years.
Financial	There is a risk that operating costs for running bus services could rise, which Welsh Government would be exposed to because it provides a Franchise Payment to operators. This could result from operators pricing in a premium due to uncertainty and/or inflation running higher than forecast in key cost categories such as energy costs, fuel costs or	Welsh Government should conduct market engagement ahead of bus reform to develop the most appealing proposition to the market that will encourage competition and bring down bid prices. A well-defined and robust Procurement Strategy will be key to achieving this. Sensitivity testing around operating costs should also be carried out.

Risk Category	Risk Descriptor	Mitigation
	staff costs. This could also result from franchise competitions being less competitive than expected.	
Transition	There is the risk that operators could withdraw commercial services, or the remaining commercial network becomes unviable, between the announcement of bus reform and the tendering of the relevant services as part of the franchising process, which could lead to reputational damage and increased costs in the tendered services budget for Welsh Government to cover these services to reduce the impact on customers.	Welsh Government could let short-term tenders to cover for withdrawn services, with a financial allowance set aside for this. Welsh Government can also draw on the experience and strategies of other Local Transport Authorities implementing franchising, notably Greater Manchester. Effective monitoring and management by Welsh Government of existing services as these are phased out in parallel with management of phasing in of Franchised Services, with dedicated staff to manage this.
Transition	There is a risk around mobilisation for Franchised Services, including issues with IT systems, transferring staff (via TUPE), accessing depots and fleets, which could lead to delays and additional costs.	Ensure operators have robust mobilisation plans which are monitored, and which include ensuring smooth staff transfers via TUPE and ability to effectively secure assets such as depots and fleet. Ensure “mobilisation” is a key aspect of bid evaluation.
Transition	An unclear definition of the split of responsibilities in operating services could lead to a duplication of roles in Welsh Government, Transport for Wales, Local Authorities and bus operators, therefore increase the cost of the bus sector.	Ensure clarity of roles and responsibilities between Welsh Government, franchised operators and other operators. Resourced and capable Welsh Government procurement and performance management teams communicating and managing relations with bus operators. Ensure that the contracts are clear.
Transition	There could be insufficient Welsh Government staff or capability to implement the change in delivery structure, as there is a risk of failure to recruit an	Clear planning and costing of Welsh Government resources and early recruitment of bus specific roles that will be deployed in the implementation phase. Develop contingency

Risk Category	Risk Descriptor	Mitigation
	adequate number of additional people or people with the requisite skills.	plans to source additional staff and capability through transition stage.
Technology	There is a risk that the cost of IT systems may be higher than anticipated which could increase the costs of bus reform, requiring additional budget and failure to meet customer needs.	Conduct a detailed IT systems analysis review to understand the gap between the current and future state in more detail and allocate contingency budget and time for IT implementation.
Technology	If there are challenges in implementing and integrating new technologies required, such as real-time tracking and fare collection solutions, then this could impact timeframes and costs for bus reform.	Specialist support in assessing and procuring the right technology and managing implementation processes, building in contingency.
Regulatory / Legal	If Welsh Government do not comply with the regulatory framework, and due process is not followed, then there is a risk of stakeholders, such as operators, legally challenging the process, which could increase costs due to delay and legal fees.	Stakeholder management and engagement with operators through the process where the benefits of the scheme can be communicated. Welsh Government to retain legal advice and follow DfT guidance on bus reform.
Operational	There could be service delivery performance issues caused by factors such as IT system performance (including poor integration with other systems), depot facilities, and vehicle condition, which could increase costs to resolve these issues.	Stakeholder engagement and open channels of communication with operators during bus reform implementation, with dedicated Welsh Government staff and contingency budget allocated to deal with potential unexpected issues.
Operational	There is a risk that Welsh Government are not able to recruit adequate staff or capabilities to deliver bus reform, including specialist bus skills, for the expected rate, which could lead to	Begin recruitment early to minimise delays. Ensure effective engagement with operators and unions, with adherence to TUPE processes. Consider developing relevant capabilities internally,

Risk Category	Risk Descriptor	Mitigation
	increased costs to be able to recruit within the planned timeframes for delivery.	particularly around bus skills such as network planning and performance management.
Operational	There is a risk that the franchised network does not most effectively interface or coordinate with rail services or other bus services, which could affect revenue for franchised services and reduce the benefit to passengers.	Welsh Government to identify key interfaces with rail and other bus services and modes, and ensure each interface is owned, monitored and managed to ensure coordination and disruption minimised.
Operational	Reduced incentives for ongoing improved efficiency, service quality and innovation than under a deregulated system, particularly if there is no effective competitive threat posed during the contract period, and if there is no contractual mechanism to set and revise minimum standards or the service required more generally meaning that the network may be less responsive to changes in customer demand or expectations.	Regular performance management required by the franchising authority. It is envisaged that contractual arrangements would allow for annual reviews of performance and amendment of routes and frequencies within defined parameters, which would provide franchise operators with opportunities to develop network improvements to attract more passengers.
Operational	There is a risk of consolidation of existing bus operators, and associated loss of competitive pressure, as a result of operators failing to win a particular franchise contract or being unable to compete for contracts (e.g. due to scale). This may be particularly relevant to smaller or more local operators. There is a need for enough credible operators to be bidding for franchise contracts so that the benefits of competing	Franchise rollout plan to be developed by franchising authority. Area-wide franchising may be the most suitable approach for some locations, whereas route-by-route franchising or franchising of small batches of routes may be a more suitable approach elsewhere in the franchising procurement market. Careful design of bidding lots may be particularly important to allow smaller operators to bid to service parts of the market.

Risk Category	Risk Descriptor	Mitigation
	for the market are achieved.	
Benefits Realisation	Failure to achieve the anticipated benefits would impact on meeting modal shift ambitions set out in Llwybr Newydd.	Careful management required by Welsh Government/TfW with a Benefits Realisation Plan put in place prior to implementation of bus reform.

Summary and Preferred Option

8.117 This RIA has outlined three options for the future delivery and organisation of bus services in Wales, namely business as usual, statutory partnerships and bus reform.

8.118 The business as usual model, involving continued emergency funding for bus services as patronage gradually moves back towards pre-COVID levels is not considered an appropriate or financially sustainable situation for Welsh Government in the long-term. Neither is reducing subsidy (and thus impacting level of service) consistent with wider policy and requirement to grow demand for bus services to address the climate emergency. It is considered that Welsh Government intervention is required to achieve the necessary radically different outcomes for bus, so business as usual is not considered a relevant option to be taken forward.

8.119 In terms of achieving the policy outcome of better bus networks as set out in Chapter 6, Table 8-10 sets out an indicative summary comparison of the powers available under statutory partnership and bus reform approaches. As can be seen, a statutory partnership approach has an inherent characteristic of not having a comprehensive approach across all bus services.

Table 8-10 Summary of Measures Available for Statutory Partnerships and Bus Reform Options

Measures Available	Statutory Partners hip	Bus Reform
Specify service routes	■	■■
Minimum Service frequency or evenly spaced timings	■	■■
Bus service operating period (early to late night etc)	■	■■
Coordination of timetables for connection to different services (bus/train)	■	■■
Vehicle specifications (e.g., Wi-Fi, lower emissions, door configurations)	■	■■

Passenger information standards	■	■■
Area-wide branding and/or marketing	■	■■
Single ticketing system for all trips / buses	■	■■
Smart cards and contactless payments	■■	■■
Common ticket fares and rules	■	■■
Key: ■■ Comprehensive and consistent approach across all bus services ■ Not comprehensive across all services		

8.120 Attracting and influencing people to use buses as a regular feature of their daily or weekly travel behaviours is the ultimate test of the options for governance and operations. Table 8-11 presents a Red, Amber, Green (RAG) qualitative assessment of how a statutory partnership approach and a bus reform approach would compare in respect of achieving a number of passenger-focused success factors identified from best practice. The assessment concludes that a statutory partnership approach would be less able to address success factors in respect of passenger outcomes.

Table 8-11 Comparison of Statutory Partnerships and Bus Reform for Passenger-focused Success Factors

Factor	Success aspect	Statutory Partnerships	Bus Reform
Area-wide networks that people can travel on to many local destinations	A wide range of key destinations throughout a local area should be reachable in 45-60 mins during the daytime (with transfers if necessary)	Focus is on direct journeys only and hence travel between many destinations not convenient	Network approach with coordinated transfers
One ticket system that is simple to use	An exclusive single ticket system for boarding all buses should be in place	Multiple operator tickets side-by-side with operator tickets	Single ticket system for passengers on all services
Easy to understand network	A public transport network that is inherently easy to understand	Multiple services with overlapping routes	Generally only one or two services on each corridor, with regulated headways.
One brand that people recognise and trust	A public transport brand should be present on all vehicles, stops and stations, information sources, and ticketing	Regional brand would co-exist with operator brands	A single brand for all components

Factor	Success aspect	Statutory Partnerships	Bus Reform
Easy and reliable transfer	High quality transfer conditions and arrangements (ticketing, timetables)	Network not fully designed for coordinated transfer	Network designed with transfer built-in
Reliable travel times	Journeys by public transport should have reasonable and consistent speeds	Delivery of bus priority measures could deliver improvements in speed	Manage bus-on-bus congestion and reduce dwell time, in addition to bus priority
Easy to access the vehicle	Easy and quick boarding with single ticket system and associated automated network-wide enforcement; Bus arrivals at stops well-spaced so that bus is parallel to kerb	Not a fully comprehensive ticketing regime; Not fully regulated	One ticket system with network wide enforcement regime, headways regulated to reduce delays at stops
Accessible and comfortable	Stations and stops are easy to reach, are comfortable with good information, and vehicles are comfortable, and well equipped	Good quality stops and vehicles	Good quality stops and vehicles
Public feedback and customer care	The general public are given regular opportunities to provide feedback	Can include changes over time with agreement of all parties but likely to be unstable over time	Stakeholder network review can be built-in to delivery of franchised networks
Passenger safety, security, and health	Inherent in all aspects of people's experience of public transport, including roadside air quality and carbon emissions	Multiple different operators and local authorities involved	Single organisation would be responsible for managing these aspects
Network efficiency and financial affordability	Service lines are optimised to limit inefficient overlap of services	Some overlaps and corridor inefficiencies	All overlaps and inefficiencies designed out at network planning phase
<p>Notes:</p> <p>Red – Unlikely to offer improvement over business as usual arrangements</p> <p>Amber – Can achieve improvements but limited potential to achieve best practice</p> <p>Green – Good potential for best practice</p>			

8.121 This RAG assessment has identified an overall conclusion that the bus reform option best addresses all of the key passenger-focused success factors. It is further concluded that even though a statutory partnership approach could improve bus services, it does not provide a realistic means to deliver the necessary step changes to meet Welsh Governments aspiration for 'One Network, One Timetable, One Ticket'. A further disadvantage of a statutory partnership approach is that it would involve perpetual negotiations and modifications in response to operators' commercial imperatives, and with each local authority needing to manage this process.

8.122 The selection of bus reform as a preferred option is supported by the analysis of costs and benefits presented within this RIA and summarised in Table 8-12. Whilst costs are broadly comparable between statutory partnerships and bus reform over the 30-year appraisal period, benefits for bus reform are nearly twice as high.

Table 8-12 Summary of Costs and Benefits of Statutory Partnerships and Bus Reform Options

Item	Statutory Partnerships	Bus Reform		
	including Journey Time Benefits			
Total Costs	£353.6 M	£426.8 M		
Total Benefits	£1,113.8 M	£2,099.7 M		
Net Present Value	£760.1 M	£1,672.8 M		
BCR	3.1	4.9		
Notes:				
1. The values shown are approximate and intended to provide indicative forecasts of costs and benefits				
2. Costs and benefits represent totals over the 30-year appraisal period, discounted to 2023 prices				
3. Costs include optimism bias				
4. Benefits are shown at a Wales level, based on extrapolation from Major Urban (Cardiff), Town (Wrexham) and Rural (Pembrokeshire) case study local authorities on a pro-rata basis.				

8.123 The cost-benefit analysis prepared for this RIA represents a complex technical exercise, undertaken according to the relevant transport appraisal guidance, which has sought to assess potential costs and benefits to people and the environment that are often difficult to calculate as pounds and pence. The Benefit to Cost Ratio (BCR) results provide a high-level summary which can be compared to estimate the potential trade-offs of each scenario. The BCR for both options is greater than 1, meaning the expected monetised benefits of interventions in each scenario outweigh the expected costs. A BCR of

above 2 is considered high value for money. The selection of a preferred option must not be based on BCRs alone. The relative merits and value for money of each option must be judged in the wider context of ambitions set out in Llwybr Newydd and Welsh Government's response to climate emergency, rather than the highest BCR.

- 8.124 The results set out in Table 8-3 reflect the best estimate of costs and benefits based on the available information. Sensitivity tests have been undertaken to assess how much a lower than forecast demand or higher than expected costs would erode the value for money case for both statutory partnerships and bus reform. The results of these sensitivity tests, shown in Annex C indicate that the BCR for both scenarios would drop by up to one third, but would continue to show good value for money despite the reduction in BCR. Under the sensitivity tests there is no change to the relative performance of bus reform compared to statutory partnerships, with bus reform consistently outperforming statutory partnerships in terms of value for money.
- 8.125 The BCRs in this assessment for statutory partnerships and bus reform options do not have significant capital expenditure associated with infrastructure measures (as would typically be the case for transport-related investment), and only include benefits linked to legislative changes. In practice, it is likely that implementation of legislation to improve bus services in Wales would not be made in isolation but include a range of supporting investment in transport infrastructure and policy measures aimed at delivering a step change in mode share. The legislative proposals should be treated as enabling measures, which provide an enhanced ability to lock in benefits of wider, and potentially substantial, investments in measures such as on-street or bus station infrastructure and bus priority measures.
- 8.126 In summary, a unified, coordinated, bus network can only be realised if a single organisation has control over service routes and frequencies – and franchising of local bus services under bus reform, is an appropriate mechanism to deliver these necessary governance tools. The alternative approach of statutory partnerships, even with more of a role for local authorities compared to previous feasible partnership arrangements, does not provide any party (local government or operators) with the necessary authority to align and deliver the interdependent components of a successful bus system, and would retain the current fragmentation of roles and responsibilities. This conclusion does not imply that bus operators in Wales are not of the required standard to operate quality services, on the contrary, a more stable procurement and operating regime would allow operators to concentrate on a core role of delivering excellent services and high-quality operational practices.

9. Impact Assessments

9.1 A full Integrated Impact Assessment (IIA) has been undertaken, which covers all provisions in the Bill. A summary of the impacts undertaken is outlined below and the full integrated impact assessment will be published on the Welsh Government website.

9.2 Specific assessments were undertaken to understand the impact of the Bill on the following areas:

- Children's rights
- Equality
- Socio-economic Duty
- Rural Proofing
- Health
- Welsh Language
- Biodiversity
- Climate Change
- Justice Impact Assessment.

9.3 After consideration it was decided that the following would not require full impact assessments:

- Privacy
- Strategic Environmental Assessment
- Habitat Regulations Assessment
- Environmental Impact Assessment

Summary of the Integrated Impact Assessment

Impact on social well-being

9.4 Welsh Government is committed to working with stakeholders to better understand the issues surrounding accessibility to bus services to improve social wellbeing.

- 9.5 Tackling these issues can be achieved by measures such as space for users of wheelchairs or other mobility aids, push chairs, priority seating, accommodation for assistance animals, as well as audible and visual information, improving the social wellbeing of disabled users. Driver knowledge and training is also crucial in this respect to ensure that all users feel safe, confident, and comfortable using the bus network.
- 9.6 Whilst the Bill will not make specific provision in relation to improved accessibility, other than regarding the provision of information to passengers, it will provide the basis for a bus system that enables the planning and implementation of actions, as set out below, that will lead to improved accessibility and confidence in bus services.
- 9.7 One of the key benefits of regulating the bus network is the opportunity it presents for achieving a co-ordinated bus network and a level of standardisation, for example in information, the bus fleet and infrastructure and driver training, that enables consistency and manages expectations. This would facilitate greater connectivity, with associated improved access to communities, facilities, services and employment opportunities. This will help to reduce social isolation within Wales and contribute to improved mental wellbeing within the population.
- 9.8 If passengers do not feel confident that they will be able to access local bus services in a safe and dignified manner, they will be dissuaded from travelling. By facilitating an accessible bus service network through improvements to planning, co-ordination and information, passengers will benefit no matter their race, beliefs, sexuality, sex, gender, age or disability, confident that they can easily access a bus stop, and travel by bus without incident or delay, improving their social and mental wellbeing.
- 9.9 The Bill does not make provision for learner travel, but making provision for better planning and co-ordination of the network will support school age children and young people to get to and from their place of education, including Welsh Medium and faith schools. Outside of education settings, bus network planning should ensure that young people are able to socialise with friends and get out and about. This should help to establish public transport as their preferred mode of transport throughout their lives.
- 9.10 It is important that we facilitate the establishment of a network that promotes access for all to culture, heritage, and the Welsh language, and encourages participation in the arts, and sports and recreation.
- 9.11 Affordability is key aspect of attracting more people to use the buses. If the cost of bus travel is too expensive then this can prevent some people using the services to access work; education; health services; social and leisure activities, etc. This will have consequential impacts on a person's mental and physical health. Bus reform will allow for consideration of ways to manage fares in a fair and inclusive way.

9.12 The new bus system is anticipated to result in an overall positive effect on social well-being and on people and communities and an overview of the impact on specific groups is outlined in the remainder of this section.

Impact on children's rights

9.13 It is assessed that the direct impact of the Bill on Children's Rights is not significant and is generally positive.

9.14 It is recognised that different transport options can offer welcome independence and freedom for children and young people, however as highlighted within the [Bws Cymru Plan report](#), currently many of the concerns young people have come from a lack of available services, lack of confidence or not understanding the bus system, and a lack of safety, or perceived safety, on buses.

9.15 In broad terms, the assessment considers that changes to the co-ordination and management of bus services across Wales will positively impact on children, in terms of their access to buses for education, leisure and general transport requirements. No substantive negative effects specific to children and young people have been identified.

9.16 In reaching this conclusion, the assessment noted a number of consultations and other work undertaken by Welsh Government and its partners, which looked at the impact of access to buses services on children and young people.

9.17 There is potential positive indirect impact in relation to children, young people and their parent's/carers arising from the broader improvements to access and availability of local bus service provision as a result of bus reform. This Bill is a mechanism for enabling these improvements to be implemented more consistently across Wales.

Impact on equality

9.18 The full Equality Impact Assessment identifies that the Bill may have broadly positive impacts, albeit not always directly, for a range of people with protected characteristics.

9.19 An improved and integrated national bus network will provide an easy to understand, consistent, service that improves legibility and understanding for many people who can be reliant on public transport.

9.20 Black, Asian and Ethnic Minority users are particularly reliant on public transport and are disproportionately economically disadvantaged. By securing the long-term sustainability of the bus network, Wales would ensure that there is equality of opportunity for all groups to access employment, leisure, health and education services to the benefit of the economy, culture and health and well-being.

- 9.21 The proposals support wider reform goals, including those focusing on decarbonisation of fleet and depots and rationalising the network. These will have a positive impact on improving air quality providing long term and long-lasting health benefits. This will be especially evident in built-up areas which typically have lower air quality. It is important for groups that are more vulnerable to the health-effects of poor air quality, such as children or older people, those who are pregnant or with existing health conditions.
- 9.22 The intended outcome of the Bill is that local bus services will be accessible, available and affordable to the majority of society, regardless of their background. As such it could help to deliver significant social justice and equality of outcomes benefits.

Impact on rural areas

- 9.23 It is assessed that the direct impact of the Bill on rural communities could be very positive.
- 9.24 The provision of rural public transport services can be comparatively more expensive and less commercially viable. Anecdotal evidence from recent actual and threatened cancellations of bus services across Wales suggests that the potential impact on individuals and communities of losing their services are particularly acute in rural areas.²⁴ In rural areas, services are generally subsidised as they are often not as attractive to commercial providers.²⁵ Recent challenging financial settlements for local authorities and the Welsh Government have put pressure on the funding available to subsidise bus services.
- 9.25 Public transport in rural and remote areas is crucial to ensuring people can access community services and facilities, employment opportunities and education. Rural residents are more likely to need to travel further to access services such as education, employment, health and leisure, plus connections to other transport.
- 9.26 The legislative proposals would allow strategic planning of bus services to meet rural needs. They would also benefit the mental well-being of people living in rural areas with better co-ordination of services supporting improved connectivity to combat social isolation.
- 9.27 Through franchising and enabling demand responsive travel, the opportunity is there to provide bus services which best meet the needs of individuals in their area, including those on lower incomes, providing

²⁴ ['Heart-breaking' end of lifeline rural bus service serving three Welsh counties - Wales Online](#)

[Public transport in Wales: "Now they've even stolen our bus" \(bylines.cymru\)](#)

²⁵ Examples include – [Fflecsi](#) and Bwcabus. Both rely on TFW and/or local authority funding.

opportunities to access employment, education and socio-economic mobility²⁶.

- 9.28 The reforms aim to improve connectivity and information provision. This would benefit young individuals living in rural areas, both economically and socially, helping them access new technology and increase their confidence in using public transport services.
- 9.29 The legislative provisions are intended to support people to more easily access services, visit friends and relatives, as well as allowing them to travel further afield to access health, cultural and community services and facilities, this will be particularly beneficial to older people.
- 9.30 Improvements in transport infrastructure will help rural businesses and sectors to expand. An improved bus network and transport infrastructure help businesses meet and respond to changes in market demand and availability with the introduction of improved service information and data availability. It will also facilitate wider access to the workforce.

Impact on health

- 9.31 It is assessed that the direct impact of the Bill on health is positive.
- 9.32 Legislative changes will positively impact on the Welsh population's diet and physical activity, as:
- the proposed provisions could increase access to parks, leisure centres, gyms and other areas which promote and provide opportunities for physical activity and exercise.
 - integrating the bus network with other transport options and providing more reliable integrated bus services could also improve access to a wider range of food choices, including healthier, more affordable options.
- 9.33 It is considered that the legislative changes could positively impact social networks and social isolation within Wales, as:
- the provision of improved transport services which offer more affordable transport options would increase opportunities for groups who cannot afford and/or are unable to access private transport options (for example they are too young, are disabled or have no driving licence). This would reduce feelings of isolation and exclusion for these individuals, allowing them to access a wider range of opportunities and improve their social network.

²⁶ Valuing the social impacts of public transport final report March 2013. [Valuing the social impacts of public transport: final report](#)

- ensuring an effective bus network in rural and urban areas which is co-ordinated and integrated with other forms of public transport would also improve access for more vulnerable and isolated groups.
- improvements to bus services information and travel data, including the use of audio or visual announcements, would help to make travelling on the public bus network easier for many groups, including disabled people, older people and people not local to the area. Ease of bus use would allow these groups to access wider social networks and therefore benefit from the associated positive health outcomes.

9.34 It is considered that the legislative changes will positively impact on Wales' living environment and contribute to improvements in air quality as:

- encouraging the use of buses could help to reduce private vehicle use. Alongside investment in sustainable options, such as low carbon/zero emission vehicle fleets, the proposals would help to reduce pollution and improve air quality. This intervention would provide health benefits, especially in built-up areas which are typically more polluted.
- reducing private vehicle use and encouraging a modal-shift to the public transport network could reduce the impact of traffic-related noise which is shown to negatively impact health by increasing disturbance and causing annoyance and sleep deprivation.
- With reduced numbers of private vehicles on the roads, there is potential for road safety generally (especially in existing busy trafficked areas) to improve therefore bringing overarching benefits to living environments.

9.35 It is considered that the legislative changes could positively impact people's access to employment and education as:

- The provision of an improved bus service across Wales which offers transport options that are available and affordable to all members of society, could increase access to wider employment and educational opportunities for those who rely on public transport. This would include low-income groups, young people and older people, particularly for those in more isolated and rural areas.
- Ensuring an effective bus network across rural and urban areas, which is co-ordinated and fully integrated with other forms of public transport would increase physical access to a much wider range of employment and, in many cases, reduce the time taken to reach them. This could provide access to a wide range of employment and educational opportunities, including a greater variety of jobs, schools, training courses, learning centres and apprentice schemes. Access to

education and employment has positive impacts on both physical and mental health and wellbeing and it can reduce feelings of stress and anxiety and provide direct access to health benefits associated with secure employment.

9.36 It is considered that the legislative changes could positively impact people's access to services as:

- A co-ordinated more reliable network could increase direct access to healthcare and social services and facilities, particularly for those who rely on public transport. Indirectly, it could also help to provide more reliable services for carers and healthcare professionals who rely on public transport for visiting those in need of at-home care and support.
- the use of open data and up-to-date information sharing could help to reduce the risk of missed medical appointments by improving the reliability of local bus routes when accessing services.
- improved access and reliability of services could indirectly help to improve wellbeing by increasing positive feelings about a local community and reducing service isolation.

Impact on culture

9.37 Overall, the proposals are anticipated to result in a positive effect on cultural well-being, with the magnitude of that effect ranging from minor to moderate subject to the scale of change during implementation of the legislative changes.

9.38 The Welsh Government's commitment to supporting cultural well-being is demonstrated in *Llwybr Newydd: the Wales Transport Strategy (Llwybr Newydd)*²⁷, which identifies the need to join up planning for transport and major events in Wales and work with Visit Wales to promote transport heritage attractions in Wales.

9.39 The development of a planned integrated network of bus services will provide an easy to understand, co-ordinated network of routes and timings, integrated with community-based transport. This will facilitate participation in the arts, sport, culture, heritage and recreation, across the whole of Wales by making these facilities more accessible. An improved integrated transport system for people that live in rural areas could also improve access to such opportunities in more traditionally hard to reach areas, which typically rely more on the private car for travel.

²⁷ [Llwybr Newydd: the Wales Transport Strategy 2021 | GOV.WALES](#)

- 9.40 Through bus reform and the actions set out in Bws Cymru²⁸, there could be scope to co-locate public transport with tourist information. This would help improve people's access to cultural and heritage assets which are also often tourist attractions.
- 9.41 The continued decline in bus use, in particular following the COVID pandemic, has led to a reduction on the ability of people to access arts, sport, culture, heritage and recreation opportunities. The legislation seeks to help ensure the long-term provision of accessible and sustainable bus services, thus seeking to avoid reductions in services. This would maintain, and likely improve access to culture, particularly those who are currently limited by transport options available to them.

Impact on the Welsh language

- 9.42 It is assessed that the direct impact of the Bill on the Welsh language is limited and is generally positive.
- 9.43 A literature review has helped identify the potential benefits of the proposals regarding the Welsh Language. Use of the Welsh language and cultural identity could be included as in the branding of bus services and information sharing initiatives at the implementation stage.
- 9.44 Giving local authorities a greater level of influence on public transport services will support the creation of connected integrated public transport networks which best meet the needs of Welsh-language communities, thereby promoting the use of the Welsh language.
- 9.45 Bws Cymru includes a number of actions which seek to promote the use of the Welsh language. This includes Action 21 (Welsh language standards), and Action 29 (Bus Driver training) which seek to support bus drivers to learn and use Welsh whilst also providing the required investment for bilingual services (in terms of advertising, promotions, information and customer services). The aim is to provide a service that meets the linguistic needs of Welsh speakers such that they feel comfortable and confident to use Welsh across all services. This will also contribute to achieving Bws Cymru Action 18 (Buses accessible for all), i.e. creating an inclusive service, removing any linguistic barriers that Welsh speakers may face.

Impact on economic well-being

- 9.46 This Bill is thought to generate a moderate positive impact on the community and voluntary transport sector in Wales, as it will offer the sector more opportunities to diversify operations.

