

CEREDIGION COUNTY COUNCIL

Report to:	Cabinet
Date of meeting:	14 February 2023
Title:	Ceredigion Bus Network
Purpose of the report:	Update Cabinet on matters relating to the bus network in Ceredigion
For:	Information
Cabinet Portfolio and Cabinet Member:	Councillor Keith Henson, Cabinet Member for Highways and Environmental Services and Carbon Management

1.0 Background

It is widely recognised that the transport industry is experiencing a particularly turbulent and challenging time, with the following factors being particularly relevant and are over and above other general inflationary factors affecting the local bus, learner bus, taxi and community transport operators:

- a lack of qualified and experienced Public Service Vehicle (PSV) bus drivers
- capacity issues limiting the training and examination of new drivers
- increased and volatile operating costs which include in respect of fuel
- changes to funding and support mechanisms
- reduction in patronage, exacerbated by COVID-19
- uncertainty about future travel patterns, usage and fare box income
- changes in respect of governmental roles, interventions and responsibilities
- disruption to supply chains affecting fuels, delivery of vehicles and parts
- review of business models clarifying actual operational costs and income

2.0 Legal Context

The most directly relevant duties placed on Local Authorities in terms of public transport services are in relation to Section 63 of the Transport Act 1985, with the addition of further duties in relation to the provision of learner transport.

Further information on these duties, together with information regarding bus operator's obligations to the Traffic Commissioner are provided in **Appendix 1**.

3.0 Local Bus Networks

The bus industry was de-regulated in 1985, seeking improve efficiency and motivate companies to provide an attractive offering to the public. Where services were not deemed to be commercially viable then Local Authorities could go to market through

procurement processes to secure a level of travel opportunities which it deemed appropriate.

The bus network is made up of two types of service, commercial and supported, and **Appendix 2** provides the background to local bus networks in the context of commercial and supported local bus services and the profile of these in Ceredigion.

4.0 Ceredigion Context

In terms of local bus service operations, large sparsely populated rural areas like Ceredigion have never been good bus *territory*. Factors influencing this include, but are not limited to:

- lack of sufficient numbers wanting to travel at the same time
- lack of sufficient numbers wanting to travel on the same routes
- lack of sufficient numbers wanting to travel between the same locations
- distances travelled
- high car ownership and preference
- lack of competition in the local market
- operators leaving the industry
- local operators having less resilience than larger commercial operators
- withdrawal of national / larger operators from the local market
- impact of COVID-19 and changes to travel behaviours

This is culminating in significant and unaffordable increases in costs, which exceeds current allocated budgets associated with providing supported services.

Since de-regulation, a significant and tapering upwards amount of public money has been required to maintain services as the gap between what is generated in income from fares and the costs of providing the services has increased massively.

Ceredigion County Council's exposure to this national issue and the related risks have been mitigated in this respect as:

- the network it is responsible (pays) for has contracted significantly over the last decade
- services provided on the main routes form part of Welsh Government's TrawsCymru services
- the Bwcabus / Fflecsi network forms part of a partnership arrangement with Pembrokeshire and Carmarthenshire County Councils with support from external funding sources
- the Cardi Bach service is funded by the Welsh Government
- there are a small number of 'commercial' services

The current bus network in Ceredigion reflects historical routing, travel patterns and deemed demand as well as timetabling/frequency often determined by what is operationally deliverable with the available resources.

Some settlements are provided with a relatively high/good level of service and some with none at all.

Some travel opportunities will also be provided based on logistical influencers rather than by design or demand (e.g. where operators are based / where contracted services start and finish).

While bus networks and services are subject to change, usually in respect of timetables and frequency, the termination of services brings with it a different level of challenge, scrutiny and sensitivity.

Efficiencies have been achieved through having an integrated network of learner and public services, often provided by the same vehicles, with resources for peak time learner services providing the resource for the local bus services during the off-peak. This has meant statutory learner transport requirements are met while offering a level of service to the wider public that would otherwise not exist.

5.0 Financing

Currently local bus services are financially underpinned by a number of income streams which include:

1. Fare Box
2. Payment for the carriage of eligible learners
3. Mandatory Concessionary Travel Scheme reimbursement payments
4. Bus Services Support Grant Live Kilometre (BSSG) payments
5. Subsidy payments for tendered contracts
6. Bus Emergency Scheme (BES) payments

The profile and value of the above will vary, potentially considerably, between operators and routes. There are some 'commercial' services which do not receive Subsidy payments for tendered contracts but may attract all others.

