

The future of bus and rail in Wales

October 2022



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About the Committee

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

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Chair's foreword

We are facing a very difficult Winter. With the cost of living soaring, we know that many of us will find the next few months a real challenge.

For many people living in transport poverty, the lack of access to affordable and reliable public transport will make their lives even harder. We know that disabled people, older people, and women will be affected more than other groups. People living in rural areas often can't access the services they need to be able to live and work full lives.

At the start of this Senedd term, the Committee identified public transport as one of our priorities. This report, on bus and rail services, is our first on the subject.

The first part of this report covers our annual scrutiny of Transport for Wales (TfW). TfW is responsible for delivering some transformative transport initiatives, including the three Metro projects in Wales. It's important that we hold them to account for their performance.

The second part covers the wider issue of bus and rail recovery after the Covid pandemic. We all know that the pandemic had a huge impact on levels of public transport use. Many people were, understandably, scared to get on the bus or the train. People in the poorest areas were hit hardest by reductions in bus services.

Public transport was already too expensive for many people. We know that the coming months will be even harder. We have called on the Welsh Government to bring forward proposals to reduce fares in Wales, to give people the assistance they need over the Winter.

As a Committee, we feel that bus and rail is key not only to meeting our climate change targets in Wales, but for us to create a society where people can easily access the services, education and work they need for a full life. We will continue to keep a close eye on progress over the coming months.

Finally, I would like to place on record the Committee's thanks to the front line workers in the bus and rail industry who kept the country moving during the pandemic. This has been a very difficult period, but you should all know that you made a positive difference to the lives of many people in Wales.

Recommendations

Recommendation 1. In future, TfW should publish its business plan and the associated financial plan and do so in advance of the start of the financial year unless there are exceptional circumstances.....Page 19

Recommendation 2. TfW should ensure that its Key Performance Indicators are published and accessible. It should provide an update to the Committee on this matter six months after the publication of this report.Page 19

Recommendation 3. Welsh Government officials should work with TfW to ensure that its budget allocations as set out in the Welsh Government’s budget are transparent and accessible.Page 19

Recommendation 4. Welsh Government officials and TfW should work together to streamline the budget-setting process to make it as effective as possible. Details of the TfW budget should be published in full in good time. We believe it should be possible for this Committee to scrutinise the TfW budget in full during the draft budget scrutiny process.Page 19

Recommendation 5. TfW should provide the Committee with an update within the next six months on partnership working with Corporate Joint Committees and local authorities around the development of Regional Transport Plans.Page 19

Recommendation 6. The Welsh Government should provide an update on the work it is undertaking with other partners to understand future travel patterns, including work and leisure, and their impact on transport policy.Page 30

Recommendation 7. The Welsh Government should set out a clear plan of action of how it will encourage, or support the encouragement, of passengers to return to public bus services. It should set out the timescales for this work and how it will assess its impact.Page 30

Recommendation 8. The Welsh Government should work with the bus sector to address the shortages of drivers and the impact on service provision.Page 30

Recommendation 9. The Welsh Government should bring forward proposals as soon as possible to address transport poverty in Wales arising from the cost-of-living crisis, including subsidised fare pricing and other financial support.Page 30

Recommendation 10. The UK Government must ensure that Wales has a level of funding for rail infrastructure enhancement which is fair and reflects the significant need for investment in a network which has fallen behind.Page 36

Recommendation 11. The Welsh Government must move quickly to deliver its own proposed infrastructure enhancements, such as Maesteg frequency enhancements. The Welsh Government response to this report should include details of schemes to be funded by the Welsh Government/TfW, including progress to date and a timeline for delivery.Page 36

Recommendation 12. The Welsh Government should set out its assessment of the costs arising from its target of decarbonising 50% of the Welsh bus fleet over the next 6 years. It should explain what funding it will make available over that period to assist bus operators to decarbonise the fleet. It should report regularly on progress.Page 36

Recommendation 13. To maximise the funding in Wales available for decarbonisation, the Welsh Government should provide advice, support and guidance to bus operators who wish to apply to UK Government programmes for funding for ultra-low emission buses.Page 36

Recommendation 14. The Welsh Government should update the Committee on any discussions it has held with the UK Government on road pricing policy.Page 36

Recommendation 15. The Welsh Government should set out what assessment it has made of the impact of energy costs and the cost-of-living crisis on its modal shift targets. If it has not already done so, it should undertake this work and report back to the Committee within the next 3 months on progress.Page 46

Recommendation 16. The Welsh Government should explore the possibility of developing more granular targets, for example, on a regional level for modal shift and linking these to policy delivery at the regional and local levels.Page 46

Recommendation 17. The Welsh Government should provide an update on the work of the group that is being established to examine potential pathways to net zero by 2035. It should explain why it has not asked the UK Committee on Climate Change, the statutory adviser to UK governments, to undertake this analysis on its behalf.Page 46

- Recommendation 18.** The Welsh Government should set out how much funding has been redirected from projects because of the roads review and how that redirected funding has been used, including whether any funding has been used to support bus or rail. The Welsh Government should ensure that funding from cancelled projects should be used for sustainable transport and decarbonisation measures in the same area or region. Page 47
- Recommendation 19.** The Welsh Government should provide an update on the work it has undertaken to date on behaviour change and transport. Page 47
- Recommendation 20.** The Welsh Government should provide the Committee with an update on specific interventions aimed at encouraging modal shift in the large population living in rural areas in Wales. Page 47
- Recommendation 21.** The Welsh Government should set out its position on the suggestions made by members of the public through our engagement work, which are included in this Report. Page 47
- Recommendation 22.** Great British Railways should proceed based on parity of status for the UK and devolved governments. Page 57
- Recommendation 23.** Transport for Wales should provide an update on the latest position on Metro costs in light of rising inflation and any impact this has had on the delivery timetable for each of the schemes. Page 57
- Recommendation 24.** Transport for Wales should publish the latest iteration of its five-year delivery plan for all three Welsh Metro schemes. Page 57
- Recommendation 25.** Transport for Wales should provide an update on the integrated ticketing pilots and should explain the next steps. Page 57
- Recommendation 26.** Subject to discussions with the organisation, the Welsh Government should bring forward proposals for the inclusion of Transport for Wales as a statutory planning consultee for major developments. Page 57

1. Introduction

1. In January 2022, the Committee published its priorities for the Sixth Senedd. They included the future of public transport and recovery of services post-Covid.

2. As part of this work, the Committee agreed to hold an annual scrutiny session with Transport for Wales and to publish a report on the outcomes of that work. This is reflected in Part 1 of this report. The Committee took evidence from James Price and Geoff Ogden from Transport for Wales on 17 March 2022.

3. Part 2 of this report covers issues concerning recovery of bus and rail services after the Covid-19 pandemic. The Committee took oral evidence from the following:

- Mark Barry, Professor of Practice in Connectivity, School of Geography and Planning, Cardiff University (26 May);
- Professor Graham Parkhurst, Director, Centre for Transport and Society, University of the West of England (26 May);
- Silviya Barrett, Director of Policy and Research - Campaign for Better Transport (26 May);
- David Beer, Senior Manager Wales - Transport Focus Wales (26 May);
- Joe Rossiter, Policy & External Affairs Manager - Sustrans Cymru, representing Transform Cymru (26 May);
- Bev Fowles, Vice Chairperson - Coach and Bus Association Cymru (CaBAC) (26 May);
- Gemma Lelliott, Director for Wales - Community Transport Association (CTA) (26 May);
- Jane Reakes-Davies, Chair - Confederation of Passenger Transport Cymru (CPT) (26 May);
- Josh Miles, Director – Confederation of Passenger Transport Cymru (CPT) (26 May);
- Chris Llewelyn, Chief Executive of the Welsh Local Government Association (13 July);

- Tim Peppin, Director of Regeneration and Sustainable Development - Welsh Local Government Association (13 July); and
- Roger Waters, Chair of the Cardiff Capital Region Transport Authority Officer Group, and Director Frontline Services - Rhondda Cynon Taf Council (13 July).

4. On 15 June, the Committee held a general scrutiny session with the Minister and Deputy Minister for Climate Change and asked several questions about public transport. This evidence is included in the report, where appropriate.

5. Our work was underpinned by extensive public engagement. Firstly, the Committee held a stakeholder event on 17 March 2022. The session aimed to understand stakeholders' views on the effectiveness of bus and rail services, their future purpose, barriers to the public in using them, and perspectives on the effectiveness of Welsh and UK Government policy. 20 stakeholders covering several areas of interest, including passenger representative groups from across Wales, attended the event.

6. Second, the Committee commissioned the Senedd's Citizen Engagement Team to undertake a series of focus groups and interviews with passengers. Participants were sourced through Committee Members, community groups, and organisations, including the North Pembrokeshire Transport Forum, the Snowdonia Society, GIG Buddies, Rail Future Wales, and the Community Transport Association. A series of five focus groups and six one-to-one interviews took place between 21 March and 21 April 2021.

7. We are grateful to all those who assisted us in our work.



Part 1:

Annual scrutiny of Transport for Wales



2. Transport for Wales' governance, functions and development

Transport for Wales' governance arrangements

8. Transport for Wales (TfW) is a wholly Welsh Government-owned company established to procure the current rail franchise. Its role as the Welsh Government transport delivery body is developing. Executive functions and policy responsibility remain with the Welsh Ministers.

Remit letter and business plan

9. In April 2022, Welsh Ministers provided TfW with a term of government remit letter setting out a series of objectives. The remit letter requires an annual business plan to be developed, which should include "financial details showing how TfW will deliver the remit and be profiled over a 12-month period".

10. Before this arrangement, TfW was provided with an annual remit letter, with similar requirements concerning the publication of a financial plan.

11. James Price was asked why no business plan had been published in preceding years (the most recent was published in 2018-19). In response, he assured the Committee that business plans had been in place during the intervening period but had not been published. This was because "we've never reached a stable position in Government funding that allowed us to publish a business plan". He explained that "as soon as COVID started, we went into an emergency budget situation, and every iteration of budget we thought was correct was changing on a weekly basis". This had led to a series of "authority-to-spend agreements with the Welsh Government".

12. James Price expected TfW to publish a business plan "ideally, in advance of the coming financial year, but certainly as soon as possible as we move into it." The business planning process had "started with Welsh Government officials ... even before we had the remit letter." He added that "We haven't yet got a fully financed remit, but we're working towards that, and I hope to have that very soon".