²⁸ [Bws Cymru: connecting people with places | GOV.WALES](#)

9.47 Buses play an essential role in achieving strong and sustainable economic growth by connecting people and business to opportunities, reducing congestion, and increasing economic productivity.

Private sector

9.48 The proposals are anticipated to result in positive impacts on the economic well-being of both businesses and individuals, with the magnitude of that effect ranging from minor to moderate subject to the scale of change during implementation of the legislative changes.

9.49 There are potentially some negative impacts for bus operators which are unsuccessful in bidding for local bus service contracts. However, operators are not limited in the number of contracts they can bid for. Powers in relation to the application of the Transfer of Undertakings (Protection of Employment) Regulations 2006 will seek to ease the transition of drivers and other staff from one employer to another.

9.50 Looking after our important SME sector is a priority. The Bill doesn't impact them directly but in developing the contract packages consideration is being given to the existing market. TfW is also looking at what appropriate support might be provided to operators and potential operators in relation to understanding the bidding process.

Public Sector including local government and other public bodies

9.51 A Regulatory Impact Assessment (RIA) has been prepared for the Bill which outlines the likely costs, benefits and risks associated with the policy options considered, including impacts upon organisations, groups and individuals.

Third Sector

9.52 The 'Third Sector' includes community and voluntary transport schemes. These community transport schemes are very locally focused, with individual services tailored to the needs of passengers and specific communities who would otherwise be unable to use or access conventional public transport services.

9.53 The Bill does not include any provisions to change the way community transport operators are licensed. There are no proposed changes to either the section 19 or section 22 permit system in the Bill. Community transport organisations will continue to be able to operate both scheduled local bus services using section 22 permits or community minibus services using section 19 permits. Community transport operators will be encouraged to bid to operate franchised local bus services.

Environmental Well-being

9.54 Overall, the proposals are anticipated to result in a positive effect on environmental well-being, with the magnitude of that effect ranging from minor to moderate subject to the scale of change during implementation of the legislation.

Biodiversity

9.55 The full Biodiversity Impact Assessment identifies that the Bill may have broadly positive impacts, albeit not directly, on biodiversity.

Climate Change - Carbon

9.56 The Bill proposes to give the Welsh Ministers duties and powers to redesign the bus network and make better use of the existing transport network to manage demand, facilities and capacity, together with TfW and other key stakeholders.

9.57 In discharging their duty to secure provision of local bus services, the Bill stipulates that the Welsh Ministers must have regard to the six objectives set out in the Bill when exercising functions under the Bill. One of the objectives is to reduce greenhouse gas emissions and waste from road transport.

9.58 We have not made any changes to the proposals in the Bill as a result of this climate change assessment because, as outlined above, consideration has already been given to the climate change aspects of the wider bus reform and in the transport strategy generally. The adaptations required for the transport sector are, in general, outside the scope of the Bill.

9.59 The Bill fits within the already existing strategies to reduce the carbon footprint and to reduce greenhouse gas emissions from transport emissions.

9.60 The Welsh Government is promoting a more sustainable road transport network and a modal shift away from roads for people and freight. This will help reduce emissions and the impact transport has on our environment and our health. The Bill proposals will contribute to this goal. Increased use of public transport leading to reductions in use of private cars would contribute to the Welsh Government's environmental well-being duties and the reduction of emissions.²⁹

Strategic Environmental Assessment (SEA)

²⁹ [ITC Strategy on Reducing Greenhouse Gas Emissions from Inland Transport | UNECE](#)

9.61 The Bill is unlikely to have implications for land use. They will not require consent under the Habitats Directive (see below) and although changes to the public transport system (buses) are intended to reduce reliance on the private motor vehicle for transport reducing harmful emissions into the environment, it is unlikely that this will result in *significant* effects on the environment.

9.62 On this basis, an SEA is not considered to be required but will be kept under review as work progresses on the legislative changes.

Habitats Regulations Assessment (HRA)

9.63 The legislative proposals will not affect any European designated sites; therefore, a Habitats Regulations Assessment (HRA) is not required under the Conservation of Habitats and Species Regulations 2010 (Consolidated in 2017).

Environmental Impact Assessment (EIA)

9.64 The proposals would not require EIA by virtue of the Town and Country Planning (Environmental Impact Assessment) (Wales) Regulations 2017.

The Socio-economic Duty.

9.65 The full IIA considers the potential impact of the Bill on a range of socio-economic groups. Overall, the proposals are anticipated to result in a positive effect.

9.66 The aims of the Bill are intended to improve the socio-economic circumstances of bus users, and wider communities. The Bill aims to create bus services which are:

- Easy to access – through economic extensive networks, good infrastructure and welcoming drivers,
- Easy to use – through simple ticketing and a network that meets demand,
- Easy to navigate – with fully integrated journeys and clear accessible information,

9.67 One inequality experienced by those of socio-economic disadvantage is poorer access to transport. We have considered the evidence about the way transport and socio-economic disadvantage are linked. The powers and duties in the Bill will enable Ministers to secure bus services that will be accessible, available and affordable to more members of society, regardless of their background or socio-economic status³⁰.

³⁰ [Evidence review: socio-economic disadvantage and inequalities of outcome | GOV.WALES](#)

Justice Impact Assessment Summary

- 9.68 A full Justice System Impact Identification (JSII) assessment has been completed and sent to the Ministry of Justice (MoJ) as required. A response from the MoJ is anticipated on or around Introduction of the Bill. The full Justice Impact Assessment will then be included here.
- 9.69 The Bill will prohibit a person from providing a local bus service otherwise than in accordance with the Bill. The restriction will be enforced by the traffic commissioner. The Bill makes provision about the penalties that may be imposed by the traffic commissioner, and about appeals against these penalties
- 9.70 The Bill will enable Welsh Ministers to grant local bus service permits and to revoke or suspend permits. There will be a right of appeal to the First Tier Tribunal against the Welsh Ministers' refusal to grant a permit, conditions attached to a permit, the revocation of a permit, the suspension of a permit, the length of the suspension, or the conditions that are required to be met before the expiry of the suspension.
- 9.71 The Bill will enable Welsh Ministers to require specific information relating to local bus services to be provided and enable the Traffic Commissioners to impose sanctions for failure to comply. There will be right of appeal to the Upper Tribunal against the sanction.
- 9.72 The Bill will enable Welsh Ministers to make regulations to specify the circumstances in which arrangements made under the Bill will be treated as involving TUPE transfers. This has implications in terms of the employment rights that will be engaged in the context of such transfers, and the potential for claims to be brought to the Employment Tribunal and EAT.
- 9.73 We have assessed the impact of these sanctions and appeal provisions and have concluded that they will have a minimal impact on the justice system.

10. Affordability Assessment

Introduction

10.1 This section sets out affordability considerations in relation to the Bus Services (Wales) Bill (the Bill). While the Regulatory Impact Assessment (RIA) assesses social value and includes cultural, social and environmental impacts alongside economic costs and benefits, this affordability assessment is a purely financial assessment. As such, only cash costs and cash-releasing benefits are included. Any environmental, social, cultural and wider economic costs and benefits identified in the Bill RIA have been removed from this affordability assessment.

10.2 The RIA includes elements which relate to the Welsh Government’s bus reform agenda, some of which do not relate directly to the costs and benefits that arise from the Bill. This assessment separates the financial costs and benefits of the Bill from the wider bus reform agenda (whilst including the financial costs and benefits of wider bus reform as well).

Current/Future Budgets Position

Current budget (2025/26):

10.3 Table 1 sets out the budget available through the Bus Services Support BEL, as set out in the Welsh Government’s Draft Budget 2025/26.

Bus Approved and Anticipated Budgets 2025-26 and Future Years

Welsh Government Annual Budgets			Draft Budget 2025-26 £m
Revenue	Bus Service Support	BEL1880	132.5
Capital	Bus Service Support	BEL1880	31.0

10.4 The revenue provision in 2025/26 has increased by £9m compared to 2024-25. This is to help maintain the existing bus network and meet increased costs from the concessionary travel scheme.

10.5 The capital budget allocation reflects profiled bus infrastructure expenditure, although the capital baseline allocation is £68m.

Future budgets:

10.6 In the absence of certainty, some assumptions are necessary in relation to budgets for future years. This statement makes the following assumptions:

- It is assumed that current revenue budgets will at least continue into future years, though we understand future governments will set priorities as they see fit.
- Increased capital allocations from within the Transport MEG would be anticipated in future years to meet the costs associated with bus reform set out below, subject to Welsh Ministers' approval.

Affordability of the Bill

10.7 The likely activities needed because of the Bill are as follows:

- Administration of local bus service contract (franchising) and permitting systems, including:
 - Liaising with Traffic Commissioners where they believe an operator has breached the restriction.
 - Developing and keeping under review a Welsh Bus Network Plan.
 - Significant engagement and collaboration with local authorities and other named bodies in the Bill.
 - Tender 5 to 7-year contracts on a rolling basis (staggered to facilitate a rolling programme of contract renewal).
- Direct provision of services – to support continuity where contracts fail or the tendering process is unsuccessful, or where it appears to be a more effective way of securing services than entering into a local bus service contract.
- Lifting of the existing restriction on local authorities providing bus services.
- Obtaining specific data from operators, local government and community councils to enable the effective development and maintenance of local bus services as part of a wider national network.
- Making data to the public available – the legislation will require the Welsh Ministers to establish and manage a system for delivering inclusive, consistent and accurate information to the public to promote use of the network.
- Evaluating the impact of the Bill on the provision of bus services.
- Achieving an integrated transport system facilitating a consistent network-wide ticketing system.

10.8 The implications of these likely activities associated with the Bill are as follows:

- The majority of work in relation to the above activities where they relate to work undertaken/to be undertaken by Welsh Government officials will be met from existing staff budgets, so do not represent additional costs.
- There will be an additional cost for the evaluation of the Bill of £0.5m, expected to be incurred between 2026 and 2036.
- Transport for Wales (TfW) will play a key role in delivering a number of the activities listed above including the development of a Welsh Bus Network Plan, the direct provision of services (if required), the collection and publication of data, and the development of an integrated ticketing system.
- TfW have already put resources and systems in place to deliver these activities. These are directly attributed to the Bill, as TfW would not have incurred these costs were bus reform not being planned for. These costs will continue during the transition period (the initial 5 years for the process of planning all aspects of future bus reform arrangements) and are up to £13.51m of capital expenditure in 2025/26. These costs are affordable and accounted for in 2025/26 and will need to be maintained during the transition period.
- It is impossible to quantify the cost of directly providing bus services, as this could be a marginal amount to prepare in the event of a failed contract, e.g. through the purchase of fleet (see paras 23 and 24 below), but could equally represent a relatively significant cost.

Transition from current bus funding system to the new model

- 10.9 The revenue budget in Welsh Government is £132.5m (Draft Budget 2025-26). This includes around £50m provided by the Welsh Government to support local authorities in their statutory duty to provide concessionary travel to older and disabled bus users. It also includes at least £64m through the Bus Network Grant and Bus Services Support Grant.
- 10.10 Reimbursements to operators by local authorities and other costs associated with concessionary fares claims will reduce considerably from £50 million with the use of gross-cost contracts where services are secured by franchising. Users of bus services will not see any difference as a result of this change. It should be noted that TfW currently delivers the administration of concessionary bus passes as part of an agency agreement with local authorities. It is intended that this agreement continues.
- 10.11 The reimbursements process will need to continue for some cross border services, permitted services and some “other” services which

accept concessionary fares. The reduction will be in stages in line with transition.

- 10.12 Funding currently allocated through the Bus Network Grant and Bus Services Support Grant will be allocated direct to TfW for the administration of contracting and permitting services
- 10.13 The design of the bus reform model will mean a number of activities and costs that are currently incurred by either local authorities and/or operators will be borne by TfW. This includes customer contact centres; network design teams; ticketing and fares systems; and the supervision and commercial management of operator contracts. These costs are within the wider bus sector today – bus reform will change where and how funding allocations are made but should not lead to increased costs.

Bus Bill Affordability Conclusions

- 10.14 Subject to approval by Welsh Ministers, transitional design and planning costs incurred by TfW for bus reform will continue to be met from capital budgets. It is reasonable to argue that this element is affordable since these costs are already being met from within approved budget plans in 2025-26.
- 10.15 The Bill commits Welsh Government to only minimal additional revenue expenditure. There is a degree of uncertainty – we cannot be completely clear until we progress design throughout each of the four regional franchise zones.
- 10.16 The Welsh Ministers must make decisions on future bus provision – this includes the quality of customer service provision; the size of the network; the complexity of fares schemes; the level of stakeholder engagement and communications; the extent to which ownership and commercialisation of assets and infrastructure (inc. roadside infrastructure) is remitted etc.
- 10.17 These policy choices are generally seen as trade-offs within an overall affordability range or budget, but the Bill does not explicitly increase costs significantly, given the substantial subsidy Welsh Government already provides to the industry. The means of allocating this subsidy will change, but the total quantum is sufficient to deliver activities arising directly as a result of the Bill.

Wider planned activity as part of bus reform

- 10.18 The RIA covers some of the costs of wider bus reform activities which are running in parallel with the Bill but do not arise because of explicit requirements in the legislation.
- 10.19 These activities are included here to show our wider plans:

- Depot investment – purchasing depots could provide TfW with the ability to lease them to operators and assist in the strategic management of franchise contracts. They may also invest in (but not purchase) depots to support the integration of electric vehicles on the network.
- Fleet investment – owning fleet will enable the Welsh Ministers to lease them out to operators, and by purchasing new fleet it will support our efforts to reduce carbon emissions. We may also support operators to decarbonise and modernise their fleet through retrofitting or other means.

10.20 The RIA undertaken for the Bill sets out an early estimate of the costs of bus reform. This includes costs such as the transition to zero emission buses and the purchasing / setting up of bus depots for fleet operators. These are not dependant on the Bill but have been included in the RIA given their importance to the wider bus reform agenda.

10.21 The RIA, summarised within the Explanatory Memorandum, has been informed by assessment of potential costs and benefits, and engagement with key stakeholders, undertaken with Welsh Government by independent consultants. A summary of the RIA costs (undiscounted) is provided in the table below.

The Bill RIA costs summary over the full assessment period – 2025/26 – 2054/55 inclusive:

	£m
Admin costs	
Transitional	372.3
Recurrent	554.6
Total	927.0
Compliance costs	
Transitional	-14.2
Recurrent	-289.3
Total	-303.4
Total cost	623.5

10.22 There will be transitional staff and capital costs incurred over the initial 5 years for the process of planning all aspects of future bus reform arrangements, including devising plans for franchised networks, developing contracts, setting up ticketing and data systems, purchasing and setting up bus depots for fleet operations and maintenance. £308.7m of the transitional costs are classed as capital costs related to bus depots, IT and ticketing systems. The remaining transition costs relate to the staff required to design and implement franchised networks.

- 10.23 TfW plan to allocate £17.49m for the purchase of fleet and depots in 2025/26, which is budgeted for as part of the capital allocation from Welsh Government.
- 10.24 The recurrent costs total £554.6m and include ongoing staff and operational costs. The additional cost to Welsh Government / TfW is partially offset by a reduction in ongoing staff costs in local authorities. It is likely that these types of costs, but to a lower extent, would be incurred if TfW purchased depots and fleet unconnected to the Bill.

Wider bus reform affordability conclusions

- 10.25 The total cost of bus reform is £623.5m over 30 years. Whilst this assessment assumes that the total costs of the Bill and the activities arising as a result of the Bill are affordable, the wider costs of bus reform will require additional investment if the objectives are to be realised.
- 10.26 Whilst this assessment assumes revenue funding will continue at least at current levels, any reduction in funding could jeopardise successful implementation.
- 10.27 In terms of revenue operating costs, savings in costs to local authorities and other stakeholders such as bus operators needs to be used effectively to ensure that funding already earmarked for the industry is retained under the bus reform model.
- 10.28 Current capital allocations to TfW are sufficient to ensure the activities arising from the Bill are deliverable, but any reduction in funding could also jeopardise successful implementation.
- 10.29 Given the 30-year costs associated with bus reform, at this time budget allocations cannot be made which confirm all benefits can be achieved. Funding will need to be prioritised in future budget discussions or found from within existing Transport MEG resources.
- 10.30 Scalability will undoubtedly be key to any advice which is presented to the Welsh Ministers. There will be a “do minimum” option which ensures that no more than existing/anticipated budgets will be required, although clearly enhanced budget provisions in line with current Cabinet priorities will help enhance the quality and breadth of the bus network in Wales.
- 10.31 Whilst this document and the RIA assume funding provided to support the delivery of bus services will continue at a similar level to the support provided to sustain the unregulated market today, deliverability is dependent upon future Welsh Government financial commitment.
- 10.32 Unlike current Welsh Government financial provision for bus services, the duties placed on the Welsh Ministers under the Bill will provide

some certainty and continuity for bus provision. Any significant increase or reduction in the funding commitment for bus services will be reflected in the provision of services for communities across Wales.

- 10.33 Investment proposals will be developed for Welsh Ministers to consider before any formal commitments are made. These will set out the levels of provision possible within existing budgets, and what could be achieved should additional allocation of budgets to bus be available.

11. Post implementation review

- 11.1 The Bus Services (Wales) Bill is introduced at a time when bus passenger journeys and the distance travelled by local buses has been in long-term decline in Wales. Under the Bill bus networks in Wales will be planned and operated as a single system. This will mean changes to how bus services are directed and delivered to ensure a coordinated and integrated network.
- 11.2 The Bill is part of the Welsh Government's strategy to encourage citizens to use more sustainable modes of transport. Over time this could lead to benefits including reduced carbon emissions, improved air quality, better targeting of bus services in rural areas, increased access to employment and better certainty for bus operators.
- 11.3 The rollout of the Bill will be done in phases which will take a minimum of five years and will include transitional arrangements.
- 11.4 The Bill requires the Welsh Ministers to prepare, publish, and lay before the Senedd, a report in relation to each reporting period. The report must set out the Welsh Ministers' assessment of how, and to what extent, the exercise of their functions under the Bill during the reporting period has contributed to achieving the objectives listed in section 4 of the Bill. The first reporting period is the period of two years beginning with the day on which the duty in section 5(1)(c) of the Bill comes into force. The second reporting period is the four years following the first reporting period, the third reporting period is the next four years, and so on.
- 11.5 A series of evaluations will be produced as part of the post implementation review, including an evaluability assessment which will be completed shortly after the Bill is passed, to develop an appropriate programme to assess the Bill's implementation and impact. This assessment will include options and design for the process, impact, and value for money (VfM) evaluations, review the data sources needed for measuring the outcomes and clarify policy objectives and how they are expected to be achieved.
- 11.6 Alongside the evaluability assessment the outputs, outcomes and impacts which are expected to occur will be revisited after the Bill's passage through the development of a Theory of Change document.
- 11.7 In addition, an independent process evaluation will be undertaken during the first two to five years of the Bill becoming law. This will assist the Welsh Ministers with reporting the progress made in implementing the rollout of the Bill. The process evaluation should focus on how the new model has been implemented in each area, and the role of key partners in delivering its objectives, looking particularly at the role that the 'transition' phase has had on those that are impacted by the legislation

e.g. bus users, bus operators and local authorities. This is particularly important for certain elements of the Bill such as specifying where and when bus services run (e.g. the network and hours of operation), improvement to ticket systems and transition arrangements for bus operators. This should include an analysis of the procurement approach adopted, any impact this has on the make-up of operators providing the services (e.g. SMEs, national operators) and an assessment of the support provided for operators navigating the procurement process.

- 11.8 The independent process evaluation will report as the rollout occurs. It may include assessments of documentation, case studies, focus groups and/or interviews with those involved in implementing the Bill to explore the effectiveness of its implementation. This will help measure the progress of the Bill's delivery and ensure it is being delivered as intended.
- 11.9 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. These objectives include promotion of the use of local bus services, improving their reliability, safety, affordability and accessibility. In the longer term, the Welsh Government also aims to achieve an integrated transport system and reduce greenhouse gas emissions. The evaluation will have to consider the unintended consequences of the Bill and the impact on protected characteristics (e.g. age, race, sex and disability). The independent impact evaluation will examine the impact in each area as the roll out occurs as well as the overall impact across Wales.
- 11.10 The independent impact evaluation will also examine the outcomes and impacts with bus users, delivery partners and bus operators. Any evaluation will make use of a variety of methods, such as monitoring data, published statistics, a survey and in-depth interviews to explore the impact of the Bill.
- 11.11 Building on from the impact element of the evaluation, a VfM assessment of the Bill will be undertaken. This may include potential users' benefits in terms of time savings, costs and quality of the journeys from the network redesign, integrated fares, services and other factors. Further social impacts related to congestion, health, accidents, carbon emission, air pollution and noise impacts may also be included. The revenue and capital costs of the bus system will be assessed against the current provision as a baseline or business as usual comparator. The VfM assessment is anticipated to be carried out between years five and ten following Royal Assent.
- 11.12 As part of a VfM assessment, the Welsh Ministers are committed to conducting a thorough and robust review of the costs and benefits set out in the Regulatory Impact Assessment. This will be undertaken by a range of partners including Transport for Wales and stakeholders.

11.13 There are multiple factors that influence whether people travel by bus. Therefore, this Bill will work alongside other measures such as additional transport infrastructure and other investments which will aim to increase passenger numbers and improve the planning of bus services.

Annex 1 Explanatory Notes

Bus Services (Wales) Bill

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes are for the Bus Services (Wales) Bill (“the Bill”) which was introduced into Senedd Cymru on 31 March 2025. They have been prepared by the Transport & Digital Connectivity Directorate of the Welsh Government to assist the reader of the Bill. The Explanatory Notes should be read in conjunction with the Bill but are not part of it.

SUMMARY

2. The Bill has 6 Parts, containing 44 sections.
3. The Bill brings the planning and coordination of the local bus services network in Wales into public control. It replaces the existing de-regulated system introduced by the Transport Act 1985, which has led to a decline in the number and extent of local bus services in the network, particularly in rural areas, whilst supporting inefficiencies in delivery in some urban areas. Information currently provided to the public across the local bus services network is inconsistent and often unavailable or outdated. The Bill seeks to increase efficiencies within the planning and delivery of the local bus network, offer better control over public spending, and improve integration with other public transport methods.
4. The Bill requires the Welsh Ministers to identify local bus services that they consider are needed for the purposes of securing safe integrated, sustainable, efficient and economic transport in Wales as a whole; to set the key particulars of those services out in the Welsh Bus Network Plan; and to secure the provision of those services. Local authorities, Corporate Joint Committees, and other key stakeholders will be consulted before the Welsh Bus Network Plan is published.
5. Under the Bill, the Welsh Ministers must secure services either by entering into local bus service contracts with operators (i.e., by entering into arrangements of the type generally referred to as franchising); by granting local bus service permits to operators (permitting); by providing local bus services directly; by relying on the provision of certain other services, such as community bus services; or by some combination of these things.
6. The Bill lifts the existing restriction on local authorities providing bus services (contained in section 66 of the Transport Act 1985), to enable local authorities

to provide services directly or via their own bus companies (municipal bus companies).

7. The Bill also makes provision in respect of data and information sharing. The objective behind this is to enable the public to access to the information needed to confidently use the local bus network. It is also intended to assist the Welsh Ministers with the development and maintenance of the local bus service network.

GENERAL BACKGROUND

8. The main body of current law in relation to bus services in Wales is set out in:
 - The Public Passenger Vehicles Act 1981 (the “1981 Act”)
 - The Transport Act 1985 (the “1985 Act”)
 - The Transport Act 2000 (the “2000 Act”)
 - The Transport (Wales) Act 2006 (the “2006 Act”)
 - The Local Transport Act 2008 (the “2008 Act”).
9. The 1981 Act establishes Traffic Commissioners for traffic areas in England and Wales (Part 1) and makes provision about public service vehicles (PSVs) and the licensing of persons to operate them (Part 2). The 1981 Act is not amended by this Bill (indeed PSV operator licensing is a matter reserved to the UK Parliament under paragraph 113 of Schedule 7A to the Government of Wales Act 2006). These provisions are relevant because an operator of a local bus service must hold a PSV operator’s licence to register local services under section 6(4) of the 1985 Act or to enter into a quality contract for local services under section 130 of the 2000 Act (unless in either case the operator has a community bus permit granted under section 22 of the 1985 Act).
10. The 1985 Act created an open market for the private operation of local bus services with services being provided under a de-regulated model and bus operators able to determine when and where bus services should be operated. Therefore, provided an operator registers a service with the Traffic Commissioner under section 6 of the 1985 Act, they can operate any route they wish to any timetable (subject to certain limitations).
11. Part 4 of the 1985 Act largely constrains the role of the public sector in the market for bus services with local authorities prohibited from providing services which require a PSV operator’s licence (section 66). Local authorities are required to secure the provision of public passenger transport services (which includes local bus services) in the case of service failure or where services are not delivered to the appropriate standard (section 63).
12. Part 2 of the 2000 Act contains provisions providing local authorities with various options to help secure the provision of local bus services. In relation to Wales these are quality partnership schemes, quality contract schemes and ticketing schemes.
13. The 2006 Act makes general provision about transport in Wales, including, in particular, imposing a duty on the Welsh Ministers to publish the Wales

Transport Strategy (section 2) and giving the Welsh Ministers powers to secure the provision of public passenger transport services which they consider appropriate for the purpose of meeting any public transport requirements within Wales which would not in their view otherwise be met (section 7).

14. Relevant parts of the 2008 Act (Parts 1, 2, 3 and 4) primarily amend the 1985 Act, in respect of provisions relating to the traffic commissioners, local transport policies and the registration of local services and section 19 and 22 permits, the 1981 Act, in respect of provisions relating to the traffic commissioners and PSV operators' licenses and the 2000 Act in relation to quality partnership schemes, quality contract schemes and sanctions for failures by bus operators.