The complexity of how services are financed is therefore a difficult matter to analyse in an objective, meaningful and useful way as the profile of the income streams can vary considerably.

Appendix 3 provides a breakdown of how the local bus network in Ceredigion is maintained financially which demonstrates the complexity underpinning this. This also demonstrates that the levels of public funding supporting and underpinning this in Ceredigion is already significant.

6.0 Bus Patronage and Value for Money

Due to COVID there is little relevant recent bus patronage data available that would usefully inform decision making, neither is there a simple way to evaluate either value or value for money in respect of the level of subsidy required due to the complex way services attract various income streams as set out and demonstrated in Section 5 above.

Operators have their own, individual concessionary fare reimbursement rate, based on their depot average fare with a modifying factor then being applied, and as such the individual operator's reimbursement rate can vary considerably which will then influence the prices they will be able to offer to operate routes which includes when competing for tendered services.

This is particularly relevant when around 50% of passengers are concessionary pass holders.

Historically a metrics has been used to calculate the subsidy per passenger journey whereby the total amount of subsidy is divided by the total number of passengers. However, this has become considerably less relevant as a measure as the number of income streams and supporting interventions have increased which are more difficult to fairly and equitably profile, attribute and include in the calculation.

7.0 Recent Procurement Processes

Spring / Summer 2022

During Spring 2022 two of the main providers of learner transport services gave notice of termination on a total of 12 contracts which had a combined value of over £374,000 per annum, on the basis that they were no longer deemed by the Operator to be viable to operate.

Following a review of requirements, a procurement exercise was undertaken for the 12 learner transport bus contracts, which resulted in an overall annual increase on current rates by over 75%.

In addition, the operator of the combined public transport and learner transport services associated with the 585 (Aberystwyth-Tregaron-Lampeter) service also served notice of termination.

A negotiated increase in the daily rate was agreed with the operator in order to maintain both the statutory learner and public transport elements until December 2022 to allow a procurement process to be undertaken with new arrangements in place for January 2023 which resulted in a 61.5% increase in costs.

A procurement exercise was also undertaken in relation to 39 learner transport taxi contracts, with the overall annual increase on current rates (£614,801) varying between 43% and 68% depending on the length of contract on offer.

The number of tenders received for the each of the 39 contracts varied between 2 and 6.

While the increases in costs were significant, they are in line with or similar what is happening elsewhere nationally in the sector.

Autumn 2022

A number of local bus service contracts, some of which included statutory learner journeys, were taken to market in the Autumn of 2022 due to some coming to the end of their contract periods and others due to companies issuing notice of their intention to terminate.

The reasons cited included the contracts no longer being commercially viable and challenges affecting the wider transport industry including a severe lack of qualified Public Service Vehicle (PSV) drivers.

The new contracts were due to commence operationally on the 3 of January 2023.

Further information on the process is provided in **Appendix 4**, but in summary:

- no tenders were received for the various options taken to market, other than the learner elements, on the 585 Aberystwyth-Llanilar-Tregaron-Llanddewi Brefi-Lampeter service
- only single tenders were received for 7 of the 8 contracts taken to market
- tenders to meet the statutory learner transport requirements was received for most routes although these are subject to considerable increases.
- costs for the tendered services increased from £499,430 to £848,295 per annum, for an overall reduced level of service

The press release available via the following links were published to advise stakeholders on the situation on the 02/12/2022 [Ceredigion County Council](#) and as an update the following press release [Ceredigion County Council](#) was issued on the 18/11/2022.

It is important to understand the significant increases in costs associated with providing learner transport services in the context that there is a legal obligation on local authorities to provide these for eligible learners.

8.0 Wider Context

It is understood that the current arrangements/payments for the Bus Emergency Scheme (BES), which is currently in its third/fourth (?) iteration and has been used to support the industry through the reduction in patronage over and since the COVID period, is to end in March 2023 and that this would consequently influence and impact on the network's viability.

It is understood that Welsh Government are currently reviewing the position in respect of ongoing funding for 2023/24 however, if funding is forthcoming, it has been advised that this will be significantly lower than the funding levels which have been made available to date.

There is therefore growing concern both nationally and locally that a significant reduction in funding which has been channelled through the BES process will have a significant impact on the bus network as a whole.

Work is also ongoing with other stakeholders regarding the future of the Fflecsi Bwcabus as the current arrangements are due to end in June 2023.

