

# Bus Services (Wales) Bill

## Bill Summary

April 2025



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**Author:**

Francesca Howorth

This summary provides an overview of the provisions of the Bus Services (Wales) Bill that was introduced into the Senedd on 31 March 2025.



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# 1. Introduction

The Welsh Government introduced the **Bus Services (Wales) Bill** into the Senedd on 31 March 2025.

The bus sector in Great Britain, outside London, has been deregulated since 1986. Under the **Transport Act 1985** operators are responsible for planning most bus services, tickets and fares. Local authorities, which are principally responsible for planning bus services, have a duty to secure an effective network, but have only limited powers to fill gaps in the market. In procuring “socially necessary” services, they cannot cross subsidise from profitable routes.

The **Explanatory Memorandum** (EM) sets out that the Bill:

...establishes a new legislative framework to support the delivery of local bus services as part of a wider “one network, one timetable, one ticket” reform of public transport in Wales.

The Bill will effectively re-regulate the sector, with the EM stating that “the intention is that franchising will be the principal mechanism for delivering services”.

The Welsh Government and **Transport for Wales** (TfW) has outlined its approach to franchising in **Bus reform for Wales: our roadmap to franchising**. It proposes a **gross cost contracting model**, with ticket revenues received by the Welsh Ministers and operators paid a fee with monetary incentives.

## Overview

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The Bill:

- imposes a duty on the Welsh Ministers to identify the local bus services required for the purpose of providing safe, integrated, sustainable, efficient and economic transport in Wales;
- requires the Welsh Ministers to consult on, and publish, a Welsh Bus Network Plan detailing the key particulars of those services. The Bill makes clear that the Welsh Ministers must seek the views of local authorities, and have regard to the **Wales Transport Strategy** and Regional Transport Plans in developing the Plan. It details which bodies must be consulted on the draft;
- places a duty on the Welsh Ministers to secure the provision of these services, as far as reasonably practicable, via local bus service contracts (i.e. franchising), direct provision, local bus service permits, or by relying on certain other services specified in the Bill (including community transport and learner travel services

carrying fare paying passengers);

- removes restrictions on local authorities' ability to create new municipal bus companies;
- prohibits the provision of local bus services except where those services are secured by the Welsh Ministers as described above, or provided by another operator under a permit, or are within certain limited exceptions specified in the Bill. It also enables sanctions to be imposed where services are operated in breach of this restriction;
- makes provision for the collection of data and information-sharing both to be made available to the public and to facilitate delivery of the Welsh Ministers' functions under the Bill; and
- enables regulations to be made to apply the ***Transfer of Undertakings (Protection of Employment) Regulations 2006*** ("TUPE") and certain provisions of the ***Pensions Act 2004***. This reflects the likely need for staff to transfer between bus operators as contracts move to different providers.

Although TfW is not explicitly mentioned in the Bill it is clear it has the central role, exercising most of the Welsh Ministers' functions. The EM says:

The development of the Plan and the implementation of local bus service contracts, local bus service permits and direct provision of services will be delivered by TfW on behalf of Welsh Ministers in consultation with local authorities and [Corporate Joint Committees (CJCs)].

The Bill follows a ***2022 White Paper consultation***, the responses to which ***were generally supportive***.

The Bill is currently subject to the ***Senedd's legislative process*** and has been referred to the Climate Change, Environment and Infrastructure (CCEI). The Committee is ***currently consulting on the Bill***, and will be holding oral evidence sessions. The Legislation, Justice and Constitution Committee and Finance Committee will also be considering the Bill.

## **How to use this Bill Summary**

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This document is not an exhaustive summary of every aspect of the Bill. It is designed to be used electronically and signpost to further detail. In the summary of provisions sections, the section number text (e.g. section 1) links to the relevant section of the Bill. There are also links to other relevant information.

## 2. The Bill at a glance

The Bill has 44 sections, arranged into six parts:

- **Part 1** – Key concepts and general objectives.
- **Part 2** – Functions of the Welsh Ministers relating to local bus services.
- **Part 3** – Restriction on providing local bus services.
- **Part 4** – Information and data.
- **Part 5** – Local authority powers and duties.
- **Part 6** – Miscellaneous and general.