COMMENTARY ON SECTIONS

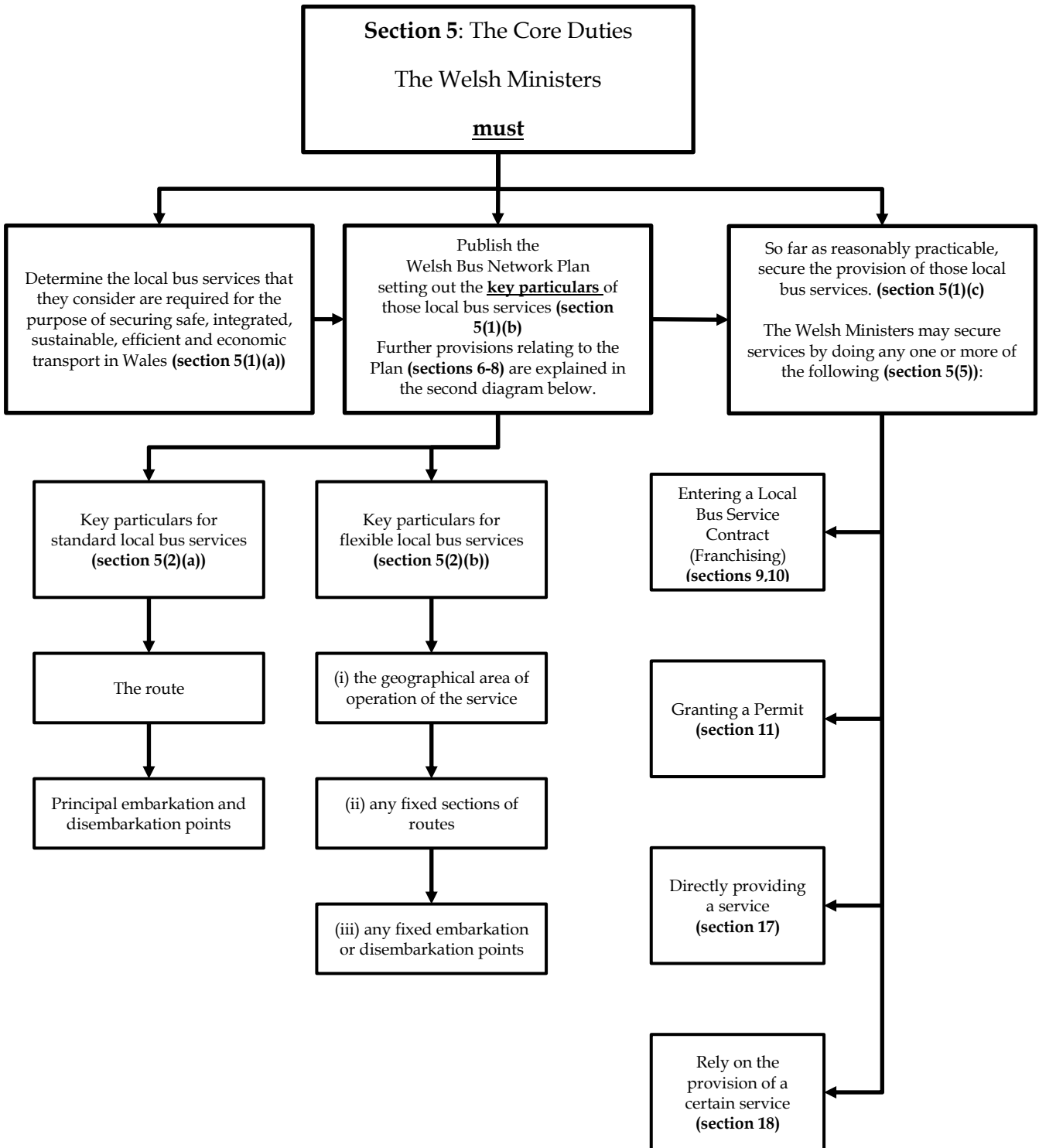
Part 1 – Key Concepts and General Objectives

15. This part defines the key concepts applied in the Bill and sets out the general objectives to which the Welsh Ministers must have regard.
16. **Section 1** defines a “local bus service” as:
 - i. A service for the carriage of passengers by road, at separate fares, using one or more public service vehicles
 - ii. that has one or more embarkation or disembarkation points (defined in **section 2**) in Wales
 - iii. and for each embarkation point, the next disembarkation point must be less than 15 miles away (when measured in a straight line).
17. Where a service as a whole does not meet the 15-mile limit requirement (i.e. it is a “non-qualifying service” as defined in **subsection (6)**), but a part of it *does* meet that requirement, that part is to be treated as a local bus service for the purposes of the Bill. (However, 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 non-qualifying services are required, i.e. whether a long distance service in its capacity as such needs to include short distance stops.)
18. Certain services are excluded from the definition of “local bus service”. These are services where every vehicle is used under a permit granted under section 19 of the 1985 Act, services where every vehicle is used in circumstances in which the conditions set out in Part 3 of Schedule 1 to the 1981 Act are met, excursions or tours (as defined in the 1985 Act), and rail replacement services.
19. **Section 3** defines “flexible local bus services” as local bus services which may not have set routes or embarkation/disembarkation points, and which operate within certain geographical areas. “Standard local bus services” are all other local bus services.

20. **Section 4** sets out general objectives to which the Welsh Ministers must have regard when exercising any function under the Bill. The objectives are not written in any order of importance, and each objective is important to delivery.

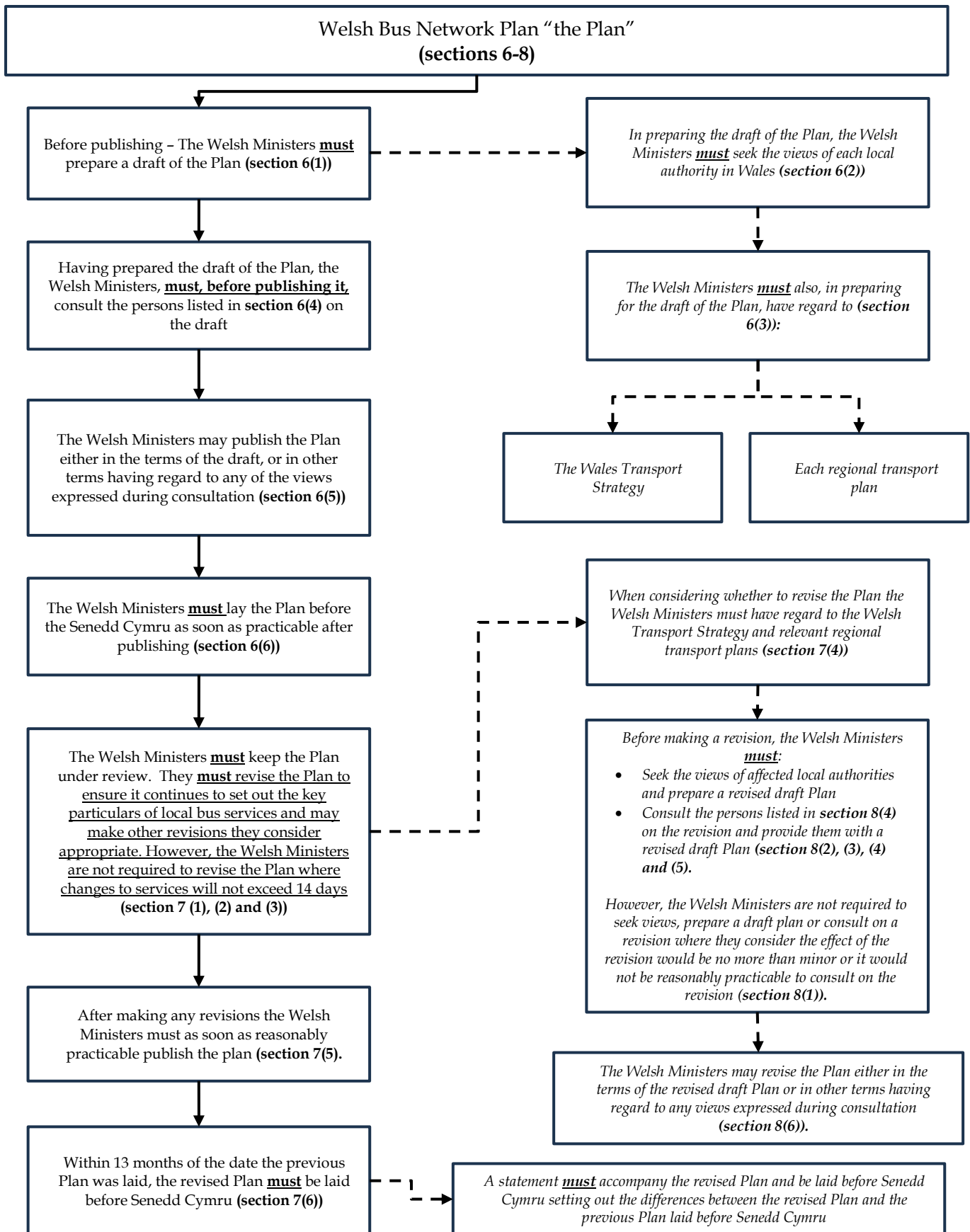
Part 2 – Functions of the Welsh Ministers Relating to Local Bus Services

21. This part sets out the core duties and other functions of the Welsh Ministers relating to local bus services.
22. **Section 5(1)(a)** requires the Welsh Ministers to, first, determine the local bus services required for the purpose of the provision of safe, integrated, sustainable, efficient and economic transport in Wales.
23. The Welsh Ministers must then prepare (in consultation with a range of stakeholders), publish, and lay before Senedd Cymru a Welsh Bus Network Plan (“the Plan”) under which they will be required to set out the key particulars of those local bus services which have been identified as required for the purposes described above (**section 5(1)(b), (2) and (3)**).
24. The Welsh Ministers must then, if reasonably practicable to do so, secure those local bus services (**section 5(1)(c)**). The diagram below sets out the ways in which the Welsh Ministers may satisfy the duty to secure. Essentially the Welsh Ministers can secure a service by franchising it (i.e. by entering into a local bus service contract in respect of it), by permitting it, by directly providing it, or by relying on the provision of certain other services (**section 5(5)**). Or they can secure it by using any combination of these methods (**section 5(5)**).
25. Where a long distance service (for instance, a bus from Cardiff to London) contains an element that would meet the definition of a “local bus service”, in that its stops meet the requirements imposed by the definition in **section 1(3)**, that part of the service will fall within the restriction imposed by **section 21** of the Bill, and can be operated only if it is authorised to run in one of the ways in which the duty to secure services may be satisfied. That short distance element can also be relied on to secure a local bus service that is set out in the Welsh Bus Network Plan, if that is an appropriate way forward. It is expected that a short distance element of a long distance service is likely in practice to be the subject of a local bus service permit.



26. **Section 6** makes provision in respect of the process for preparing, publishing and laying the Plan. The Welsh Ministers will be required to have regard to certain documents and to seek the views of local authorities when preparing the Plan, and to consult with specified stakeholders on a draft Plan prior to its publication. The Welsh Ministers will need to lay the Plan as soon as reasonably practicable after publication.
27. **Sections 7 and 8** make provision in respect of the process for review and revision of the Plan. The Welsh Ministers will be required to keep the Plan under review and revise the Plan to ensure it continues to set out the routes and principal stopping places of standard local bus services and the geographical areas of flexible local bus services. When considering whether to revise the Plan, the Welsh Ministers must have regard to certain documents. Before making a revision, they will need to seek the views of affected local authorities, prepare a revised draft Plan and consult with specified stakeholders on the revised draft Plan, unless the conditions in **section 8(1)(a)** or **(b)** are met. As soon as reasonably practicable after making a revision, the Welsh Ministers must publish the revised Plan. In addition, where the Plan is revised, the Welsh Ministers must lay a copy of the Plan before Senedd Cymru, with a statement setting out the differences from the copy of the Plan that was most recently laid. This will need to be done within a 13-month period following the date on which the Plan was last laid. So, for example, if a revised copy of the Plan is laid before Senedd Cymru on 1 July 2029, and revisions are made to it in January 2030, March 2030, and June 2030, a revised copy of the Plan incorporating the revisions will need to be laid by the end of July 2030 at the latest.

28. The diagram below sets out further detail regarding the process for preparing, publishing, laying and reviewing the Plan.



Local Bus Service Contracts

29. **Section 9** provides for the Welsh Ministers to enter into local bus service contracts in respect of local bus services in order to fulfil their duty under **section 5(1)(c)**. A local bus service contract will provide an operator with the right to operate one or more services and set out terms (these might for instance relate to matters such as frequency, timing, fares and standards of service) that the operator will need to comply with.
30. Local bus service contracts can only be awarded to operators who hold a PSV operator's licence or a community bus permit. Where a local bus service contract is entered into in respect of a community bus service (a service which meets the requirements of section 22(1) of the 1985 Act) the contract must require that the service is provided as a community bus service and that each vehicle used in providing the service is used under and in accordance with a community bus permit.
31. It is envisaged that most of the local bus network in Wales will be grouped into franchise packages made up of one or more service(s). Operators can bid for local bus service contracts as part of a procurement exercise, conducted in line with procurement legislation (The Procurement Act 2023 and The Social Partnership and Public Procurement (Wales) Act 2023). It is envisaged that, in the first instance, Transport for Wales will administer and manage the tendering process on behalf of the Welsh Ministers.
32. **Section 10** allows the Welsh Ministers to make provision in regulations specifying terms that must be included in local bus service contracts (whether in a standard form or not). This is to ensure consistency in delivery across different operators across the network. Whilst some terms will be included in all contracts, there will be some differences between different types of contracts. This is to recognise the complex geography and varied operator market in Wales.

Local bus service permits

33. **Section 11** provides the Welsh Ministers with a power to grant a permit to an operator authorising that operator to provide a particular local bus service. That power may be exercised to fulfil the Welsh Ministers' duty under **section 5(1)(c)**, or where an operator wants to provide a local bus service although it is not one that has been determined to be required for the purpose of the provision of safe, integrated, sustainable, efficient and economic transport in Wales. (In these circumstances, a permit would be needed in order to avoid the operator falling foul of the **section 21** restriction on providing local bus services, discussed below.) A permit can only be granted by the Welsh Ministers in respect of a service where the service would not have a material adverse impact on services provided under a local bus service contract or by direct provision, or be inconsistent with the Welsh Transport Strategy. (This restriction is important in order to ensure that, where an operator is granted a permit to operate a service in respect of which the duty to secure services does not apply, that service will not have an adverse effect on those services that are

secured by the Welsh Ministers under the duty to secure services.) Permits can only be awarded to operators who hold a valid PSV operator's licence or a community bus permit. It is envisaged that, in the first instance, Transport for Wales will administer the permitting system on behalf of the Welsh Ministers.

34. **Section 12** requires a permit to specify the period for which it has effect and describes the circumstances when a permit ceases to have effect.
35. **Section 13** makes further provision about the conditions that may be attached to permits and requires that where a permit is granted in respect of a community bus service the permit must require the service is provided as a community bus service and each vehicle used in providing the service is used under and in accordance with a community bus permit. **Section 13** also provides the Welsh Ministers with a power to make regulations specifying further mandatory conditions that must be included in permits.
36. Under **section 13**, where regulations are made under **subsection (4)** specifying further conditions that must be attached to permits, the Welsh Ministers may, if as a result of the provision made in the regulations they think it appropriate, revise, remove, or add new conditions to permits by giving notice to the permit holder. So, for instance if the regulations specify a mandatory condition, and that condition is not already attached to a permit that was granted before the regulations were made, the Welsh Ministers can attach that condition to the permit.
37. **Section 15** makes provision relating to the revocation and suspension of permits. Under **subsection (1)**, the Welsh Ministers may revoke or suspend a permit if any of the grounds in **subsection (3)** are satisfied. This is effected by giving notice to the permit holder. Under **subsection (2)**, the notice must specify the grounds on which the permit is revoked or suspended, the date when the revocation or suspension takes effect, and in the case of suspension the period of suspension and the conditions to be met before the end of the suspension period.
38. Under subsection (4), the revocation or suspension can take effect immediately or on a future date specified in the notice (though this is subject to any provision made by regulations under **section 15(5)**). This gives flexibility to reflect the severity and impact of the identified grounds for revoking or suspending the permit.
39. Regulations under **section 15(5)** may modify the grounds upon which a permit may be revoked or suspended (including by removing existing grounds or adding new ones). They may also make provision about when the revocation or suspension of a permit takes effect.
40. **Section 16** enables applicants to appeal to the First-tier Tribunal against:
 - The Welsh Ministers' refusal to grant a permit,
 - Conditions attached to a permit (including the revision of conditions, but not including a condition attached under **section 13(3)**),
 - The revocation of a permit,

- The suspension of a permit, the length of the suspension, or the conditions that are required to be met before the expiry of the suspension.
41. The First-tier Tribunal may then, under **section 16(6)**, uphold the decision which is the subject of the appeal, quash it, or substitute another decision for it.

Provision of local bus services by the Welsh Ministers

42. **Section 17** provides the Welsh Ministers with a power to provide a local bus service directly if they are satisfied that it would be a more effective way of fulfilling their duty in **section 5(1)(c)** than entering a local bus service contract. It is intended that the Welsh Ministers will, in the first instance, directly provide services via Transport for Wales.

Reliance on certain services (section 18)

43. The following identified services will continue to provide an important transport resource
- Community services operating under a permit under section 19 or 22 of the 1985 Act.
 - Learner travel services that allow fare paying passengers (see section 46(1) of the 1981 Act).
 - Services that operate as described in Part 3 of Schedule 1 to the 1981 Act. These are services organised privately by persons acting independently of vehicle operators. Passengers on this type of service will all pay the same fare and will travel to the same destination. These services are not advertised to the public.
44. In recognition of this, the Bill allows the Welsh Ministers to rely on a service of this type in order to satisfy the duty in **section 5(1)(c)** in respect of a local bus service, without having to enter into a local bus service contract or grant a permit to its operator. 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)**.

Cross-border services

45. **Section 19** sets out how the Bill applies to cross-border services.
46. A standard local bus service is a cross-border service for the purpose of this section if the route of the service is set out in the Plan and that route is partly in Wales and partly in England. In the case of a flexible local bus service, the service is a cross-border service if its geographical area of operation is set out in the Plan, and this includes territory on both sides of the England/Wales border.

47. The effect of **section 19** is that the Welsh Ministers are not required to secure the part of a cross-border service that operates in England so long as they consider that, even if they do not provide the service, Welsh needs for it will be met. When considering whether this is the case, 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. Where the effect of **section 19** is that the Welsh Ministers are not required to secure the English part of a cross-border service, this means that the English part of that service cannot be the subject of a local bus service contract, or directly provided (in that the powers in respect of local bus service contracts and direct provision are available only where a service is secured for the purposes of the **section 5(1)(c)** duty). The operator could be granted a local bus service permit to operate the English part of the service; but since the English part of the service would not be within the **section 21** restriction, this would not be essential, in that the English part of the service can operate without a permit.
48. Where the Welsh Ministers are required to secure the English part of a cross-border service, that cross-border service (whether in England or Wales) can be secured through a local bus service contract, or a permit, or direct provision, or any combination of these methods, in the usual way.

Reporting requirements

49. **Section 20** requires the Welsh Ministers to prepare a report setting out the way in which, and the extent to which, the Welsh Ministers' exercise of their functions under the Bill over the reporting period has contributed to achieving the objectives in **section 4**. (This requirement does not encompass the Welsh Ministers' functions relating to commencement of the Bill, however.)
50. The report must be published and laid before Senedd Cymru no later than 12 months after the end of the reporting period. In relation to the first report, the reporting period is the period of two years starting on the date the duty to secure services under **section 5(1)(c)** comes into force to any extent. (So that for instance if **section 5(1)(c)** is first brought into force as from a particular date in relation to a particular area, the period will start to run on that date.) Subsequent reporting periods are successive periods of four years.

Part 3 - Restriction on providing local bus services

51. **Section 21** prohibits anyone from providing a local bus service in Wales, unless that service is:
- (a) subject to a local bus service contract (i.e. a franchised service),
 - (b) subject to a local bus service permit, or
 - (c) directly provided by the Welsh Ministers.

52. **Section 21(2)** provides that community bus services (i.e., services provided under a permit under section 22 of the 1985 Act) and services provided as described in section 46 of the 1981 Act (i.e., paying passengers on school buses) are not caught by the restriction. This means these local bus services will be able to operate in Wales without needing for the purposes of complying with the restriction to be authorised by a local bus service contract or permit. The section also confers power on the Welsh Ministers to make regulations that have the effect of exempting other services from the restriction (**section 21(3)**).
53. **Section 22** requires the Welsh Ministers to inform a traffic commissioner if they consider that a person is operating or has operated a local bus service in contravention of **section 21**.
54. Under **section 23**, if a traffic commissioner is satisfied that a service is being, or has been, operated in breach of the restriction and the person operating the service has failed to take all reasonable steps to avoid such a breach, the traffic commissioner may impose a monetary penalty (**section 23(2)(a)**) and/or make one or more orders of any other descriptions prescribed by the Welsh Ministers in regulations (**section 23(2)(b)**).
55. Where a person fails to comply with an order, and either the order has been upheld on appeal, or the period within which an appeal can be brought has elapsed and no appeal has been made, an additional monetary penalty not exceeding 110% of the upper limit (as defined in the section) can be imposed by the traffic commissioner (**section 23(3) and (4)**). (Although this is not referred to in the section, the effect is that in a case where more than one order is made under **section 23(2)**, and not complied with, the traffic commissioner can potentially impose an additional penalty in respect of each order that has not been complied with.)
56. The upper limit for an operator who is licensed to use vehicles under a PSV operator's licence is the amount reached by multiplying the total number of vehicles used under all the PSV licences held by that operator by an amount specified in regulations by the Welsh Ministers or, if no amount is specified, by £550. The upper limit for operators who are not licensed to use vehicles under a PSV licence is an amount specified in regulations by the Welsh Ministers or, if no amount is specified, £550.
57. **Section 24** enables appeals to be made to the Upper Tribunal, against orders imposed for breach of the restriction made under **section 23(2)** and orders under **section 23(3)** ordering the person to pay an additional penalty, and provides for the Upper Tribunal to uphold, quash or substitute the order(s).

Part 4 Information and data

58. **Part 4** makes provision in respect of the collection and sharing of data and information that is required to inform the development and continual review of the bus network, and to be made available to the public.
59. **Section 25** enables the Welsh Ministers to require, by notice, certain operators and former operators to provide information, if the Welsh Ministers consider that the information is required for the purpose of exercising their functions under Part 2 or 3 of the Bill, or their other functions in respect of local bus service contracts, permits or services relied on under **section 18**. It is envisaged that the data collected under this provision will, in particular, assist with the development and revision of the Welsh Bus Network Plan. The information requested in the notice must be of a kind specified in regulations made by the Welsh Ministers and data cannot be requested if it relates to a period ending more than 5 years before, or to a date that is more than 5 years before, the date on which the notice is given. This section gives examples of matters which could be included in regulations, though this is not an exhaustive list. Regulations made under **section 25** must also make provision about appeals and may make provision about disclosure of information. This power could be used for instance to make provision about how information obtained under this section is to be used.
60. **Section 26** enables the Welsh Ministers to give notice to local authorities or community councils requiring them to provide information of a kind that is specified in regulations. The intention is to use this power to specify information available to local authorities and community councils and relating to matters such as bus routes, bus stops and infrastructure, which will be relevant for the development and management of the Plan, and assist with securing services. The Welsh Ministers may request information under this section only if they consider that it is required for the exercise of their functions under Part 2. The section gives examples of matters which could be included in regulations, though this is not an exhaustive list.
61. **Section 27** places a duty on the Welsh Ministers to make arrangements to secure that information specified in regulations is made available to the public. The regulations must also specify how and when the information is to be provided to the public. The objective is to ensure that information is made available to the public in whatever way is most effective and appropriate for the type of information concerned. The section gives examples of matters which could be included in regulations, though this is not an exhaustive list.
62. **Section 28** enables the Welsh Ministers to make regulations to require certain operators to provide information to the Welsh Ministers for the purposes of fulfilling their duty (to make arrangements to secure that bus service information is available to the public) under **section 27**. Regulations made under **section 28** must specify how and when information is to be provided.

63. **Section 29** excludes from the information sharing requirements in sections 25, 26 and 28 any information that would be subject to legal privilege in legal proceedings.
64. Under **section 30**, where a traffic commissioner is satisfied that a person has, without reasonable excuse, failed to provide information in accordance with a **section 25** notice or regulations made under **section 28**, the traffic commissioner may impose a monetary penalty (**section 30(2)(a)**) and/or make one or more orders of any other description prescribed by the Welsh Ministers in regulations (**section 30(2)(b)**). Where an operator fails to comply with an order, and either the order has been upheld on appeal or the period within which an appeal can be brought has elapsed and no appeal has been made, an additional monetary penalty not exceeding 110% of the upper limit can be imposed by the traffic commissioner (**section 30(3)**).
65. The upper limit for operators who are licensed to use vehicles under a PSV operator's licence is the sum of multiplying the total number of vehicles used under all the PSV licences held by that operator (at the time the notice is given under **section 25** or the operator fails to provide information requested under **section 28**) by an amount specified in regulations by the Welsh Ministers or, if no amount is specified, £550. The upper limit for operators who are not licensed to use vehicles under a PSV licence is an amount specified in regulations by the Welsh Ministers or, if no amount is specified, £550.
66. **Section 31** enables appeals to be made to the Upper Tribunal, against orders made by a traffic commissioner under **section 30**, in respect of breaches of the information requirements, and enables the Upper Tribunal to uphold, quash or substitute the order(s).

Part 5 Local Authority Powers and Duties

67. **Part 5** amends existing statutory provisions relating to certain duties and powers of local authorities in relation to bus services.
68. Currently local authorities are (with certain limited exceptions) prohibited by section 66 of the 1985 Act from providing bus services which require a PSV operator's licence. To enable local authorities to run bus services of this type (including local bus services), **section 32** amends section 66 of the 1985 Act to exclude local authorities in Wales from the restriction imposed by that section. (This does not affect the fact that, in order to provide a local bus service that is subject to the restriction in **section 21**, a local authority will need to have been granted a local bus service contract or local bus service permit.)
69. Where local authorities wish to run bus services commercially, they will need to establish a company, and it is expected that they will rely on the general power of competence ("GPOC") contained in **section 24** of the Local Government and Elections (Wales) Act 2021 to do this.
70. Currently, there are two local authority bus companies operating in Wales by virtue of the limited exceptions referred to in paragraph [66] above - Cardiff

City Transport Services Limited (trading as “Cardiff Bus”) and Newport Transport Limited (trading as “Newport Bus”). These companies were formed under section 67 of the 1985 Act and are subject to requirements set out in sections 73 to 79 of the 1985 Act. (The Bill does not make provision in relation to these requirements.) However if the local authorities providing bus services through Cardiff Bus and Newport Bus establish new companies to provide bus services, once the section 66 restriction no longer applies, the requirements set out in sections 73 to 79 of the 1985 Act will not apply to those new companies.

71. Sections 67 to 73 of the Local Government and Housing Act 1989 and the Local Authorities (Companies) Order 1995 will apply in relation to any companies established by local authorities under GPOC for the provision of bus services, once the section 66 restriction has been removed (including to any new companies formed to replace Cardiff Bus and Newport Bus). This means that all local authority bus companies will operate on an equal footing.
72. **Section 33** amends section 63 of the 1985 Act. Under that section as it stands, a county council or county borough council in Wales is required to secure public passenger transport services that it considers are needed to meet transport needs, where those needs would not otherwise be met (for instance where there is service failure or where services are not delivered to the appropriate standard). The amendment made by **section 33** means that section 63 will not require a county council or county borough council in Wales to secure a service that is a local bus service. Instead, it is envisaged that where local authorities wish to secure a local bus service, they will rely on GPOC to do so (and, unless the service in question is outside the restriction in **section 21**, a local bus service contract or local bus service permit will be required).
73. **Section 34(1)** provides local authorities with the power to give financial assistance in connection with the provision of a local bus service. **Section 34(2)** disapplies the financial provisions in sections 89 to 92 of the 1985 Act from financial assistance given under **subsection (1)**. This does not exempt local authorities from existing statutory constraints regarding the provision of subsidies contained in the Subsidy Control Act 2022 or future statutory constraints regarding subsidies. **Section 34(3)** also amends section 63(9) of the 1985 Act. The effect is that local authorities are not able to promote local bus services, using their power under section 63(6)(a), that have been subsidised under **section 34(1)** of the Bill.

Part 6 Miscellaneous and General

74. **Section 35** places a duty on the Welsh Ministers to make regulations identifying circumstances in which arrangements made under the Bill will be treated as giving rise to a transfer that is within the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), where this would not otherwise have been the case. The result will be to extend the protections offered by TUPE to employees in these circumstances. The regulations will provide flexibility to deal with a wide range of arrangements and circumstances. The regulations must also apply certain provisions of, and made under, the Pensions Act 2004 in relation to a transfer of this type, i.e. one arising from arrangements in circumstances specified in the regulations. This would mean if, prior to the transfer, the transferred employee had access to an occupational pension scheme to which the employer contributed, or would have had access to such a scheme if they had been employed by the transferor for a longer period, then the new employer must secure at least the prescribed level of pension provision for the employee following the transfer.
75. Under **section 35(3)** the Welsh Ministers also have a power to make supplementary provisions in regulations in connection with the application of TUPE. Examples of what those regulations may include are listed in **subsection (4)** and relate to matters relevant to the operation of TUPE.