The factors contributing to the volatility, issues and considerations include:

- the scale of the increased costs in operating services
- decreasing/uncertain future patronage figures
- uncertainty around future WG intervention and funding levels
- it's impossible to evaluate or compare value / worth / value for money between the routes and/or how then to prioritise
- the nature of the network and the inequality that already exists
- the future of current 'commercial' services
- the support or contribution required for subsidised services will also increase dramatically, both for a like for like or reduced level of service
- the spiralling costs associated with statutory learner transport
- the increasing divergence between strategic aspiration and what is operationally deliverable and affordable

9.0 Options

Due to the volatility and significant increase in costs associated and required to support local bus services consideration will have to be given to how the allocated budget is utilised with a view of optimising this.

Historically, where services are not commercially viable, where local authorities deem it appropriate, they have looked to commission local bus services through procurement processes.

These have tended to be prescriptive processes whereby operators are invited to compete for work on the basis of prescribed service needs in terms of timetables (frequency and days of operation) and vehicle specification.

Recent procurement processes show that the tenders being received are unaffordable in relation to the current budget allocation.

With this in mind the following provide some options in moving forward:

1. Allow current local bus service contracts to lapse and not re-tender these, with the current budget to be reallocated to help mitigate some of budget pressures resulting from the increased costs of learner transport contracts as well as maintaining some level of travel opportunity on some of these for the general public.
2. Re-tender integrated services on 2+2-year and 5+2-year options as follows:
 - a. for a like for like service level
 - b. learner transport services as stand-alone contracts

- c. seek proposals from operators for a level of public service they can offer for a fixed amount with minimum services levels identified to meet statutory learner transport elements within the current budget

Historically the approach would have been to proceed with option 2(a), however, taking into account the state of the market, the statutory learner transport requirements and the significant increase in costs, 2(b) and 2(c) provide some further options for consideration.

The overall intention being to retain the best level of travel opportunities possible in the short term within the budget available.

Another option is for fares to increase to mitigate the differential between income and costs.

However, the scale of the increases in costs means that the requisite increase in fares would be substantial and beyond what fare paying passengers would potentially tolerate and which would likely result in a further decline in passenger numbers, impacting on any potential income derived from fare increases. It would also result in a potentially significant increase in the Concessionary reimbursement rates paid for these journeys.

Many of the complexities and uncertainties relating to how local bus services in Wales are provided is due to, or compounded by, the structures and funding mechanism's the Welsh Government have put in place. Until they have resolved these, it is deemed appropriate to seek the additional financial support required from the Welsh Government to, at least, maintain the current network and travel opportunities available.

10.0 Risks

There are numerous and various risks arising in respect of a deteriorating local bus network with reduced opportunities to travel relating to *Financial, Legal, Reputational, Economic* and *Social* risks and these have been summarised in **Appendix 5**.

11.0 Conclusion

Not only are there significant financial risks but first and foremost there are risks regarding the Council's ability to meet its statutory obligations in terms of learner transport provision and supporting those who may have little or no means of private transport to access local centres for day-to-day purposes including work, shopping, health, leisure and social activities.

There are also risks affecting the viability and sustainability of Ceredigion's transport operators as, in the context of bus service providers especially, the future is very unclear in terms of support mechanisms and structures underpinning the industry in Wales.

Recent procurement exercises are the latest and most significant manifestation of market failure in the local transport industry.

The situation is by no means unique to Ceredigion but there are specific localised issues arising which mean that a number of settlements and villages who have in recent times been afforded a bus service, as regularly as hourly during the day Mon-Sat, have, since January 2023, had no bus service at all or a reduced level of service.

On the basis of the above it can only be concluded that a further rationalisation of opportunities to travel by bus within Ceredigion is highly likely in the short term.

There are unfortunately, extremely limited short-term options and solutions that are readily available, never-mind, affordable, and the nature of the contributing factors also mean that the local authority's ability to directly influence is severely limited.