13. James Price said his aim was for TfW to be as transparent as possible and he gave a commitment that "we will be much more visibly transparent than we are today. He would ensure that the latest business plan is published as soon as possible and suggested that TfW

could share financial information with the Committee outside the business planning process. He said he would welcome the Committee's views on how TfW could be more transparent.

14. In reference to TfW performance indicators, James Price said that "all of our KPIs for the rail part of our business" had been published for the previous four months. Over the coming months, TfW would "broaden that into some wider corporate key performance indicators as well, but what we're trying to do is to get them in a format that allows you to compare our performance with some benchmarks". He committed to updating the Committee on when the full suite of performance indicators was published.

The development of Transport for Wales' role

15. TfW's role has expanded beyond rail services. In response to a question about the process for determining TfW responsibilities, James Price talked about the Welsh Government's "future integrated transport" steering board. This board will "consider what activities they may or may not want Transport for Wales to do". He explained "This would be a consideration of: would we be given a further responsibility to take forward indefinitely, like active travel, for example". He explained that a similar mechanism exists within TfW, with assurance provided by the TfW Board. This entails consideration of several issues, including whether the transfer of responsibilities will happen to a deliverable timetable, along with appropriate funding. Geoff Ogden explained "it is important to say the due diligence side of making sure that Welsh Government are content with what Transport for Wales are taking on and that our board are content with the direction of travel is regularly checked upon".

Transport for Wales' financial resources

16. TfW receives an allocation in each Welsh Government budget. The 2022-23 Welsh Government budget includes £654.53m for TfW. The Welsh Government told the Committee that "this budget makes no specific allocations to Transport for Wales outside the delivery of rail ... officials are still in discussions with them about their business plan for the next financial year".

Transparency of budget allocations

17. In response to a question about clarity about TfW's budget, James Price said that TfW would be discussing with Welsh Government how TfW's budget is presented publicly. He said that "having gone on to the Welsh Government published websites, you get to see a total TfW figure. That figure is made up of lots of different Welsh Government budget expenditure lines, but they're not full Welsh Government BELs." He said this could be clearer.

Budget setting process

18. James Price described the budget setting process as “evolving”. He said that TfW’s budget tends to come from a number of different budget expenditure lines within the Welsh Government”. He explained this meant that there would be “probably 20 or 25 different bilateral discussions going on with different budget holders across the Welsh Government” and “until we have every single piece of that pinned down, we’re not in a position to be able to have a final business plan for the year”. This was one reason why it had not been possible to “have a business plan, particularly through the COVID period.”

Five-year statement of funds

19. The new Wales Transport Strategy says TfW will have a 5-year Statement of Funds Available. When asked about this, James Prices said a five-year plan was desirable, as it “allows us to plan more sensibly; it allows us to recruit the people we need, with the certainty that we can keep them employed for at least five years; it allows us to work with our supply chain and get better value for money; and it allows us to move projects backwards and forwards as events unfold, but still deliver things within a five-year block”.

TfW’s use of consultants

20. There has been criticism in the past of TfW’s use of consultants. TfW’s latest current remit letter states:

“I expect that the use of TfW employees and external consultants across these services to be balanced in a way that delivers clear value for money, and retains TfW’s internal knowledge, understanding, capability, and industry intelligence.”

21. James Price said that TfW’s use of external consultants had reduced since concerns had been expressed by the Economy, Infrastructure and Skills Committee in the previous Senedd. He estimated that the number of consultants had reduced from approximately 39 to 29 and that the reduction should be considered in the context of a significant increase in responsibilities for the organisation. He said that “We are obviously still using some consultancy—what you might describe as consultancy companies, but they are for task-and-finish pieces of work. They are not people who are sat in our offices alongside us doing jobs; they would be someone maybe building a small, bespoke piece of IT for a ticket vending machine, for example”.

22. James Price explained that TfW had entered a joint venture with two companies, Keolis and Amey “that allowed us to have full and, in essence, unfettered access to any of those two

companies' intellectual property that fits with our broader activity for a five-year period". He said the arrangement included "break points" to exit the arrangement. He added that "The total value that could or is likely to be spent in that area is in the region of £10 million over the five-year period".

Transport governance

23. The Welsh Government has established statutory Corporate Joint Committees (CJCs) to deliver local government transport planning functions regionally, among other things. The Welsh Government told the Committee in January 2022 that transport planning duties would pass to CJCs on 28 February 2022 in south east Wales, and 30 June 2022 in north, mid and south west Wales. It said CJCs Regional Transport Plans "will be developed in tandem" with the National Transport Delivery Plan being developed by TfW.

24. In July 2022, the National Transport Development Plan was published for consultation by the Welsh Government. Geoff Ogden was asked how the Plan had been "developed in tandem" with Regional Transport Plans. He responded that TfW had been working closely on the development of metro programmes with "local authorities, with Welsh Government, with Network Rail, with the Department for Transport to develop those programmes, and they will feed into the national transport delivery plan". He added that this work would "form an important bedrock of the regional transport plans as well" as they "reflect good work that's already taken place in the regions". He said that "Because the regional transport plans will come subsequent to the national transport delivery plan, I'm not sure I could say they'll be developed in tandem, but I think they should all align."

25. In response to a question about the relationship between TfW and planned CJCs, James Price said that TfW was already working with local officials across Wales on this matter. His vision of the relationship was that CJCs would give political leadership, within the frameworks of national strategies, and that TfW would provide "evidence-based options to elected authorities".

26. In response to a question about how TfW is helping bridge the transport skills gap, James Price said his aspiration was for TfW to be able to provide expertise for transport planning and other relevant activities. He explained:

"we are having a series of conversations with local government, both with individual authorities and through the Welsh Local Government Association, and with the Welsh Government, to try and create a path where Transport for Wales can provide expert services to local government in the same way

that we provide them to the Welsh Government, and in that way try to be the technical glue that holds all of this together."

Our view

We recognise that the Covid-pandemic was a challenging time for organisations such as TfW. It is understandable that a 12-month financial plan was not published, given that TfW's funding arrangements with Welsh Government during that time appear to have been in a state of flux. However, we note that TfW had only published one **business plan** covering part of a year before our scrutiny session and this expired in March 2019, well before the emergence of Covid-19.

Without a business or financial plan, detail of TfW's budget is only available historically via its annual report. The absence of these documents is not acceptable. We believe that it is important that TfW now moves to regular publication of its business plan and annual report, not least because these are requirements of its remit letter.

TfW's latest business plan (2022-23) was published during the summer of 2022, after our evidence session and shortly before the publication of this report. In future years, we expect business plans and associated financial plans to be published in advance of the start of each financial year. This should be the default for the organisation and should be deviated from only in exceptional circumstances. We welcome the comments from James Price about the presentation and publication of **Key Performance Indicators** and will return to this issue during the next annual scrutiny process.

These issues are key to the **transparency** of TfW. We note that James Price told us he wants TfW to be a leading organisation in terms of openness and transparency. On the evidence we received, we believe there is still a considerable amount of work to be done before TfW achieves that accolade. We will return to this issue next year and will expect to see progress.

In terms of the transparency of **TfW's budget** allocations, we are pleased that James Price recognises that the presentation of TfW's budget could be clearer. We note that during budget scrutiny in 2020, the 5th Senedd's Economy, Infrastructure and Skills Committee raised this matter with the Welsh Government and was told that the detail below the Budget Expenditure Line was a matter for TfW. However, it seems that TfW cannot provide this detail either, partly because of the budget-setting process (below). That is unfortunate. We will ask the current Minister if this is a matter that Welsh Government and TfW officials can work together to resolve. We will return to this matter next year and expect to see progress.

We note that James Price told us that the **budget-setting process** could involve as many as 25 bilateral discussions with different Welsh Government budget holders. We recognise that TfW's role and responsibilities span many government departments, but this process could surely be streamlined. TfW and Welsh Government officials should consider this matter and report back on their conclusions.

We were concerned that the commitment in the Wales Transport Strategy that TfW will have a **5-year Statement of Funds Available** was only an aspiration, as far as James Price was concerned. We note that the final budget, published in March 2022, included a 3-year Statement of Funds Available. We accept that this is a matter for the Welsh and UK governments to resolve and expect both governments to work towards realising the aspiration.

Finally, we were pleased to hear about the **partnership working** with other bodies on the Metro programme and early discussions around Corporate Joint Committees and the development of Regional Transport Plans. We will return to this issue in our next annual scrutiny session and would be grateful for an update on progress early next year.

Recommendations

Recommendation 1. In future, TfW should publish its business plan and the associated financial plan and do so in advance of the start of the financial year unless there are exceptional circumstances.

Recommendation 2. TfW should ensure that its Key Performance Indicators are published and accessible. It should provide an update to the Committee on this matter six months after the publication of this report.

Recommendation 3. Welsh Government officials should work with TfW to ensure that its budget allocations as set out in the Welsh Government's budget are transparent and accessible.

Recommendation 4. Welsh Government officials and TfW should work together to streamline the budget-setting process to make it as effective as possible. Details of the TfW budget should be published in full in good time. We believe it should be possible for this Committee to scrutinise the TfW budget in full during the draft budget scrutiny process.

Recommendation 5. TfW should provide the Committee with an update within the next six months on partnership working with Corporate Joint Committees and local authorities around the development of Regional Transport Plans.



Photo: ©2022 Transport for Wales

Part 2:

Bus and rail after Covid



3. The future of bus and rail post-Covid

27. Public transport was hit hard by the Covid pandemic. Passenger numbers and revenues remain below pre-pandemic levels. On 20 October 2021 the Deputy Minister for Climate Change told this Committee that bus passenger numbers were 66-70%, and rail 65%, of pre-covid levels.

28. Evidence from the Confederation of Passenger Transport (CPT) said that Welsh bus patronage is about 30-35% below pre-pandemic levels. The Campaign for Better Transport (CBT) said “changing work patterns” mean local bus and rail use is 75-80% of pre-pandemic levels. Roger Waters (Cardiff Capital Region Transport Authority) told the Committee that the latest figures showed that fare-paying passengers were “at about 60 to 65 per cent of previous pre-COVID levels in the south-east Wales region”. The rate of return of concessionary fares was lower – at between 50 and 57 per cent of pre-Covid levels across the 10 authorities in south-east Wales.