Transport Act 1985: registration of services with Traffic Commissioner

76. Section 6 of the 1985 Act currently makes provision requiring the operator of a local service (as defined in the 1985 Act) to register its particulars with a traffic commissioner. **Section 36** amends section 6 to disapply this requirement in the case of a local bus service. However, the effect of the amendments to section 6 is that community bus services and services provided under section 46 of the 1981 Act (both of which are local bus services) will still be required to register unless they are operated under a local bus service contract or a local bus service permit. In a case where a local bus service permit is suspended, the permit will be treated as still having effect for this purpose. This is to ensure that a community bus service or a service provided under section 46 of the 1981 Act does not fall back into the section 6 registration regime because the local bus service permit granted in respect of it is suspended.
77. In the context of cross-border services, the effect of the amendments to section 6 is that where a standard local bus service has any stopping places outside Wales, the part of the service operating in England will still need to be registered with the traffic commissioner. Where a flexible local bus service has any part of its area of operation outside Wales, the part of the service operating in England will also still need to be registered with the traffic commissioner.

The Welsh Ministers' power to secure provision of public passenger transport services

78. Section 7 of the 2006 Act confers power on the Welsh Ministers to secure the provision of public passenger transport services where there is a need for them that would not otherwise be met. **Section 37** amends section 7 with the effect that this power is no longer available in respect of local bus services. This reflects the fact that local bus services will be secured under the new system established by the Bill (i.e., other than in the case of a community bus service or a service provided under section 46 of the 1981 Act, which may continue running independently given that it is not within the **section 21** restriction, local bus services will operate under a local bus service contract, or a local bus service permit, or be provided directly by the Welsh Ministers).

General

79. **Section 38** makes further provision in relation to the regulation making powers contained in the Bill and sets out the procedures which will apply to Welsh statutory instruments containing regulations. The Legislation (Procedure, Publication and Repeals) (Wales) Bill currently before the Senedd will amend the Legislation (Wales) Act 2019 to make provision about the Senedd approval procedure and the Senedd annulment procedure – see sections 37C and 37E respectively.
80. Subordinate legislation made subject to the Senedd approval procedure can only be made if a draft of the Welsh statutory instrument has been laid before the Senedd and subsequently approved by it. Approval is by way of a resolution (in this case, a decision following debate in Plenary).
81. Under the Senedd annulment procedure the legislation, in this case, would be made by the Welsh Ministers, laid before the Senedd and come into force. However, if the Senedd decides (through a resolution), before the end of 40 days beginning with the date on which the subordinate legislation was laid before it, that the legislation should not continue in effect, the legislation no longer has effect.
82. **Section 39** makes provision that applies for the purposes of any provision in the Bill (or of regulations made under the Bill) that provides for a person to be notified of something, or for a document to be given to a person. It specifies how the notification or document is to be provided.
83. **Section 42** provides that the Welsh Ministers may, by regulations, make incidental, supplementary, consequential, transitional or saving provisions in relation to the provisions contained in the Bill.
84. **Section 43** sets out how the provisions of this Bill come into force. **Sections 1 to 3, 10, 13(4) and (5), 14(1) and (2), 25(3)(b), (4) and (5), 26(3)(b) and (4), 27(2) to (5), 28, 30(2)(b), (8), (9)(a)(i) and (9)(b)(i) and 38 to 44** come into force on the day after the day on which the Bill receives Royal Assent.

85. **Sections 4 and 20** come into force at the end of the period of two months beginning with the day on which the Bill receives Royal Assent. The other provisions of the Bill come into force on whatever day is appointed by commencement order made by the Welsh Ministers. A commencement order may include transitional or savings provision, and may provide for provisions to come into force on different days, and in relation to specific areas. It is envisaged that certain provisions, including the duty imposed on the Welsh Ministers to secure services under **section 5(1)(c)**, will be brought into force by order on a zone by zone basis, in order to facilitate the roll out of the new system.
86. A commencement order is to be made by Welsh statutory instrument and, in accordance with what is intended to become section 37F of the Legislation (Wales) Act 2019, must be laid before the Senedd after being made.

Short Title

87. **Section 44** sets out the short title of the Bill, by which it may be known and referred. Either the Welsh or the English language title of the Bill may be used, including as a citation in other enactments.

Annex 2 Index of Standing Order requirements

Standing order	Section	pages/ paragraphs
26.6(i)	Statement the provisions of the Bill would be within the legislative competence of the Senedd	Member's declaration Page 1
26.6(ii)	Set out the policy objectives of the Bill	Chapter 3 - Purpose and intended effect of the legislation Page 15, from para 3.38
26.6(iii)	Set out whether alternative ways of achieving the policy objectives were considered and, if so, why the approach taken in the Bill was adopted	Part 2 – Regulatory Impact Assessment From Page 52
26.6(iv)	Set out the consultation, if any, which was undertaken on: (a) the policy objectives of the Bill and the ways of meeting them; (b) the detail of the Bill, and (c) a draft Bill, either in full or in part (and if in part, which parts)	Chapter 4 – Consultation From Page 27
26.6(v)	Set out a summary of the outcome of that consultation, including how and why any draft Bill has been amended	Chapter 4 – Consultation From Page 30, para 4.23
26.6(vi)	If the bill, or part of the Bill, was not previously published as a draft, state the reasons for that decision	Chapter 4 – Consultation Page 33, para 4.35
26.6(vii)	Summarise objectively what each of the provisions of the Bill is intended to do (to the extent that it requires explanation or comment) and give other	Annex 1 – Explanatory Notes From Page 125

Standing order	Section	pages/ paragraphs
	information necessary to explain the effect of the Bill	
26.6(viii)	<p>Set out the best estimates of:</p> <ul style="list-style-type: none"> (a) the gross administrative, compliance and other costs to which the provisions of the Bill would give rise; (b) the administrative savings arising from the Bill; (c) net administrative costs of the Bill's provisions; (d) the timescales over which such costs and savings would be expected to arise; and (e) on whom the costs would fall 	Part 2 – Regulatory Impact Assessment From Page 66
26.6(ix)	Any environmental and social benefits and dis-benefits arising from the Bill that cannot be quantified financially	Part 2 – Regulatory Impact Assessment Page 55, and from page 87, section 8.90
26.6(x)	<p>Where the Bill contains any provision conferring power to make subordinate legislation, set out, in relation to each such provision:</p> <ul style="list-style-type: none"> (a) the person upon whom, or the body upon which, the power is conferred and the form in which the power is to be exercised; (b) why it is considered appropriate to delegate the power; and 	Chapter 5 - Power to make subordinate legislation From Page 34

Standing order	Section	pages/ paragraphs
	(c) the Senedd procedure (if any) to which the subordinate legislation made or to be made in the exercise of the power is to be subject, and why it was considered appropriate to make it subject to that procedure (and not to make it subject to any other procedure);	
26.6(xi)	Where the Bill contains any provision charging expenditure on the Welsh Consolidated Fund, incorporate a report of the Auditor General setting out his or her views on whether the charge is appropriate	The requirement of Standing Order 26.6(xi) does not apply to this Bill
26.6(xii)	Set out the potential impact (if any) on the justice system in England and Wales of the provisions of the Bill (a “justice impact assessment”), in accordance with section 110A of the Act.	Part 2 – Regulatory Impact Assessment
26.6B	Where the provisions of the Bill are derived from existing primary legislation, whether for the purposes of amendment or consolidation, the Explanatory Memorandum must be accompanied by a table of derivations that explain clearly how the Bill relates to the existing legal framework.	Annex 3 – Table of Derivations
26.6C	Where the Bill proposes to significantly amend existing primary legislation, the Explanatory Memorandum must be accompanied by a schedule setting out the wording of existing legislation amended by the Bill, and setting out clearly	Annex 4 – Schedule of Amendments

Standing order	Section		pages/ paragraphs
	how that wording is amended by the Bill.		

Annex 3 Table of Derivations

The table below is intended to provide information on the derivation of the provisions of the Bus Services (Wales) Bill. The table does not provide definitive or exhaustive guidance, and should be read in conjunction with the Bill and with the explanatory notes to the Bill. While care has been taken to ensure that the document is as accurate as reasonably practicable, it does not purport to be, and should not be relied on as, authoritative.

SECTION/ PARAGRAPH	CORRESPONDING REFERENCE IN EXISTING LEGISLATION	SUBSTANTIVE CHANGE
Section 1	Section 1 is derived from Section 2 of the Transport Act 1985. The definition in Section 1 is similar to the existing definition under Section 2, but excursions or tours and rail replacement services are excluded from the definition.	Yes

Please note: this document has been prepared solely to assist people in understanding the Bus Services (Wales) Bill. It should not be relied on for any other purpose.

Annex 4 Schedule of amendments

AMENDMENTS TO BE MADE BY THE BUS SERVICES (WALES) BILL

In accordance with Standing Order 26.6C, the following schedule sets out where the Bus Services (Wales) Bill (“the Bill”) proposes to significantly amend existing primary legislation. The schedule shows how the provisions of the Transport Act 1985 (c. 67) (“the 1985 Act”) and the Transport (Wales) Act 2006 (“the 2006 Act”) as they applied in relation to Wales on 31 January 2025 would look as amended by the Bus Services (Wales) Bill (if enacted as introduced on 24 March 2025).

Material to be deleted by the Bill is in strikethrough, e.g. ~~omitted material looks like this~~. Material to be added by the Bill is underlined, e.g. added material looks like this. References to the relevant amending provisions of the Bill are provided in the right-hand column on each page.

A number of related provisions from the 1985 Act and the 2006 Act, although not being amended, are included to aid understanding of the proposed amendments.

Warning

This text has been prepared by officials of the Transport and Digital Connectivity Directorate of the Welsh Government. Although efforts have been taken to ensure that it is accurate, it should not be relied on as a definitive text of the 1985 Act, the 2006 Act or the Bill.

It has been produced solely to help people understand the effect of the Bus Services (Wales) Bill. It is not intended for use in any other context.

The Transport Act 1985

*Amending
section of
the Bus
Services
(Wales) Bill*

66 Exclusion of powers of certain councils to run bus undertakings

*Section 32
Bus
Services
(Wales) Bill*

- (1) Subject to section 71 of this Act and subsection (2) below and to sections 123O and 132C of the Transport Act 2000, but notwithstanding anything in any other statutory provision, a non-metropolitan district council in England a ~~county council or county borough council in Wales~~ or, in Scotland, a council (other than the council for Orkney Islands, Shetland Islands or Western Isles) shall not have power to provide a service for the carriage of passengers by road which requires a PSV operator's licence.

63 Functions of local councils with respect to passenger transport in areas other than integrated transport areas and passenger transport areas

*Section 33
and 34 Bus
Services
(Wales) Bill*

- (1) In each non-metropolitan county of England and Wales it shall be the duty of the county council—
- (a) to secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within the county which would not in their view be met apart from any action taken by them for that purpose;
- (1A) The duty in subsection (1) does not require a council in Wales to secure the provision of a service that is a local bus service for the purposes of section 1 of the Bus Services (Wales) Act [] (asc []).
- (2) It shall be the duty of a council in Scotland, in relation to any part of their area which is not a passenger transport area—
- (a) to secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within their area which would not in their view be met apart

- from any action taken by them for that purpose; and
- (b) to formulate from time to time general policies as to the descriptions of services they propose to secure under paragraph (a) above.
- (3) In formulating policies under subsection (2)(b) above with respect to the descriptions of services they propose to secure under subsection (2)(a) above, a council shall have regard to any measures they are required or propose to take for meeting any transport requirements in exercise or performance of—
- (a) any of their functions as an education authority; or
- (b) any of their social work functions.
- (4) A non-metropolitan district council in England shall have power to secure the provision of such public passenger transport services as they consider it appropriate to secure to meet any public transport requirements within their area which would not in their view be met apart from any action taken by them for that purpose.
- (5) For the purpose of securing the provision of any service under subsection (1)(a) or (2)(a) or (as the case may be) under subsection (4) above any council shall have power to enter into an agreement providing for service subsidies; but their power to do so—
- (a) in England and Wales, shall be exercisable only where the service in question would not be provided, or would not be provided to a particular standard, without subsidy;
- (aa) in Scotland, shall be exercisable only where the service in question would not be provided without subsidy; and
- (b) is subject to sections 89 to 92 of this Act.
- (5A) The reference in subsection (5)(a) above to the standard to which a service is provided includes—
- (a) the frequency or timing of the service;
- (b) the days, or times of day, when the service is provided;
- (c) the vehicles used to provide the service.
- (6) A non-metropolitan county council in England and Wales or, in Scotland, a council shall have power to take any measures that appear to them to be appropriate for the purpose of or in connection with promoting, so far as relates to their area—

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- (a) the availability of public passenger transport services other than subsidised services and the operation of such services, in conjunction with each other and with any available subsidised services, so as to meet any public transport requirements the council consider it appropriate to meet; or
 - (b) the convenience of the public (including persons who are elderly or disabled) in using all available public passenger transport services (whether subsidised or not).

- (7) It shall be the duty of a county council or, in Scotland, a council, in exercising their power under subsection (6) above, to have regard to a combination of economy, efficiency and effectiveness.

- (8) It shall be the duty of any council, in exercising or performing any of their functions under the preceding provisions of this section, to have regard to the transport needs of members of the public who are elderly or disabled.

- (9) References in subsection (6) above to subsidised services are references to services in connection with which financial assistance has been given under section 34 of the Bus Services (Wales) Act [] and to services provided under an agreement providing for service subsidies entered into—
 - (a) by the council in question or by any other county or district council or in Scotland council under this section; or
 - (b) by the Passenger Transport Executive for any integrated transport area or passenger transport area under section 9A(4) of the 1968 Act.

- (10) In this Act—
 - (a) “public passenger transport services” means all those services on which members of the public rely for getting from place to place, when not relying on private facilities of their own, including school transport but not—
 - (i) services provided under permits under section 19 of this Act, other than services provided wholly or mainly to meet the needs of

members of the public who are elderly or disabled; or

(ii) excursions or tours

; and

(b) references, in relation to any Passenger Transport Executive, non-metropolitan county or district council or in Scotland council, to agreements providing for service subsidies are references to agreements under which any person undertakes to provide a public passenger transport service of any description on terms which include provision for the making of payments to that person by that Executive or council.

6 Registration of local services

*Section 36
Bus
Services
(Wales) Bill*

(1) In this section “service” means a local service which is neither a London local service nor a service which falls within subsection (1A) ~~or (1D)~~, (1D) or (1F) below nor a service provided under an agreement entered into, where a railway service has been temporarily interrupted, with the Secretary of State, the Scottish Ministers or the National Assembly for Wales under section 40 of the Railways Act 2005 (substitution services provided for interrupted or discontinued railway services).

(1A) A service falls within this subsection if conditions A and B are satisfied in relation to it.

(1B) Condition A is satisfied if the service is provided in pursuance of—

- (a) the obligation placed on a local authority by section 508B (1), section 508F(1), or section 509AA(7)(b) or (9)(a) of the Education Act 1996 (provision of transport etc);
- (b) the exercise of the power of a local authority under section 508C (1) of that Act;
- (c) arrangements made by a local authority in pursuance of a scheme made by them under Schedule 35C to that Act (school travel schemes).
- (d) the obligation placed on a local authority by sections 3 or 4 of the Learner Travel (Wales) Measure 2008; or

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(e) the exercise of the power of a local authority under section 6 of that Measure.

(1C) Condition B is satisfied if the service is for the carriage of any of the following persons (and no other)—

(a) a person receiving education or training at premises to or from which transport is provided in pursuance of the obligation, the exercise of the power or the arrangements, as the case may be, mentioned in paragraph (a), (b) (c), (d) or (e) of subsection (1B);

(b) a person supervising or escorting any such person while he is using such transport;

(c) a person involved with the provision of education or training at any such premises.

(1D) A service falls within this subsection if—

(a) it has one or more stopping places in England, and

(b) it is provided under an agreement entered into, where a railway service has been temporarily interrupted, with the person who usually provides the railway service.

(1E) Where a service is provided both inside and outside England, any part of the service which is provided outside England is to be treated as a separate service for the purposes of subsection (1D) if there is any stopping place for that part of the service outside England.

(1F) A service falls within this subsection if it is a local bus service for the purposes of section 1 of the Bus Services (Wales) Act [] (asc []).

(1G) But for the purposes of subsection (1F), a service that is within subsection (1I) is not to be treated as a local bus service (and is therefore a local service for the purposes of subsection (1)) unless it is—

(a) secured under a local bus service contract entered into under section 9(1) of the Bus Services (Wales) Act or

(b) a service in respect of which a local bus service permit granted under section 11(1) of that Act has effect.

Please note: this document has been prepared solely to assist people in understanding the Bus Services (Wales) Bill. It should not be relied on for any other purpose.

(1H) For the purposes of subsection (1G)(b), a local bus service permit is to be treated as continuing to have effect throughout any period during which the permit is suspended under section 15(1) of the Bus Services (Wales) Act [].

(1I) The services are—

(a) a community bus service (within the meaning given in section 22(1) of this Act);

(b) a service provided as described in section 46(1) of the 1981 Act (fare-paying passengers on school buses).

(1J) In the case of a service that is a standard local bus service for the purposes of the Bus Services (Wales) Act [], any part of the service which is provided outside Wales is to be treated as a separate service for the purposes of subsection (1F) (and is therefore not a local bus service for the purposes of that subsection), if there is any stopping place for that part of the service outside Wales;

(1K) In the case of a service that is a flexible local bus service for the purposes of the Bus Services (Wales) Act [], any part of its area of operation which is outside Wales is to be treated as a separate service for the purposes of subsection (1F) (and is therefore not a local bus service for the purposes of that subsection).

The Transport (Wales) Act 2006

7 Provision of public passenger transport services

(1) The Assembly may secure the provision of any public passenger transport services, other than a service that is within subsection (1A), which it considers appropriate for the purpose of meeting any public transport requirements within Wales which would not in its view otherwise be met.

*Section 37
Bus
Services
(Wales) Bill*

(1A) A service is within this subsection if it is a local bus service for the purposes of section 1 of the Bus Services (Wales) Act [] (asc []).

(2) In exercising its power under subsection (1) the Assembly must have regard to—

- (a) a combination of economy, efficiency and effectiveness,
- (b) the Wales Transport Strategy, and

Please note: this document has been prepared solely to assist people in understanding the Bus Services (Wales) Bill. It should not be relied on for any other purpose.

- (c) the transport needs of members of the public who are elderly or disabled.
- (3) For the purpose of securing the provision of a service under subsection (1) the Assembly may enter into agreements providing for service subsidies.
- (4) But the Assembly may not enter into an agreement under subsection (3) unless the service in question would not be provided, or would not be provided to a particular standard, without a subsidy.

- (4A) The reference in subsection (4) to the standard to which a service is provided includes—
 - (a) the frequency or timing of the service;
 - (b) the days, or times of day, when the service is provided;
 - (c) the vehicles used to provide the service.
- (5) “Public passenger transport services” means all those services on which members of the public rely for getting from place to place, when not relying on private facilities of their own, including school transport but not including—
 - (a) services provided under permits under section 19 of the Transport Act 1985 (c. 67) (permits in relation to use of buses by educational and other bodies) other than services provided wholly or mainly to meet the needs of members of the public who are elderly or disabled;
 - (b) excursions or tours.
- (6) “Agreements providing for service subsidies” are agreements under which any person undertakes to provide public passenger transport services of any description on terms which include provision for the making of payments to that person by the Assembly.
- (7) “Excursion or tour” has the meaning given in section 137(1) of the Transport Act 1985 (c. 67).

Annex A – Costs Summary

Costs Modelling Methodology

Overview

A1.1 New costs and changes in costs and revenues (including increases and decreases) have been estimated for staff and operational activities by Welsh Government, Transport for Wales, local authorities (LAs) and operators. Cost changes relative to business as usual costs have been estimated for initial and ongoing activities for bus reform and statutory partnerships:

- Transition or setup costs associated with activities and actions necessary to prepare for and implement bus reform or statutory partnerships; and
- Recurrent costs associated with a new business as usual situation with bus reform or statutory partnerships in place.

A1.2 The RIA is a forward looking assessment of costs and benefits and therefore 'sunk costs' that have already been incurred are excluded from the economic appraisal. Estimates of future transition and recurrent costs have been developed using the professional judgement and experience of Welsh Government officials, Transport for Wales and transport consultants commissioned to support the preparation of this RIA and are necessarily indicative. Estimates of staffing costs are based on approximate equivalent FTE staff resource (as set out in the tables below, an indicative cost range of £57,500 to £115,000 per FTE per year including add-on costs has been used), and costs for other items such as depots and IT systems are based on typical cost values. Additionally, cost estimates were previously discussed with stakeholders across the bus industry in Wales as part of the development of the Explanatory Memorandum for the Bus Services (Wales) Bill (withdrawn due to COVID) in 2020. These have subsequently been updated to reflect comments received on the Draft RIA published with the 'One Network, One Timetable, One Ticket' white paper in 2021 and the current industry costs where relevant.

A1.3 This Annex reports inputs to the cost modelling undertaken as part of this RIA. Input costs exclude optimism bias and are expressed in a factor cost unit of account. All input cost assumptions are expressed on a per annum basis and are undiscounted.

A1.4 Costs throughout this document are consistently expressed in 2023 prices. All resultant outputs from the costs modelling referenced throughout Chapters 6 and 8 include an optimism bias uplift of 46%

and are converted to market prices in line with TAG unless specifically stated.

A1.5 Where costs are presented as part of the economic appraisal they have been discounted using the Treasury's annual central discount rate of 3.5% in line with HM Treasury Green Book guidance. Discounted costs are referred to as present value (PV) costs in Chapter 6.

Statutory Partnership Option Costs

Statutory Partnership Option – Transition and Recurring Costs

A2.1 Statutory Partnership Option – Transition Costs (Change from business as usual)

Bus Topic	WG / TfW	LAs	Operators
Regulations, guidance, funding arrangements	+10 FTEs per year for 5 years		-
Network design advice, data collection and management, analysis, modelling, funding assessment and allocation	+5 FTEs per year for 5 years		
Review bus market, multiple engagement with operators, legal advice, bus improvement plan and business case		+44 FTEs per year for 5 years	
Developing and promoting a multi-operator ticket arrangement	+4 FTEs per year for 5 years		-
Note: 1. Each FTE has an indicative employee cost (i.e. salary plus on-cost) of £57,500 per year			

A2.2 Statutory Partnership Option – Recurring Costs per year (Change from business as usual)

Bus Topic	WG / TfW	LAs	Operators
Governance, assurance and audit, financial budgeting	+2 FTEs (£115,000 per FTE)	-	-
PR & marketing	+4 FTEs	-	-4 FTEs
Partnership management		+22 FTEs	-
Network design advice, data management, analysis and modelling, funding assessment and allocation	+4 FTEs		
IT and data management	+2 FTEs	-	-
Customer-facing operations	+2 FTEs	-	-
Fares & ticket systems management /liaison	+4 FTEs	-	-
Note: 1. Unless otherwise stated, each FTE has an indicative employee cost (i.e. salary plus on-cost) of £57,500 per year			

A2.3 Statutory Partnership Option – Transition and Recurring System Costs (Change from business as usual)

Bus Topic	WG / TfW	LAs	Operators
IT Systems - transition	+£2.0 M for 5 years	+£2.0 M for 5 years	-
IT Systems - recurring	+£1.0 M per year	+£1.0 M per year	-
Ticketing - transition	+£2.0 M for 5 years	-	£0.5 M for 5 years
Ticketing - recurring	+£1.0 M per year	-	
Notes:			
1. Costs are shown on a per annum basis in 2023 prices (undiscounted)			
2. Costs exclude optimism bias			
3. Costs are presented in a factor cost unit of account			
4. All costs, including transition costs, are shown as 'per annum' values			

Bus Reform Option Costs

Bus Reform Option – Transition and Recurring Costs

A3.1 Bus Reform Option – Transition Costs (Change from business as usual)

Bus Topic	WG / TfW	LAs	Operators
Developing plans for bus reform governance and management, assurance and audit; budgets / subsidies / revenue; communications plan, stakeholder engagement; marketing / branding / advertising	+10 FTEs per year for 2 years	-	-
Planning of networks and local stakeholder engagement	+5 FTEs per year for 2 years		
Developing detailed bus reform plan (local configuration, governance, procurement, implementation and transition).	+9 FTEs per year for 5 years	-	
Procurement and initial franchise contract management, including tendering, evaluation, selection, contract finalisation, and contract performance management.	+18 FTEs per year for 5 years	-	-
Staffing resource for operators competing in tenders		-	+18 FTEs per year for 5 years
Ticketing and back-office systems design and specification	+10 FTEs per year for 5 years		
Bus fleet and depot planning and procurement	+5 FTEs per year for 5 years		
Note:			
1. Each FTE has an indicative employee cost (i.e. salary plus on-cost) of £57,500 per year			

A3.2 Bus Reform Option – Recurring Costs per year (Change from business as usual)

Bus Topic	WG / TfW	LAs	Operators
Executive management, boards and governance, assurance, audit	+10 FTEs (£115,000 per FTE)	-	-
Financial planning national budgets / subsidies / revenues	+6 FTEs (£86,250 per FTE)	-	-
Communications / messaging / Social Media / stakeholder engagement	+2 FTEs	-	-6 FTEs
PR / marketing / branding / advertising	+6 FTEs	-	-8 FTEs
Strategic programme management, financial monitoring	+9 FTEs	-	-
Franchising / procurement (tendering, evaluation, selection, contracting, and performance management)	+9 FTEs		+9 FTEs
Contract and performance / commercial management	+10 FTEs	-10 FTEs	
Fleet management and depot ownership management	+10 FTEs	-	-
Network management teams in each franchise zone	+36 FTEs	-10 FTEs	
Concessionary fare management	-2 FTEs	-	-4 FTEs
Data management and analytics	+4 FTEs		-4 FTEs
AVM IT systems	+5 FTEs	-	-
Customer-care operations	+5 FTEs	-	-5 FTEs
Fares & ticket systems management	+5 FTEs	-	-10 FTEs
Note:			
1. Unless otherwise stated, each FTE has an indicative employee cost (i.e. salary plus on-cost) of £57,500 per year			

A3.3 Bus Reform Option – Transition and Recurring System and Other Costs (Change from business as usual)

Bus Topic	WG / TfW	LAs	Operators
IT Systems - transition	+£4.0 M for 5 years	-	-£2.0 M for 5 years
IT Systems - recurring	+£1.0 M per year	-	-£0.5 M per year
Ticketing - transition	+£2.0 M for 5 years	-	£0.5 M for 5 years
Ticketing - recurring	+£4.0 M per year	-	-£2.0 M per year
Depot Ownership - transition	+£36 M for 5 years	-	-
Depot Ownership - recurring	-	-	-£3.0 M per year
Notes:			
1. Costs are shown in 2023 prices (undiscounted)			
2. Costs exclude optimism bias			
3. Costs are presented in a factor cost unit of account			
4. All costs, including transition costs, are shown as 'per annum' values			

Annex B – Methodology and assumptions for benefits modelling

B1 Benefits Modelling Methodology

Overview

- B1.1 The economic assessment model prepared for this RIA utilises demographic data, bus passenger statistics, and financial statistics for three network examples (and for the whole of Wales), available from government sources³¹. Assessment of the proposals is underpinned by an economic assessment model that calculates demand impacts, cost implications and economic benefits in accordance with DfT's Transport Appraisal Guidance (TAG) and best practice in economic evaluation.
- B1.2 A key guiding principle for demand modelling and economic assessment is proportionality, which refers to striking a balance between the level of detail and the cost of the modelling, considering factors such as the required functionality, data availability, and robustness and resource and time constraints. Although the overall project represents changes to bus networks across the whole of Wales, at this stage, it was not considered proportional to assess every network in Wales in detail. For the economic and patronage assessment, three example network plans (Cardiff, Pembrokeshire and Wrexham) provide case studies upon which to assess impacts. The results from this analysis give an indication of the economic impacts in other Welsh local authorities, and extrapolation to an all-Wales level on a pro-rata basis. The example networks represent the following types of locations in Wales:
- a large urban bus network (Cardiff);
 - a rural / inter-urban network (Pembrokeshire); and
 - a smaller urban / town network (Wrexham).
- B1.3 The economic assessment includes estimates of operating costs, administrative costs, and capital expenditure. The demand modelling provides a means to illustrate the potential growth in passenger numbers, and to identify the scale and range of measures which are likely to be needed to achieve the targeted growth. The demand figures are then used to estimate the impact on revenues.
- B1.4 The RIA covers a 30-year appraisal period from 2025-26 to 2054-55 (inclusive) to provide that the evaluation of costs and benefits is made over the medium term. In line with HM Treasury Green Book guidance, future costs and benefits have been discounted using the Treasury's

³¹ Department for Transport. 2023. [Bus Statistics](#).

central discount rate of 3.5%³² (unless otherwise stated), to a 2022-23 base year.