	Has an Integrated Impact Assessment been completed? If, not, please state why	No This report is presented to raise awareness of the current position and proposed way forward.
Wellbeing of Future Generations:	Summary: Long term: Collaboration: Involvement: Prevention: Integration:	
Recommendation(s):	To note	<ol style="list-style-type: none">1. The acute and numerous pressures and challenges the transport industry as whole is experiencing which is exacerbated locally2. The subsequent pressure arising on the Council and the Service in seeking to manage the situation, which includes stakeholder expectations and the timelines associated with decisions and actions being implemented.3. The action taken by the Service to manage the situation and reduce what will still be a significant in-year over-spend in 2022/23.4. The approach being adopted with a view of delivering services within the budget allocation.
Reasons for decision:	Not applicable	
Overview and Scrutiny:	None	

Policy Framework:	Not applicable
Corporate Well-being Objectives:	<ul style="list-style-type: none"> • Boosting the Economy • Creating Sustainable, Green and Well-connected Communities
Finance and Procurement implications:	Significant and Unquantifiable
Legal Implications:	Meeting statutory learner transport requirements
Staffing implications:	Not applicable
Property / asset implications:	Not applicable
Risk(s):	<p>Impact on local bus users</p> <p>Impact on local bus operators</p> <p>Divergence from strategic ambitions and aspirations</p>
Statutory Powers:	Not applicable
Background Papers:	Not applicable
Appendices:	<p>Appendix 1 – Legal Context</p> <p>Appendix 2 – Local Bus Networks</p> <p>Appendix 3 – Financing</p> <p>Appendix 4 – Procurement</p> <p>Appendix 5 – Risks</p>
Corporate Lead Officer:	Rhodri Llwyd, Corporate Lead Officer, Highways and Environmental Services
Reporting Officer:	Gerwyn Jones, Corporate Manager, Environmental Services
Date:	29/01/2023

Appendix 1 - Legal Context

Local Buses

The most directly relevant duty placed on local authorities in terms of public transport services are deemed to be as follows:

Transport Act 1985:

- ***Section 63 of TA 1985*** places a duty on local authorities to secure the provision of such public transport services as they consider appropriate to meet any public transport requirements which would not otherwise be met. This includes the power to enter into an agreement providing for service subsidies where the service in question would not be provided, or would not be provided to a particular standard, without subsidy.
Bus and coach services | Law Wales (gov.wales)

This is particularly vague. Essentially, the duty is that Local Authority's provide what they consider to be appropriate rather than setting this out prescriptively and / or the basis for this.

Learner Transport

The most directly relevant duty placed on local authorities in terms of learner transport provision is as follows:

Legal Duties of the Local Authority

Local authorities must:

- *Check the travel needs of learners.*
- *Give transport to young learners who live 2 miles or more from the nearest suitable school.*
- *Give Transport to older learners who live 3 miles or more from the nearest suitable school.*
- *Look after the needs of children who live in care.*
- *Raise awareness of Welsh speaking schools.*
- *Raise awareness of sustainable travel. Sustainable means, environmentally friendly ways in which to travel. Like walking or cycling or taking the bus.*

The Learner Travel Operational Guidance (gov.wales)

Traffic Commissioner

Formal applications should be submitted to the Traffic Commissioner by the operator of any local bus services regarding any changes to those services with an at least 56-day period of notice applying. This can include with respect of services coming to an end, new services starting or any changes to a service timetable (routes, frequency etc.). The intention being that the travelling public are given some notice prior to the changes being implemented.

Appendix 2 - Local Bus Networks

The bus industry was de-regulated in 1985. The idea behind de-regulation was that competition would improve efficiency and motivate companies to provide an attractive offering or product to the public. Where services were not deemed to be commercially viable then Local Authorities could go to market through procurement processes to secure a level of travel opportunities which it deemed appropriate. So, the bus network is made up of two types of service:

Commercial services

These are provided and operated by the bus companies who determine the level and type of service that they are able to operate on a commercial basis. Whilst being Commercial, these services are in receipt of other support including but not limited to Bus Services Support Grant (BSSG) live kilometre payments and Concessionary Fares reimbursement.

The commercial services in Ceredigion currently are:

- X28 Aberystwyth-Machynlleth
- 301/304 Aberystwyth Services
- 512 Aberystwyth-Borth-Ynyslas Turn

There are also some other ad-hoc commercial positioning journeys.

Supported Services

These are provided and operated by the bus companies on behalf of a local authority, or other commissioning body, whereby they receive a contract subsidy in addition to other support payments for providing the service. The contracts awarded for this work can be on a full cost (gross cost) basis where the commissioning body retains the income from the fare box, or minimum subsidy (net cost), whereby the operator retains the income. The most prevalent model being minimum subsidy and this has been the basis for services provided by Ceredigion County Council.

