

## Evidence from Community Transport Association

### About us

The Community Transport Association (CTA) is a national charity that represents and supports providers of community transport: thousands of local charities and community groups across the UK that all provide transport services that fulfil a social purpose and community benefit.

We are for, and about, accessible and inclusive transport.

For many passengers, community transport operators are the lifeline that connects them to their communities when no other transport is possible; be that for work, for education, for health or for social interaction. Here in Wales, our members include schools, charities, day centres, bike to work schemes and operators of regular services for communities and people who would otherwise be disconnected from the world.

### Full response:

#### **Overview**

The establishment of Transport for Wales (TfW) as a wholly-owned subsidiary of the Welsh Government fundamentally changes the nature of scrutiny for Transport policy in Wales. Our experience is that current practice is good, but as the company matures it would be wise to consider embedding ways of working that will ensure transparency and public confidence for the future.

#### **Governance, Structure and Funding**

The governance and accountability structures of private companies are different to those of government, and this may necessitate a change in the Committee's approach to scrutiny.

It is inescapable that the establishment of an arms-length wholly owned subsidiary removes some of the parliamentary oversight that the Assembly would otherwise have. That being said, our experience has been that TfW are willing to engage very openly with representative bodies such as ourselves. We have been positively engaged in relevant work on bus strategy, and some of our members have had the opportunity to contribute directly on areas of shared interest.

This positive institutional behaviour is very welcome, but it should be noted that this is a matter of good will and good practice from the current leadership and

staff, and not of obligation.

**Recommendation:** The Committee may wish to consider establishing a set of working protocols with Transport for Wales, in order to establish and embed good practice in the future.

The governance structure is comparable with other private companies; an Executive Team reports to a Board of Directors and a range of business information is available. Board minutes and a Register of Interests are available on the TfW website, although in the case of the latter document, we would query whether this is complete. There are no entries for some Board members, and this is unusual.

**Recommendation:** That TfW ensures that its register of interests is complete and up to date, and that the date at which the register was last updated is recorded on it. Null responses should be recorded to remove suspicion that an entry is incomplete.

Executive Directors are not currently included on the Register of Interests. While this is not a legal requirement, as a wholly-owned subsidiary of government, TfW may wish to exemplify a higher standard of transparency than the legal minimum.

**Recommendation:** That TfW considers including its Executive Directors in its register of interests.

A good Board ensures that the Chief Executive is able to draw on appropriate expertise. The current appointees are extremely experienced professionals with many skills to offer, but we note that none have significant direct operational experience of working in the transport industry. We would particularly welcome an appointee with experience and understanding of accessible and inclusive transport, to ensure that the needs of vulnerable groups are understood at the highest level.

**Recommendation:** That TfW considers appointing a Board Director with experience of public transport operational management, particularly accessible and inclusive transport.

TfW finances may not be subject to the scrutiny that a government department is during the budget process, but as a private company its annual accounts are published by Companies House. This may in fact provide a greater level of detail than is provided by government budget documentation. TfW's accounts are full and thorough, and include appropriate strategic information. While this is very welcome, there may still be issues around the timing of when the accounts are filed.

TfW's year-end is 31 March. Companies House requires that companies file their accounts within 9 months of the year-end. In 2018, TfW filed on 19 November - 12 days before the deadline. This was in the middle of the Committee's budget scrutiny sessions, and after some Ministerial scrutiny sessions. This impinges upon the Committee's ability to scrutinise transport funding fully.

**Recommendation:** The Committee may wish to examine TfW's published annual accounts as part of its routine budget scrutiny.

**Recommendation:** The Committee may wish to request that TfW publish its annual accounts on an earlier date than its Companies House deadline to enable better scrutiny.

## **Transport for Wales' current and future role**

There is not a clearly understood delineation of TfW's role and remit, and if this is not addressed there is a real risk that mission-creep could undermine its future effectiveness. There appears to be activity in policy, transport strategic delivery and direct delivery, and this is more ambitious than almost any other transport authority in the UK.