The EM includes a table setting out the Welsh Government’s powers under the Bill to make subordinate legislation and the justification for such powers.

It also contains a **Regulatory Impact Assessment** (RIA) setting out the costs and benefits of the proposals in the Bill.



## 3. Summary of provisions

### Part 1 - Key concepts and general objectives

#### Key concepts

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**Section 1** defines a “local bus service” as a service for carrying passengers by road at separate fares using Public Service Vehicles with one or more embarkation / disembarkation points, each less than 15 miles apart (measured in a straight line). One or more embarkation or disembarkation point must be in Wales. Services which don't meet the distance criteria are “non-qualifying services”. Where part does meet the criteria that part is treated a local bus service. Certain service types are explicitly excluded.

The EM explains the definition of local bus services is similar to the existing definition in **section 2 of the Transport Act 1985**. On “non-qualifying services”, the **Explanatory Notes** (the ‘EN’) say:

... the Welsh Ministers will not, when determining the local bus services that they consider are required for the purpose of securing safe, integrated, sustainable, efficient and economic transport in Wales under section 5(1)(a), need to consider whether short distance parts of non-qualifying services are required, i.e. whether a long distance service in its capacity as such needs to include short distance stops.

**Section 2** defines “embarkation point” and “disembarkation point”.

**Section 3** defines a “flexible local bus service” as one so flexible in operation that it's not practicable to identify its route in the Welsh Bus Network Plan. A “standard local bus service” is defined as one which isn't flexible.

The EM describes the two types of service defined in section 3 as “standard services, which are the more traditional services with set routes and stopping points”, and “demand responsive services, which may not have set routes or stopping points” but rather “operate within certain geographical areas”. These are “particularly advantageous in rural areas

#### Objectives

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**Section 4** requires the Welsh Ministers to have regard to six objectives listed in the Bill.

These include: to “promote” the use of local bus services: “continuously to improve”

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their reliability, safety, affordability and accessibility; “increasing the availability” of services; to “work towards” an integrated transport system; “to facilitate” journeys by more than one local bus service; and “to reduce” greenhouse gas emissions and waste from road transport.

## Part 2 – Functions of the Welsh Ministers relating to local bus services

### Core duties of the Welsh Ministers

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**Section 5** requires the Welsh Ministers to determine the local bus services they consider are required. They must publish their “key particulars” in a Welsh Bus Network Plan (‘the Plan’), and secure their provision “as far as reasonably practicable” by contract, permit, directly under section 17 or by services of a type defined in section 18.

The “key particulars” that must be set out in the Plan are the route and principal stops in the case of a standard service, and the geographical area with any fixed sections or stops in the case of a flexible service.

### Welsh Bus Network Plan

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**Section 6** addresses the process for preparing, publishing and laying the Plan. The Welsh Ministers must seek views of local authorities and have regard to the Wales Transport Strategy and Regional Transport Plans in preparing the draft Plan. Section 6 defines who must then be consulted before publication and laying before the Senedd.

**Section 7** requires the Plan to be kept under review and revised where the Welsh Ministers consider it’s required. They may also revise it where they consider it appropriate. They must have regard to the Wales Transport Strategy and Regional Transport Plans, and publish the revised plan. The revised Plan must be laid within 13 months of the date it was last laid, accompanied by a statement detailing how it differs.

**Section 8** sets out how the Welsh Ministers must engage with local authorities and consultees on a “revised draft plan” in areas affected by the proposed revisions.

Taking sections 7 and 8 together, the EM highlights that while the plan must be kept under review, they are only required to consult on draft revisions where:

- The changes are proposed to have effect for longer than 14 days (s7(3));

- The revisions are not considered “minor” (s8(1)(a)); and
- It is not reasonably practicable to consult (s8(1)(b)).

### **Local bus service contracts**

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**Section 9** allows the Welsh Ministers to enter into “local bus services contracts” in fulfilling their duty to secure local bus services. A contract may be entered into with a community bus permit or PSV operator licence holder.

**Section 10** allows the Welsh Ministers to specify the terms included in local bus service contracts in regulations, and gives examples of the matters which might be included. Regulations may set out a standard form for terms to be included, and prescribe circumstances where this is used.