29. Professor Graham Parkhurst (University of the West of England) suggested it was likely that bus would see a faster recovery in comparison to rail, as bus is used for “more of the essential trips that are made”. He added that the profile of rail users was different, with “people perhaps on the higher salaries, in jobs where they have more control over their flexible working, that’s the market that may take longer to come back, or not come back.” This was echoed by David Beer (Transport Focus Wales), who said that despite overall reductions in passenger numbers, “we’re finding that leisure travel has bounced back probably to much greater than pre-COVID levels, and that is a good news story, but commuting and business travel hasn’t. I think the main reasons for that are because people have changed the way in which they use transport”.

30. Bus passenger levels were expected to recover to around 80-85% of pre-Covid levels, according to Josh Miles (CPT), but modelling undertaken by CPT suggested: “we’ll be reaching sort of 90 per cent of pre-COVID passenger levels by around 2030 if we carry on the current trajectory”. The slow recovery presented “challenges for the sector in terms of viability and for general ambitions around modal shift”.

Responding to changes in demand

31. Post-covid recovery is complicated by uncertainty about public transport’s future purpose and demand. **The Welsh Government aims** for 30% of the Welsh workforce to work remotely. In its response to this Committee’s report on the 2022-23 draft budget, the Welsh Government said TfW is using its new regional transport models to “understand the potential

impact of increased remote working on public transport". These forecasts "will inform how our future policies develop to encourage public transport ... ensuring that those who travel to work less frequently do so by public transport".

32. Fundamental changes to demand and behaviour were already underway before the Covid pandemic, including increases in online shopping and working from home, but these changes had been accelerated by the pandemic. Josh Miles highlighted that these trends would have an impact on the demand for bus services. The impact on public transport was exacerbated by continued concern amongst some passengers about public health issues. This was particularly the case for concessionary pass holders. Professor Parkhurst highlighted passenger number data that demonstrated that recovery is better on weekends in comparison to weekdays. This indicated a shift from the use of public transport for non-discretionary purposes, such as work, towards more journeys for purposes such as leisure and tourism.

33. Joe Rossiter (Sustrans Cymru) emphasised that "these are potentially long-term shifts in transport mode usage". He added that "We've also seen things that are potentially more promising in terms of a lower degree of car ownership and lower car miles travelled due to more people working at home, more people not going in the car for leisure purposes as well, because the rise of e-commerce means that people aren't necessarily needing to go to the shops and go in their vehicle for that".

34. Chris Llewellyn (WLGA) believed that local authorities are well placed to understand the needs of their communities as they have a long history of providing transport services, understanding the local economic context, and understanding the SMEs that operate within their areas. Roger Waters added that "because the local authorities are working very closely now with the operators in terms of the bus emergency services funding...we've got a very good understanding of where the current demands are".

35. Jane Reakes-Davies (CPT) said that assessing demand was easier in urban areas. Her company "had to change some of our networks to adjust to demand" and added that "We work very closely with the local authorities trying to understand what feedback they're having from members of the public around demand, but we are relentlessly just looking to see how the customer behaves, and they have behaved quite differently than we predicted them to".

Impact of working from home

36. Professor Parkhurst believed that "COVID-19 has released suppressed demand for people to work from home, and it's not going to be easy to turn that back". Professor Mark Barry (Cardiff University) pointed out that the past "30 or 40 years" had focused on designing and

building infrastructure to move commuters between certain points within an hour at the beginning and the end of the day. Increases in working from home provided the opportunity to design infrastructure “that hasn’t got to do a crazy amount of heavy lifting between 8:30 and 9:30 every morning”.

37. James Price said that TfW would be doing more to better understand demand. He said that “maybe in the past, it hasn’t been so necessary as it will be as we move forward”. He explained:

“we’re working in industries that, typically, have thought that they run a timetable and everyone fits around it, which is not how it’s going to be in the future”.

38. He added that TfW was having conversations with employers about future work trends and how to respond through, for example, pricing structures.

39. Chris Llewelyn said that the WLGA was “involved in an agile and flexible working group with the Welsh Government and other trade union partners” which was established to consider future work patterns. He said that “at the moment it’s very difficult to assess the pattern that’s emerging”. He highlighted that energy costs would have an impact on the demand for working from home.

Public messaging

40. Several contributors praised TfW’s public transport promotional campaign, ‘the real social network’. However, there was a general feeling that more needs to be done to address the challenge of encouraging bus and rail use.

41. David Beer suspected that the weaker recovery amongst concessionary pass holders was due to the public messaging at the start of the pandemic that public transport was unsafe. This was echoed by Silviya Barrett (CBT), who said that “we were worried at the beginning of the pandemic about the strength of the messaging for people to avoid public transport. And, obviously, that has really stuck and led to persistent nervousness among people in terms of virus transmission.”

42. This was confirmed by participants in our engagement work, who agreed that Welsh Government messaging, particularly during the first lockdown, scared the public to such a degree that encouraging people to return to public transport will be difficult. One person told us:

"The pandemic created such a big challenge because the message that went out was for people to avoid travelling as much as possible. But in the context of a world where we're trying to get more people to use public transport, that was quite a risky message."

43. Participants in our engagement work felt that many people continue not to use public transport because of ongoing fears over the pandemic. The elderly, vulnerable, and people with health concerns were identified as the most unlikely to return to public transport. One said:

"My wife and I, who are retired, have not really got comfortable again with public transport at all. We were heavy users of public transport, particularly on the Carnarvon to Bangor line before the pandemic. For a long time, we just did not use public transport at all. We're still somewhat reluctant to do so."

44. For Jane Reakes-Davies, the reduction of concessionary passenger numbers had been the most significant change post-Covid passenger numbers, with passengers who might have used public transport to travel to a different town several days per week now travelling only on one day. Several contributors agreed that persuading concessionary pass holders to return to public transport would be a challenge and that clear messaging was now needed on the safety of public transport.

45. Conversely, Gemma Lelliott (Community Transport Action) told the Committee that the community transport sector had already seen a return to pre-pandemic levels and, in some places, operators were struggling to meet demand increases. Some of that increase was a result of passengers who use concessionary passes "perhaps choosing community transport over mainstream public transport, where that choice is available to them, because they felt safer, they've had additional support, particularly where we've seen a significant number of older passengers and disabled people".

Reductions in services

46. Several participants in the Committee's engagement work highlighted the impact of reduced service levels during the pandemic. One told us:

"There is a particular issue with the rail services along the North Wales coast. The level of service has still not been restored to what it was before COVID. This frustrated me because I'm used to having an hourly service to Chester"

and Manchester and that service disappeared with the pandemic and hasn't returned."

47. Silviya Barrett confirmed that this perception was correct, saying that bus services in Wales "declined by 45 per cent in the 10 years between 2011/12 and 2020/21, but in that last year, between March 2020 and March 2021, which was the first year of the pandemic, just in this one year, the cuts were 36 per cent." The reduction of rail and bus services had had a significant impact on rural communities, according to Joe Rossiter.

48. The impact of the reduction in service provision on social inclusion is explored further below.

Driver shortages

49. Driver shortages are an ongoing, industry-wide problem that is having an impact on service provision. Jane Reakes-Davies said that "we've probably faced the most challenging resourcing position the bus industry has ever seen, in terms of driver numbers, and people have, unfortunately, made decisions to leave the industry and seek employment elsewhere because there's more certainty, perhaps, in those areas than there are in others." Bev Fowles (Coach and Bus Association Cymru) explained that lorry drivers and bus drivers have the same licences. Increases in wages for lorry drivers had meant that many bus drivers had left the sector to take advantage of the opportunities available to them in the haulage sector. His company had developed a driving school to be able to strengthen its ability to recruit and train new drivers.

Social inclusion

50. Public transport is socio-economically important and is crucial for access to public services. A written submission from TfW highlighted that 13% of Welsh households don't have access to a car, and 25% of bus users are disabled or have a long-term illness.

51. Academics at the University of South Wales have been **monitoring the impact of the pandemic on access to public services by bus**. This compared pre-pandemic data from August 2019 to that in August 2021 in developing a Welsh Access to Bus Indicator (WABI). With some exceptions, most areas saw a decline in accessibility by bus. The number of services lost was greatest in urban areas, but in percentage terms, rural areas lost out the most. It found the decline in access to services by bus was greatest in the most deprived areas of Wales. This suggests areas with the greatest need for bus services saw the greatest decline in the ability to access public services by bus.

52. The Deputy Minister said:

"public transport, when you get it right, is a place of equality, where everybody can use it and everybody can interact, and you're there as citizens, not simply as consumers. And so, for me, there is a values lens on this whole debate as well as a practical one. And we've got the big job of shifting perceptions to make buses a place where people—all people—feel they belong and want to go on to get around instead and a better experience than getting in their car."

53. The Minister added:

"there's a gender lens on this. So, if you analyse the journeys that women take to work, they look very different from the commuter journey that we traditionally think of, because lots and lots of women have caring responsibilities, they drop off or pick up or do various things on the way to work, they use buses much more often, they use side streets much more often, and all that kind of stuff. And there's a class or poverty lens to it as well. We're talking about the small percentage of people who actually own cars. Very large numbers of people don't own cars and are absolutely reliant on a network that is designed for the car owners. So, there are other lenses to look at this as well. It's essential for net zero, but it's actually essential for the alleviation of poverty and the equality and inclusion agendas, all of which we also want to make sure we're looking at."

Accessibility

54. Joe Rossiter told us that "Half of rail stations in Wales are not fully accessible to disabled people, and 34 per cent have no wheelchair access. He went on to explain that "it's predominantly more rural areas of Wales that are least able to access services necessary for day-to-day life".

55. Several participants in our engagement work with accessibility needs described the barriers they face when trying to access public transport. One bus user from North Wales told us:

"Bus drivers in Llandudno do a good job to a degree but you have to remind them to help people. The buses have manual ramps to help people like me, who use a wheelchair, to get aboard. But a lot of the time you have to ask

the driver to help, you have to keep them on their toes! Sometimes I have to complain to Arriva about the lack of support."

56. A train user told us:

"If you have mobility issues and you want to use the train you need to know if the train station is accessible, if there is stepfree access, and if your prebooked support to get onto the train from the platform will actually be available, or will it be cancelled at the last minute with no notice? You also need to know if the staff at the train station know how to support you if you have learning disabilities and don't understand the announcements."