**Recommendation:** The Committee may wish to consider how the role of TfW is currently defined, and whether this is an accurate reflection of its actual work and stated aspirations.

There appears to be overlap between TfW and the Welsh Government Transport Department in the area of policy and legislation, as exemplified by recent work on transport policy in the autumn of 2018. The Welsh Government were consulting on the Welsh Transport Strategy, as per their legal obligations under the Transport (Wales) Act 2006. At the same time, TfW were consulting on Bus Strategy for the preparation of a white paper. This created some confusion amongst our members, who were invited to contribute to both processes. It also seemed surprising that a private company was preparing a white paper but government was writing a delivery strategy.

**Recommendation:** The Committee may wish to seek clarification of the role of the Welsh Government's Transport Department and the criteria by which they decide whether an activity is rightly their work, or TfW's.

**Recommendation:** The Committee may wish to seek clarification as to the circumstances under which a private company would write a white paper.

There may be the potential for overlap between TfW and public transport operators, with confusion over who is responsible for what. This also creates a potential conflict of interest if TfW is both an operator (as it is with its T bus services) and becomes a commissioning body for bus services.

We would be concerned at this development for two reasons:

Firstly, many community transport operators, especially in rural areas, are able to create a viable operating model through a blend of services aimed at the general public, with varying levels of need, with highly specialised point-to-point services for vulnerable people who have more complex needs.

Selective intervention in the market by TfW could make it more difficult for these local operators to piece together a viable operating model, the net effect being a diminution in options for the most vulnerable people who have few choices to start with. For example, if TfW were to commission and/or operate routes currently covered by community transport operators using Section 22 Permit, those services could no longer operate. This would leave the community transport operators with only their costliest and most complex services and less ability to make them viable through other activities, such as running routes using Section 22 Permits.

Secondly, if TfW were to be legally challenged by large bus operators regarding the procurement process, community transport would not have the resources to be represented. The sector could be squeezed out of the routes that in many cases are subsidising essential support for vulnerable people.

Similarly, there is the potential for overlap between TfW and operators in terms of managing and delivering contracts if they move further towards a commissioning model. TfW cannot reasonably be responsible for managing transport contracts if it is involved in delivering any of them operationally. If it were to do so, it could not hold those contracts effectively to account.

**Recommendation:** The Committee may wish to clarify how TfW ensures that the potential conflicts outlined above will be avoided.

**Recommendation:** In order to avoid future conflicts of interest, the future role of TfW ought to be limited to EITHER commissioning and contracting services OR operational delivery.

The Committee is hampered in its scrutiny if it does not have a clear understanding of who is responsible for delivering what. If a new layer of delivery is added in the form of Regional Transport Authorities, it could lead to further confusion. It may be helpful for the Committee to consider the structures, governance arrangements and working practices of other transport bodies in the UK, particularly ones in which multiple local authorities and regional bodies are involved.

**Recommendation:** The Welsh Government's new transport strategy should outline how its own Transport Department, TfW and any new Regional Transport Authorities will work together.

Transport for London (TfL) is not a direct comparator for TfW, in that London has far greater devolution of powers, particularly as regards bus regulation. There is a strong case for devolving additional powers to Wales, but until that takes place, it is not possible to recreate the London model. While it may be a long-term aspiration to emulate this approach, in reality there are many legal and technical challenges

relating not only to transport regulation powers, but also data sharing and GDPR barriers to using account-based ticketing in the way that TfL do.

Additionally, financing new projects through tools that rely on increasing property values as TfL have done (i.e. Tax Increment Financing for the Northern Line extension, and Business Rates Retention for Crossrail<sup>1</sup>) may be legally possible in Wales, but outside London the scale of property value increases is much lower and therefore these mechanisms raise less money. There is a need for TfW to consider innovative financing options that would help to drive infrastructure investment that will work in Wales' specific circumstances; given the significant number of services that have been withdrawn in the past three years, that should include core funding for services and not just the building of facilities. A bus station with no buses in it would serve nobody well.

