

# Report

## Cabinet

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### Part 1

**Date:** 5 July 2022

**Subject** Welsh Government Bus White Paper Consultation – One network, one timetable, one ticket: planning buses as a public service for Wales

**Purpose** To update the Leader and Cabinet Members on our proposed response to the proposed Legislative changes to bus planning and procurement, which have potential implications for the council and bus service provision, to seek approval to submit the response as attached as Appendix A and to seek further approval to allow amendments to the response should any further information become available subject to approval from the Leader and Cabinet Member for Infrastructure and Assets.

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**Ward** All

**Summary** Bus services play a vital role in facilitating social inclusion and addressing climate change. Historic declines in patronage have been accelerated following the Covid Pandemic. The Welsh Government is proposing changes to the legislation governing planning and procuring Bus Services, with a move from commercially led provision to centrally planned services through a franchising arrangement.

Whilst the aspirations for service enhancements are strongly supported, there are considerable risks associated with the proposals, including significant implications for the council in respect of funding and staff resources. Proposals will also dilute the Authorities powers of intervention, with a move to centralised planning and procurement, which are subject to the approval of the Minister.

The Welsh Government proposals will also introduce additional business risks for the viability of Newport Bus in its current form.

There is limited detail within the White Paper and supporting Regulatory Impact Assessment to evaluate the financial implications and potential impact on other budget streams. This is a particular concern and Officers are engaged in ongoing discussions with Welsh Government to seek clarity.

In view of these issues, the council is preparing a robust response highlighting our concerns.

We are working closely with the Cardiff Capital Region Transport Authority (CCRTA) who have commissioned technical consultancy support to provide an independent review of the Regulatory Impact Assessment. This work is due to be completed on the 13<sup>th</sup> July and is intended to be incorporated in our response.

The consultation commenced during the Local Elections, despite a formal request from the WLGA to defer. Welsh Government have granted Newport City Council a limited extension until the 20<sup>th</sup> July 2022.

**Proposal** Members note the issues identified and progress to date in preparing Newport Council's response and delegate Authority to the Leader and Cabinet Member to amend and approve the final consultation submission once supporting information is available

**Action by** Head of City Services

**Timetable** Immediate

This report was prepared after consultation with:

- Leader
- Cabinet Member for Infrastructure and Assets
- Shareholder representative
- Chief executive
- Strategic Director
- Head of City Services

**Signed**

## Background

Bus service planning and delivery has been the primary responsibility of the commercial sector since deregulation in 1985, with the public sector role reduced to support where socially necessary services cannot be provided commercially. Whilst there have been some benefits of this approach, there has been a general lack of consistency and coordination, particularly in respect of timetable planning, service levels, information, ticketing and fares.

The declaration of a Climate Emergency places greater emphasis on travel choices, with modal shift to bus a key component of Llwybr Newydd, the Wales Transport Strategy.

The Welsh Government is proposing to introduce a system of franchising, where the public sector would centrally plan services to provide greater coordination of services and set common fares/ticketing. The aspirations are strongly supported; however, Officers have reviewed the proposed delivery mechanism and identified a number of risks, with unintended consequences for the council, the supply market (particularly municipal bus operators and SMEs) and most importantly disruption to users during the transition.

Officer review of the White Paper has identified key risks and unintended consequences of the Welsh Government proposals. These include:

- Long term impact on supply, with risk of reduced competition increasing tender costs
- Financial risk wholly transferred to the public sector, with no clarity of risk mitigation measures
- Lack of clarity of funding implications for wider Local Authority budgets (including Mandatory Concessionary Fares contributions, home to school transport and Revenue Support Grant)
- Transfer of existing council functions to regional provision, with transfer to Transport for Wales in the long term. This would also raise TUPE issues and potential loss of staff capacity and expertise.
- Transfer of transport planning decision making powers from Local Authorities to the Minister with potential loss of local input and accountability.
- Implementation timescales would result in a significant period of instability and potential disruption for users
- Risk that franchising would be detrimental to the commercial viability of Newport Bus and SMEs. Newport Bus provide the majority of public transport services within the City, and with the SME's, provide the majority of statutory mainstream home to school transport.