57. Another participant explained what they would like to see from public transport:

"No matter where you live in Wales, whether that be in urban or rural areas, whether you are really well connected or more disconnected, there are always issues around physical accessibility for people who've got mobility support needs. If you're a wheelchair or walking frame user you want to know that the bus is going to have space for you, that the bus driver is trained in using the ramp, that the bus driver is confident about getting you on the bus, and that you can get to your seat before they drive off."

Transport poverty

58. Joe Rossiter said that a recent report on transport poverty published by Sustrans Cymru had found that, in many areas of Wales, "more than half of households are spending over 10 per cent of their income on the cost of running a car, whether they have one or not". Transport poverty was having the most severe impact on those who already face barriers, including people with disabilities.

59. David Beer said that his organisation's research had shown that two aspects would improve inclusivity – the network's "reach" and a broader choice of travel times. He explained that people need to be able to travel in the evenings and on Sundays and will often need to return to their homes from their destinations.

60. Jane Reakes-Davies said that in terms of increasing passenger reach, "affordability is the priority, I would say, for most operators now, moving forward, particularly as people's behaviour has changed". She explained that this included flexible fare structures for travellers who no longer needed to commute daily and were therefore not purchasing season tickets.

61. James Price recognised that “in certain situations, public transport is too expensive, and, if you push me further on that, long-distance rail is expensive”. He explained that “the more we can fill up the capacity that we have, the lower the price can be in general terms, because the subsidy can come down, and the more efficient as an industry we can become—and we’ve got some very inefficient regulatory activities built into what we do—the lower the price can become.”

62. Professor Mark Barry said that addressing social inclusion raised challenging questions for decision makers when public finances are tight. As an example, he questioned whether it is “more important to provide free bus travel for everyone over 60”, “or is it more important to provide free bus travel for everyone under 25 trying to get to work?”. He said he favoured:

“providing a bit more support for younger people in a very uncertain work environment where travel costs make up a disproportionately high proportion of what people actually earn, and we need to get our economy moving as well. So, maybe we say that older people should just pay £1. That will change behaviours and make the networks a bit more responsive to what we really need to be doing, rather than moving people around every afternoon for a trip on the bus, which is actually, in some cases, what’s happening.”

Our view

The Covid-19 pandemic had a significant effect on levels of public transport use. But, many of the fundamental changes we saw because of the pandemic were already becoming increasingly prevalent in society, online shopping and working from home being the most obvious. It is currently difficult to assess how permanent these changes, and their impact on passenger numbers, will be, but it is vital that the Welsh Government and partners are ready to act once new patterns emerge.

We note the Welsh Government’s aim for 30% of the Welsh workforce to work remotely. We have yet to see an assessment of the impact this will have on rail and bus services. We note that the Welsh Government, WLGA and others are working together to consider future work patterns and we would be grateful for an update on this work.

In terms of **encouraging passengers to return to public transport**, we were pleased that several stakeholders were complimentary about TfW’s promotion campaign. However, we agree with stakeholders and participants in our engagement work that this is a significant challenge, particularly encouraging the return of concessionary pass holders, and more needs to be done.

We would be grateful for an update from the Welsh Government about any discussions it is having with others about this matter.

We note the comments from figures in the bus industry about **shortages of drivers** and the impact on service provision. We would be grateful if the Welsh Government would explain what opportunities are available to it to assist recruitment and how it is supporting skill development in this area.

In terms of social inclusion, we were concerned to hear that people in the poorest areas were hit hardest by reductions in bus services. **Transport poverty** affects some demographic groups disproportionately, including disabled people, older people, and women. We are concerned that the cost-of-living crisis will exacerbate this situation. We believe the Welsh Government should set out how it will help people in Wales who find themselves in transport poverty during this exceptionally challenging period. Other countries in Europe, including Germany and Spain, have already taken such steps through fare pricing structures. We note that, since we completed our inquiry, the UK Government has committed to bring forward similar measures in England from January 2023. Scotland and Northern Ireland have also made similar commitments. Challenges of the magnitude we are facing require creative thinking and could deliver the additional benefits of increasing numbers of bus and rail passengers and reducing car usage.

Recommendations

Recommendation 6. The Welsh Government should provide an update on the work it is undertaking with other partners to understand future travel patterns, including work and leisure, and their impact on transport policy.

Recommendation 7. The Welsh Government should set out a clear plan of action of how it will encourage, or support the encouragement, of passengers to return to public bus services. It should set out the timescales for this work and how it will assess its impact.

Recommendation 8. The Welsh Government should work with the bus sector to address the shortages of drivers and the impact on service provision.

Recommendation 9. The Welsh Government should bring forward proposals as soon as possible to address transport poverty in Wales arising from the cost-of-living crisis, including subsidised fare pricing and other financial support.

4. Support for Bus and Rail services

63. The Welsh Government provided significant support to bus and rail during the pandemic, including through its Bus Emergency Scheme (BES). BES 2 expired in July 2022. The 2022-23 Welsh Government budget included an allocation of £28m for emergency support for bus services. In June 2022, the Welsh Government announced a further support package of £48m for the bus industry.

64. The Welsh Government's Net Zero Plan indicates that for all trips unable to be made by active travel there will need to be a "rapid shift towards zero-emission technologies in vehicles". Current Welsh Government policy is for the most polluting **50% of service buses to be replaced by a zero tailpipe emission bus fleet by 2028** and for all **taxis and private hire vehicles (PHVs) to be zero-emission by 2028**. The Net Zero Plan commits to "decarbonise rail" – pointing to a "comprehensive programme" to introduce new trains, including electric traction on the devolved Core Valleys Lines. As Network Rail's national rail assets aren't devolved it highlights the UK Government's role.

65. The Welsh Government's transport strategy embeds the sustainable transport hierarchy, which gives priority to meeting the demand for travel by walking, cycling and public transport ahead of private motor vehicles. Investment will focus on measures to manage demand, make better use of existing infrastructure (including joined-up planning between transport and land use), and on widening and promoting sustainable travel choices.

Support for decarbonisation

66. Professor Mark Barry suggested that "to properly deliver an integrated public transport network, with the capacity that provides the choice and options to not use your car, we need to invest a significant amount in our rail infrastructure as well as our bus infrastructure". He said that the greatest challenge for the Welsh Government will be to "generate the revenue streams to service the kind of capital funding required, and how do you then incentivise people to use all of that capacity once you've built it".

67. Josh Miles referred to bus priority measures, citing funding of £500 million available in Scotland for a bus partnership fund for local authorities and bus operators "to target those key corridors that make buses quicker, therefore making them cheaper and more effective and more appealing to the passenger". He added that "we don't do that at scale at the moment in Wales, and I think that's the sort of thing we need to be looking at if we really want to shift the narrative and make buses more attractive". Bev Fowles agreed that modal shift would face many

challenges arising from an “ancient infrastructure”. While he applauded the ambition, he believed modal shift would only happen if this was addressed and the financial cost of doing so would be significant. In reference to bus rapid transit, James Price said that:

“We are doing lots of work in this area...certainly in areas like the Burns commission area and in north-east Wales, but I think it would be wrong for me not to point out the obvious local-level political challenges in doing that. So, most of the networks that we would be talking about here are not in control of a national body or even a regional body; there will be local authority roads. As we know, it can be very difficult—politically very difficult—to drive through some of those things. I think evidence says that a well-designed scheme, two years after it's implemented, is typically welcomed, but it's not welcomed in the run-up to it. I think that is something that is beyond TfW's capability to deal with, but it is something that is worthy of some scrutiny and some thought.”

68. Several contributors noted that the biggest barrier to the decarbonisation of the bus fleet is cost. Roger Waters noted that purchasing an electric bus was so expensive that “there isn't a business case, as such, to make that change at this point in time for these businesses, so they need that capital support from the public sector to make that change.” Professor Parkhurst agreed that a key challenge is a capital outlay, but once bus operators have “acquired an electric vehicle, there will be significant advantages in terms of maintenance and energy costs”. He suggested that a possible way to address this challenge is for the public sector to buy the vehicles and lease them to private sector companies. He pointed out that large-scale public sector procurement of a bus fleet could mean better value for money. Professor Barry agreed with this suggested approach, saying that “I struggle to see, without that...how smaller bus companies that are working on tight margins could ever afford the capital funding to convert their fleets into something that is more sustainable”.

69. Gemma Lelliott said that there was significant interest within the community transport sector in decarbonising the fleet. However, the cost is a significant barrier. She said that some funding had been obtained for small-scale projects, but this had been very ad hoc. She explained that:

“Because the electric buses or electric cars are so much more expensive, it's really challenging. You can't work to the same timetable as you would have done with a diesel vehicle. Alternatively, you can put your fares up significantly, but it then means you're excluding significant portions of the

population; part of the reason a lot of those operators exist is because people can't afford to use other modes of transport."

70. A bus decarbonisation scheme administered by Transport Scotland funded new ultra-low emission buses up to 75% of the differential costs against diesel buses, plus up to 75% of the capital cost for supporting infrastructure. In 2020 £10.1m supported the introduction of 57 buses and in 2021 £40.5m supported 215 new buses in Scotland.

UK Government funding

Funding for rail

71. On the funding of rail infrastructure, the Deputy Minister said:

"I don't want to repeat the arguments we've rehearsed in the Senedd Chamber, but rail infrastructure is not devolved. There is a structural problem with our funding system, one that the House of Commons Welsh Affairs Select Committee has identified, and that is a Conservative-dominated committee, so this is not making a partisan point here, but there is a problem with the way that the UK Treasury and the Department for Transport categorise rail spend, so we don't get our consequential of UK Government spend on new schemes, and there's a historic problem of underinvestment in Wales given the amount of the network that we have. So, both those two things are not new problems, but nor are they showing any signs of being addressed by the UK Government."

72. Professor Mark Barry said that "Wales has been poorly served by the rail industry ecosystem for 30 or 40 years in terms of investment and enhancement funding". He said that decarbonisation objectives would not be delivered until this issue was resolved. He explained that "the rail investment required provides the backbone services that, actually, a lot of our bus services will integrate with". He went on to say that "if Wales wants to decarbonise, it needs those powers and that access to the kind of funding that we can only dream of that we've seen in London in the last 50 years." Professor Parkhurst said:

"There are clearly major cross-border issues on managing rail infrastructure, but any mature adjacent countries manage those in very professional ways with an equitable involvement from both parties. What tends to happen, and it's no disrespect for very capable officials at Westminster or the DfT, Wales is halfway up page 2. We hardly ring the bell in terms of what we are going to

do, because they're so busy dealing with the bigger, shinier projects elsewhere in the UK, and until that's resolved, we're always on the back foot in terms of the funding required".