“Local bus service contracts” are effectively franchised services. The EN notes the procurement exercises will be “conducted in line with procurement legislation”. On section 10, the EN says some terms will be included in all contracts, but “there will be some differences between different types of contracts” in recognition of “the complex geography and varied operator market in Wales”.

### **Local bus service permits**

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**Section 11** allows the Welsh Ministers to issue permits (with or without conditions) to community bus permit or PSV operator’s licence holders to provide local bus services. These may either be to fulfil their duty to secure local bus services or otherwise. A permit cannot be granted where it would adversely affect contracted local bus services or services provided by the Welsh Ministers, and must be consistent with the Wales Transport Strategy.

**Section 12** requires a permit to specify a time period during which it has effect, and makes clear it ceases to have effect when that period expires or the permit is revoked. A suspended permit has no effect during the suspension period.

**Section 13** provides for conditions to be attached to permits. Permits issued for community bus services must include conditions requiring that services be provided as community bus services. The Welsh Ministers may also make regulations regarding further conditions that must be attached to permits.

**Section 14** allows the Welsh Ministers to make regulations about permit applications.

**Section 15** says the Welsh Ministers may give notice to the permit holder revoking

or suspending the permit. It specifies what the notice must include, and details the grounds on which it may be given. Regulations may change the grounds listed and make provision for when a notice takes effect.

**Section 16** provides for an appeal to the First Tier Tribunal against refusal of a permit, conditions attached, revocation, or suspension. The Tribunal may uphold, quash or substitute a decision.

### **Local bus services provided by the Welsh Ministers**

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**Section 17** empowers the Welsh Ministers to provide a local bus service directly if they're satisfied this will be more effective than a contract. This doesn't apply to community bus services (i.e. the Welsh Ministers cannot directly operate a community bus service for the purposes of a local bus service).

The EM says permitting and direct provision will be used where there are no bids for a local bus service contract, or a contract fails. The EN says "the Welsh Ministers will, in the first instance, directly provide services via Transport for Wales".

### **Reliance on certain services**

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**Section 18** allows the Welsh Ministers to rely on community transport and certain other specified services without contract or permit in satisfying their duty to secure local bus services.

The services in question are the following, provided under existing legislation:

- Community transport services delivered under **either section 19 or 22 (of the Transport Act 1985) permits;**
- Leaner travel services which allow paying passengers (**Section 46(1) of the Public Passenger Vehicles Act 1981**); and
- Services under **Part 3 of Schedule 1 of the Public Passenger Vehicles Act 1981.**

### **Cross-border services**

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**Section 19** defines a "cross-border service" as a route, or geographical area in the case of a flexible service, which is in the Plan and partly in England.

The Welsh Ministers aren't required to secure provision of a "cross-border service in England" where "relevant transport needs" (i.e. transport needs in Wales) can be met without doing so. But the Welsh Ministers cannot take account of services secured by tender under **section 63 of the Transport Act 1985** by English local

authorities in deciding whether these needs are met.

## Reporting requirements

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**Section 20** requires the Welsh Ministers to report on how exercise of their functions under the Bill met section 4 objectives. They must publish the report, and lay it before the Senedd, no later than 12 months after the end of each “reporting period” (initially two years after the duty to secure services enters into force, and subsequently every four years).

## Part 3 - Restriction on providing local bus services

**Section 21** prohibits anyone from providing a local bus service unless under contract, permit or direct provision by the Welsh Ministers unless they are community bus services, or school services carrying fare paying passengers. Other services can be exempted by regulation.

**Section 22** requires the Welsh Ministers to inform the traffic commissioner if section 21 is breached.

**Section 23** empowers the traffic commissioner to make orders enforcing section 21. The commissioner can impose a fine, or any other order permitted by regulations. Failure to comply may lead to a further order up to 110% of the upper limit. The Welsh Ministers can make further provision about orders by regulation. The upper limit is £550, or another amount specified in regulations. For PSV operators this is multiplied by the number of licensed vehicles.

**Section 24** provides for a right of appeal to the Upper Tribunal which can uphold, quash or substitute the order.

## Part 4 - Information and data

### Provision of information to the Welsh Ministers for the purposes of exercising certain functions

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**Section 25** allows the Welsh Ministers to require certain operators / former operators to provide information useful to them in exercising functions under Part 2 or 3. The information must be of a type specified in regulations (examples are provided), and cannot be for a period more than five years before the notice date. The regulations must make provision about appeals, and may make provision about disclosure of information.

