

P-06-1366 Reinstate funding for Taf Valley Coaches 351 (Tenby to Pendine) and 352 (Tenby to Kilgetty) services.

Y Pwyllgor Deisebau | 13 November 2023
Petitions Committee | 13 Tachwedd 2023

Reference: SR23/6946-3

Petition Number: P-06-1366

Petition title: Reinstate funding for Taf Valley Coaches 351 (Tenby to Pendine) and 352 (Tenby to Kilgetty) services.

Text of petition: Taf Valley Coaches have successfully ran the 351 and 352 services since June 2016. They have been supported from Welsh Government funding to cover financial short falls. Sadly, this funding is now being withdrawn, making the services financially unsustainable. Additionally, an open top double decker bus, from a large national bus operator, can operate between Tenby & Saundersfoot on a commercial basis every day from Easter to end of Summer, directly impacting on the small family local business.



1. Background

While local bus services are deregulated, most of the statutory powers and responsibilities regarding the planning and procurement of local bus services currently rest with local authorities.

Although licensed bus operators are free to register any service they wish to operate on a commercial basis, local authorities have a duty under section 63(1) of the Transport Act 1985 to secure services to meet public transport requirements which would not otherwise be met through the commercial market (i.e. socially necessary services). Section 63(5) enables a local authority to enter a contract to pay a subsidy for services if the service would not otherwise be provided at all, or to a particular standard.

Bus funding

The Welsh Government has typically provided support to the bus industry through a number of funding streams including its Concessionary Fares Scheme and the Bus Services Support Grant (BSSG).

BSSG is administered by local authorities and divided into two funding mechanisms. Bus operators can claim a contribution towards their in-service operating costs, known as a Live Kilometre Support Grant allowing eligible operators to claim an amount for each “live” kilometre (i.e. delivering a bus service rather than, for example, returning to depot). This accounts for around two-thirds of the £25m allocated to the BSSG annually since 2013-14.

The remainder of the BSSG is used by local authorities to procure socially necessary bus services. Local authorities are also able to use funding from other sources, including their Revenue Support Grant (RSG), for bus services.

Covid-19 pandemic and emergency support

The pandemic had a massive impact on passenger numbers - the Welsh Government estimated that the use of public transport declined by 95% in the early days of the pandemic compared to the same period the year before.

The Welsh Government therefore provided additional financial support to the bus industry. Initially this emergency funding was known as the Bus Hardship Fund and then became the Bus Emergency Scheme (BES) from July 2020. BES remained in place in one form or other between July 2020 and July 2023. The

Welsh Government's [January 2023 draft budget paper](#) for the Climate Change Environment and Infrastructure (CCEI) Committee indicates that over £150m had been allocated for emergency bus support between 2020-21 and 2022-23.

Bus Transition Fund

The BES has now been replaced with the Bus Transition Fund for 2023-24.

Initially, the Welsh Government's 2023-24 draft budget included an allocation of £28m for 2023-24 for the BES (see the draft budget paper above). However, on 10 February, [the Welsh Government indicated](#) that this funding was being withdrawn following a three month transition period. In evidence [to the CCEI Committee on 1 March](#) the Deputy Minister for Climate Change, Lee Waters MS, explained that this was due to wider pressures within the Climate Change budget, particularly on rail.

On 23 May the Deputy Minister [made a further statement](#) giving an update on bus services. He said, "we have nearly reached a solution that will allow us to make further funding available to protect as much of the network as we can for the remainder of this financial year". However, he said the "challenge" is now to design a network "that can best serve passengers in the time we have available to plan, and within the funding that is available to us".

In June, the Welsh Government [issued a joint statement with local government and bus operators](#) announcing £46m to support the end of the BES and that a new Bus Transition Fund would replace it. The statement also said, "we will continue to work together to develop a longer-term sustainable funding model that bridges the gap to franchising."

Bus reform

Reference to the move to franchising above reflects the Welsh Government's plan to introduce a new Bus Services Bill. Unlike the previous Bill, withdrawn in 2020, which included franchising as one of a number of options for local authorities, the Welsh Government is proposing to replace the current deregulated bus model with a mandatory Wales-wide system of franchising with the Welsh Ministers as the franchising authority. The Bill [is expected to be introduced](#) in this Senedd term (i.e. 2023-24).

Further detail on these plans can be found in the Welsh Government's 2022 White Paper [One network, one timetable, one ticket: planning buses as a public service](#)

[for Wales](#). More detail can also be found in this October 2022 [Senedd Research article](#) on the White Paper.

The Welsh Government has also published [Bws Cymru: connecting people with places](#).

2. Welsh Government action

In his letter to the Chair, dated 19 October, the Deputy Minister highlights the emergency support provided to support bus services. He goes on to say:

I have asked Transport for Wales to work closely with local authorities...to identify and prioritise bus routes for continued support, and this will include a careful look at these two routes.

The Deputy Minister says this work will help prepare detailed plans for services in each region of Wales to aid the transition to the new system of franchising due to be introduced.

3. Welsh Parliament action

[A number of written questions](#) on emergency funding for bus services been tabled.

On 11 May the CCEI Committee [took evidence](#) from local authorities and representatives of the bus industry on the sustainability of bus services following the Deputy Minister's announcement (see background section of this brief). This evidence stressed the scale of the challenge in responding to the funding reductions, but also highlighted that discussions are on-going with the Welsh Government.

The Committee subsequently [wrote to the Deputy Minister](#). In his [response](#), the Deputy Minister provides further detail on the Bus Transition Scheme and states:

The Bus Transition Fund will be used as a further mechanism to support... the industry away from emergency funding to locally tendered services from April 2024. As a mid-term solution my Officials are also reviewing existing grant funding mechanisms such as the BSSG and other funding streams to provide a more stable and effective funding support package going forward.

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Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.