73. Roger Waters said that local authorities were exploring opportunities to use revenue funding available through the shared prosperity fund to incentivise the use of public transport, including through offering cheaper fares in peak hours.

Funding for decarbonising buses

74. Roger Waters said that Cardiff Bus, Newport Bus and Stagecoach had been successful in securing funding for electric buses through the Department for Transport's ultra-low emissions bus scheme. He said that, wherever possible, local authorities would work with the companies to assist the transition.

75. Silviya Barrett noted that "The Department for Transport has had two rounds of funds for the ZEBRAs—zero emission bus regional areas funding, I believe it's called. But again, that's been allocated on a competitive basis, so some authorities will benefit, others will not. So, it's about having that certainty of subsidy to invest in zero-emission vehicles and in the infrastructure that goes with them."

Road pricing

76. Professor Parkhurst explained that governments would shortly have to consider solutions for paying for transport. Falling costs of electric cars may make them attractive to more users and costs would be minimal for many short journeys. Several contributors cited road pricing as an opportunity to disincentivise car use but also as a mechanism to raise revenue to fund the decarbonisation of public transport. Professor Parkhurst preferred a national, strategic approach, rather than "relying on specific local authorities to introduce local congestion charges", which might "have unfortunate effects on land use and demand for travel by different modes in different locations if it's too much focused on specific locations". Professor Mark Barry said that the UK Treasury was already looking at road pricing to fill the gap in fuel duty revenues as more electric cars come into use. He said Welsh Government should act now to ensure that it can secure the appropriate proportion of road pricing revenues to spend on infrastructure and services in Wales.

Our view

The arguments about the **lack of funding for rail infrastructure** in Wales are well-rehearsed. Nevertheless, this doesn't make them any less true. Successive UK governments have abdicated their responsibilities to Wales on this matter. The historic underinvestment in rail infrastructure has not only affected rail services in Wales but the wider public transport system because rail infrastructure is so often the backbone for other public transport. Decisions that Wales should not receive consequential funding from new UK Government rail infrastructure schemes in England, such as HS2, only serve to rub salt in the wound.

Until this matter is resolved, we believe it will be difficult for the Welsh Government to meet its transport net-zero targets. It is incumbent on the UK Government to seek to resolve this issue and to do so at pace.

Alongside the need for UK Government investment, we note outstanding Welsh Government commitments such as the Maesteg Branch Frequency Enhancement proposals. We believe any outstanding Welsh Government funded schemes must be progressed at pace.

We note that significant amounts of funding will be required to **decarbonise the Welsh bus fleet** to meet the Welsh Government's targets. The contributors to our work were unanimous in their view that it would be impossible for operators to meet the costs of fleet conversion and that significant intervention would be required at a national level. Transport Scotland has contributed funding to begin the transition in Scotland. If we assume a similar approach was taken here, meeting the 2028 target of replacing 300 buses per year (over 4 years) would require more than £50m per annum in Wales at current prices. This figure would, of course, increase with inflation. Given the target it is working towards, we believe the Welsh Government should explain its understanding of the costs of the transition to a largely electric bus fleet and set out the steps that are being taken to financially support that transition. Any assessment of costs should include consideration of the savings arising from less travel by car.

We note that some bus operators have been successful in **securing funding from the UK Government** Department for Transport's ultra-low emissions bus scheme. Some contributors to our work argued that not all bus operators were in a position to be able to take advantage of such funding, because, for example, poor access to charging infrastructure. But this is the direction of travel and operators will need to adapt if they wish to continue to operate in the sector. They should be seeking to avail themselves of any financial support that will assist them in transitioning their fleet. We believe the Welsh Government should ensure that bus operators

have access to support and guidance necessary for applications to such schemes as the ultra-low emissions bus scheme.

Road pricing is a policy that will serve two purposes – it will plug the gap in tax revenue arising from electric car use, and it will provide an ongoing source of funding that can be redirected to decarbonisation purposes. We believe there is merit in considering such a policy at a national level in Wales, to sit alongside local interventions such as congestion charges. Of course, such a policy should not be introduced during a cost-of-living crisis and there should be further consideration of the impact of such a policy before it is progressed. If the UK Government is developing such a policy on a UK level, we believe the Welsh Government should be seeking to influence its development at an early stage.

Recommendations

Recommendation 10. The UK Government must ensure that Wales has a level of funding for rail infrastructure enhancement which is fair and reflects the significant need for investment in a network which has fallen behind.

Recommendation 11. The Welsh Government must move quickly to deliver its own proposed infrastructure enhancements, such as Maesteg frequency enhancements. The Welsh Government response to this report should include details of schemes to be funded by the Welsh Government/TfW, including progress to date and a timeline for delivery.

Recommendation 12. The Welsh Government should set out its assessment of the costs arising from its target of decarbonising 50% of the Welsh bus fleet over the next 6 years. It should explain what funding it will make available over that period to assist bus operators to decarbonise the fleet. It should report regularly on progress.

Recommendation 13. To maximise the funding in Wales available for decarbonisation, the Welsh Government should provide advice, support and guidance to bus operators who wish to apply to UK Government programmes for funding for ultra-low emission buses.

Recommendation 14. The Welsh Government should update the Committee on any discussions it has held with the UK Government on road pricing policy.

5. Modal shift

Welsh Government modal shift targets

77. Transport accounts for 17% of Wales' emissions, of which 55% comes from cars. Transport decarbonisation policy is set out in Llwybr Newydd: the Wales Transport Strategy and in the Net Zero Plan. The Net Zero Plan includes **three transport decarbonisation** priorities:

- Reducing the need to travel including enabling around 30% of Welsh workers to work remotely at or near home;
- Investing in sustainable travel modes such as bus, rail, and active travel; and
- Encouraging behaviour change and modal shift to more sustainable and active modes.

78. The Welsh Government's **Transport Strategy** and **Net Zero Plan** set out modal shift targets. It expects 7% of trips to be made by public transport by 2030 and 13% by 2040, up from a baseline of 5%. This is part of a wider target that 45% of journeys be made by sustainable modes (public transport or active travel) by 2040.

79. The Deputy Minister acknowledged that the targets are ambitious. He said that modal shift was, for the first time, at the heart of the Welsh transport strategy. The target of "30 per cent of people to continue to work from home, for example, on a flexible basis, ongoing" would be an important contributor to modal shift. However, he said, "here are a number of different points we have to go through here, and they are complex, and they fly in the face of 70 years of British transport policy. So, this is not easy". He said that to meet the targets, an incremental approach was needed with specific plans for delivery. These were either already in place or being developed.

80. The Deputy Minister summarised the Welsh Government's approach as:

"We have an overall strategy, we are now working on proposals for bus, for rail, for active travel and for roads, and on top of that, as part of our net-zero plan, we're looking at a behaviour change programme, which is still in its fairly early days because we've not done this before, but it is an important part of the mix that we have both incentive and disincentive, hard and soft measures, working together, and have the capacity and capability across

central and local government to deliver that in a coherent way. Frankly, none of those pieces has been in place, so we're having to create it."

81. The Deputy Minister emphasised that "there's a collective challenge for all politicians to put their money where their mouth is. I think we are doing so. But I am absolutely under no illusion about the scale of the challenge and the pace with which we have to operate". He said that difficult political decisions were already being taken to make progress towards the decarbonisation targets and cited the cancellation of the M4 relief road and the roads review, which had already seen two roads cancelled, as examples. However, he emphasised the importance of "as well as saying 'no', we need to also say 'yes'":

"So, we've set up, in south-east Wales, the Burns commission, which has been endorsed significantly by the UK union connectivity review, led by Sir Peter Hendy. He was asked by Boris Johnson to look again at the M4. He looked at the M4, he looked at the Burns alternative, and he endorsed the Burns alternative—the UK Government's own tsar on this. So, we've had the rubber stamp there. Conservatives in the UK Government may not like that, but their own review showed that.

We're trying to put that same approach in place in the north. And the great thing about the Burns commission work was not just making those broad-brush analyses, but also putting in place the delivery mechanisms to deliver them."

82. In response to a question about the ambition of the modal shift targets, James Price said:

"They are evidence-based and replicable. But, all future forecasts are based on a series of assumptions, and it depends what you assume on electric vehicle take-up, for example, as to how many people you need to get to move. There is a scenario where we need to be more ambitious than the current targets are to hit the climate change targets, but all of the figures in all of the documents are there or thereabouts."

83. Joe Rossiter welcomed the ambitious targets for modal shift but emphasised that "we're not hitting the targets that we need to". He explained that, since 1990, emissions in the transport sector have fallen by 6.3 per cent. He concluded that "we need to see that action taken now to push us in the right direction, because, historically, the transport sector is falling far behind other sectors in terms of decarbonisation".

84. Josh Miles recognised that the targets are ambitious, but that concerted action is needed to “make those ambitions a reality”. He cautioned that he was not “entirely sure we’re at that point yet. I think there’s more work to be done to do the sorts of things we need to do to make modal shift attractive, to shift us from that 2030 trajectory that we’re on onto a new trajectory”. Gemma Lelliott agreed the targets were suitably ambitious but was concerned that the current public transport offer was not sufficient to meet a large increase in demand and a variety of needs. The public transport system is not sufficiently integrated or accessible to all users, including disabled passengers. She believed these are fundamental issues that need to be resolved to meet the targets.

85. In response to a question about whether targets should be more granular (i.e. regional or for specific travel areas), James Price and Geoff Ogden both agreed. James Price said that he understood that the modelling was now available for analysis on that granular scale.

Behaviour change

86. Participants were unanimous in their view that encouraging behaviour change is the key challenge to overcome.

87. Professor Parkhurst pointed out that the Covid-19 pandemic provided a small window of opportunity to influence travel behaviour.

88. The need for a balance of measures to incentivise public transport and disincentivise car use was a view shared by all contributors. Some described this as the need for “carrots” and “sticks”. All emphasised that an affordable, well-integrated public transport network would be necessary as a starting point. David Beer explained, “You’ve got to have the attractive network to pull people across, but you’ve also got to have the push factor that gives people that prompt to look in other directions”.