Passenger Demand Impact

B1.5 The demand modelling provides a means to estimate the potential growth in passengers, compare potential growth in each scenario and illustrate the relative importance of measures aimed at achieving that growth. The calculations require two key sets of inputs:

- Estimated current passenger journey numbers and forecast change in passenger numbers in a business as usual scenario (as described below);
- Estimated journey times before and after network and other improvements have been implemented (generally expressed in transport planning studies as GJT – which includes perceived time to reflect quality and reliability aspects).

B1.6 Outline matrices of bus travel, including the origin-destination pattern, for each case study area have been obtained and summarised from the SEWTM (South East Wales Transport Model), NWTM (North Wales Transport Model) and SWMWTM (South West & Mid Wales Transport Model) strategic models.

B1.7 To provide a robust baseline for planning measures to grow bus patronage, it is useful to identify a business as usual scenario. Forecasts are taken from the DfT's National Trip End Model³³ (NTEM), which is generally used as the basis for future travel forecasts for DfT transport business cases. The modelling approach assumes a continued decline of bus demand in the business as usual option as set out in NTEM, which suggests that bus journeys in Wales will decline by 15.5% over the 30-year appraisal period, but with decline in each local authority varying between 12.6% and 24.8%.

Generalised Journey Time

B1.8 The primary mechanism through which bus improvements translate into higher demand and benefits for users is through adjustments to the actual or perceived cost of travel, which is expressed in the term Generalised Journey Time (GJT). The GJT combines the costs of different elements of a journey – such as wait time, in-vehicle time and

³² HM Treasury. 2022. [The Green Book: central government guidance on appraisal and evaluation](#)

³³ Department for Transport. 2022. [National Trip End Model \(NTEM\)](#). NTEM National Trip End Model (NTEM) bus use projections are presented in a software package called TEMPro. The data in NTEM is not based on observations or fare data but is derived from Census data and forecast patterns of population and employment.

reliability – into a single overall measure. By applying values of time to each element of bus travel (using standard values which are published in TAG and elsewhere), it is possible to calculate the direct and non-direct travel times for users.

B1.9 Some interventions directly affect users’ journey times (for example or improved bus network connections, improved service frequency). Other measures (for example improved information about services and how they connect to each other) relate to the quality of bus services. Such quality factors affect the way users perceive bus services and make bus travel more attractive at any given level of cost or journey time. There are a range of values in technical literature – typically based on ‘willingness to pay’ or stated preference surveys – which express these improvements as reduction in GJT. This allows quality factors to be incorporated into the modelling frameworks in a similar way to actual changes in fares or journey times.

B1.10 The formula for calculating the average GJT within bus networks takes the form:

$$GJT = IVT + S + I + R + Q$$

Where:

- IVT is the ‘in-vehicle’ travel time
- S is the service interval penalty
- I is the interchange penalty
- R is the reliability of bus services
- Q is a service quality factor

B1.11 The potential uplift in passenger demand compared to business as usual is calculated by applying an elasticity of demand with respect to GJT (where elasticity is a parameter which determines the relationship between changes in GJT and changes in demand). Table B-1 shows the elasticity values used. An elasticity of -1.15 indicates that demand will rise by 1.15% for every 1% reduction in GJT. The value of the elasticities is based on recommended values identified in a 2018 study for the DfT³⁴.

Table B-1 Bus Passenger Demand Elasticity Values

Journey Type	GJT Bus Elasticity Value
Commuter	-1.15
Leisure	-1.05

B1.12 It is noted that assessing potential patronage increases by application of elasticity-based factors represents a conservative approach. Whilst this approach is widely used, for example in rail patronage forecasting,

³⁴ RAND Europe. 2018. [Bus fare and journey time elasticities and diversion factors for all modes: A rapid evidence assessment](#).

it does not fully account for step-changes in connectivity, as it is based on factoring existing bus usage. For example, if demand between an origin-destination pair is very small, and a significant GJT improvement is expected, the resulting factored future trip numbers will remain at a low level. In practice, a comprehensive investment in an integrated public transport network to improve connectivity right across the network is likely to produce additional ‘new’ trips rather than only factored increases of existing trips.

Bus System Components

B1.13 Significant growth of passenger numbers is generally reliant on provision of high-quality passenger experience across all components of the bus system. The range of potential bus improvements and initiatives that have been considered in this study are summarised in Table B-2 each of which is modelled in turn.

Table B-2 Modelled Components of Bus System Improvements

Theme	Bus System Components
Network Arrangements	Network Arrangements
	Integrated Ticketing
Vehicles	Bus Boarding / Alighting
	Vehicle Quality & Decarbonisation
Enablers	Information, Branding & Marketing
	Transport Policy

B1.14 The key element of a bus improvement strategy for Wales is to plan and operate bus services as a coordinated network in each area and allow people to choose to rely on buses to meet their day-to-day travel, with a wider range of realistic destinations by bus. Provision of integrated ticketing, which allows seamless transfers between buses using a single ticket is a key aspect of a network-based approach. Coordinated networks in urban areas will comprise high frequency services with a series of interchange points where services meet, whereas in rural areas (with lower frequency services) an effective network will rely on consistent and coordinated timetables.

B1.15 Simplified fares and improved ticketing and enforcement systems can allow faster boarding and alighting, reducing dwell time at stops, speeding up journeys and making journey times more reliable. New electric buses will provide an improved degree of comfort for passengers and lower levels of emissions in line with Welsh Government’s decarbonisation commitments. Transitioning to a zero-emission fleet is a core part of the future strategy for bus in Wales (and hence is common to all options in this assessment, but with more rapid implementation under bus reform arrangements under bus reform).

B1.16 Improved travel information (with easy-to-understand network maps), and adoption of a single brand for each local network, have fundamental roles in attracting people to use, and trust, the bus network. Wider transport policy initiatives, such as limitation on parking, or traffic management, are also important in incentivising people to use sustainable modes (but their effects are not included in this assessment).

Assessment Scenarios Overview

B1.17 Costs and benefits for statutory partnerships and bus reform have each been assessed under a notional scenario in which non-legislative measures, such as bus stop improvements, bus stations, bus priority measures, are not included as they are not directly required or affected by the legislation. Under the bus reform option, tendering of services to operators is the basis for assessing costs.

B1.18 The remainder of this section provides a description of the modelling assumptions applied in each scenario, relating to benefits for each of the elements assessed. Table B-3 provides an overview of benefits categories and notional scale of impact in each of the options. Some benefits have been quantified within the economic modelling, whilst others are referred to qualitatively within the RIA text.

Table B-3 Summary of bus system component benefits by option scenario

Bus System Component	Statutory Partnerships	Bus Reform
Network Arrangements – <i>to provide coordinated and joined up services</i>	■ ■	■ ■ ■
Integrated Ticketing – <i>single ticketing system with easy to understand fares</i>	■	■ ■ ■
Improved Corridor Speeds – <i>better headway management and bus-bus congestion management</i>	□	□ □
Bus Stops / Transfer Hubs – <i>more convenient transfer</i>	■	■ ■
Bus Boarding / Alighting – <i>improved ticketing and boarding arrangements</i>	■	■ ■
Vehicle Quality & Decarbonisation – <i>to provide improved journey quality and decarbonisation</i>	■ ■	■ ■ ■
Information, Branding & Marketing – <i>to provide consistent brand across all elements</i>	■	■ ■
Transport Policy – <i>better alignment between bus services and policy</i>	□	□ □
Key		
<i>Benefits referred to qualitative only within RIA text, but not quantified</i>		□
<i>Benefits quantified within economic modelling</i>		■
<i>Low to high beneficial impact for option scenarios (indicative only)</i>		■ ■ ■ ■ ■

B1.19 Key assumptions for each of the components are explained in further detail in the following sections. Benefits are applied in the model for each category by two key sets of inputs:

- GJT benefits – based on TAG values and evidence from literature; and
- Proportion of trips affected – reflecting that the benefits of some measures only apply to a proportion of passengers e.g., benefits of improved coordination of services at interchange hubs are only accrued to passengers who make transfer trips

B1.20 Throughout the descriptions of key assumptions, benefits estimates are referred to in financial (cash) and economic (non-cash) terms, as described below:

B1.21 Financial impacts:

- *Operator benefits*: This is the additional revenue bus operators may receive, based on extra patronage multiplied by average ticket prices; and
- *Government benefits*: This covers central government benefits and local government benefits which effectively represent cost savings where present (and in general offset by additional costs).

B1.22 Economic impacts:

- *User benefits*: The approach to estimating passenger economic benefits is to monetise the range of benefits according to their GJT savings. This approach summates actual time savings (if journeys are made more quickly) and ‘perceived’ time savings as a result of improvements to elements of the bus system (such as information). This approach follows the general approach set out in TAG³⁵. The GJT benefits of each relevant change to network arrangements, integrated ticketing, vehicle quality and travel information are based on standard values of time published in TAG and other research documents. There are a range of values in transport planning research literature – typically based on ‘willingness to pay’ style surveys – which equate these improvements to an equivalent reduction in GJT or fares. We have also included health benefits to reflect the fact that travelling by bus is expected to involve more walking than travelling by car, and the social value of trips that could not take place without an effective bus network.
- *Non-bus user benefits*: Benefits (e.g. time savings to other travellers if more passengers use buses, greenhouse gas

³⁵ Department for Transport. 2023. [Transport Analysis Guidance \(TAG\)](#)

impacts, local air quality impacts, noise impacts, accident reductions, etc.) are also calculated according to TAG guidance.

Benefits of Network Arrangements

B1.23 Key assumptions for network arrangements in each of the modelled scenarios are provided below in Table B-4.

Table B-4 Summary of Network Arrangements Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><i>GJT improvements and demand uplift calculated based on case study unified networks for Cardiff (Major Urban), Wrexham (Town) and Pembrokeshire (Rural).</i></p> <p>A statutory partnership approach would enable only partial influence over the shape of the network.</p> <p>There are significant obstacles to delivering the types of changes that would create passenger benefit. Allocation of bus resource from different operators to specific routes (e.g., to create a high frequency orbital service line, or a feeder line to an interchange hub) would not be feasible due to the likely need for cross-subsidisation involving reallocation of revenue between operators – and hence the necessary full coordination between services and efficient use of overall bus resource would not be achievable. Even with a statutory partnership in place there is unlikely to be sufficient incentive for operators to invest in significant network changes over the long term. The GJT benefits have been set to 50% of the franchised network, to reflect these trade-offs.</p> <p>Network improvements in a statutory partnership model are likely be limited to better timetable coordination of services and ticketing improvements. For the present network, wait times for interchange have been subject to a penalty time of 7.5 minutes (an industry standard value), whilst an interchange penalty of 5 minutes³⁶ has been used in the calculation of GJTs for statutory partnerships to reflect the complexity for passengers of interchanging between different operators' services compared to the fully coordinated franchised network.</p>
Bus Reform	<p><i>GJT improvements and demand uplift calculated based on case study unified networks for Cardiff (Major Urban), Wrexham (Town) and Pembrokeshire (Rural).</i></p> <p>The network would be planned so that every service is fully coordinated and routed to interchange hubs. For the present network, wait times for interchange have been subject to a penalty time of 7.5 minutes (an industry standard value) whilst an interchange penalty of 2.5 minutes is used in GJT modelling to reflect easier transfer opportunities, simplified network with limited duplication of services and standard headways. This is considered a robust figure, with some UK research³⁷ suggesting that a guaranteed connection could reduce the bus penalty to 0.9 minutes.</p> <p>No competition between service lines would allow the bus vehicle resource to be planned as a many-to-many grid network of high frequency services with planned transfer points – which dramatically increases the range of practical journeys possible by bus.</p>

³⁶ Scottish Executive Central Research Unit. 2001. Interchange and Travel Choice - Volumes 1 and 2.

³⁷ Scottish Executive Central Research Unit. 2001. Interchange and Travel Choice - Volumes 1 and 2.

Scenario	Summary of Modelling Assumptions
	A planned approach would improve network coverage, by efficient allocation of resources to create an appropriate mix of frequent services, long-distance express services, feeder services; for example, instead of operating low frequency services into central areas, these services could be operated as short feeder services at high frequency to interchange hubs.

Benefits of Integrated Ticketing

B1.24 Key assumptions for integrated ticketing in each of the modelled scenarios are provided below in Table B-5.

Table B-5 Summary of Integrated Ticketing Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><i>No Impact</i></p> <p><i>A statutory partnership could enable integrated ticketing, but majority agreement would be required. As many operators already provide multi-operator tickets, the benefits of new statutory partnership agreements on ticketing are considered negligible. Operators would probably retain their own ticket offers – meaning the ticketing offer to passengers will retain a level of complexity. Changes to ticketing arrangements on a network basis would continue to be very challenging. For example, use of a single multi-operator ticket or introduction of flat fares would require significant negotiation with each individual operator to agree how subsidy payments and revenue reimbursement would work for different types and combinations of journeys. This considerable administrative burden and requirement for complex revenue redistribution processes would act as barriers to the introduction of simple, straightforward, affordable tickets for passengers.</i></p> <p><i>A successful network would tend to have an increasing number of two and three-leg journeys, which would further increase the complexity of revenue allocation – which would inevitably have winners and losers and would ultimately be incompatible with a deregulated competitive environment. Overall, the key benefit of a simple to understand ‘freedom pass’ ticket will be unachievable within a statutory partnership approach.</i></p>
Bus Reform	<p><i>Apply 1.43 minutes³⁸ GJT improvement to 50% of fare-paying journeys to account for simplified ticketing.</i></p> <p><i>One ticket system for all services, giving passengers full everywhere-to-everywhere access across the bus network; effectively a ‘freedom pass’. The simplicity of a single ticket system for all services and journeys is a critical aspect of allowing people to make a lifestyle choice to use buses to fulfil a significant proportion of their travel needs. Bus passengers would benefit from flexible use of ticketing products across different bus services. A simple, integrated ticketing system would facilitate multi-leg journeys without excessive cost by reducing the cost of journeys that currently require separate tickets.</i></p> <p><i>The proportion of trips affected reflects the fact that not all journeys would benefit from simplified ticketing (i.e. single leg trips, or those where multi-operator tickets are already available).</i></p>

³⁸ Department for Transport. 2020. [TAG Unit M 3.2 Public Transport Assignment](#)

Benefits of Improved Corridor Speeds

B1.25 Key assumptions for improved corridor speeds in each of the modelled scenarios are provided below in Table B-6.

Table B-6 Summary of Improved Corridor Speeds Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<i>No Impact</i>
Bus Reform	<i>Minimal impact – benefits not quantified There may be opportunities to improve bus journey times on some corridors by reducing over-bussing by improving coordination of services and rationalising headways. However this is likely to be limited to a small number of corridors, and shorter sections of routes in urban centres, thus not considered significant.</i>

Benefits of Bus Stops / Transfer Hubs

B1.26 Key assumptions for bus stops/transfer hubs in each of the modelled scenarios are provided below in Table B-7.

Table B-7 Summary of Bus Stops / Transfer Hubs Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<i>Apply a benefit for improved information and hence passenger knowledge of bus timings and transfer opportunities – which is calculated as the value ascribed to paper timetables (at 0.62p³⁹) & for Real Time Passenger Information at bus stops (at 1.69 generalised minutes⁴⁰) to proportion of passengers affected in each case study but at half of the level of passengers compared to the bus reform scenario. Whilst there should be more stability of bus timetables and routes than in the business as usual case, there is also often a lag between information displayed at bus stops and changes to bus services by commercial operators. Multi-operator routes, branding and ticketing makes information and fares more complex to understand and display at bus stops. Network maps may only be available in some areas, or may only show the bus routes of the operator publishing them. Transfer is not a key feature of the multi-operator networks and formalising bus stops as transfer hubs will not be feasible on a comprehensive basis within a statutory partnership agreement. As a result, it is unlikely that the same number of passengers would have the benefit of better information and knowledge of services when compared to the bus reform scenario, and the benefits are applied to half as many passengers in each of the case study networks.</i>
Bus Reform	<i>Apply a benefit for improved information and hence passenger knowledge of bus timings and transfer opportunities – which is calculated as the value ascribed to paper timetables (at 0.62p) & for Real Time Passenger Information at bus stops (at 1.69 generalised minutes) to proportion of passengers affected in each case study network.</i>

³⁹ Steer Davies Gleave. 2004. Valuation of Station Facilities, Draft Final Report to GMPT (based on 1991 price inflated to 2023)

⁴⁰ [Department for Transport, TAG databook v1.22, November 2023, Table M3.2.1](#)

Scenario	Summary of Modelling Assumptions
	<p><i>In the bus reform scenario, fewer separate service lines would call at most stops, particularly in urban areas (but with higher frequencies or more consistent headways). There would also be long-term certainty, and a stable network of bus services with consistent routes, numbering and branding. This would allow stops to become 'stations' (or 'hubs') – with better branding and information (and potentially in future facilities such as cycle parking/shared-bike rental installed within a comprehensive and planned mobility network). Changes to bus schedules would be limited within a franchise regime – with a reduced need for frequent updates of timetable information at stops.</i></p> <p><i>Transfers between bus services would be a key feature of a franchised, joined-up, unified network – and representing specific stops as transfer hubs is a major benefit of having control over where buses run e.g. feeder buses connect with core high frequency services at bus hubs. The benefits identified are applied as a proxy for passengers having better information and knowledge of services at bus stop/interchange facilities.</i></p>

Benefits of Improved Bus Boarding / Alighting

B1.27 Key assumptions for bus boarding/alighting in each of the modelled scenarios are provided below in table B-8.

Table B-8 Summary of Boarding / Alighting Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><i>No Impact.</i></p> <p><i>Operators are migrating to smart/cashless boarding, but urban operators have shown no inclination to modify their operations to allow quick boarding and automated payment when fully on board. Hence queueing before boarding will remain a feature of bus use, and dwell times at stops will remain as a significant proportion of the overall journey time (which can be as much as 30% for urban bus routes).</i></p>
Bus Reform	<p><i>A 5% journey time improvement is applied to Major Urban and Town networks as boarding / alighting times will be improved - due to greater use of season tickets, improved network-wide enforcement of tickets, simpler and consistent fares, and better regulated bus headways which will reduce any bus-on-bus congestion and passenger confusion at stops). This benefit is applied in proportion to roll-out of new zero emission buses.</i></p> <p><i>No adjustment is applied to rural networks.</i></p> <p><i>Franchising under bus reform will enable a planned long-term transition to buses with more efficient ticketing and enforcement arrangements, involving providing an ability for passengers to board quickly and tap-on while on the bus (which is typical for best practice European bus systems), rather than queueing outside the bus which can often take a number of minutes. In this assessment, the proportion of passenger journeys benefiting from quicker boarding is assumed to increase in proportion to the profile of the fleet transition to zero emission bus.</i></p> <p><i>Analysis by the Urban Transport Group⁴¹ suggests that if all bus passengers were to switch to pre-paid tickets, bus operating costs could fall by 3% due to lower journey times and demand would increase by 3.8%. The addition of improved ticketing technology and better management of headways would</i></p>

⁴¹ pteg. 2015. [Public Transport Ticketing Schemes Block Exemption Review \(CMA\) – Consultation Response](#)

Scenario	Summary of Modelling Assumptions
	<p><i>provide further journey time savings – and hence an overall 5% journey time improvement is considered reasonable for urban bus corridors in Wales.</i></p> <p><i>No adjustment is applied to rural networks, on the basis that bus stop dwell time represents a lower proportion of journey time than for urban corridors.</i></p>

Benefits of Vehicle Quality & Decarbonisation

B1.28 Key assumptions for vehicle quality and decarbonisation in each of the modelled scenarios are provided below in Table B-9.

Table B-9 Summary of Vehicle Quality & Decarbonisation Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p><i>Decarbonisation benefits of zero emission bus fleet quantified. Assumed Net Zero Wales commitments are not met (100% of the service bus fleet to be zero emission by 2040).</i></p> <p><i>Apply following adjustments: Modern, comfortable bus with Wi-Fi and chargers: 7.14p (Fare-Payers) & 2.20 generalised minutes (Concessionary card holders)⁴². Proportion of trips affected is in line with the roll out of new fleet.</i></p> <p><i>Statutory partnerships could involve agreement on vehicle types and propulsion systems. However, operators would need financial support to transition to zero emission buses and would be likely to require funding. The transition would be piecemeal with separate agreements for funding for each operator.</i></p>
Bus Reform	<p><i>Decarbonisation benefits of zero emission bus fleet quantified. Assumed Net Zero Wales commitments are met (i.e. 100% of the service bus fleet to be zero emission by 2035).</i></p> <p><i>Apply following adjustments: Modern, comfortable bus with Wi-Fi and chargers: 7.14p (Fare-Payers) & 2.20 generalised minutes (Concessionary card holders). Proportion of trips affected is in line with the roll out of new fleet.</i></p> <p><i>Bus reform is likely to have an economy of scale cost-reduction benefit if buses are purchased via the franchising authority – and could also enable a greater scope for identifying additional funding plan e.g. developers could potentially fund a fleet upgrade on a particular service line.</i></p> <p><i>An organised, Wales-wide programme for transitioning to zero emission buses would potentially provide a basis for a planned cascading of zero emission buses throughout Wales.</i></p>

Benefits of Information, Branding & Marketing

B1.29 Key assumptions for information, branding and marketing in each of the modelled scenarios are provided below in Table B-10.

⁴² Steer Davies Gleave. 2017. West Yorkshire Stated Preference Research Final Report

Table B-10 Summary of Information, Branding & Marketing Modelling Assumptions by Scenario

Scenario	Summary of Modelling Assumptions
Statutory Partnerships	<p>Apply a 0.49 minute⁴³ GJT adjustment to 50% of trips</p> <p>A single online real time platform and ticketing arrangements could be included as part of online journey planners. However, ticketing arrangements and network maps would remain somewhat complex with overlap of different operators' services and consistent information would not be available to all customers. Individual bus operators would generally seek to continue to control marketing of their services, perhaps with an overarching network brand.</p>
Bus Reform	<p>Apply a 0.49 minute GJT adjustment to 100% of trips</p> <p>Under franchising (within bus reform), there would be a unified brand if bus services in Wales and a single, clear point of contact with comprehensive information provided through various channels (e.g. on buses, at stops and stations, and on the web). All services would be included in a single information platform, with integrated information on other transport modes (e.g. rail, shared mobility services). A single network brand in an area matches with the concept of a unified network. A unified brand will make the network simple to understand and easily recognisable, giving customers confidence in using the public transport network.</p> <p>Network maps will be easy to understand with limited overlap of service lines and information on transfer possibilities provided due to the unified network in which all local services are planned as a coordinated network.</p> <p>Marketing could be aligned to local authority and Welsh Government priorities e.g. climate change, health, air quality issues etc. There are opportunities to promote and market network benefits to bus users/public.</p>

Treatment of Wider Transport Policy and Mode Share Ambitions

B1.30 The benefits estimated for this impact assessment only considers the implementation of the legislative bus reform option proposal. The assessment does not consider the additional costs or benefits associated with any other supporting interventions such as investment in infrastructure or wider policy measures since these go beyond the proposed legislative change. This approach has also been applied to the statutory partnership option in order to compare options on an equal basis.

B1.31 It is noted therefore that Llwybr Newydd⁴⁴ targets and measures, which represent Welsh Government's transport ambitions to 2040, are not included in this assessment. Relevant targets and measures that are aimed at increasing the usage of bus services include:

- target of 45% of journeys to be made by public transport, walking and cycling by 2040;

⁴³ [Department for Transport. 2020. TAG Unit M 3.2 Public Transport Assignment](#) - apply 29% for Web Based Information (Table 2 - Valuation of Information Provision) to the RTP1 at 1.69 (TAG Table M 3.2.1)

⁴⁴ Welsh Government. 2021. [Llwybr Newydd: the Wales Transport Strategy](#)

- target of 30% of the workforce to work at or near to home on a regular basis;
- deliver a strategy for fair road-user charging in Wales as part of a broader package of measures to improve travel choices;
- Support measures that move away from individual vehicle ownership to shared solutions, including car-sharing, car clubs, bike sharing and Mobility-as-a-Service (MaaS).

B1.32 Similar ambitions to reduce the number of journeys taken by private cars and increase the number of people walking, cycling and using public transport are reflected in other policy, including:

- An aim to reduce the number of car miles travelled per person by 10% by 2030⁴⁵;
- Place based approach to land use development, promoting transit orientated development, focusing higher density and mixed-use development around public transport stations and stops and promotion of car-free and low car developments in accessible locations⁴⁶; and
- Carrying out a review of Welsh Government's support for projects to increase road capacity⁴⁷.

B1.33 It is recognised therefore that achieving a step-change, high growth, modal shift to buses (and trains) will require a capital investment and ongoing revenue support, and wider transport policy measures in addition to the changes of operating model considered in this assessment. Over time, with bus reform in place, continued investment in the public transport network will influence perceptions of public transport and support lifestyle choices which mean that more journeys are made by bus (e.g. to allow people to have less reliance on car travel, or to allow people to access jobs due to improved access by public transport).

Long term higher bus patronage through more bus travel by existing users

B1.34 Reform of the bus operating model in Wales is part of a series of building blocks in the context of wider policy ambitions set out in Llwybr Newydd – which aims to achieve a much higher use of sustainable travel modes, including bus. Hence, potential changes in how often people use buses has been investigated to understand how realistic a future high growth bus scenario is – that is, with a range of major investment and demand management measures beyond what is

⁴⁵ Welsh Government. 2021. [Net Zero Wales: Carbon Budget 2 \(2021-2025\)](#)

⁴⁶ Welsh Government. 2021. [Future Wales: The National Plan 2040](#)

⁴⁷ Welsh Government. 2021. [Roads Review](#)

directly associated with bus reform. A stable baseline from which to consider future growth is the pre-COVID situation, with approximately 100M trips per year (in 2018-19), which equates to an average 32 trips per person per year. In practice, usage varies from well over 200 trips per year for some people for whom public transport is convenient, to virtually no trips at all for some people.

B1.35 To understand how a step change increase in bus use could be achieved, a potential future scenario has been built based on the following steps:

1. Survey data collected for South West Wales⁴⁸ provides a basis to understand how public transport usage varies amongst the population. The data provides a range of categories of frequency of bus use (from daily use to less than monthly) and shows the proportion of people in each category of use, including those who never use bus.
2. Similar survey data for Germany⁴⁹ has been identified which shows typical bus and rail use for each category of use (per week and per month) – on the basis that Germany provide a benchmark for high public transport mode usage.
3. The two sets of data have been compared, from which an illustrative scenario for Wales can be built. This scenario shows that if people's bus use in Wales jumps one category of use, then a doubling or more of overall trips could result. For example, this growth scenario would involve people who currently use buses twice a month increasing their use to twice per week.