In view of these issues, the council is preparing a consultation response which notes our support for the aspiration for greater bus provision and coordination but highlights our concerns regarding the proposed approach. We are working closely with WLGA, CCRTA, ATCO and neighbouring authorities to understand mutual risks and benefits and inform our response.

The consultation includes a Regulatory Impact Assessment (RIA), which should provide evidence to assess the proposals and inform the legislative changes. An initial review by Officers across the region identified concerns with the methodology and conclusions. Accordingly, the CCRTA have commissioned an independent review of the RIA, which is due to report initial findings on 13<sup>th</sup> July 2022. It is intended that this will be incorporated into our response.

Appendix A contains the draft response to date, noting amendments will be required to reflect the outcome of the independent RIA review. The tight timescales set by Welsh Government do not enable the final paper to be presented at the August Cabinet Meeting; therefore, delegation is sought to enable the Leader and Cabinet Member to sign off the revised report once they are content.

## Financial Summary (Capital and Revenue)

- The Welsh Government and associated Regulatory Impact assessment do not provide sufficient detail to identify the financial implications for the Authority at this stage. There are no changes to current budget allocations arising from the consultation.

## **Risks**

Our response highlights a number of potential risks of the proposed approach for consideration by the Welsh Government as part of the consultation process; therefore, it is not appropriate to develop a risk register at this stage.

## **Links to Council Policies and Priorities**

The provision of bus transport is key in supporting cross-cutting council services and social inclusion. Increasing bus use will support the Council's declaration of a Climate Emergency.

## **Comments of Chief Financial Officer**

There are no financial implications arising from this report. However, as outlined in the report, there is currently insufficient detail to be able to review the potential financial impact upon the Council and other stakeholders. There is a lack of clarity regarding the resource requirements upon the public sector in their proposed central coordination role, as well as insufficient information regarding the future of certain grant funding streams. It is anticipated that further detail will be provided when the independent review of the RIA is complete. At that point, any specific financial implications will need to be evaluated and reflected in the Council's consultation response.

## **Comments of Monitoring Officer**

There are no specific legal implications at this stage as the Cabinet is simply being asked to endorse the proposed Council response to the Welsh Government consultation White Paper and the proposed legislative changes to bus transport services in Wales. The proposed improvements to bus transport and the transition from de-regulation to a franchised bus service is broadly supported, but there are significant concerns about the detailed implementation of these proposals. In particular, the proposed franchising and tendering model would have significant financial and resource implications for the Council while, at the same time, diluting its powers of local intervention by centralising the planning and procurement of bus services nationally through Transport for Wales. There would also be significant consequences for existing municipal bus companies such as Newport Transport. Further detail and information will be required to properly assess the implications of the proposals. The deadline for the consultation response has been extended to 20th July, to take account of the intervening election period and the Council's response will need to be submitted before this closing date. Therefore, Cabinet are also asked to authorise the Leader and Cabinet Member to agree any amendments to the proposed response to reflect the outcome of the ongoing review of the Regulatory Impact Assessment which accompanies the White paper, commissioned by CCRTA.

## **Comments of Head of People, Policy and Transformation**

There are no staffing implications in this report.

The consultation document recognises the importance of sustainability and regional/national coordination in bus strategy, both of which support the aims of the WFG Act.

## **Scrutiny Committees**

None undertaken to date

## **Fairness and Equality Impact Assessment:**

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

At this stage the council is commenting on Welsh Government proposals for revisions to existing legislation. There is no change to existing council policies or service delivery; therefore, the completion of a Fairness and Equality Impact Assessment (FEIA) is not applicable.

## **Consultation**

Consultation has been undertaken with the Leader, Cabinet Member and Shareholder representative in the preparation of this draft.

## **Background Papers**

Appendix A Draft Response

**Dated: 6 July 2022**