89. On disincentivising car use, the Minister said, “we’ve got a large number of other levers across the Government also heading in that direction deliberately, in order to try and design out some of the car dependency”. The Deputy Minister said:

“This behavioural issue of getting into people’s mental maps and changing them and making the right thing to do the easy thing to do, as we mentioned earlier, is critical, and I would really welcome any scrutiny and work the committee might do to help us on this. Through our net-zero plan, we’ve got a commitment to look at a cross-Government behavioural change strategy, and if I can be perfectly honest with you, we’re struggling with it. It is not

easy, and we're working with academic experts and behaviouralists. We had sessions with the UK Government's former Cabinet Office, the 'nudge unit', on this as well. So, this is work in progress, but it's critical."

90. Participants agreed that substantial changes are needed if public transport is to compete with the private car. One told us:

"There is always the choice to take the car. You've got to make public transport better than the car. The fuel duty, the greenness, yes, we've all got that in our heads. But at the end of the day, if the alternative is worse than the car people won't use it. You can play the green card for as long as you like, but people will revert to the car."

91. David Beer said that Transport Focus Wales research confirmed that sustainability was not a priority for people when thinking about how to make their journey. Cost and convenience were higher priorities. Dr Tim Peppin (WLGA) said the tendency of the public to compare the costs of individual journeys favours car use as it does not take into account the additional ongoing costs such as insurance and maintenance. Professor Parkhurst did not believe that making public transport cheap, or even free, would solve the problem around perceptions around public transport, as users are so familiar with the convenience of the car. He added that the most important factor would always be whether the offer or product can meet user expectations. Professor Mark Barry felt it was time for a paradigm shift in our thinking about car use, which would necessitate "significantly changing our relationship with the car in a very fundamental and visceral way":

"Cars are not free to society. Cars have a cost—the externalities—and we need to have a conversation and understand what those externalities are. I gave you an example: £16 billion every year in the UK as a result of 170,000 road traffic accidents, 25,000 serious injuries that take up intensive care unit time, and 1,700 deaths. Five people every day on average are killed in the UK in a road traffic accident; one cyclist every day. You add 20,000 to 30,000 premature deaths because of poor air quality, and it costs another £4 billion a year. You then look at induced demand-based sprawl and the development of stuff far, far away from where people can get to it unless they get in the car. These are real costs. They're not just fictitious things made up. And actually, people need to understand, if you get in a car, you have, actually, an obligation to take on board some of those costs, rather than dump it on everybody else in the way we have done for 50 years."

92. In terms of increasing public transport use, David Beer said that loyalty schemes and flexible ticketing had both been identified in his organisation's research as incentives that might result in users choosing public transport over the car. He referred to a programme to encourage people to use public transport for the first time with reduced fares as one example. Silviya Barrett pointed toward the regional network initiative—'Give the train a try' – as a similar example. She said that governments were increasingly using state-subsidised reduced fares as a tool to combat the cost-of-living crisis.

93. Silviya Barrett suggested that local authorities should take opportunities to encourage new residents in the area to experience local public transport, "so, when someone moves house, for example, the local authority can offer them a free bus pass for a limited amount of time, in order to try the local transport options". Silviya Barrett emphasised said that these types of incentives also need to be balanced with disincentives. This would require political leadership at a local level. She gave, as an example, parking provision and parking costs. She suggested that "reallocating some space away from parking, or having higher prices for residents' parking permits, might impact on how many cars a household has".

94. Josh Miles explained that "the quickest thing to do to get people out of cars and on to public transport is to discourage car use". This can be achieved in a variety of ways, depending on the circumstances, including the location of the initiative. He explained that:

"In a place like Cardiff, you might talk about congestion charging or you might talk about road user charging, those sorts of things that will change those behaviours, and, really, we need to. If we're going to really think about modal shift, we need to think about all of those issues and come up with the sorts of approaches that can have that right balance of carrot and stick, I think, and we're not quite there with it yet."

95. David Beer added that workplace car park charging and road user charging both would work as disincentives for car use. Silviya Barrett felt that "road user charging or road pricing is the sort of single most effective tool, I believe, to drive behaviour change". This was because it not only acted as a disincentive for car use but as a mechanism for local authorities to generate revenue to invest in sustainable transport provision. The Committee considered road pricing in Chapter 4.

96. James Price said that "even with all of the positive carrots, if you like, that we can offer, there will probably also be a need for some—I don't really like to use the term—sticks" to

disincentivise car use. He added that it “needn’t be through mechanisms like road pricing, albeit some form of sustainable vehicle like that might be helpful”.

Modal shift in urban and rural areas

97. Participants discussed the challenges in rural areas in comparison to urban areas. Professor Mark Barry highlighted that the greatest opportunities for modal shift occur in densely populated areas where people take large numbers of very short journeys of less than three miles. Initiatives to disincentivise car use should be focused on areas such as Cardiff, Swansea, Newport, and perhaps Wrexham. He explained that “if you want to decarbonise quickly, you have to decarbonise in places where you can get the most people out of their cars most quickly, and that’s going to be the urban areas”. He recognised that rural areas present a different challenge. “Punitive measures” to disincentivise car use should be minimal in those areas because the people living there have access to fewer alternatives to the car.

98. James Price recognised it is “easier to achieve some of the modal shift in certain parts of Wales than it is in other parts”. He added that “one of the big things we think there’s an opportunity on is active travel in urban areas, but not just urban areas, shorter-distance rural routes as well.” Geoff Ogden said the Wales transport strategy recognises that the rural pathways are important “and that actually it’s not going to be as easy to move people to public transport in as large numbers as in urban areas perhaps. We need to keep working on that narrative and the common understanding supporting the logic of how we’re getting there.”

99. Josh Miles recognised that interventions to encourage public transport use in urban areas, such as bus priority measures, would be less effective in rural villages, where congestion was less of an issue. However, he felt that a change in mindset was most important, and this applied in both urban and rural areas – that “the starting point is not that the car is the way that things happen, it’s the public transport is the way that things happen, and the car works around that”.

100. Professor Parkhurst suggested that it would be a mistake to ignore suburban and rural areas, particularly given Wales’ “very large rural population and very high rural car dependency”. Analysis in the 2000s for the UK Department of Transport had shown that “the majority of carbon emissions from cars come from medium-range journeys, because they’re fairly high frequency and fairly long. So, we really do need to tackle those journeys into the towns from rural areas and between the rural towns if we’re going to tackle this problem”. He emphasised the importance of building a “strongly integrated rural transport system, which does include cars”, but which would involve driving to the nearest public transport node for onward journeys. This was echoed by Gemma Lelliott, who said she would welcome more investment in “rural and

intra-urban transport hubs, multimodal transport hubs” that would allow “people to make more of the journeys that work for them”. This could involve getting “a community car or a small Fflecsi minibus or a community transport minibus into your local multimodal hub, to then be able to pick up one of the mainstream forms of public transport”.

Removing barriers and increasing public transport use: 10 principles from our engagement work

Participants in our engagement work suggested the following improvements:

- **Integrated ticketing** to provide passengers with transferability across different modes, operators, and locations.
- **Flexible ticketing** to enable passengers to block buy trips to take when they want.
- **Real-time integrated travel information** across all available platforms, from online to station announcements, from one information source.
- **Sensible connection times** between modes of transport to give enough time for all passengers to successfully board their connection.
- **Public transport to run to a headway** (time between vehicles) as opposed to being scheduled for any specific time of the day.
- **Increase capacity to transport bicycles on public transport**
- **Reintroduce paper timetables**
- **Integration of transport policy with other policies** affecting land use planning or infrastructure-related investments, such as hospitals and housing developments.
- **Improve Newport to Pembrokeshire rail services** by addressing the 'dogleg' in Swansea; completing the electrification of the South Wales mainline; developing Carmarthen as a railhead to provide more frequent trains across West Wales; and introducing a two-hourly service to Fishguard.
- **Improve public transport services in North Wales** by developing routes beyond the main transport corridor of Holyhead, Bangor, Conway, and Chester; developing East to West public transport routes, connectivity, and frequency; reopening the Bangor to Caernarvon railway line; and directing day visitor traffic to a public transport interchange where visitors continue their journey using public transport.

Our view

We believe the **modal shift targets** are currently sufficiently ambitious and stretching. However, we share the concerns of many of our stakeholders that they are not underpinned by the tools to ensure they can be delivered. In addition to the obvious restrictions on the Welsh Government's access to funding for matters such as rail infrastructure, which remains reserved, there is a huge body of work being taken forward incrementally by TfW, local authorities, regional transport authorities and others. The Deputy Minister accepted that co-ordinating this work was a major challenge. We agree and believe this poses a risk that must be addressed. The Welsh Government should consider how the key local and national stakeholders can be brought together to develop a shared vision and understanding of how modal shift targets can be achieved. We also believe the Welsh Government should set out what assessment it has undertaken of the impact of energy costs and the cost-of-living crisis on its modal shift targets.

We believe it would be useful if modal shift data and targets were more granular, for example, on a regional level. This would be informative and helpful for the development of local policy interventions, and link to anticipated regional transport plans. We would be grateful if the Welsh Government would set out its position on this matter and explain how it can be achieved.

The Welsh Government and Plaid Cymru Cooperation Agreement committed to "commission independent advice to examine potential pathways to **net zero by 2035**". On 4 August 2022, the Minister issued a written statement saying that a Chair had been appointed to lead this work. We would be grateful for an early update on the timetable for this work, and further information on its implications for the modal shift targets. Furthermore, we note that the purpose of the UK Climate Change Committee (CCC), an independent, statutory body, is to provide expert advice to governments in the UK on emissions targets. We would like clarification from the Minister about why the CCC has not been asked to undertake this work.

We note the Deputy Minister's comments about the **roads review** and the funding that has been redirected. We would be grateful for an assessment from the Welsh Government of the funding that has so far been redirected from projects because of the review and further information about how that redirected funding has been used. We would also welcome an explanation of the criteria that will be used to determine how redirected funding is used. We believe there is a case to be made that funding that is redirected from road projects should be used to fund sustainable transport and decarbonisation measures in the same locality.