B1.36 Data for this illustrative example of how bus use could increase substantially shows a typical frequency of bus use per week in South West Wales, with an approximate average bus use per head of 37 (which is broadly equivalent to the average Wales bus usage in 2014⁵⁰), and for train trips at 10 trips per head per year⁵¹. For Germany, the equivalent public transport use per inhabitant per year (in 2018) is estimated at 104 i.e., around 2½ times greater than usage in Wales.

⁴⁸ SWWITCH. 2014. South West Wales Travel Pattern Survey

⁴⁹ Federal Ministry of Transport and Digital Infrastructure. 2019. [Mobility Trends in Germany](#)

⁵⁰ Department for Transport. 2021. [Bus statistics data tables](#)

⁵¹ Welsh Government. 2018. [Statistical Bulletin: Rail transport, April 2017 to March 2018](#)

Table B-11 Illustrative example of existing bus mode share

Frequency of Use category	Bus Use (Wales example)			Train Use (Wales example)			Germany - all PT		
	Trips/ month ⁴	Percentage ¹	Trips/1000 people	Trips/ month	Percentage ²	Trips/1000 people	Trips/ month	Percentage ³	Trips/1000 people
Daily	40	2.3%	920	40	1.0%	400	50	13%	6,500
1-3 days/week	16	13.8 %	2,208	12	1.1%	132	20	10%	2,000
1-3 days/month	4	3.9%	156	4	4.7%	188	5	13%	650
Less than monthly	1	7.2%	72	1	22.4 %	224	1.2	22%	264
Never	0	72.8 %	0	0	70.7 %	0	0	41%	0
Total trips per 1000 people/month	-	100 %	3,356	-	100 %	944	-	99%	9,414
Average Trips/year/person/year ⁴	-	-	37	-	-	10	-	-	104
Notes									
¹ Based on Pembrokeshire data from South West Wales Travel Pattern Survey 2014 (SwwITCH); to represent average values for Wales									
² Based on South West Wales data from South West Wales Travel Pattern Survey 2014 (SwwITCH); to represent average values for Wales									
³ Based on Mobility in Germany; 2018 data ⁵² . Trip numbers per month have been increased by a factor of 1.25 to represent more trip-making per day in Germany where public transport is more comprehensive.									
⁴ Total trips per year is assumed to be a multiplier of 11 x 1 month of trips to allow for holiday, illness, weather etc for say 1 month when residents do not make local trips.									

B1.37 Inspection of data for public transport usage in Germany (in Table B-11) shows that the difference between Wales and Germany is that the frequency of weekly usage in Germany is effectively a category higher than is the case in Wales. For example, in Wales, around 14% of people use buses between once and three times per week, whereas in Germany 13% of people use public transport on a daily basis.

B1.38 By comparing the two sets of bus use data (for Wales and Germany), an illustrative scenario for Wales can be built – in which bus reform coupled with additional investment and policy measures enable bus use by individuals to ‘jump’ one category of use. This would involve the following:

- People who currently use buses 1-3 days a week would become daily users i.e., 5-7 days a week
- People who currently use buses 1-3 days a month would become more regular users at 1-3 days per week

⁵² Federal Ministry of Transport and Digital Infrastructure. 2019. [Mobility Trends in Germany](#)

- People who currently use buses less than once a month would increase their use to 1-3 days per month
- Some people who virtually never use buses would start to use buses at around once every 1-2 months

B1.39 The illustrative scenario described above would result in an outcome where bus use would be two to three times the usage compared to 2018-19 (and would reach approximately 100 trips per inhabitant per year). It is important to note that this theoretical growth is based on a scenario where over 95% of these future bus trips are made by people who already use buses; that is, this growth in use does not depend on large proportions of car drivers who never use buses switching to buses.

B1.40 It is concluded that achieving a much higher bus patronage scenario (of around two to three times current usage) represents a plausible target and potential realistic outcome, with bus as a key part of a multi-modal bus, rail and active travel network across Wales, and appropriate investment and governance in place, including policy-based initiatives to promote use of public transport over private car travel and associated investment.

B1.41 It should be noted that this representation of future bus trips per inhabitant is not intended to represent a forecast but is instead meant as an illustrative example of how a more comprehensive and joined up network (and associated ticketing and information systems) can provide people with opportunities to make more of the weekly or monthly trips by bus, which ultimately could translate into a significantly higher mode use.

B2 Aligning the Economic Appraisal with Welsh Government's Strategic Objectives

Overview

B2.1 Welsh Government have set out ten strategic well-being objectives in the Programme for Government⁵³. These priorities are reflected in the new Wales Transport Strategy, Llwybr Newydd⁵⁴ which sets out the Welsh Government's specific priorities for transport in detail.

B2.2 Drawing on, and synthesising, the well-being objectives, the specific commitments set out in the Programme for Government and Llwybr Newydd, key Welsh Government values pertinent to this RIA comprise:

⁵³ Welsh Government. 2021. [Programme for government 2021 to 2026: Well-being statement](#)

⁵⁴ Welsh Government. 2021. [Llwybr Newydd: The Wales Transport Strategy](#)

- Promoting well-being and health
- Addressing climate change
- Promoting social justice
- Improving the quality of jobs and increasing employment.

B2.3 This section describes how general principles set out in the Green Book⁵⁵ have been applied in a way that is fully aligned with the values and strategic transport objectives of the Welsh Government, taking each of the strategic objectives above in turn. Adjustments to the modelling are applied consistently across all scenarios.

Promoting well-being and health

B2.4 It is recognised that transport has a wide range of implications on both health and general well-being. There is a large body of evidence linking active travel to better health and well-being outcomes, with successful projects showing high value for money once the health benefits are monetised.

B2.5 Increased use of bus services is associated with greater levels of walking amongst passengers to access/egress to/from bus stops. The World Health Organisation (WHO) Health Economic Assessment Tool (HEAT) has been used to estimate the monetised health benefits of increased walking to and from bus stops. HEAT is an open-source online tool used to estimate the value of reduced mortality that results from regular walking or cycling. It calculates the economic value of mortality rate improvements as a result of a specified increase in walking/cycling distances due to transport interventions, with the aim of facilitating evidence-based decision-making. HEAT is recognised as an industry standard tool and has been applied on several active travel related projects across the UK^{56,57}, including in Wales⁵⁸, to make the case for investment.

B2.6 Based on input parameters specifically for Wales, a unit rate of £853 has been obtained from HEAT, which is an estimate of the annual economic value of reduced mortality per person, per kilometre of additional walking. This unit rate is applied in the model to trips switching from car to bus (calculated based on TAG mode diversion factors) to account for additional walking to/from bus trips, based on an additional walk of 1,160m per bus trip (580m access to origin bus stop and 580m egress from destination bus stop)⁵⁹.

⁵⁵ HM Treasury. 2022. [The Green Book: central government guidance on appraisal and evaluation](#)

⁵⁶ Transport for London. 2017. [Valuing the health benefits of transport schemes](#)

⁵⁷ SEStran. 2020. [Cross boundary active travel routes, connecting people and places](#)

⁵⁸ NRW. 2014. [Economic assessment of the health benefits of walking the Wales Coast Path](#)

⁵⁹ WYG. 2015. [How far do people walk?](#)

- B2.7 However, there is also likely to be some disbenefit resulting from current walking trips that switch to bus as a result of improved service provision. To account for this, it is assumed that existing walking trips switching to bus (calculated based on TAG mode diversion factors) would involve 570m less walking, based on an average walking trip distance (1,150m⁶⁰) minus the average walk to a bus stop (580m⁶⁰). This assumes that people switching to bus would walk half as far to a bus stop on average, as journeys with a shorter walking distance to bus stops are more in scope to be replaced by bus trips, rather than walking the whole way.
- B2.8 Other health benefits would arise from improved local air quality and reduced noise, associated with modal shift from car to cleaner, ultra-low emission buses. In addition, factors such as journey time reliability, crowding and comfort all affect passenger satisfaction and could have a positive impact on well-being. Whilst these impacts could be significant, they have not been quantified at this stage.

Addressing climate change

- B2.9 The impacts of climate change and associated adaptation and mitigation measures are a key concern for the Welsh Government both in the short and long term. All projects must adhere to carbon budgets and need to align with achieving net zero carbon emissions by 2050.
- B2.10 Carbon prices are a central element in determining the environmental impact of a project. The Green Book uses carbon prices that are aligned with Welsh Government policies and that thus adhere to the goal of net-zero emissions in 2050.
- B2.11 Quantifying local air pollution and noise form another vital part of understanding the environmental impacts of policy. The economic benefits associated with mode shift to bus are included within the appraisal as part of the Marginal External Costs (MECs) calculations, based on TAG guidance.

⁶⁰ BEIS. 2021. [Valuation of greenhouse gas emissions: for policy appraisal and evaluation](#)

Discount rate

The Green Book applies a standard discount rate of 3.5% per annum to future benefits and costs. In effect, this discount rate gives preference to present benefits over future benefits, reflecting the view that people generally prefer to receive goods and services now rather than later.

The Green Book provides scope for appraisals to use lower discount rates in appropriate cases to provide that very long-term costs and benefits are given proper consideration. In order to reflect Welsh Government's long-term view and consideration of the impact of policy decisions on future generations rather than a focus on short term impacts, a lower discount rate of 1.5% has been applied in the appraisal to benefits associated with health, well-being, and the environment. This means that long-term impacts on these items are not reduced by as much as other future benefits when performing BCR calculations.

Promoting social justice

Distributional Impacts Analysis

B2.12 Promoting social justice and combatting the adverse effects of inequality are given high priority by the Welsh Government.

Distributional impacts analysis refers to the assessment of the impact of interventions on different groups in society. Although it is not proportionate to conduct a full assessment of distributional impacts at this stage, the HM Treasury Green Book provides a technique to assess the impact on people of different income levels.

B2.13 Distributional weights that reflect the economic principle of marginal utility of income have been applied in the modelling (i.e., that the value of an additional pound of income is higher for a low-income individual than a high-income individual). DfT National Travel Survey data on the number of bus trips per person per year by income quintile have been utilised (the data covers England, but the pattern is assumed to be the same for Wales). This shows that the distribution of bus passengers is 'skewed' towards the lower-income quintiles. This is combined with information on income in each quintile from the Department for Work and Pensions and the recommended Green Book marginal utility of income (1.3) to produce weights to apply to the user benefits estimates.

Social Value

B2.14 While most interventions are modelled through adjustments to GJTs or costs, there are some exceptions, in which interventions have been modelled as a direct uplift in demand, without a corresponding change in GJT or cost. For example, in the case of the provision of extra Sunday services, the effect of the intervention is to provide users with a travel opportunity that would not otherwise be available. Such an improvement does not lend itself to measurement through changes in GJT.

B2.15 In such cases, a ‘Social Value’ methodology has been employed. The social value of bus travel refers to the principle that the provision of bus services enables certain trips that would otherwise not be made at all, thereby allowing people to undertake a wider range of activities. The guidance in TAG, which is based on a 2013 study⁶¹, provides a methodology for splitting out the social benefit of a bus proposal from the overall impact as calculated using the rule of half.

B2.16 The values identified in Table B-12 as set out in TAG are applied in the model to monetise the value of wholly ‘new’ bus trips, that would not take place if the bus service were not available.

Table B-12 Value of Social Impact

Value of social impact per return bus trip that would not be made (2010 prices)	
Concessionary Pass Holder	£3.84
Non-Holder	£8.17

Improving the quality of jobs and increasing employment

Agglomeration Impacts

B2.17 Helping disadvantaged groups access employment and improving the quality of jobs, productivity and pay are key priorities for the Welsh Government. Improved bus networks can promote the effective matching of people to jobs and lead to better employment prospects as well as increasing effective economic mass and other benefits such as widening labour pools for businesses.

B2.18 Improved bus networks, particularly in major urban areas could improve employment accessibility and labour supply, therefore having a direct impact on wage earnings and job choices⁶². These agglomeration benefits can be calculated quantitatively to using expected density changes to calculate productivity⁶³, however this has not been undertaken at this stage due to limited data available for the Welsh context. Instead, these impacts are referred to qualitatively within the RIA.

⁶¹ Mott Macdonald. 2013. [Valuing the social impacts of public transport](#)

⁶² Börjesson et al. 2019. [Agglomeration, productivity and the role of transport system improvements](#)

⁶³ Graham, D. and Gibbons, S. 2018. [Quantifying Wider Economic Impacts of Agglomeration for Transport Appraisal: Existing Evidence and Future Directions](#)

Annex C – Costs and benefits estimates summary

C1 Core Scenarios

Wales Policy Methodology Cost and Benefits Estimates Summary

C1.1 A breakdown of estimates of changes in costs and benefits for the two scenarios compared to business as usual as presented in the RIA both including and excluding journey time savings are shown in the following tables:

- Table C 2 Cost and benefit estimates for Statutory Partnerships (Wales Policy Methodology including journey time savings, 2023 prices);
- Table C 3 Cost and benefit estimates for Statutory Partnerships (Wales Policy Methodology excluding journey time savings, 2023 prices);
- Table C 4 Cost and benefit estimates for Bus Reform (Wales Policy Methodology including journey time savings, 2023 prices); and
- Table C 5 Cost and benefit estimates for Bus Reform (Wales Policy Methodology excluding journey time savings, 2023 prices).

C1.2 These results include the following adjustments made in the economic appraisal to align with Welsh Government's strategic objectives, described further in Annex B:

- Income distribution uplift factor included (taken from Green Book guidance on distributional weightings).
- Lower discount rate of 1.5% applied to benefits associated with health, well-being, and the environment.

TAG Methodology Cost and Benefits Estimates Summary

C1.3 The second set of tables show unadjusted estimates of costs and benefits for the two scenarios, with standard Green Book inputs applied, both including and excluding journey time savings. These results are not presented within the RIA, but are included here for comparison purposes:

- Table C 6 Cost and benefit estimates for Statutory Partnerships (TAG Methodology including journey time savings, 2023 prices);
- Table C 7 Cost and benefit estimates for Statutory Partnerships (TAG Methodology excluding journey time savings, 2023 prices);

- Table C 8 Cost and benefit estimates for Bus Reform (TAG Methodology including journey time savings, 2023 prices); and
- Table C 9 Cost and benefit estimates for Bus Reform (TAG Methodology excluding journey time savings, 2023 prices).

C1.4 In overview, it can be seen that the adjustments recommended by HM Treasury guidance to place higher value on Welsh Government objectives produce an uplift in the BCR values in the order of 50%. Importantly, although lower than in the Wales Policy Methodology results, the Net Present Value (NPV) of the bus reform option remains positive and the BCR value remains above one under the TAG methodology.

C2 Sensitivity Scenarios

Demand Sensitivity Scenarios

C2.1 Bus passenger volumes have decreased in the years after the COVID pandemic. This has caused an increased uncertainty in the demand response of bus improvement schemes following the pandemic. To reflect this uncertainty, demand sensitivity tests have been undertaken to represent a scenario in which the bus improvements do not attract any additional passengers as a result of the changes implemented and instead the bus demand continues to follow the forecast background growth (or decline). This means that any GJT improvements due to the bus improvement scenarios are experienced only by passengers that would otherwise have travelled in a business as usual scenario.

C2.2 The results of these tests are presented in the following tables:

- Table C 10 Cost and benefit estimates for Statutory Partnerships (Demand Sensitivity, Wales Policy Methodology including journey time savings, 2023 prices);
- Table C 11 Cost and benefit estimates for Statutory Partnerships (Demand Sensitivity, Wales Policy Methodology excluding journey time savings, 2023 prices);
- Table C 12 Cost and benefit estimates for Bus Reform (Demand Sensitivity, Wales Policy Methodology including journey time savings, 2023 prices);
- Table C 13 Cost and benefit estimates for Bus Reform (Demand Sensitivity, Wales Policy Methodology excluding journey time savings, 2023 prices);

- Table C 14 Cost and benefit estimates for Statutory Partnerships (Demand Sensitivity, TAG Methodology including journey time savings, 2023 prices);
- Table C 15 Cost and benefit estimates for Statutory Partnerships (Demand Sensitivity, TAG Methodology excluding journey time savings, 2023 prices);
- Table C 16 Cost and benefit estimates for Bus Reform (Demand Sensitivity, TAG Methodology including journey time savings, 2023 prices); and
- Table C 17 Cost and benefit estimates for Bus Reform (Demand Sensitivity, TAG Methodology excluding journey time savings, 2023 prices).

C2.3 It can be seen that the assumption that there is no passenger demand uplift resulting from the bus improvements causes a reduction in the BCR of around one third. In the results with journey time savings included the BCR remains greater than one. It is only when the passenger demand uplift is removed and journey time savings are excluded from the analysis (something that we do not consider is appropriate) that the results show costs exceeding benefits and a BCR of less than one.

Cost Sensitivity Scenarios

C2.4 To reflect any unanticipated increases in cost, or any underrepresentation of cost estimates, cost sensitivity tests have been undertaken. The uplift in costs that has been assumed for each cost element in this sensitivity test is shown in Table C-1 and reflects the uncertainty of each item within the full cost build-up.

Table C-13 Cost sensitivity uplifts by cost item

Cost	% Uplift
Depot Costs	10%
Other Capex Costs (IT systems, ticketing etc.)	20%
Staffing Costs	30%

C2.5 The results of these tests are presented in the following tables:

- Table C 18 Cost and benefit estimates for Statutory Partnerships (Cost Sensitivity, Wales Policy Methodology including journey time savings, 2023 prices);
- Table C 19 Cost and benefit estimates for Statutory Partnerships (Cost Sensitivity, Wales Policy Methodology excluding journey time savings, 2023 prices);

- Table C 20 Cost and benefit estimates for Bus Reform (Cost Sensitivity, Wales Policy Methodology including journey time savings, 2023 prices);
- Table C 21 Cost and benefit estimates for Bus Reform (Cost Sensitivity, Wales Policy Methodology excluding journey time savings, 2023 prices);
- Table C 22 Cost and benefit estimates for Statutory Partnerships (Cost Sensitivity, TAG Methodology including journey time savings, 2023 prices);
- Table C 23 Cost and benefit estimates for Statutory Partnerships (Cost Sensitivity, TAG Methodology excluding journey time savings, 2023 prices);
- Table C 24 Cost and benefit estimates for Bus Reform (Cost Sensitivity, TAG Methodology including journey time savings, 2023 prices); and
- Table C 25 Cost and benefit estimates for Bus Reform (Cost Sensitivity, TAG Methodology excluding journey time savings, 2023 prices).

C2.6 This level of cost increase only has a small impact on the BCR. In the results with journey time savings included the BCR remains greater than one in all cases. It is only when the cost sensitivity is applied, TAG Methodology used and journey time savings excluded that the BCR drops to one (and even then, the NPV calculation still shows a small positive result).

C3 Note on presentation of public funding / subsidy costs

C3.1 For transparency, the economic modelling for this RIA retains line items that show the existing funding mechanisms – ‘Concessionary Reimbursement’ and ‘BSSG’ – and the changes to their amounts resulting from any interventions. The ‘Change in Public Funding’ line considers any additional change to funding requirements above and beyond the existing defined mechanisms.

C3.2 In practice, under the bus reform model, within bus reform, concessionary fare reimbursement and BSSG payments could be stopped, with payments to operators streamlined under a contract agreed with the franchising authority. The net effect on the public transport budget would be the same whether the funding comes from concessionary reimbursement or a contract fee, as, if subsidy/reimbursement payments were scrapped then operators would expect an additional contract fee to make up for lost revenue and maintain profitability.

C3.3 Likewise, in the modelling, rearranging costs between 'Concessionary Reimbursement', 'BSSG' and 'Change in Public Funding' line items does not affect the overall size of the Present Value of Costs (PVC) or Present Value of Benefits (PVB). As franchising arrangements are yet to be fully defined, for the purposes of this RIA, the presentation of these line items is consistent in all scenarios to allow direct comparison between the bus reform and statutory partnerships options and avoid getting lost in the detail of exactly how different pots of funding will be named or defined in future.

C4 Switching Values

C4.1 Switching values are the values which the benefits have to decrease by or costs increase by to make the benefits less than the cost (a BCR of less than one and negative NPV).

C4.2 The switching values for each option, scenario and sensitivity test can be found in Table C-26. These show that it would require a significant reduction in demand or increase in costs for the BCR of bus reform to drop to less than one.

C5 Summary

C5.1 A summary table providing an overview of all BCRs can be found in Table C-27. The sensitivity analysis presented in this Annex demonstrates that it would take quite extreme changes to the core modelling assumptions (i.e. no passenger demand uplift, journey time savings to be excluded AND the use of TAG methodology) for the BCR of the bus reform option to drop below one. Furthermore, in every scenario, the BCR for bus reform is greater than that for Statutory Partnerships. This provides some reassurance about the robustness of the modelling results.

Table C-14 Cost and benefit estimates for Statutory Partnerships (Wales Policy Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£8.5 M	£15.6 M	-	-	£24.1 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£29.0 M	£14.6 M	£3.7 M	-	£47.3 M
Staffing Costs	Recurrent Costs	£21.8 M	£23.9 M	-£4.4 M	-	£41.3 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£45.0 M	£22.5 M	-	-	£67.5 M
Concessionary Reimbursement	Recurrent Costs	£51.1 M	-	-	-	£51.1 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	£61.3M	-	-	-	£613 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£106.1 M	-	£106.1 M
Concessionary Reimbursement	Financial Benefits	-	-	£51.1 M	-	£51.1 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£61.3 M	-	£61.3 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£958.7 M	£958.7 M
User Benefits - Health	Economic Benefits	-	-	-	£81.9 M	£81.9 M
Congestion	Economic Benefits	-	-	-	£25.0 M	£25.0 M
Greenhouse Gases	Economic Benefits	-	-	-	£54.8 M	£54.8 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£5.1 M	£5.1 M
Indirect Taxation	Economic Benefits	-	-	-	-£36.7 M	-£36.7 M
Summary						
Transitional Costs		£37.5 M	£30.2 M	£3.7 M	-	£71.4 M
Recurrent Costs		£240.2 M	£46.4 M	-£4.4 M	-	£282.3 M
Total Costs		£277.7 M	£76.6 M	-£0.7 M	-	£353.6 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£1,088.8 M	£1,088.8 M
Total Benefits		-	-	£24.9 M	£1,088.8 M	£1,113.8 M
Net Impact (+ve = net benefit)		-£277.7 M	-£76.6 M	£25.6 M	£1,088.8 M	£760.1 M
BCR						3.1
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-15 Cost and benefit estimates for Statutory Partnerships (Wales Policy Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£8.5 M	£15.6 M	-	-	£24.1 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£29.1 M	£14.6 M	£3.7 M	-	£47.4 M
Staffing Costs	Recurring Costs	£21.8 M	£23.9 M	-£4.4 M	-	£41.3 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£45.0 M	£22.5 M	-	-	£67.5 M
Concessionary Reimbursement	Recurring Costs	£35.3 M	-	-	-	£35.3 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	£110.3 M	-	-	-	£110.3 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£72.9 M	-	£72.9 M
Concessionary Reimbursement	Financial Benefits	-	-	£35.3 M	-	£35.3 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£110.3 M	-	£110.3 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£448.6 M	£448.6 M
User Benefits - Health	Economic Benefits	-	-	-	£58.6 M	£58.6 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£53.5 M	£53.5 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£3.5 M	£3.5 M
Indirect Taxation	Economic Benefits	-	-	-	-£30.8 M	-£30.8 M
Summary						
Transitional Costs		£37.6 M	£30.2 M	£3.7 M	-	£71.5 M
Recurring Costs		£273.4 M	£46.4 M	-£4.4 M	-	£315.5 M
Total Costs		£311.0 M	£76.6 M	-£0.7 M	-	£387.0 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£533.3 M	£533.3 M
Total Benefits		-	-	£24.9 M	£533.3 M	£558.3 M
Net Impact (+ve = net benefit)		-£311.0 M	-£76.6 M	£25.6 M	£533.3 M	£171.3 M
BCR		1.4				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-4 Cost and benefit estimates for Bus Reform (Wales Policy Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£275.2 M	-	-	-	£275.2 M
Staffing Costs	Transitional Costs	£17.1 M	-	£6.4 M	-	£23.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£36.1 M	-	-£18.3 M	-	£17.8 M
Staffing Costs	Recurrent Costs	£133.8 M	-£26.1 M	-£26.1 M	-	£81.6 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£112.5 M	-	-£123.8 M	-	-£11.3 M
Concessionary Reimbursement	Recurrent Costs	£88.0 M	-	-	-	£88.0 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	-£108.9 M	-	-	-	-£108.9 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£191.6 M	-	£191.6 M
Concessionary Reimbursement	Financial Benefits	-	-	£88.0 M	-	£88.0 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	-£108.9 M	-	-£108.9 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£1,828.5 M	£1,828.5 M
User Benefits - Health	Economic Benefits	-	-	-	£150.3 M	£150.3 M
Congestion	Economic Benefits	-	-	-	£45.7 M	£45.7 M
Greenhouse Gases	Economic Benefits	-	-	-	£152.8 M	£152.8 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£9.3 M	£9.3 M
Indirect Taxation	Economic Benefits	-	-	-	-£107.5 M	-£107.5 M
Summary						
Transitional Costs		£328.4 M	-	-£11.9 M	-	£316.5 M
Recurrent Costs		£286.4 M	-£26.1 M	-£149.9 M	-	£110.4 M
Total Costs		£614.8 M	-£26.1 M	-£161.8 M	-	£426.8 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£2,079.1 M	£2,079.1 M
Total Benefits		-	-	£20.6 M	£2,079.1 M	£2,099.7 M
Net Impact (+ve = net benefit)		-£614.8 M	£26.1 M	£182.4 M	£2,079.1 M	£1,672.8 M
BCR						4.9
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-5 Cost and benefit estimates for Bus Reform (Wales Policy Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£275.2 M	-	-	-	£275.2 M
Staffing Costs	Transitional Costs	£17.1 M	-	£6.4 M	-	£23.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£36.3 M	-	-£18.3 M	-	£18.0 M
Staffing Costs	Recurring Costs	£133.8 M	-£26.1 M	-£26.1 M	-	£81.6 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£112.5 M	-	-£123.8 M	-	-£11.3 M
Concessionary Reimbursement	Recurring Costs	£53.2 M	-	-	-	£53.2 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	-£0.1 M	-	-	-	-£0.1 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£117.6 M	-	£117.6 M
Concessionary Reimbursement	Financial Benefits	-	-	£53.2 M	-	£53.2 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	-£0.1 M	-	-£0.1 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£734.4 M	£734.4 M
User Benefits - Health	Economic Benefits	-	-	-	£95.5 M	£95.5 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£149.6 M	£149.6 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£5.8 M	£5.8 M
Indirect Taxation	Economic Benefits	-	-	-	-£94.8 M	-£94.8 M
Summary						
Transitional Costs		£328.6 M	-	-£11.9 M	-	£316.7 M
Recurring Costs		£360.4 M	-£26.1 M	-£149.9 M	-	£184.4 M
Total Costs		£689.0 M	-£26.1 M	-£161.8 M	-	£501.0 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£890.5 M	£890.5 M
Total Benefits		-	-	£20.6 M	£890.5 M	£911.1 M
Net Impact (+ve = net benefit)		-£689.0 M	£26.1 M	£182.4 M	£890.5 M	£410.1 M
BCR		1.8				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-6 Cost and benefit estimates for Statutory Partnerships (TAG Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£8.5 M	£15.6 M	-	-	£24.1 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£29.0 M	£14.6 M	£3.7 M	-	£47.3 M
Staffing Costs	Recurrent Costs	£21.8 M	£23.9 M	-£4.4 M	-	£41.3 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£45.0 M	£22.5 M	-	-	£67.5 M
Concessionary Reimbursement	Recurrent Costs	£51.1 M	-	-	-	£51.1 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	£61.3 M	-	-	-	£61.3 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£106.1 M	-	£106.1 M
Concessionary Reimbursement	Financial Benefits	-	-	£51.1 M	-	£51.1 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£61.3 M	-	£61.3 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£644.3 M	£644.3 M
User Benefits - Health	Economic Benefits	-	-	-	£43.3 M	£43.3 M
Congestion	Economic Benefits	-	-	-	£25.0 M	£25.0 M
Greenhouse Gases	Economic Benefits	-	-	-	£29.7 M	£29.7 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£4.9 M	£4.9 M
Indirect Taxation	Economic Benefits	-	-	-	-£36.7 M	-£36.7 M
Summary						
Transitional Costs		£37.5 M	£30.2 M	£3.7 M	-	£71.4 M
Recurrent Costs		£240.2 M	£46.4 M	-£4.4 M	-	£282.3 M
Total Costs		£277.7 M	£76.6 M	-£0.7 M	-	£353.6 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£710.5 M	£710.5 M
Total Benefits		-	-	£24.9 M	£710.5 M	£735.4 M
Net Impact (+ve = net benefit)		-£277.7 M	-£76.6 M	£25.6 M	£710.5 M	£381.8 M
BCR		2.1				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-7 Cost and benefit estimates for Statutory Partnerships (TAG Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£8.5 M	£15.6 M	-	-	£24.1 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£29.1 M	£14.6 M	£3.7 M	-	£47.4 M
Staffing Costs	Recurring Costs	£21.8 M	£23.9 M	-£4.4 M	-	£41.3 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£45.0 M	£22.5 M	-	-	£67.5 M
Concessionary Reimbursement	Recurring Costs	£35.3 M	-	-	-	£35.3 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	£110.3 M	-	-	-	£110.3 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£72.9 M	-	£72.9 M
Concessionary Reimbursement	Financial Benefits	-	-	£35.3 M	-	£35.3 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£110.3 M	-	£110.3 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£301.5 M	£301.5 M
User Benefits - Health	Economic Benefits	-	-	-	£30.9 M	£30.9 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£28.6 M	£28.6 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£3.4 M	£3.4 M
Indirect Taxation	Economic Benefits	-	-	-	-£30.8 M	-£30.8 M
Summary						
Transitional Costs		£37.6 M	£30.2 M	£3.7 M	-	£71.5 M
Recurring Costs		£273.4 M	£46.4 M	-£4.4 M	-	£315.5 M
Total Costs		£311.0 M	£76.6 M	-£0.7 M	-	£387.0 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£333.5 M	£333.5 M
Total Benefits		-	-	£24.9 M	£333.5 M	£358.4 M
Net Impact (+ve = net benefit)		-£311.0 M	-£76.6 M	£25.6 M	£333.5 M	-£28.5 M
BCR		0.9				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-8 Cost and benefit estimates for Bus Reform (TAG Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£275.2 M	-	-	-	£275.2 M
Staffing Costs	Transitional Costs	£17.1 M	-	£6.4 M	-	£23.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£36.1M	-	-£18.3 M	-	£17.8 M
Staffing Costs	Recurrent Costs	£133.8 M	-£26.1 M	-£26.1 M	-	£81.6 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£112.5 M	-	-£123.8 M	-	-£11.3 M
Concessionary Reimbursement	Recurrent Costs	£88.0 M	-	-	-	£88.0 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	-£108.9 M	-	-	-	-£108.9 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£191.6 M	-	£191.6 M
Concessionary Reimbursement	Financial Benefits	-	-	£88.0 M	-	£88.0 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	-£108.9 M	-	-£108.9 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£1,228.8 M	£1,228.8 M
User Benefits - Health	Economic Benefits	-	-	-	£75.6 M	£75.6 M
Congestion	Economic Benefits	-	-	-	£45.7 M	£45.7 M
Greenhouse Gases	Economic Benefits	-	-	-	£99.3 M	£99.3 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£8.9 M	£8.9 M
Indirect Taxation	Economic Benefits	-	-	-	-£107.5 M	-£107.5 M
Summary						
Transitional Costs		£328.4 M	-	-£11.9 M	-	£316.5 M
Recurrent Costs		£286.4 M	-£26.1 M	-£149.9 M	-	£110.4 M
Total Costs		£614.8 M	-£26.1 M	-£161.8 M	-	£426.8 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£1,350.8 M	£1,350.8 M
Total Benefits		-	-	£20.6 M	£1,350.8 M	£1,371.4 M
Net Impact (+ve = net benefit)		-£614.8 M	£26.1 M	£182.4 M	£1,350.8 M	£944.6 M
BCR		3.2				
Notes						
1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits						
2. The values shown are discounted to 2023 prices over a 30-year appraisal period						
3. Costs include optimism bias						
4. All figures expressed as market prices						