The supported services currently operating in Ceredigion are shown below along with who pays for these:

- T21 Aberystwyth-Tregaron (Ceredigion County Council)
- 525 Aberystwyth-Ponterwyd (Ceredigion County Council)
- 526 Aberystwyth-Penrhyncoch (Ceredigion County Council)
- 585 Aberystwyth-Tregaron-Lampeter (Ceredigion County Council)
- 588 Aberystwyth-Tregaron-Lampeter (Ceredigion County Council)
- There are also a number of Learner Service contracts which are also registered as public bus services which provide some journey opportunities for non-eligible learners and members of the public.

- Bwcabus/Fflecsi (Welsh Government, Carmarthenshire, Ceredigion and Pembrokeshire County Councils)
- 408 Cardgjan Town (Pembrokeshire and Ceredigion County Council)

- 460 Cardigan-Carmarthen (Carmarthenshire and Ceredigion County Councils)
- T1 Aberystwyth-Carmarthen (Welsh Government)
- T1C Aberystwyth-Cardiff (Welsh Government)
- T2 Aberystwyth-Bangor (Welsh Government)
- T5 Aberystwyth-Cardigan (Welsh Government)
- 552 Cardi Bach (Welsh Government)

- X47 Aberystwyth-Llandrindod Wells (Powys County Council)

This has inevitably led to a situation whereby no single body or agency has overall control, responsibility and/or co-ordination for the network as a whole.

There is little general understanding of how services are provided and funded, or therefore, who is responsible for what.

Ceredigion County Council's direct ability to influence the services provided is limited to those that it directly pays for and it has no sphere of influence or control on the commercial services as all aspects of these services are determined by the operators who provide them.

Appendix 3 - Financing

Currently local bus services are financially underpinned by a number of income streams which include:

- Fare Box
- Payment for the carriage of eligible learners
- Subsidy payments for tendered contracts
- Bus Services Support Grant Live Kilometre payments
- Mandatory Concessionary Travel Scheme reimbursement payments
- Bus Emergency Scheme (BES) payments

The profile and value of the above will vary, potentially considerably, between operators and routes. There are some 'commercial' services which do not receive Subsidy payments for tendered contracts but may attract all others. The complexity of how services are financed is therefore a difficult matter to analyse in an objective, meaningful and useful way as the profile of the income streams can vary considerably.

Subsidy payments for tendered contracts - the budgeted allocation to support local bus services in Ceredigion for 2022/23 is £647k. This comprises of £394k from the Welsh Government's Bus Services Support Grant and £253k directly from CCC.

Bus Services Support Grant Live Kilometre Payments - the amount shown in the below table reflects the Bus services Support Grant funding payments related to the live kilometres travelled on registered public services in Ceredigion and includes payments to commercial and subsidised services. These amounts are funded by the Welsh Government.

Mandatory Concessionary Travel Scheme - the reimbursement rate per passenger for operators in Ceredigion varies between £1.42 and £3.26. This set amount is paid for every single journey undertaken by a concessionary pass holder irrespective of the length of the journey.

The total amount reimbursed to operators in Ceredigion in 2021/22 was £737k, with the payments for 2021/22 being based on the number of historic 2019/20 pre pandemic concessionary journeys.

Bus Emergency Scheme (BES) Payments - the total amount of BES payments made to operators in Ceredigion during 2020/21 was £421k. This was paid for by the Welsh Government.

Funding for 2021/22 and 2022/23 is currently still subject to reconciliation but indicatively payments could be in the region of £1,600k per annum are currently projected. This significant increase relates to a change in the BES scheme parameters.

Fare Box - operators retain any income from fare paying passengers.

Financial Summary

	Source	2018/19	2019/20	2020/21	2021/22	2022/23
Subsidy payments for tendered contracts	Total	658	658	658	626	751
	CCC budget	282	284	284	252	253
	CCC budget pressure	n/a	n/a	n/a	n/a	104 (260 full year equivalent)
	WG	376	374	374	374	394
Bus Services Support Grant Live Kilometre payment	WG	347	346	358	366	366
Mandatory Concessionary Travel Scheme reimbursement payments to Operators	Total	694	690	714	737	667
	CCC	92*	90*	89*	81*	90*
	WG	602	600	625	656	577
Bus Emergency Scheme (BES) payments	WG		n/a	421	1,819 (projected)	2,260 (projected)
Total payments to Operators	All (including BES projections)	1,699	1,694	2,151	3,548	4,044
<i>Total split</i>	CCC	374	374	373	333	447 603 (full year equivalent)
<i>Total split</i>	WG (including BES projections)	1,325	1,320	1,778	3,215	3,597

* Additional net costs to CCC over and above these amounts paid to Operators for administration and Country Cars element: 2018/19 - 6k, 2019/20 - 8k, 2020/21 - 9k, 2021/22 - 17k and 2022/23 - 8k (total scheme costs to CCC each year 153k but this cost is in part offset by 55k grant funding from WG for administrating concessionary pass issuing).