**Section 26** allows the Welsh Ministers to require, by notice, local authorities or community councils to provide them with information of a type which may be specified in regulations (examples are provided).

### Information to be made available to the public

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**Section 27** requires the Welsh Ministers to arrange that information regarding certain services be made available to the public. The information would be specified in regulations (examples are provided) which must set out how and when this will be made public.

**Section 28** empowers the Welsh Ministers to make regulations requiring operators of certain services to provide them with specified information for the purposes of section 27. Any regulations must set out how and when it is to be provided.

### Legal privilege

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**Section 29** makes clear a requirement under sections 25, 26 or 28 doesn't apply to legally privileged information

### Enforcement

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**Section 30** allows the traffic commissioner to impose a penalty (or other order prescribed by regulations) where they're satisfied an operator hasn't provided information required under sections 25 or 28 without reasonable excuse. Failure to comply may lead to a further order up to 110% of the upper limit. The upper limit is £550, or another amount specified in regulations. For PSV operators this is multiplied by the number of licensed vehicles.

**Section 31** provides for a right of appeal to the Upper Tribunal which can uphold, quash or substitute the order.

## Part 5 - Local authority powers and duties

**Section 32** amends **section 66 of the Transport Act 1985** to exclude Welsh local authorities. Section 66 currently prevents Welsh local authorities, with limited exceptions, from providing bus services which require a PSV operator licence. The effect is to remove the section 66 restriction in relation to Welsh local authorities.

**Section 33** amends **section 63 of the Transport Act 1985**, which requires local authorities to secure the passenger transport services they consider necessary where they wouldn't otherwise be met. Section 33 means these "passenger



transport services” will not include local bus services in Wales.

**Section 34** empowers local authorities to give financial assistance in connection with provision of local bus services. It disapplies provisions of the *Transport Act 1985* which relate to subsidy control and a requirement to invite tenders. It also amends section 63 of that Act so local authorities are not able to use that provision to promote local bus services subsidised under section 34.

The EM makes clear wider elements of the Bill – such as the requirement to have a PSV operator’s licence – will apply. It also explains that local authorities running commercial bus services must establish a company, and it’s expected they will rely on “the general power of competence (“GPOC”) contained in **section 24 of the Local Government and Elections (Wales) Act 2021** to do this”.

## Part 6 - Miscellaneous and general

### Transfer of undertakings

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**Section 35** requires the Welsh Ministers to make regulations setting out where a “relevant transfer” falls within the ***Transfer of Undertaking (Protection of Employment) Regulations 2006*** (“TUPE”), as a result of this Bill. Regulations must also set out when a transfer is to be treated as a “relevant transfer” for the purposes of certain provisions in the ***Pensions Act 2004***.

It also allows the Welsh Ministers to make further provision regarding TUPE, with examples provided.

### Transport Act 1985: removal of requirements relating to registration

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**Section 36** amends **section 6 of the *Transport Act 1985***. Section 6 requires local bus services (as defined under that Act) to be registered with the traffic commissioner. The effect of section 36 is that this will not apply to local bus services under this Bill. However, community bus services and services carrying fare paying passengers on school buses which are not delivered under contract or permit will still need to be registered under section 6 of the 1985 Act, as will the English element of any cross-border local bus service under the Bill (whether standard or flexible).

## Welsh Ministers power to secure provision of public passenger transport services

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**Section 37** amends **section 7 of the *Transport (Wales) Act 2006*** so that the Welsh Ministers' power to secure the provision of public passenger transport services does not include local bus services under this Bill.

### General

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**Section 38** sets out the procedure which applies to regulation making powers under the Bill.

**Section 39** makes provision for notices, including how they are to be provided.

**Section 40** provides definitions for terms used throughout the Bill.

**Section 41** provides an index of defined terms.

**Section 42** introduces a general power to make supplementary, incidental, consequential, transitional and saving provisions in relation to the Bill by regulations.

**Section 43** sets out how the provisions of the Bill come into force.

**Section 44** sets out the short title of the Bill in English and Welsh.