The Minister told the Committee that there are a large number of levers across the Welsh Government's policy responsibilities that are being used to **disincentivise car use**. We welcome

this and would be grateful for further information on this matter. Further, we would be grateful for clarification from the Minister as to how the effectiveness of these policy interventions is being measured in terms of reducing car use.

On the wider issue of **behavioural change**, we welcome the Minister's candour when he said it was an issue the Welsh Government was struggling with. This is a subject in which the Committee is particularly interested and will be considering further later in this Senedd term. In the meantime, we would be grateful for an update from the Welsh Government on the progress of its work in this area.

We note that many of the policy interventions concerning modal shift are focused on urban areas. We understand the reasons for focusing on such highly-populated areas – they are the “low-hanging fruit”. It is the case that **rural areas** present a different set of challenges, but they must not be left behind. The Welsh Government should provide the Committee with an update on specific interventions aimed at encouraging modal shift in the large population living in rural areas in Wales.

During our engagement work, members of the public and public transport users talked in depth about their experiences of the **barriers to public transport use**. They suggested many ways of addressing these challenges. We are grateful to the people who made these contributions and would recommend that the Welsh Government considers the report in full. We would also be grateful for the Minister's views on the ten key suggestions made as part of that work, which are reproduced in this report.

Recommendations

Recommendation 15. The Welsh Government should set out what assessment it has made of the impact of energy costs and the cost-of-living crisis on its modal shift targets. If it has not already done so, it should undertake this work and report back to the Committee within the next 3 months on progress.

Recommendation 16. The Welsh Government should explore the possibility of developing more granular targets, for example, on a regional level for modal shift and linking these to policy delivery at the regional and local levels.

Recommendation 17. The Welsh Government should provide an update on the work of the group that is being established to examine potential pathways to net zero by 2035. It should explain why it has not asked the UK Committee on Climate Change, the statutory adviser to UK governments, to undertake this analysis on its behalf.

Recommendation 18. The Welsh Government should set out how much funding has been redirected from projects because of the roads review and how that redirected funding has been used, including whether any funding has been used to support bus or rail. The Welsh Government should ensure that funding from cancelled projects should be used for sustainable transport and decarbonisation measures in the same area or region.

Recommendation 19. The Welsh Government should provide an update on the work it has undertaken to date on behaviour change and transport.

Recommendation 20. The Welsh Government should provide the Committee with an update on specific interventions aimed at encouraging modal shift in the large population living in rural areas in Wales.

Recommendation 21. The Welsh Government should set out its position on the suggestions made by members of the public through our engagement work, which are included in this Report.

6. Bus and rail reform

Welsh Government White Paper on bus reform

101. The Welsh Government published a **White Paper and draft Regulatory Impact Assessment on the reform of Welsh bus services** in March 2022. These propose mandatory Wales-wide bus franchising, powers for local authorities to create municipal bus companies, and relaxation of restrictions on those municipal companies.

102. Under the proposals, Transport for Wales (TfW) would become a “centre of excellence for franchise contracting”, working with the new regional Corporate Joint Committees (CJCs) and their constituent local authorities to develop and tender franchises. TfW would work on behalf of the Welsh Government. The franchising power would sit with the Welsh Government rather than local authorities. According to the White Paper, this would bring bus franchising and rail operations together under TfW/Welsh Government control, simplifying integration.

103. The Deputy Minister said that:

“This deliberate political decision was taken in 1985 to privatise the bus industry. That has led us to the situation we have now where we’ve had a dramatic fall in bus patronage and a dramatic increase in car use; a dramatic increase in the cost of using the bus and the train, and a fall in the living standards of those who work in the industry. So, this is not an accident; this is a political act of design taken in the pursuit of a particular ideology in the mid 1980s, and it has failed. We are seeing market failure, and what we are trying to do is to build a new and better system. So, the economics are what we decide it to be, frankly. We have created a highly fragmented commercialised system where bus and rail do not connect, and where local authorities are being expected to mop up the difference with subsidy.”

Bus franchising

104. Professor Parkhurst said that the approach to franchising set out in the White paper did not come without risk, including potentially higher costs. All approaches have advantages and disadvantages, but “the key thing is that whatever the regulatory framework, things work best when the public and private sector have good relationships and strong operators wanting to deliver a high-quality product and the public sector strongly supporting them.” Professor Mark Barry had no “ideological particular view as to what the ownership should be”, but felt the

priority should be focusing on “what service we want, where they need to run, the price of them, so that people can afford them, and procure and assemble the services in the most effective way, both public and private, as we see fit”.

105. For Josh Miles, the proposals would be a stronger incentive for the public sector to invest in bus services, such as bus priority measures. The element of public sector control would also provide a mechanism for the Welsh Government to pursue other policies, such as integrated ticketing. He explained that the biggest disadvantage of the proposed approach was cost:

“We did a programme of work to understand how much a franchising regime may cost and, according to our estimations, it’s around £61 million extra per year in terms of operating costs for the sector. Now, that could change, depending on the type of model that Welsh Government pursues. So, this is an illustrative example, but it’s not a cheap thing to do. And the reason for that is you’ve got to go through tender exercises, you’ve got to build up the capacity to tender, you’ve got to go through contract management, audit, performance management regimes, network planning functions—all these types of things that don’t currently exist in the public sector become additional costs.”

Franchising and smaller companies

106. Josh Miles said franchise regimes “are typically quite challenging for smaller operators”. This type of approach tends to favour larger operators, who can afford the costs arising from submitting franchise bids. Wales has rural areas serviced by a large number of family-owned firms, which might struggle in a franchise environment. He explained that “The evidence in New Zealand, where they moved from a deregulated to a franchise market, showed quite a lot of contraction in the SME sector, and the municipal company struggled as well. So, I think we’ve really, really got to watch that”. Bev Fowles said CaBAC was particularly concerned about franchising and the difficulties this presents for smaller operators.

107. Professor Parkhurst agreed that, although franchising arrangements can vary between countries, “you do tend to see regional local monopoly operators in many countries on a franchising basis. There have been examples of smaller and larger operators working together to bid for franchises, and this might be advantageous “if a small company knows a particular rural area well and its customer base—it might then collaborate with one of the larger ones”. He conceded that it is “hard for small companies to invest in change and have the technical

capacities to undertake this transition”, but it wasn’t inevitable that they would be frozen out of the franchising regime.

108. Professor Mark Barry suggested that the situation for smaller operators might become more positive over time, once the sector had transitioned to an all-electric fleet and there are more lower-cost decarbonised vehicles available to smaller operators. However, until that time, specific interventions would be required to assist smaller companies. Professor Barry suggested one way to address this challenge is by “deliberately design[ing] a procurement around what a small operator could do, and you could provide, via your fleet capacity, the vehicles, then maybe you could still allow smaller operators to play a part”.

Local authority capacity and capability

109. Several contributors highlighted the need for public sector expertise to deliver the proposals. Dr Peppin said there was concern about the risk that a move to network planning at a national and regional level might reduce capacity and expertise at a local level.

110. Silviya Barrett said her organisation had undertaken some research for the Department for Transport that was specific to England, but which indicated that capacity in local authorities had significantly “diminished in terms of resource, size of teams and capability and expertise, so it’s something that needs to be looked at”.

111. In response to a question about whether there are sufficient financial resources and expertise in Wales to deliver the proposals in the White paper, Professor Mark Barry did not disagree that expertise and capacity were an issue, but countered this by saying that “we’re in the situation, with the climate emergency, when we have to just get on and start doing things even if we don’t get it all right all of the time, because we have to change and we have to start doing these things differently”. David Beer agreed that “the resource and expertise, yes, it is a risk, but I think I agree that we do have to seize the moment and put that into place”. It was likely that significant, ongoing investment was necessary to address bolster capacity, Joe Rossiter said.

112. When asked about this, the Deputy Minister said:

“At the moment, there is resource inefficiently used: you have 22 different local authorities having their own contracting functions, their own network planning functions. That is both inefficient and ineffective. And what our plan is, through the bus Bill, is to create what we’re calling a ‘guiding mind’, based

on the European model of a supervisory board of Transport for Wales as that expert source of network planning."

Wider bus policy

113. The Welsh Government's bus strategy, *Bws Cymru: connecting people with places*, sets out a broad range of actions, including a review of bus funding; infrastructure guidance; ticketing; information provision; *TrawsCymru*; decarbonisation; and a public transport recovery campaign.

114. Josh Miles believed that *Bws Cymru* "has lots of the right areas in it" but his main concern was that some of the underpinning elements of the strategy were not being delivered. As an example, he cited partnership working between operators, local authorities, Welsh Government, and passenger bodies. He said that there needed to be a focus on delivery:

"Local authorities don't have much by way of staff or resources to put into the process at the moment. I think we've got a lot of governance in the bus sector between local authorities, CJsCs, TfW, Welsh Government, metros...So, there are just a lot of things going on and we haven't quite got the coherence or the investment to deliver things yet, I don't think."

115. Gemma Lelliott was pleased that *Bws Cymru* recognised the Community Transport sector for the first time, and she had "seen that difference in terms of how Ministers and officials are engaging with the sector and recognising the value of what it brings to the table".

Rail reform

116. While some executive powers for rail are devolved, the rail system is not. Non-devolved areas include Welsh franchising arrangements and rail infrastructure outside the Core Valleys Lines Network. Following a review of rail in Great Britain, the UK Government published a White Paper - the **Williams-Shapps Plan for Rail**. This proposes to end franchising, moving to a fee-based concession approach. A new centralised "guiding mind" – Great British Railways (GBR) – would integrate planning of services and infrastructure. "Devolved authorities" would continue to exercise their current powers and a "joint working agreement" would be implemented between Wales and GBR. There is little detail beyond this on how the plan will affect devolved railways.

117. James Price said that there was no clarity about whether the review "moves towards further devolution, which, obviously, people have called for, particularly in terms of track devolution". He said that "unless we can get any betterment in terms of how we work with GBR

in comparison to how we worked with the Rail Delivery Group in the past, DfT and Network Rail, then some of the historic problems will remain baked in". This would include "a charge levied on us to be part of the new GBR that won't necessarily be optional, and that's to cover things like ticketing at a UK level. But many of those ticketing platforms at a UK level don't do what we want to do". He concluded by saying that "we want to be in a position, by and large, to be able to join in where it makes sense for Wales and play our part, but to tune out where it doesn't make sense. And my biggest fear, actually, is that what Wales needs is a fully integrated, joined-up, multimodal transport approach, but GBR is all about the railway. And if you look at the figures, the railway is in the margins".