The above do not include contract payments in respect of the TrawsCymru services.

Appendix 4 - Procurement

Historically when procurement exercises are undertaken for local bus and / or learner transport services the Council would be fortunate to receive 3 or 4 tenders for local bus service operation.

The local market has therefore never been particularly buoyant or competitive and in this context, it is always difficult to measure or evaluate value for money. It is also difficult to get a breakdown in relation of costs/income attributed to the various transport service elements which often in practical terms are one and the same in terms of resource and service delivery.

The situation has worsened recently, partly no doubt in response to the challenges being experienced, whereby no or only one tender has been received for operating the local bus services, and therefore a point has now been reached whereby it is not how much a service might cost to provide, but a position whereby no one is interested / willing to undertake the work.

Recent Procurement Processes

As stated in the main report, during the **Spring 2022** two of the main providers of learner transport services gave notice of termination on a total of 12 contracts which had a combined value of over £374,000 per annum, on the basis that they were no longer deemed to be viable to operate.

This is in the context that CCC do not pay an annual inflationary increase on their transport contracts and that the contracts in question were in the sixth year of a 5+2-year contract with the extensions having been agreed during 2021.

Following a review of requirements, a procurement exercise was undertaken for the 12 learner transport bus contracts, and the overall annual increase on current rates (£374,185) varied between; £297,843 (79.59%) with the 2+2-year option; and £287,045 (76.71%) with the 5+2-year option. The number of tenders for each of the 12 contracts varied between 1 and 5 (includes combinations).

In addition to this the operator of the 585 (Aberystwyth-Tregaron-Lampeter) service also served notice of termination. As the arrangements underpinning the 585 local bus service and related learner transport services are complex, a negotiated increase in the daily rate was agreed with the operator in order to maintain both the statutory learner and public transport elements until December 2022 which resulted in a 61.5% increase in costs.

A procurement exercise was also undertaken in relation to 39 learner transport taxi contracts, with the overall annual increase on current rates (£614,801) varying between; £268,096 (43.6%) with the 2+2 year option; and £418,896 (68%) with the 5+2 year option.

On the basis of the outcome of the tender process the learner bus contracts have been let on a 2+2-year basis and the taxi contracts on a 2+2-year basis. The main reasons and rationale for this being to retain statutory learner transport services in the short term while allowing a review in the wider context and longer term.

If the above is indicative of what will happen when, if they are not surrendered earlier, any other learner taxi contracts, due to expire in 2023/4, are retendered then the increase in costs can be anticipated to be at a similar rate i.e. 30% uplift.

A number of local bus service contracts, some of which included statutory learner journeys, were also taken to market in **Autumn 2022**. This was due to some coming to the end of their contract periods and others due to 'throw-backs' whereby companies had issued notice of their intention to terminate.

The reasons cited included the contracts no longer being commercially viable and challenges affecting the wider transport industry including a severe lack of qualified Public Service Vehicle (PSV) drivers.

The new contracts were due to commence operationally on the 3 of January 2023 with the headline summary from the process being:

- No tenders were received for the various options taken to market, other than the learner elements, on the 585 service. This would have resulted in a significant reduction or removal of any travel opportunities at all by bus on parts of the route between Aberystwyth-Llanilar-Tregaron-Llanddewi Brefi-Lampeter. Working with the current operator through a negotiated procedure a costed proposal was subsequently received.
- Only one tender was received for all but one of the eight contracts taken to market.
- A tender to meet the statutory learner transport requirements was received for most routes although these are subject to considerable increases.
- Through negotiated procedures arrangements have been made to retain a rationalised level of service on the 525 and 526 services.
- Overall, for this bundle of services, further to negotiations, it resulted in an increase in costs of £348,865 from £499,430 to £848,295 per annum, for an overall reduced level of service. The initial cumulative prices from the tendering process had been £968,565 per annum.
- The increase in the prices for the same or lower level of local bus service is completely unaffordable and unsustainable within current budget allocations.
- The Cardi Bach service has been subject to a, relatively, modest cost increase and WG have agreed to cover this. They will only commit to a three-month (+ optional three month) contract arrangement at this time which will be the third time in a year CCC will have had to facilitate this on their behalf.
- Three of the services tendered were demand responsive and tenders were only received for two of these. The price increases for these was also significant.
- The services fulfilling learner travel needs are registered as local bus services affording a limited number of seats and travel opportunities for the general public which would include non-eligible learners who travel as fare paying passengers.
- The prices referred to are the tendered or negotiated contract prices. In addition to these the operators will retain the fare box income which includes concessionary fare reimbursement, BSSG mileage reimbursement and, until it ceases, BES payments.