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
5.	WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led					

Table C-9 Cost and benefit estimates for Bus Reform (TAG Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£275.2 M	-	-	-	£275.2 M
Staffing Costs	Transitional Costs	£17.1 M	-	£6.4 M	-	£23.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£36.3 M	-	-£18.3 M	-	£18.0 M
Staffing Costs	Recurring Costs	£133.8 M	-£26.1 M	-£26.1 M	-	£81.6 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£112.5 M	-	-£123.8 M	-	-£11.3 M
Concessionary Reimbursement	Recurring Costs	£53.2 M	-	-	-	£53.2 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	-£.1 M	-	-	-	-£.1 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£117.6 M	-	£117.6 M
Concessionary Reimbursement	Financial Benefits	-	-	£53.2 M	-	£53.2 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	-£0.1 M	-	-£0.1 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£493.6 M	£493.6 M
User Benefits - Health	Economic Benefits	-	-	-	£48.3 M	£48.3 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£96.9 M	£96.9 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£5.5 M	£5.5 M
Indirect Taxation	Economic Benefits	-	-	-	-£94.8 M	-£94.8 M
Summary						
Transitional Costs		£328.6 M	-	-£11.9 M	-	£316.7 M
Recurring Costs		£360.4 M	-£26.1 M	-£149.9 M	-	£184.4 M
Total Costs		£689.0 M	-£26.1 M	-£161.8 M	-	£501.0 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£549.5 M	£549.5 M
Total Benefits		-	-	£20.6 M	£549.5 M	£570.1 M
Net Impact (+ve = net benefit)		-£689.0 M	£26.1 M	£182.4 M	£549.5 M	£69.0 M
BCR		1.1				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-10 Cost and benefit estimates for Statutory Partnerships (Demand Sensitivity, Wales Policy Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£8.5 M	£15.6 M	-	-	£24.1 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£29.3 M	£14.6 M	£3.7 M	-	£47.6 M
Staffing Costs	Recurrent Costs	£21.8 M	£23.9 M	-£4.4 M	-	£41.3 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£45.0 M	£22.5 M	-	-	£67.5 M
Concessionary Reimbursement	Recurrent Costs	£0.9 M	-	-	-	£0.9 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	£215.5 M	-	-	-	£215.5 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£2.1 M	-	£2.1 M
Concessionary Reimbursement	Financial Benefits	-	-	£0.9 M	-	£0.9 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£215.5 M	-	£215.5 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£899.6 M	£899.6 M
User Benefits - Health	Economic Benefits	-	-	-	£1.3 M	£1.3 M
Congestion	Economic Benefits	-	-	-	£.5 M	£.5 M
Greenhouse Gases	Economic Benefits	-	-	-	£50.4 M	£50.4 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£0.1 M	£0.1 M
Indirect Taxation	Economic Benefits	-	-	-	-£16.9 M	-£16.9 M
Summary						
Transitional Costs		£37.8 M	£30.2 M	£3.7 M	-	£71.7 M
Recurrent Costs		£344.2 M	£46.4 M	-£4.4 M	-	£386.3 M
Total Costs		£381.9 M	£76.6 M	-£0.7 M	-	£457.9 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£935.0 M	£935.0 M
Total Benefits		-	-	£24.9 M	£935.0 M	£960.0 M
Net Impact (+ve = net benefit)		-£381.9 M	-£76.6 M	£25.6 M	£935.0 M	£502.0 M
BCR		2.1				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-11 Cost and benefit estimates for Statutory Partnerships (Demand Sensitivity, Wales Policy Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£8.5 M	£15.6 M	-	-	£24.1 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£29.3 M	£14.6 M	£3.7 M	-	£47.6 M
Staffing Costs	Recurring Costs	£21.8 M	£23.9 M	-£4.4 M	-	£41.3 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£45.0 M	£22.5 M	-	-	£67.5 M
Concessionary Reimbursement	Recurring Costs	£0.9 M	-	-	-	£0.9 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	£215.5 M	-	-	-	£215.5 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£2.1 M	-	£2.1 M
Concessionary Reimbursement	Financial Benefits	-	-	£0.9 M	-	£0.9 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£215.5 M	-	£215.5 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£415.2 M	£415.2 M
User Benefits - Health	Economic Benefits	-	-	-	£1.3 M	£1.3 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£50.4 M	£50.4 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£0.1 M	£0.1 M
Indirect Taxation	Economic Benefits	-	-	-	-£16.9 M	-£16.9 M
Summary						
Transitional Costs		£37.8 M	£30.2 M	£3.7 M	-	£71.7 M
Recurring Costs		£344.2 M	£46.4 M	-£4.4 M	-	£386.3 M
Total Costs		£381.9 M	£76.6 M	-£.7 M	-	£457.9 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£450.1 M	£450.1 M
Total Benefits		-	-	£24.9 M	£450.1 M	£475.1 M
Net Impact (+ve = net benefit)		-£381.9 M	-£76.6 M	£25.6 M	£450.1 M	£17.2 M
BCR		1.0				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-12 Cost and benefit estimates for Bus Reform (Demand Sensitivity, Wales Policy Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£275.2 M	-	-	-	£275.2 M
Staffing Costs	Transitional Costs	£17.1 M	-	£6.4 M	-	£23.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£36.6 M	-	-£18.3 M	-	£18.3 M
Staffing Costs	Recurrent Costs	£133.8 M	-£26.1 M	-£26.1 M	-	£81.6 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£112.5 M	-	-£123.8 M	-	-£11.3 M
Concessionary Reimbursement	Recurrent Costs	£1.9 M	-	-	-	£1.9 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	£164.5 M	-	-	-	£164.5 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£4.3 M	-	£4.3 M
Concessionary Reimbursement	Financial Benefits	-	-	£1.9 M	-	£1.9 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£164.5 M	-	£164.5 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£1,651.4 M	£1,651.4 M
User Benefits - Health	Economic Benefits	-	-	-	£2.6 M	£2.6 M
Congestion	Economic Benefits	-	-	-	£0.9 M	£0.9 M
Greenhouse Gases	Economic Benefits	-	-	-	£144.7 M	£144.7 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£0.2 M	£0.2 M
Indirect Taxation	Economic Benefits	-	-	-	-£73.4 M	-£73.4 M
Summary						
Transitional Costs		£328.9 M	-	-£11.9 M	-	£317.0 M
Recurrent Costs		£473.7 M	-£26.1 M	-£149.9 M	-	£297.7 M
Total Costs		£802.6 M	-£26.1 M	-£161.8 M	-	£614.7 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£1,726.4 M	£1,726.4 M
Total Benefits		-	-	£20.6 M	£1,726.4 M	£1,747.0 M
Net Impact (+ve = net benefit)		-£802.6 M	£26.1 M	£182.4 M	£1,726.4 M	£1,132.3 M
BCR		2.8				
Notes						
1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits						
2. The values shown are discounted to 2023 prices over a 30-year appraisal period						
3. Costs include optimism bias						
4. All figures expressed as market prices						

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
5.	WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led					

Table C-13 Cost and benefit estimates for Bus Reform (Demand Sensitivity, Wales Policy Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£275.2 M	-	-	-	£275.2 M
Staffing Costs	Transitional Costs	£17.1 M	-	£6.4 M	-	£23.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£36.6 M	-	-£18.3 M	-	£18.3 M
Staffing Costs	Recurring Costs	£133.8 M	-£26.1 M	-£26.1 M	-	£81.6 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£112.5 M	-	-£123.8 M	-	-£11.3 M
Concessionary Reimbursement	Recurring Costs	£1.9 M	-	-	-	£1.9 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	£164.5 M	-	-	-	£164.5 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£4.3 M	-	£4.3 M
Concessionary Reimbursement	Financial Benefits	-	-	£1.9 M	-	£1.9 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£164.5 M	-	£164.5 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£668.9 M	£668.9 M
User Benefits - Health	Economic Benefits	-	-	-	£2.6 M	£2.6 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£144.7 M	£144.7 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£0.2 M	£0.2 M
Indirect Taxation	Economic Benefits	-	-	-	-£73.4 M	-£73.4 M
Summary						
Transitional Costs		£328.9 M	-	-£11.9 M	-	£317.0 M
Recurring Costs		£473.7 M	-£26.1 M	-£149.9 M	-	£297.7 M
Total Costs		£802.6 M	-£26.1 M	-£161.8 M	-	£614.7 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£743.0 M	£743.0 M
Total Benefits		-	-	£20.6 M	£743.0 M	£763.6 M
Net Impact (+ve = net benefit)		-£802.6 M	£26.1 M	£182.4 M	£743.0 M	£148.9 M
BCR		1.2				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-14 Cost and benefit estimates for Statutory Partnerships (Demand Sensitivity, TAG Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£8.5 M	£15.6 M	-	-	£24.1 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£29.3 M	£14.6 M	£3.7 M	-	£47.6 M
Staffing Costs	Recurrent Costs	£21.8 M	£23.9 M	-£4.4 M	-	£41.3 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£45.0 M	£22.5 M	-	-	£67.5 M
Concessionary Reimbursement	Recurrent Costs	£0.9 M	-	-	-	£0.9 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	£215.5 M	-	-	-	£215.5 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£2.1 M	-	£2.1 M
Concessionary Reimbursement	Financial Benefits	-	-	£.9 M	-	£.9 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£215.5 M	-	£215.5 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£604.6 M	£604.6 M
User Benefits - Health	Economic Benefits	-	-	-	£0.8 M	£0.8 M
Congestion	Economic Benefits	-	-	-	£0.5 M	£0.5 M
Greenhouse Gases	Economic Benefits	-	-	-	£26.0 M	£26.0 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£0.1 M	£0.1 M
Indirect Taxation	Economic Benefits	-	-	-	-£16.9 M	-£16.9 M
Summary						
Transitional Costs		£37.8 M	£30.2 M	£3.7 M	-	£71.7 M
Recurrent Costs		£344.2 M	£46.4 M	-£4.4 M	-	£386.3 M
Total Costs		£381.9 M	£76.6 M	-£.7 M	-	£457.9 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£615.1 M	£615.1 M
Total Benefits		-	-	£24.9 M	£615.1 M	£640.1 M
Net Impact (+ve = net benefit)		-£381.9 M	-£76.6 M	£25.6 M	£615.1 M	£182.2 M
BCR		1.4				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-15 Cost and benefit estimates for Statutory Partnerships (Demand Sensitivity, TAG Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£8.5 M	£15.6 M	-	-	£24.1 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£29.3 M	£14.6 M	£3.7 M	-	£47.6 M
Staffing Costs	Recurring Costs	£21.8 M	£23.9 M	-£4.4 M	-	£41.3 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£45.0 M	£22.5 M	-	-	£67.5 M
Concessionary Reimbursement	Recurring Costs	£0.9 M	-	-	-	£0.9 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	£215.5 M	-	-	-	£215.5 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£2.1 M	-	£2.1 M
Concessionary Reimbursement	Financial Benefits	-	-	£0.9 M	-	£0.9 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£215.5 M	-	£215.5 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£279.0 M	£279.0 M
User Benefits - Health	Economic Benefits	-	-	-	£0.8 M	£0.8 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£26.0 M	£26.0 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£0.1 M	£0.1 M
Indirect Taxation	Economic Benefits	-	-	-	-£16.9 M	-£16.9 M
Summary						
Transitional Costs		£37.8 M	£30.2 M	£3.7 M	-	£71.7 M
Recurring Costs		£344.2 M	£46.4 M	-£4.4 M	-	£386.3 M
Total Costs		£381.9 M	£76.6 M	-£0.7 M	-	£457.9 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£289.1 M	£289.1 M
Total Benefits		-	-	£24.9 M	£289.1 M	£314.1 M
Net Impact (+ve = net benefit)		-£381.9 M	-£76.6 M	£25.6 M	£289.1 M	-£143.9 M
BCR		0.7				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-16 Cost and benefit estimates for Bus Reform (Demand Sensitivity, TAG Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£275.2 M	-	-	-	£275.2 M
Staffing Costs	Transitional Costs	£17.1 M	-	£6.4 M	-	£23.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£36.6 M	-	-£18.3 M	-	£18.3 M
Staffing Costs	Recurrent Costs	£133.8 M	-£26.1 M	-£26.1 M	-	£81.6 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£112.5 M	-	-£123.8 M	-	-£11.3 M
Concessionary Reimbursement	Recurrent Costs	£1.9 M	-	-	-	£1.9 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	£164.5 M	-	-	-	£164.5 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£4.3 M	-	£4.3 M
Concessionary Reimbursement	Financial Benefits	-	-	£1.9 M	-	£1.9 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£164.5 M	-	£164.5 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£1,109.8 M	£1,109.8 M
User Benefits - Health	Economic Benefits	-	-	-	£1.7 M	£1.7 M
Congestion	Economic Benefits	-	-	-	£0.9 M	£0.9 M
Greenhouse Gases	Economic Benefits	-	-	-	£93.0 M	£93.0 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£0.2 M	£0.2 M
Indirect Taxation	Economic Benefits	-	-	-	-£73.4 M	-£73.4 M
Summary						
Transitional Costs		£328.9 M	-	-£11.9 M	-	£317.0 M
Recurrent Costs		£473.7 M	-£26.1 M	-£149.9 M	-	£297.7 M
Total Costs		£802.6 M	-£26.1 M	-£161.8 M	-	£614.7 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£1,132.2 M	£1,132.2 M
Total Benefits		-	-	£20.6 M	£1,132.2 M	£1,152.8 M
Net Impact (+ve = net benefit)		-£802.6 M	£26.1 M	£182.4 M	£1,132.2 M	£538.1 M
BCR		1.9				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 						

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
5.	WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led					

Table C-17 Cost and benefit estimates for Bus Reform (Demand Sensitivity, TAG Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£275.2 M	-	-	-	£275.2 M
Staffing Costs	Transitional Costs	£17.1 M	-	£6.4 M	-	£23.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£36.6 M	-	-£18.3 M	-	£18.3 M
Staffing Costs	Recurring Costs	£133.8 M	-£26.1 M	-£26.1 M	-	£81.6 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£112.5 M	-	-£123.8 M	-	-£11.3 M
Concessionary Reimbursement	Recurring Costs	£1.9 M	-	-	-	£1.9 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	£164.5 M	-	-	-	£164.5 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£4.3 M	-	£4.3 M
Concessionary Reimbursement	Financial Benefits	-	-	£1.9 M	-	£1.9 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£164.5 M	-	£164.5 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£449.5 M	£449.5 M
User Benefits - Health	Economic Benefits	-	-	-	£1.7 M	£1.7 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£93.0 M	£93.0 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£0.2 M	£0.2 M
Indirect Taxation	Economic Benefits	-	-	-	-£73.4 M	-£73.4 M
Summary						
Transitional Costs		£328.9 M	-	-£11.9 M	-	£317.0 M
Recurring Costs		£473.7 M	-£26.1 M	-£149.9 M	-	£297.7 M
Total Costs		£802.6 M	-£26.1 M	-£161.8 M	-	£614.7 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£471.0 M	£471.0 M
Total Benefits		-	-	£20.6 M	£471.0 M	£491.6 M
Net Impact (+ve = net benefit)		-£802.6 M	£26.1 M	£182.4 M	£471.0 M	-£123.1 M
BCR		0.8				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-18 Cost and benefit estimates for Statutory Partnerships (Cost Sensitivity, Wales Policy Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£11.0 M	£20.2 M	-	-	£31.3 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£34.8 M	£17.6 M	£4.4 M	-	£56.8 M
Staffing Costs	Recurrent Costs	£28.3 M	£31.1 M	-£5.7 M	-	£53.7 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£54.0 M	£27.0 M	-	-	£81.0 M
Concessionary Reimbursement	Recurrent Costs	£51.1 M	-	-	-	£51.1 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	£61.3 M	-	-	-	£61.3 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£106.1 M	-	£106.1 M
Concessionary Reimbursement	Financial Benefits	-	-	£51.1 M	-	£51.1 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£61.3 M	-	£61.3 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£958.7 M	£958.7 M
User Benefits - Health	Economic Benefits	-	-	-	£81.9 M	£81.9 M
Congestion	Economic Benefits	-	-	-	£25.0 M	£25.0 M
Greenhouse Gases	Economic Benefits	-	-	-	£54.8 M	£54.8 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£5.1 M	£5.1 M
Indirect Taxation	Economic Benefits	-	-	-	-£36.7 M	-£36.7 M
Summary						
Transitional Costs		£45.9 M	£37.8 M	£4.4 M	-	£88.1 M
Recurrent Costs		£255.7 M	£58.1 M	-£5.7 M	-	£308.2 M
Total Costs		£301.6 M	£95.9 M	-£1.3 M	-	£396.3 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£1,088.8 M	£1,088.8 M
Total Benefits		-	-	£24.9 M	£1,088.8 M	£1,113.8 M
Net Impact (+ve = net benefit)		-£301.6 M	-£95.9 M	£26.2 M	£1,088.8 M	£717.5 M
BCR		2.8				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 						

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
5.	WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led					

Table C-19 Cost and benefit estimates for Statutory Partnerships (Cost Sensitivity, Wales Policy Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£11.0 M	£20.2 M	-	-	£31.3 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£34.9 M	£17.6 M	£4.4 M	-	£56.9 M
Staffing Costs	Recurring Costs	£28.3 M	£31.1 M	-£5.7 M	-	£53.7 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£54.0 M	£27.0 M	-	-	£81.0 M
Concessionary Reimbursement	Recurring Costs	£35.3 M	-	-	-	£35.3 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	£110.3 M	-	-	-	£110.3 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£72.9 M	-	£72.9 M
Concessionary Reimbursement	Financial Benefits	-	-	£35.3 M	-	£35.3 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£110.3 M	-	£110.3 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£448.6 M	£448.6 M
User Benefits - Health	Economic Benefits	-	-	-	£58.6 M	£58.6 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£53.5 M	£53.5 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£3.5 M	£3.5 M
Indirect Taxation	Economic Benefits	-	-	-	-£30.8 M	-£30.8 M
Summary						
Transitional Costs		£46.0 M	£37.8 M	£4.4 M	-	£88.2 M
Recurring Costs		£288.9 M	£58.1 M	-£5.7 M	-	£341.4 M
Total Costs		£334.9 M	£95.9 M	-£1.3 M	-	£429.6 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£533.3 M	£533.3 M
Total Benefits		-	-	£24.9 M	£533.3 M	£558.3 M
Net Impact (+ve = net benefit)		-£334.9 M	-£95.9 M	£26.2 M	£533.3 M	£128.7 M
BCR		1.3				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-20 Cost and benefit estimates for Bus Reform (Cost Sensitivity, Wales Policy Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£302.7 M	-	-	-	£302.7 M
Staffing Costs	Transitional Costs	£22.2 M	-	£8.3 M	-	£30.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£43.5 M	-	-£22.0 M	-	£21.5 M
Staffing Costs	Recurrent Costs	£173.9 M	-£33.9 M	-£33.9 M	-	£106.0 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£135.0 M	-	-£148.5 M	-	-£13.5 M
Concessionary Reimbursement	Recurrent Costs	£88.0 M	-	-	-	£88.0 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	-£108.9 M	-	-	-	-£108.9 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£191.6 M	-	£191.6 M
Concessionary Reimbursement	Financial Benefits	-	-	£88.0 M	-	£88.0 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	-£108.9 M	-	-£108.9 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£1,828.5 M	£1,828.5 M
User Benefits - Health	Economic Benefits	-	-	-	£150.3 M	£150.3 M
Congestion	Economic Benefits	-	-	-	£45.7 M	£45.7 M
Greenhouse Gases	Economic Benefits	-	-	-	£152.8 M	£152.8 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£9.3 M	£9.3 M
Indirect Taxation	Economic Benefits	-	-	-	-£107.5 M	-£107.5 M
Summary						
Transitional Costs		£368.4 M	-	-£13.7 M	-	£354.7 M
Recurrent Costs		£349.0 M	-£33.9 M	-£182.5 M	-	£132.6 M
Total Costs		£717.4 M	-£33.9 M	-£196.2 M	-	£487.3 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£2,079.1 M	£2,079.1 M
Total Benefits		-	-	£20.6 M	£2,079.1 M	£2,099.7 M
Net Impact (+ve = net benefit)		-£717.4 M	£33.9 M	£216.7 M	£2,079.1 M	£1,612.4 M
BCR		4.3				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 						

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
5.	WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led					

