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12 December 2008



Ms C Randall
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Welsh Affairs Committee
House of Commons
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Dear Ms Randall

The provision of cross-border public services for Wales

Thank you for your letter of 19 November 2008 requesting written evidence for members of the Welsh Affairs Committee in respect of cross border issues in the field of transport.

First Cymru Buses Limited is part of FirstGroup plc. Its operating area extends from Haverfordwest through to Cardiff and provides a mixture of bus services being local bus services, contracted services for schools etc., inter urban services such as the Swansea to Cardiff Shuttle. We also operate a number of National Express services, principally those from Swansea to Heathrow/Gatwick Airport (under contract to National Express).

My evidence relates to the provision of bus and coach services within Wales and the main differences between operating and regulatory arrangements within Wales and England.

Whilst there are no First Cymru cross border services, the First operation in Cheshire operates services into Wales from Chester: a local service 16 to Sandy Lane which just crosses into Wales, and the Sunday service 10 from Chester to Connah's Quay.

1. Concessionary Passengers

Under current arrangements, passengers aged 60 or over, and those with an eligible disability can apply for a concessionary pass which gives them access to unlimited travel on local bus services throughout Wales. The scheme is operated by local authorities on behalf of the Welsh Assembly Government (WAG). In England, whilst there is a similar National concessionary scheme, administration is at a local authority level and these authorities are able to operate different schemes with specific local enhancements.

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The main frustration for passengers is that the respective schemes are not valid cross border. English concessionary cards are not valid in Wales and likewise Welsh cards are not valid in England. This led recently to the somewhat bizarre circumstance where fundraisers for the RNLI who were seeking to travel around the coast of the UK via public transport using the concessionary scheme were unable to do so.

With a significant land border between Wales and England there are many pass holders on both sides of the border for whom the lack of concessionary cross border travel will mean greater levels of social exclusion. There are provisions within the Concessionary Bus Travel Act 2007 to make regulations facilitating cross-border concessionary pass inter-availability, but as yet no such regulations have been made.

Thus the issue of cross-border pass acceptability has to be dealt with on a bilateral basis between adjacent local authorities and there is no statutory provision dealing with this.

2. Funding

Funding arrangements for local bus services in Wales is devolved to the WAG. Essentially the revenue funding is made up of:

LTSG	£10,000k	Used to support services which are not commercially viable in the private sector
BSOG	£18,000k	Paid to operators on a per litre consumed basis and used to keep fares lower
Kickstart	<u>£2,000k</u>	Used to support innovative schemes
	£30,000k	

Similar funding arrangements are also available to support operations in England.

BSOG is essentially a rebate of fuel duty which tends to increase in line with increases in fuel duty. Latterly however the WAG decided to break the link between fuel duty increases and the value of rebate available. When fuel duty rose 2p in October 2007, the rebate was frozen at 39.21p per litre. In England this was not the case and the increase was passed onto operators in full. The effect of this has been fare increases and service reductions in Wales which have not been experienced in England. The cost of operation per mile in England is therefore currently lower than that in Wales.

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3. Regulatory Framework

The regulatory framework in Wales is broadly similar to that in England. However with the introduction of the Local Transport Act 2008 that is set to change in relation to the potential introduction of Quality Contracts (QC).

- The introduction of a QC results in the effective suspension of the competitive market within an area which could lead to the confiscation of an operators established business.
- In England there has been much debate about the protection afforded to operators prior to the introduction of a QC. The revised QC regime allows for all applications to be referred to an advisory panel and a subsequent appeals process to the Transport Tribunal.
- In Wales however this protection will not be available, with the decision being made by Welsh Ministers with no appeal (other than via Judicial Review).
- This is particularly problematic for smaller operators who are unlikely to have the means to challenge the introduction of a QC due to the likely costs of a Judicial Review.
- Despite considerable lobbying by industry bodies such as Confederation of Passenger Transport (CPT Cymru), the WAG has consistently refused to offer Welsh operators the equivalent protection as that afforded to English operators.

4. Traffic Commissioner

Welsh operators are covered under the jurisdiction of a Traffic Commissioner who also looks after the West Midlands. Welsh operators would welcome a specific Traffic Commissioner for Wales who can understand the unique characteristics of Wales. This is particularly important given the increasing tendency for the WAG to deviate from England in the legislation governing the provision of coach and bus services.

The above issues represent the main areas of difference between the operating environments in England and Wales. Operators are also concerned about the increasingly regulatory tones coming from the WAG. Recently a Labour back bench AM, Huw Lewis, has sought to obtain further powers over the provision of coach and bus services in Wales via a legislative competency order. Mr Lewis' objective is to introduce "London style solutions" into Wales via an effective re-regulation of services in the principality.

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Operators are particularly sensitive to such a position which would be prohibitively expensive but which also unsettles the operating community with consequent potential impact on funding decisions.

Whilst I understand that my response takes a wider remit than specifically tackling the issues associated with cross border services, it does outline the main concerns of bus operators in Wales and highlight issues that undermine the confidence of operators in Wales compared to those in England.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'A McNIFF', with a long, sweeping flourish extending downwards and to the right.

TONY McNIFF
Managing Director