- A request was also received during this time from Carmarthenshire County Council for the Authority to make additional contributions of £95,000 over and above the current £85,000 budgeted contribution to allow the 460 service to return to an hourly service (currently 2 hourly).

In summary, the outcome of the above was:

1. It was not possible to award the demand responsive service contracts T22, T27 and T29 due to insufficient budget and very low patronage
2. It was no possible to make the requested additional contributions to the 460 service due to insufficient budget
3. To award the negotiated arrangements for the 525, 526, 585 and T21 services noting that in doing so this still resulted in budget pressures of £104k in year 2022/23 and will result in budget pressures of £260k in 2023/24
4. To award the tendered Cardi Bach service contracts

The contracts awarded, other than the WG funded Cardi Bach service, have been let on a 6+6 month basis. This will allow the retention of statutory learner and some public transport provision while a wider review of the subsidised local bus network in Ceredigion is undertaken.

The press release available via the following links were published to advise stakeholders on the situation on the 02/12/2022 [Ceredigion County Council](#) and as an update the following press release [Ceredigion County Council](#) was issued on the 18/11/2022.

Appendix 5 - Risks

Financial

Providing transport services of any kind is likely to require significant additional funding moving forward, and this view is supported by the recent experience of contracts being handed back and/or the significant increase in prices received following subsequent procurement processes.

While there is no means of meeting these significant increases from the Council's current allocated budgets there is a statutory requirement to provide learner transport for those eligible to it.

Legal

A lack of providers on the sector means the Council may be unable, in the short term at least, to deliver statutory functions most notably in respect of learner travel.

Crudely reducing or removing any level of public transport services on the basis of cost could be challenged as being in breach of the *Transport Act 1985*, as well as other commitments and strategic aspirations, such as *Ceredigion County Council's Corporate Strategy*, and the *Wellbeing of Future Generations (Wales) Act 2015*.

However, as the network has evolved with buses being provided on a commercial basis and supported directly or indirectly by WG, which would continue, the basis for any legal challenge is unclear as it would theoretically be possible to have a comprehensive bus network irrespective of what the Local Authority did either by virtue of services being operated commercially or subsidised by others, as is the case with the TrawsCymru network which is funded by the Welsh Government and is the most prominent and heavily used feature of the bus network in Ceredigion for local as well as longer distance travel by bus.

[Local authority bus cuts; are legal duties being fulfilled? \(bettertransport.org.uk\)](http://bettertransport.org.uk)

Reputational

This is a risk to government at all levels as strategic ambitions are aspirational in seeking to mitigate the climate crisis, but there is an increasing divergence between the strategic and what is being delivered.

For example, if buses are seen as a means of mitigating climate change as set out in *Llwybr Newydd, The Wales Transport Strategy 2021*, then this is unlikely to be achieved if opportunities to travel by bus are reduced, particularly where the car is the mode of travel of choice for many.

Economic

The transport industry provides a significant number of employment opportunities locally which extends from driving through to technical maintenance and to general administration and other management functions.

There is a lack of drivers and technicians nationally and the industry is struggling to attract new recruits into the sector and/or to train these.

With uncertainties around the future structure and financial support mechanism underpinning the bus industry there are questions around the viability of operators in the short, mid and longer term.

Many of the local companies are long standing family enterprises where succession could also be an issue.

Social

Bus networks, even in rural areas such as Ceredigion, do afford some level of travel opportunities and options, and they can be important to people, especially those who have limited other options and can support independent living for those who may not have access to a car including the young, old, disabled and vulnerable for day to day, occasional and ad-hoc travel for access to health services, shopping, leisure and social needs.