**Recommendation:** TfW may have an opportunity to act as a finance-broker for strategic infrastructure investment in Wales, directing unrestricted funding to service delivery.

Some other city regions have packages of transport devolution and economic development challenges that are more directly comparable with Wales, and it may be helpful to look at some of these for inspiration not only in terms of governance, but also in terms of ambition in the medium term. Greater Manchester and the West Midlands have both delivered successful metro systems, for example, and learning from their successes and their failures could be extremely helpful. Manchester in particular may be a good comparator for TfW.

**Recommendation:** The Committee may wish to review the role and remit of Transport for Greater Manchester as a more direct comparison with Wales' own package of devolved powers.

We also suggest that TfW looks to examples of best practice for serving dispersed rural communities as well as urban development zones. The South Wales Metro and proposed Metro proposals in North-East Wales and Swansea Bay are exciting

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<sup>1</sup> <https://tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-funded>

developments, but for the vast majority of towns and villages in Wales<sup>2</sup>, the primary mode of public transport is the bus, and bus services are under significant pressure across the UK.

In defining its future role and ambitions, TfW should ensure that the needs of rural communities are prioritised and well understood. This will mean smart investment in services that local communities rely on, and learning how to listen to those communities to deliver what they need. Community transport organisations are locally grown initiatives, working directly with and for some of the most vulnerable members of the community. This means that community transport operators have a unique insight into local needs and are best placed to devise solutions; we would recommend that TfW coordinate with community transport organisations to deliver transport suited to the needs of the community. We believe that the creation of Regional Transport Authorities may also bring the opportunity to bring a strategic focus on the different challenges faced by different areas of Wales and ensure that Wales' rural communities are properly served, but TfW have an important role in providing strategic direction.

**Recommendation:** The Committee may wish to explore examples of best practice in terms of serving rural communities from both in Wales and internationally.

## Future role and conclusions

The establishment of TfW as a not-for-profit company presents an opportunity for innovation in transport policy in Wales, and we welcome its current openness to partnership working and collaboration. We believe that the greatest benefit for Wales will be derived if TfW carves a distinctive niche for itself, operating where there are currently gaps in our knowledge and expertise as a nation, and not in replacing or duplicating other bodies.

Wales has specific challenges in terms of serving rural communities as well as urban centres, and for those reasons focusing too closely on copying the working practices and priorities of other transport bodies which have a specifically urban remit may not be wholly appropriate. Developing and testing rural delivery models for public transport and access to public services may be an area of expertise where TfW could

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<sup>2</sup> Wales has 869 Communities and 219 railway stations. Many larger communities have more than one station.

become an international leader in if it invests its resources in this key challenge now. That being said, the governance arrangements and delineation of tasks that have been developed by more mature transport authorities that also operate in a complex policy and delivery environment might be worth learning from.

Wales has different economic challenges, and therefore a different pattern of investment need, to many parts of England. We would therefore welcome TfW working to bring new funding into public transport services as well as capital infrastructure investment in the future. This is particularly necessary in what are very uncertain times in terms of future public funding, where the centralisation of services in combination with declining numbers of bus services could lead to unprecedented numbers of people becoming disconnected from vital services. We believe Community Transport has a vital role to play in ensuring that vulnerable people are not left behind.

Finally, we recognise that where there is market failure in delivering effective bus services, TfW may wish to become a commissioner of strategic bus services or to work with Regional Bodies to commission services directly. We would welcome this development with the proviso that Community Transport is included as an integral part of a healthy future transport market with social value considerations being made in commissioning, and that there is clear separation between the commissioning and management of services on the one hand and the operation of them on the other.

We thank the Committee for the opportunity to contribute to this important inquiry.