Table C-21 Cost and benefit estimates for Bus Reform (Cost Sensitivity, Wales Policy Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£302.7 M	-	-	-	£302.7 M
Staffing Costs	Transitional Costs	£22.2 M	-	£8.3 M	-	£30.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£43.6 M	-	-£22.0 M	-	£21.7 M
Staffing Costs	Recurring Costs	£173.9 M	-£33.9 M	-£33.9 M	-	£106.0 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£135.0 M	-	-£148.5 M	-	-£13.5 M
Concessionary Reimbursement	Recurring Costs	£53.2 M	-	-	-	£53.2 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	-£0.1 M	-	-	-	-£0.1 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£117.6 M	-	£117.6 M
Concessionary Reimbursement	Financial Benefits	-	-	£53.2 M	-	£53.2 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	-£.1 M	-	-£.1 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£734.4 M	£734.4 M
User Benefits - Health	Economic Benefits	-	-	-	£95.5 M	£95.5 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£149.6 M	£149.6 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£5.8 M	£5.8 M
Indirect Taxation	Economic Benefits	-	-	-	-£94.8 M	-£94.8 M
Summary						
Transitional Costs		£368.6 M	-	-£13.7 M	-	£354.9 M
Recurring Costs		£423.0 M	-£33.9 M	-£182.5 M	-	£206.6 M
Total Costs		£791.6 M	-£33.9 M	-£196.2 M	-	£561.5 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£890.5 M	£890.5 M
Total Benefits		-	-	£20.6 M	£890.5 M	£911.1 M
Net Impact (+ve = net benefit)		-£791.6 M	£33.9 M	£216.7 M	£890.5 M	£349.6 M
BCR		1.6				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-22 Cost and benefit estimates for Statutory Partnerships (Cost Sensitivity, TAG Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£11.0 M	£20.2 M	-	-	£31.3 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£34.8M	£17.6 M	£4.4 M	-	£56.8 M
Staffing Costs	Recurrent Costs	£28.3 M	£31.1 M	-£5.7 M	-	£53.7 M
IT Systems and Other Non-Staff Costs	Recurrent Costs	£54.0 M	£27.0 M	-	-	£81.0 M
Concessionary Reimbursement	Recurrent Costs	£51.1 M	-	-	-	£51.1 M
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurrent Costs	£61.3 M	-	-	-	£61.3 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£106.1 M	-	£106.1 M
Concessionary Reimbursement	Financial Benefits	-	-	£51.1 M	-	£51.1 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£61.3 M	-	£61.3 M
Operator Opex	Financial Benefits	-	-	-£254.6 M	-	-£254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£644.3 M	£644.3 M
User Benefits - Health	Economic Benefits	-	-	-	£43.3 M	£43.3 M
Congestion	Economic Benefits	-	-	-	£25.0 M	£25.0 M
Greenhouse Gases	Economic Benefits	-	-	-	£29.7 M	£29.7 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£4.9 M	£4.9 M
Indirect Taxation	Economic Benefits	-	-	-	-£36.7 M	-£36.7 M
Summary						
Transitional Costs		£45.9 M	£37.8 M	£4.4 M	-	£88.1 M
Recurrent Costs		£255.7 M	£58.1 M	-£5.7 M	-	£308.2 M
Total Costs		£301.6 M	£95.9 M	-£1.3 M	-	£396.3 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£710.5 M	£710.5 M
Total Benefits		-	-	£24.9 M	£710.5 M	£735.4 M
Net Impact (+ve = net benefit)		-£301.6 M	-£95.9 M	£26.2 M	£710.5 M	£339.2 M
BCR		1.9				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-23 Cost and benefit estimates for Statutory Partnerships (Cost Sensitivity, TAG Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	-	-	-	-	-
Staffing Costs	Transitional Costs	£11.0 M	£20.2 M	-	-	£31.3 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£34.9 M	£17.6 M	£4.4 M	-	£56.9 M
Staffing Costs	Recurring Costs	£28.3 M	£31.1 M	£-5.7 M	-	£53.7 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£54.0 M	£27.0 M	-	-	£81.0 M
Concessionary Reimbursement	Recurring Costs	£35.3 M	-	-	-	£35.3 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	£110.3 M	-	-	-	£110.3 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£72.9 M	-	£72.9 M
Concessionary Reimbursement	Financial Benefits	-	-	£35.3 M	-	£35.3 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	£110.3 M	-	£110.3 M
Operator Opex	Financial Benefits	-	-	£-254.6 M	-	£-254.6 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£301.5 M	£301.5 M
User Benefits - Health	Economic Benefits	-	-	-	£30.9 M	£30.9 M
Congestion	Economic Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£28.6 M	£28.6 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£3.4 M	£3.4 M
Indirect Taxation	Economic Benefits	-	-	-	£-30.8 M	£-30.8 M
Summary						
Transitional Costs		£46.0 M	£37.8 M	£4.4 M	-	£88.2 M
Recurring Costs		£288.9 M	£58.1 M	£-5.7 M	-	£341.4 M
Total Costs		£334.9 M	£95.9 M	£-1.3 M	-	£429.6 M
Financial Benefits		-	-	£24.9 M	-	£24.9 M
Economic Benefits		-	-	-	£333.5 M	£333.5 M
Total Benefits		-	-	£24.9 M	£333.5 M	£358.4 M
Net Impact (+ve = net benefit)		£-334.9 M	£-95.9 M	£26.2 M	£333.5 M	£-71.2 M
BCR		0.8				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-24 Cost and benefit estimates for Bus Reform (Cost Sensitivity, TAG Methodology including journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total	
Costs							
Depot Acquisition Costs	Transitional Costs	£302.7 M	-	-	-	£302.7 M	
Staffing Costs	Transitional Costs	£22.2 M	-	£8.3 M	-	£30.5 M	
IT Systems and Other Non-Staff Costs	Transitional Costs	£43.4 M	-	-£22.0 M	-	£21.6 M	
Staffing Costs	Recurrent Costs	£173.9 M	-£33.9 M	-£33.9 M	-	£106.0 M	
IT Systems and Other Non-Staff Costs	Recurrent Costs	£135.0 M	-	-£148.5 M	-	-£13.5 M	
Concessionary Reimbursement	Recurrent Costs	£88.0 M	-	-	-	£88.0 M	
BSSG	Recurrent Costs	£61.0 M	-	-	-	£61.0 M	
Change in Public Funding	Recurrent Costs	-£108.9 M	-	-	-	-£108.9 M	
Benefits							
Operator Revenue	Financial Benefits	-	-	£191.6 M	-	£191.6 M	
Concessionary Reimbursement	Financial Benefits	-	-	£88.0 M	-	£88.0 M	
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M	
Change in Public Funding	Financial Benefits	-	-	-£108.9 M	-	-£108.9 M	
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M	
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£1,228.8 M	£1,228.8 M	
User Benefits - Health	Economic Benefits	-	-	-	£75.6 M	£75.6 M	
Congestion	Economic Benefits	-	-	-	£45.7 M	£45.7 M	
Greenhouse Gases	Economic Benefits	-	-	-	£99.3 M	£99.3 M	
Other Non-bus User Benefits	Economic Benefits	-	-	-	£8.9 M	£8.9 M	
Indirect Taxation	Economic Benefits	-	-	-	-£107.5 M	-£107.5 M	
Summary							
Transitional Costs		£368.4 M	-	-£13.7 M	-	£354.7 M	
Recurrent Costs		£349.0 M	-£33.9 M	-£182.5 M	-	£132.6 M	
Total Costs		£717.4 M	-£33.9 M	-£196.2 M	-	£487.3 M	
Financial Benefits		-	-	£20.6 M	-	£20.6 M	
Economic Benefits		-	-	-	£1,350.8 M	£1,350.8 M	
Total Benefits		-	-	£20.6 M	£1,350.8 M	£1,371.4 M	
Net Impact (+ve = net benefit)		-£717.4 M	£33.9 M	£216.7 M	£1,350.8 M	£884.1 M	
BCR							2.8
Notes							

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
1.	The values shown are approximate and intended to provide only indicative forecasts of costs and benefits					
2.	The values shown are discounted to 2023 prices over a 30-year appraisal period					
3.	Costs include optimism bias					
4.	All figures expressed as market prices					
5.	WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led					

Table C-25 Cost and benefit estimates for Bus Reform (Cost Sensitivity, TAG Methodology excluding journey time savings, 2023 prices)

Item	Summary Grouping	WG/TfW	LAs	Operators	Users	Total
Costs						
Depot Acquisition Costs	Transitional Costs	£302.7 M	-	-	-	£302.7 M
Staffing Costs	Transitional Costs	£22.2 M	-	£8.3 M	-	£30.5 M
IT Systems and Other Non-Staff Costs	Transitional Costs	£43.6 M	-	-£22.0 M	-	£21.6M
Staffing Costs	Recurring Costs	£173.9 M	-£33.9 M	-£33.9 M	-	£106.0 M
IT Systems and Other Non-Staff Costs	Recurring Costs	£135.0 M	-	-£148.5 M	-	-£13.5 M
Concessionary Reimbursement	Recurring Costs	£53.2 M	-	-	-	£53.2 M
BSSG	Recurring Costs	£61.0 M	-	-	-	£61.0 M
Change in Public Funding	Recurring Costs	-£0.1 M	-	-	-	-£0.1 M
Benefits						
Operator Revenue	Financial Benefits	-	-	£117.6 M	-	£117.6 M
Concessionary Reimbursement	Financial Benefits	-	-	£53.2 M	-	£53.2 M
BSSG	Financial Benefits	-	-	£61.0 M	-	£61.0 M
Change in Public Funding	Financial Benefits	-	-	-£.1 M	-	-£.1 M
Operator Opex	Financial Benefits	-	-	-£211.1 M	-	-£211.1 M
User Benefits - Journey Time & Quality	Economic Benefits	-	-	-	£493.6 M	£493.6 M
User Benefits - Health	Economic Benefits	-	-	-	£48.3 M	£48.3 M
Congestion	Financial Benefits	-	-	-	-	-
Greenhouse Gases	Economic Benefits	-	-	-	£96.9 M	£96.9 M
Other Non-bus User Benefits	Economic Benefits	-	-	-	£5.5 M	£5.5 M
Indirect Taxation	Economic Benefits	-	-	-	-£94.8 M	-£94.8 M
Summary						
Transitional Costs		£368.6 M	-	-£13.7 M	-	£354.9 M
Recurring Costs		£423.0 M	-£33.9 M	-£182.5 M	-	£206.6 M
Total Costs		£791.6 M	-£33.9 M	-£196.2 M	-	£561.5 M
Financial Benefits		-	-	£20.6 M	-	£20.6 M
Economic Benefits		-	-	-	£549.5 M	£549.5 M
Total Benefits		-	-	£20.6 M	£549.5 M	£570.1 M
Net Impact (+ve = net benefit)		-£791.6 M	£33.9 M	£216.7 M	£549.5 M	£8.6 M
BCR		1.0				
Notes						
<ol style="list-style-type: none"> 1. The values shown are approximate and intended to provide only indicative forecasts of costs and benefits 2. The values shown are discounted to 2023 prices over a 30-year appraisal period 3. Costs include optimism bias 4. All figures expressed as market prices 5. WG/TfW represents the franchising authority, which could be run regionally, LA or TfW led 						

Table C-26 Switching Values

Method	Scenario	Journey Time Benefit	Cost	Benefit	Cost Change	Benefit Change	Cost % Change	Benefit % Change
Wales Policy	SP	Including	£353.6 M	£1,113.8 M	£760.1 M	-£760.1 M	215%	-68%
Wales Policy	Bus Reform	Including	£426.8 M	£2,099.7 M	£1,672.8 M	-£1,672.8 M	392%	-80%
Wales Policy	SP Demand Sensitivity	Including	£457.9 M	£960.0 M	£502.0 M	-£502.0 M	110%	-52%
Wales Policy	Bus Reform Demand Sensitivity	Including	£614.7 M	£1,747.0 M	£1,132.3 M	-£1,132.3 M	184%	-65%
Wales Policy	SP Cost Sensitivity	Including	£396.3 M	£1,113.8 M	£717.5 M	-£717.5 M	181%	-64%
Wales Policy	Bus Reform Cost Sensitivity	Including	£487.3 M	£2,099.7 M	£1,612.4 M	-£1,612.4 M	331%	-77%
TAG	SP	Including	£353.6 M	£735.4 M	£381.8 M	-£381.8 M	108%	-52%
TAG	Bus Reform	Including	£426.8 M	£1,371.4 M	£944.6 M	-£944.6 M	221%	-69%
TAG	SP Demand Sensitivity	Including	£457.9 M	£640.1 M	£182.2 M	-£182.2 M	40%	-28%
TAG	Bus Reform Demand Sensitivity	Including	£614.7 M	£1,152.8 M	£538.1 M	-£538.1 M	88%	-47%
TAG	SP Cost Sensitivity	Including	£396.3 M	£735.4 M	£339.2 M	-£339.2 M	86%	-46%
TAG	Bus Reform Cost Sensitivity	Including	£487.3 M	£1,371.4 M	£884.1 M	-£884.1 M	181%	-64%
Wales Policy	SP	Excluding	£387.0 M	£558.3 M	£171.3 M	-£171.3 M	44%	-31%
Wales Policy	Bus Reform	Excluding	£501.0 M	£911.1 M	£410.1 M	-£410.1 M	82%	-45%
Wales Policy	SP Demand Sensitivity	Excluding	£457.9 M	£475.1 M	£17.2 M	-£17.2 M	4%	-4%
Wales Policy	Bus Reform Demand Sensitivity	Excluding	£614.7 M	£763.6 M	£148.9 M	-£148.9 M	24%	-20%
Wales Policy	SP Cost Sensitivity	Excluding	£429.6 M	£558.3 M	£128.7 M	-£128.7 M	30%	-23%
Wales Policy	Bus Reform Cost Sensitivity	Excluding	£561.5 M	£911.1 M	£349.6 M	-£349.6 M	62%	-38%
TAG	SP	Excluding	£387.0 M	£358.4 M	-£28.5 M	£28.5 M	-7%	8%
TAG	Bus Reform	Excluding	£501.0 M	£570.1 M	£69.0 M	-£69.0 M	14%	-12%
TAG	SP Demand Sensitivity	Excluding	£457.9 M	£314.1 M	-£143.9 M	£143.9 M	-31%	46%
TAG	Bus Reform Demand Sensitivity	Excluding	£614.7 M	£491.6 M	-£123.1 M	£123.1 M	-20%	25%
TAG	SP Cost Sensitivity	Excluding	£429.6 M	£358.4 M	-£71.2 M	£71.2 M	-17%	20%
TAG	Bus Reform Cost Sensitivity	Excluding	£561.5 M	£570.1 M	£8.6 M	-£8.6 M	2%	-2%

Table C-27 BCR Summary Table

Methodology	Core		Demand Sensitivity		Cost Sensitivity	
	Statutory Partnerships	Bus Reform	Statutory Partnerships	Bus Reform	Statutory Partnerships	Bus Reform
Wales Policy, incl. JT savings		4.9	2.1	2.8	2.8	4.3
TAG, including JT savings	2.1	3.2	1.4	1.9	1.9	2.8
Wales Policy, excl. JT savings		1.8	1.0	1.2	1.3	1.6
TAG, excluding JT savings	0.9	1.1	0.7	0.8	0.8	1.0

Annex D – Competition Assessment

D1 Competition Filter Test

Competition Filter Findings

D1.1 The Welsh Government’s competition filter test (Table D-1) has been applied to the Bill which is the preferred option as set out in the Regulatory Impact Assessment.

D1.2 The assessment is based on fleet, mileage and available patronage data used as a proxy for market share. Since bus deregulation, there has been a significant degree of consolidation within the industry in areas with commercial potential, with six dominant operators in Wales: Cardiff Bus, Stagecoach, First Cymru, Arriva, Adventure Travel and Newport Bus.

Table D-1 Welsh Government RIA Assessment Filter Test Questions

Competition Filter Test Questions		Answer (Yes / No)
1	In the market(s) affected by the Bill, does any firm have more than 10% market share?	Yes
2	In the market(s) affected by the Bill, does any firm have more than 20% market share?	Yes
3	In the market(s) affected by the Bill, do the largest three firms together have at least 50% market share?	Yes
4	Would the costs of the Bill affect some firms substantially more than others?	No
5	Is the Bill likely to affect the market structure, changing the number or size of firms?	Yes
6	Would the Bill lead to higher setup costs for new or potential suppliers that existing suppliers do not have to meet?	No
7	Would the Bill lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No
8	Is the sector characterised by rapid technological change?	No
9	Would the Bill restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

D1.3 The filter test has been used to identify potential adverse and beneficial impacts of the proposed legislation and inform discussion with WG Economists. Based on the findings of the filter test, a decision has been made to conduct a full Competition Assessment as outlined within this document, which follows Competition and Markets Authority (CMA) guidance⁶⁴.

⁶⁴ [Competition & Markets Authority, Competition assessment: guidelines for policymakers](#)

D2 Background to the Welsh Bus Market

The Bus Market in Wales

- D2.1 The delivery of bus services in Wales is complex. The Transport Act 1985 deregulated local bus services in the UK outside London and Northern Ireland. The deregulation of bus services created a fundamental change in service delivery to the travelling public. In the deregulated market, licensed operators can register any service they choose to operate on a commercial basis, provided they meet the licence and operating requirements of the Traffic Commissioner.
- D2.2 Local authorities have a statutory duty to secure the provision of public passenger transport services (which includes local bus services) in the case of service failure or where services are not delivered to the appropriate standard under section 63(1) of the Transport Act 1985. Local authorities can enter into agreements providing for service subsidies to secure the provision of public passenger transport services where the service would not be provided or would not be provided to a particular standard without subsidy. As such, the bus services operated and provided across Wales are a mix of commercial and subsidised services.
- D2.3 Predominantly, commercial bus services are operated along main strategic bus routes and in areas of high population. Commercial bus services normally provide a profit to the bus company which in turn supports their continued viability and sustainability.
- D2.4 Commercial bus services receive a 'pence per commercial kilometre' contribution from the local authority through the Bus Services Support Grant (BSSG) provided to them by the Welsh Government. This replaced the previous Fuel Duty rebate and Bus Service Operators Grant schemes, which were designed to keep fares lower than they otherwise would be. The payment of BSSG to each operator is subject to their participation in the Wales Voluntary Bus Quality Standard that is designed to provide service levels commensurate with passenger expectations.
- D2.5 Operators also receive revenue foregone in exchange for the free carriage of eligible users of the mandatory concessionary fares scheme for Wales on a no better or worse off principle to the bus operator.
- D2.6 Commercial routes by their nature are required to make a financial return on the investment, whilst meeting the needs of passengers in that area. There is therefore an inherent risk that the commercial model alone does not meet the needs of all potential users where this has a negative impact on profitability.

- D2.7 In rural and town areas of Wales, a high proportion of bus services are not operated on a commercial basis, and the prevalence of contracted services tends to be higher. In highly populated more urban areas there is a tendency for bus operators to compete with each other on the road and at bus stops to pick up passengers; however there is limited head-to-head competition along whole route lengths. There can be some benefits of a deregulated market as on-road competition could encourage lower fares and higher service quality. However, it also brings some potential disbenefits which include, long term viability and quality of services due to a shared market place as well as additional costs to the pence per commercial kilometre mile contribution through the BSSG.
- D2.8 Since the COVID pandemic, a greater proportion of operator revenue has been through subsidy via the Bus Emergency Scheme (BES) and Bus Transition Fund (BTF) to account for lower farebox revenue during the pandemic and the recovery period. This additional funding, administered by TfW, has sought to reduce the duplication of services to offer passengers best possible network coverage aligned with Llwybr Newydd ambitions to maximise public transport mode share. As a result, head-to-head competition is considered very minimal, and it is concluded that the vast majority of bus passengers in Wales are unlikely to have a choice of operator.
- D2.9 Standardised, integrated ticketing between multiple bus operators is generally not available, making it difficult for passengers to plan and execute journeys which will involve the use of multiple services. This lack of integrated ticketing is a major barrier to increased adoption of bus travel. Furthermore, travel information from different operators is inconsistent, often not presenting the wider network or connections, and the lack of whole network maps makes it difficult for potential new users to understand which journeys are available or viable by bus.

Supply of Bus Services in Wales

- D2.10 Analysis of the Electronic Ticket Machine requirements for bus operators participating in the Wales Mandatory Concessionary Fares scheme showed that there are around 70 passenger carrying vehicle operators in Wales operating bus services as part of their main business.
- D2.11 There is a large degree of variance between the number of vehicles operated by each company, ranging from small companies with one or two vehicles, to local subsidiaries of multi-national companies operating in excess of 300 vehicles in Wales. There are two municipally owned bus companies operated at arm's length from their shareholder: Cardiff Bus and Newport Bus.
- D2.12 In vehicle-kilometre terms, over three quarters (77%) of services nationally are operated by the biggest six operators: Stagecoach, First

Cymru, Arriva, Cardiff Bus, New Adventure Travel and Newport Bus. One of these operators has more than 20% market share and the 3 largest operators have a combined market share in excess of 50%⁶⁵.

Demand for Bus Services in Wales

D2.13 The overall mode share of buses in Wales is low, at around 100M trips per year⁶⁶ (just prior to COVID), which is approximately 3-4% of overall transport demand, with a high proportion of passengers reporting using the bus primarily because they have no alternative. In addition, perception of value for money is generally poor, except among concessionary users.

D2.14 The number of passenger journeys is highly concentrated across large operators, with the largest six operators accounting for around 80-85% of total passenger demand⁶⁷.

D2.15 Fragmentation and limited coordination between organisations responsible for different aspects of the bus network is likely to be a significant factor which limits the efficiency of the system as a whole, and the ability to attract an increase in patronage.

D3 Assessment of Policy Proposals

Introduction

D3.1 This section examines the economic rationale for implementing bus reform, with reference to the current deregulated arrangements, and potential alternative of Statutory Partnerships considered within the RIA. It broadly seeks to respond to the following key questions outlined in CMA guidance:

1. Will the policy measure directly or indirectly limit the number or range of suppliers?
2. Will the policy measure limit the ability of suppliers to compete?
3. Will the policy measure limit suppliers' incentives to compete?
4. Will the policy measure affect consumers' ability to engage with markets and make choices that align with their preferences?

⁶⁵ Source: 2018-19 BSSG Data, Welsh Government

⁶⁶ [Bus statistics data tables - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/bus-statistics-data-tables)

⁶⁷ Transport for Wales, 2022 Bus Emergency Scheme Data – not published due to commercial sensitivity.

5. Will the policy measure affect suppliers' ability or incentive to introduce new technologies, products or business models?

Current Arrangements and Competitive Market Theory

D3.2 Bus services outside of London were deregulated under the Transport Act 1985, meaning bus services operate in a free market framework. Operators can determine the network design and routes based on profit maximisation and commercial imperatives, subject to minimum safety and operating standards set by the Traffic Commissioners for Great Britain.

D3.3 Market competition plays a crucial role in shaping consumer surplus. Consumer surplus is an economic concept that measures the additional benefit consumers receive from a product or service when they pay less than what they were willing to pay. There are two key ways in which consumer surplus can be affected:

- Lower prices: In competitive markets, operators have to keep bus prices relatively low to attract consumers and gain a larger market share. This leads to a higher consumer surplus as consumers pay less than what they are willing to pay.
- Increased consumer benefits: Market competition allows consumers to enjoy a higher consumer surplus. When operators compete, they strive to provide better quality products, improved customer service, and innovative features to attract consumers. This results in a higher consumer surplus or effectively, better outcomes for consumers.

D3.4 Under a competitive market, the consumer is paying the lowest possible price that will provide the goods or services, hence competition is generally viewed as a 'good' thing. This can be equally true under a monopoly or duopoly (whereby one or two providers operate the services in the market) if incumbent operators are faced with the threat of market entrants, and therefore act as though they are in a competitive market, or indeed if they are regulated through price controls.

Market Failure

D3.5 The current deregulated model is in fact not a truly competitive market with strong evidence of market failure. In theory it is competitive, but in practice, the vast majority of bus services in Wales are operated by a small number of large companies who rarely compete against each other on routes. This is a result of genuine and significant barriers to entry that mean the market is not always contestable by potential new entrants, including:

- Significant up-front costs and risk associated with purchasing land to be used for depots (including obtaining planning permission), and for purchasing a fleet of vehicles.
- There are significant revenue risks as patronage numbers (at local and national level) are not always stable, which can deter SMEs that do not operate in larger markets where operator risk is shared across different geographies.
- The ability of incumbent operators to redirect resources to routes where new entrants are trying to enter the market and employ predatory pricing and supply models in the short term. For example - the creation of excess capacity (i.e. more buses being run on the route than can attract sufficient revenue to cover costs) because individually these extra services can be timed so as to take revenue from the rival operator's services and scheduled to maintain or improve the individual operator's network advantages.

D3.6 These, and other factors have led to competition for the market by major operators, rather than competition within the market. In general, operators have sought to manage their margin amongst a background of patronage decline, rather than growing patronage/revenue which is required to create a bus system which is capable of delivering the scale of modal shift required by the climate emergency.

Legislation Provision and Potential Alternatives

D3.7 Under the proposed bus reform legislation, the Welsh Ministers would be required to identify local bus services that they consider are needed for the purposes of securing safe integrated, sustainable, efficient and economic transport in Wales as a whole; to set the key particulars of those services out in the Welsh Bus Network Plan (routes, principal stopping points and areas of operation); and to secure the provision of those services. The Welsh Ministers would be required to secure services either by entering into local bus service contracts with operators; by granting local bus service permits to operators; by providing local bus services directly; or by relying on the provision of certain other services, such as community bus services. The Welsh Ministers will have greater strategic control of bus service routes and frequencies, and will be able to design and specify an optimal network of coordinated service routes.

D3.8 Alternatively, under a Statutory Partnerships model (similar to the Enhanced Partnership model in England), bus operators could determine the services that they provide, the price that they charge and the fleet that they use. In theory, the Statutory Partnership model would continue the current competitive market, under which economic theory would dictate that services are delivered efficiently, in terms of price, as making excess profits would attract new market entrants who would

compete on price and quality to drive profit margins back to a normal level. Through a Statutory Partnership model, the operators would also continue (for commercial services) to bear the main financial portion of the risk in respect of the revenue (fares) and cost (fleet, depots, operational cost) risks.

Impacts of the Proposed Legislation

- D3.9 The deregulated bus market would be suspended under the proposed bus reform model. Operators would be restricted from providing local bus services unless that service is subject to a local bus service contract, subject to a local bus service permit or it is a service directly provided by the Welsh Ministers. Certain services such as community bus services would not be caught by the restriction. The franchising of services will bring competitive pressures to the provision of bus services, given that operators would be able to bid for contracts to operate services over a specified period.
- D3.10 Bus reform brings together the strengths of private, third sector and public sector operators in efficient service delivery, but with a more coordinated and planned network design, and a greater focus on delivering better value for the public. Bus reform would enable the Welsh Ministers to define contractual regimes for monitoring, incentivising and enforcing good operator performance. Financial rewards can be applied to measurable service aspects such as reliability, cancellations (or lack thereof) and customer satisfaction.
- D3.11 For bus operators, the franchising model, under bus reform, can provide a more stable operating environment with the freedom to focus on service delivery, reliability, customer care and delivering on contractually agreed standards. A potential risk is if in some parts of Wales competition is so poor that franchise contracts are not competitively priced or that no tenders are received. This can be managed through market engagement and ensuring the contract sizes are scaled appropriately across Wales. The legislation makes provision for services to be directly provided by the Welsh Ministers (via TfW) which could enable gaps in services to be addressed.
- D3.12 The proposed legislation aims to have all parts of the bus operating sector delivering according to their particular strengths, including SMEs, municipally owned companies and corporate bus operators. Importantly, with the proposed model, the Welsh Ministers (via TfW) will be able to adopt revenue risks for franchised bus services, which can make the commercial position more attractive for operators, and particularly SMEs.
- D3.13 This approach allows operators to focus on contractual performance incentives and quality of service. Operators will continue to bear cost risk through operations but are again incentivised by the franchising contracts model to deliver cost efficiencies in operation and asset

management as the operator effectively 'keeps' any costs saved, and future franchise routes could be lost to rival operators who are able to deliver contracts for a cheaper value.

D3.14 Some sub-options of the proposed bus reform model would mean that TfW provide the fleet and depots as part of the franchising agreements, likely leased to the operators for a nominal rent value. Again, this reduces the barriers to entry and risk for potential entrants and creates a competitive, contestable market and provides a mechanism to accelerate the transition to zero emission bus vehicles in line with WGs aspirations for Wales' bus fleet to be zero tailpipe emission by 2035 as outlined in Net Zero Wales⁶⁸.

Outcomes for Passengers

D3.15 The bus reform model provides autonomy over the network design and allow it to place more stringent performance measures and incentives. Introducing a more competitive market environment, reducing barriers to entry, reallocating risks, and enforcing quality will bring several benefits for passengers, as summarised below:

- Optimised levels of bus connectivity across Wales, where more effective cross-subsidy allows for the development of a comprehensive network of bus routes within each area, both at busy times and less busy times in the evenings and Sundays.
- A stable bus network from one year to the next, that people come to know and trust.
- All road passenger transport funded and governed together to maximise synergies, minimise wasteful duplication and optimise demand-responsive infill to the network of scheduled bus services.
- Coordinated timetables and simple area-wide fares, for easier bus-bus connections and bus connections with all other modes of public transport.
- Easy-to-find and understand, comprehensive information and a unified high visibility brand providing one accountable body acting as a single point of contact for customers.
- Consistent standards of service and improved reliability through incentivised performance management.
- Drivers that are trained and supported to be front-line ambassadors, providing a day-to-day public face for the bus

⁶⁸ <https://www.gov.wales/sites/default/files/publications/2021-10/net-zero-wales-carbon-budget-2-2021-25.pdf>

service that helps attract users, but that are also supported by a more systematic approach to provision of information.

- Ability to closely integrate expenditure on bus service improvements with actions to reduce car reliance, to form a coherent policy approach to encourage modal shift.