118. David Beer said that his organisation supports rail reform in principle, as a way of addressing the fragmentation of track and train. He said that not enough was known about the UK Government's intentions to understand the implications for Wales. Silviya Barrett added that there was a need to have greater control of investments in infrastructure. Addressing this "would improve the Government's ability to make decisions in terms of investment and the running of services".

119. The Deputy Minister told the Committee that Great British Railways "is not showing much sign of being a co-operative arrangement":

"we've said that we are happy in principle for this body to be created. We think it should be a body of equals, and we think that different parts of the UK should sit on that as partners and make the Great British railway work for the whole of Great Britain. There's not much sign of movement on that in the Department for Transport, but I'm afraid there's a pattern here, in all of our relationships with this UK Government, and, as the First Minister often says, this wasn't the case in previous iterations of Conservative Governments in recent years, but this one in particular seems pretty hardline in not being willing to co-operate with the devolution nature of our settlement."

Metro

120. Multi-modal Metro public transport systems are in development in north, west and south Wales. The South East Wales Metro is the furthest advanced, currently focusing on Core Valleys Lines modernisation.

121. Governance and delivery arrangements are complex. Multiple bodies have Metro-related plans. For example, TfW, local authorities, and emerging regional local government structures like Cardiff Capital Region Transport Authority are involved. CJs have also been established

initially to develop Regional Transport Plans and Strategic Development Plans which will link to Metro proposals across Wales.

122. The Burns Delivery Unit– established by TfW to implement Burns Commission recommendations on solutions to M4 congestion – is also planning programmes relevant to the South East Wales Metro.

123. James Price said that the Metro project was progressing at pace. COVID had impacted the project only marginally. However, “the impact of inflation is going to be felt a bit in the end price of it, but no more than it is in anything else”.

124. In response to questions about the progress of Metro developments outside south-east Wales, Dr Peppin said that “certainly south-east Wales has been ahead of the game on this because of the investment that’s been committed via the city deal work”. Dr Llewelyn added that the three Metro projects were at different stages of their development. He explained that “progress isn’t even and consistent” and “somebody will always be behind”. David Beer believed that “there’s a fundamental difference between the authorities that are available in south-east Wales up against north Wales”. He said that expertise that had been developed in the former Welsh Regional Transport Consortia had been lost.

Transport governance

125. David Beer said there was some uncertainty about transport governance arrangements, including in CJs and the development of Transport for Wales’ remit into a more multi-modal sphere. Josh Miles went further, saying that current transport governance in Wales was too complicated. He identified several layers of decision makers, including “local authorities with statutory transport powers”, “corporate joint committees that are in the process of being formed but are not yet established, have no resources, yet are being spoken about in the bus legislation as a key player”, “we’ve got TfW, which itself has a regional agenda”, “and then we’ve got Burns commissions north and south that also are specifying regional interventions”.

126. The Deputy Minister agreed that transport governance can appear complex. He said:

“Frankly, this is one of our challenges: co-ordinating local authorities, Welsh Government and TfW. So, you now have, in south-east Wales, a Burns delivery unit, a tripartite arrangement, Cardiff and Newport council, TfW, Welsh Government, overseen by an independent panel, independently chaired by people we’ve deliberately recruited to be difficult and challenging, and that has produced a pipeline of schemes. This team, working together,

are coming up with the WelTAG studies, the active travel studies, the funding bids for UK funding for rail schemes."

Public transport integration

127. Integration is a key focus of the Wales Transport Strategy and related policies. The planned Bus Bill is also intended to support integration. In his written submission to the Committee, Professor Mark Barry said:

"It is overwhelmingly likely that in Wales, the full and effective integration of rail and bus (services & fares), and especially the ability to define and procure component bus services in the way described, needs both the Bus Legislation set out by WG and the full devolution of rail powers and funding, which UK Gov currently seems disinclined to support."

Integrated ticketing

128. Integrated ticketing, like public transport integration more generally, is recognised as having a range of benefits for operators, passengers and governments. The Welsh Government's White Paper on bus services identifies integrated ticketing as a key benefit of the proposals. TfW's 2021-22 remit letter tasked the organisation "to deliver a national account based ticketing scheme" comprising a multi-operator, multi-modal integrated 'smart' ticketing platform, supporting various cashless payment systems.

129. Professor Parkhurst referred to 'mobility as a service', which could be used to offer integrated services and ensure that "operators can take part in a platform of mobility services with some confidence that they will actually recover their cost of participating and make a reasonable profit on it".

130. James Price explained that TfW would be running pilots "over the next 12 months for both bus and rail, starting in the south-east Wales area". He added that "I think what would really accelerate our ability to do that is bus reform in terms of moving to a regulated marketplace, because the technology is not a problem—that's very simple; we've fitted validators in all buses and in most of the south Wales stations, and they're going in right across Wales. The difficulty is getting commercial bus operators to accept a product that is not one they created".

Transport and land-use planning

131. Integration of transport planning and systems with wider trip-generating policy areas, like health, education and housing, is a long-held objective of the Welsh Government. Integration

with land use planning is key to this. The Wales Transport Strategy commits to review TAN 18 – the planning Technical Advice Note covering transport. The sustainable transport hierarchy, intended to focus investment and decision-making on sustainable modes, features in both the transport strategy and Planning Policy Wales (PPW). PPW says:

"The sustainable transport hierarchy must be a key principle in the preparation of development plans, including site allocations, and when considering and determining planning applications."

132. The new CJs will initially have responsibility for Strategic Development Planning as well as Regional Transport Planning.

133. Dr Peppin said that "making sure that we locate services and facilities in locations that are easily accessible is a key part of making sure that there is an inclusive approach". If local authorities can "encourage facilities to be based in one place, then public transport becomes a much more viable option and a better choice". Dr Llewelyn added that "there's plenty of evidence that if we adopt a more coherent and integrated approach to the provision of all public services, and we see the interconnectivity and the overlap between those services, we squeeze more value out of the investment that we make, and we improve the quality of service provision for service users as well".

Our view

The Welsh Government's **bus reform Bill** offers a significant opportunity to improve the provision of bus services in Wales and, most importantly, to make them more customer-focused. However, we note the comments from several stakeholders about the risks arising from the proposals. We will consider these matters in detail when we consider the Bill later in this Senedd term. In the meantime, our initial views are as follows.

According to research by CPT, the potential costs to the sector of a franchising regime are huge. There are risks that this will freeze out of the system many smaller bus operators. These operators, particularly in rural Wales, are well-placed to understand the needs of their local communities and respond to changes in demand. We agree with the suggestion the Bill should include provisions to ensure that smaller companies can participate in the franchising process. We are pleased that the White paper acknowledges this and includes proposals for addressing it. However, we emphasise that the process should be designed in such a way as to minimise the cost of submitting bids for those smaller operators.

We note the concerns about a lack of **local authority capacity and capability** to deliver the proposed approach, but we share the view of some stakeholders that we cannot allow perfection to be the enemy of progress. TfW will have a role as a “guiding mind” to provide expert support for local authorities. This is not yet sufficiently developed to assess its strengths or weaknesses but is a matter we will return to in due course. We have sought an update on this matter in Recommendation 6.

We were pleased with the positive comments from CTA about the engagement by Ministers and their officials with the **Community Transport** sector. Many of the participants in our engagement work were very complimentary about the sector and we hope this approach continues.

We note the comments from the Deputy Minister and James Price about **Great British Railways**. We are particularly concerned that the Deputy Minister told us that the UK Government’s Department for Transport is resisting requests for parity of status for the UK and devolved governments. We believe this is unacceptable. If the body does not clearly understand the needs of Wales, how will it deliver improvements? If this is not addressed, there is a profound risk that Great British Railways will do nothing to improve rail in Wales and may do the opposite. We will write to the UK Government’s Secretary of State for Transport on this matter.

On the **Metro** projects, James Price told us that inflation would have an impact on the cost of the project. On 16 May WalesOnline highlighted a likely overspend on the South Wales Metro project and that it will be delivered a year late. Inflation has increased significantly since TfW’s appearance before the Committee. We would be grateful for an update on the latest position on South Wales Metro costs in light of rising inflation and any impact this has had on the delivery timetable. Further, we would be grateful for an update on the impact on the other two, less developed Metro projects.

TfW publishes high-level information on Metro schemes, but no detailed delivery plans. However, TfW’s remit letter requires it to develop “a costed five-year delivery plan along with key milestones” for the Metro schemes. We believe that, in the interests of transparency, TfW should publish the latest iteration of its five-year delivery plan.

We welcome the information from James Price on the **integrated ticketing pilots**. This was a key issue for many of the participants in our engagement work and was seen as a key mechanism to encourage greater use of public transport. We would be grateful for an update on whether they were successful and further information on the next steps. Public transport integration.

In relation to **transport and land-use planning**, we note that the Welsh Government has committed to reviewing advice relating to transport and planning. We believe that, as part of this work, the Welsh Government should consider whether TfW should be included as a statutory consultee for major developments.

Recommendations

Recommendation 22. Great British Railways should proceed based on parity of status for the UK and devolved governments.

Recommendation 23. Transport for Wales should provide an update on the latest position on Metro costs in light of rising inflation and any impact this has had on the delivery timetable for each of the schemes.

Recommendation 24. Transport for Wales should publish the latest iteration of its five-year delivery plan for all three Welsh Metro schemes.

Recommendation 25. Transport for Wales should provide an update on the integrated ticketing pilots and should explain the next steps.

Recommendation 26. Subject to discussions with the organisation, the Welsh Government should bring forward proposals for the inclusion of Transport for Wales as a statutory planning consultee for major developments.

Annex A: List of written evidence

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

Reference	Organisation
BRT 01	Transport Focus
BRT 02	Community Transport Association
BRT 03	Confederation of Passenger Transport
BRT 04	Campaign for Better Transport
BRT 05	Mark Barry, Professor of Practice in Connectivity - School of Geography and Planning, Cardiff University
BRT 06	Welsh Local Government Association (WLGA) - officer response only
BRT 07	Transform Cymru
BRT 08	Professor Graham Parkhurst
BRT 09	Professor Kiron Chatterjee

Additional Information

Title	Date
Transport for Wales: Paper to the Senedd Committee on Climate Change, Environment and Infrastructure	7 March 2022