

*7<sup>th</sup> June 2007*

## **Response to the House of Commons Transport Committee regarding the Draft Local Transport Bill 2007**

### **1. Background**

1.1 Travel Watch North West's response in March 2007 to "Putting Passengers First" [ PPF, see ANNEX below] was in general very supportive.

1.2 It is recognised that the draft Bill delivers most, although not all, of the proposals in the consultative PPF. However, it is, for example, silent on the issue of reforming the Bus Service Operator Grant (BSOG).

1.3. Accordingly this submission concentrates on those provisions of the Bill which are "new" in the context of not having been specified in PPF. Nevertheless the following bullet points are given as a reminder of those provisions which TOWNW has already supported, viz:-

- The introduction of bus performance regimes overseen by Traffic Commissioners
- The easement of current competition law as it applies to Quality Partnerships and its replacement by a simple public interest test
- The easement of criteria for the establishment of Quality Contracts
- The integration of time tables and ticketing
- The widening of the scope of Community Transport.

### **2. Initial concerns**

2.1 Some of TOWNW's initial concerns with PPF appear to have been addressed in the draft Bill only partially or not at all.

2.2 There are still no provisions for the establishment of either a single statutory multi modal representative body to represent all public transport users, nor for national and regional ones,

2.3 The Bill is still very "urban centric", largely preserving PTAs' superior powers compared to other local transport authorities and placing too high a reliance on social enterprises to expand community transport in rural areas. It is hard to see how a Shire County might ever establish a Quality Contract, and yet it is arguable that there is an equally good a case for regulation in rural areas where services are infrequent and, often, prohibitively expensive. In fact, it could be argued that there is a case for PTAs to cover the entire country, with a remit for cross-boundary working with

adjoining PTAs. What size they were, whether or not they co-incided with existing local authority boundaries and whether or not they took over responsibilities from local authorities would all need to be debated and clarified, but the key determinant should be the delivery of services – and these should be good for urban and rural areas alike.

2.4 As noted above, the draft Bill is silent on the future of BSOG, and yet the monitoring which would be required to base this on patronage as opposed to mileage will also be needed to administer concessionary fares reimbursements and probably too as one element of a performance monitoring regime.

2.5 The Bill does not allow any “howsoever licenced” small passenger carrying vehicle to register local services and carry passengers at separate fares but nevertheless TWNW is very pleased with clause 26 which will enable private hire vehicles to operate as taxi buses and carry passengers at separate fares on registered local services.

### **3. Further comments**

3.1 Quality Partnerships and Voluntary Partnership Agreements. The easement of competition law to allow the inclusion of timetables and fares is welcome, although it is not made clear why the Bill modifies (Schedule 2) the competition test (block exemption in Schedule 10 of the Transport Act 2000) only in respect of the latter?

3.2 Quality Contracts (QCs). The lowering of the barriers to their establishment via a new public interest test is welcome, as is the possibility of their extension/renewal beyond ten years. TWNW also approves of the devolution of decisions on QCs from the Secretary of State to new QC Approvals Boards, and the referral of appeals from these to the Transport Tribunal (TT). However there is a potential conflict of interest if TCs are allowed to Chair Approvals Boards as a QC approval would remove operators in the area from their local service registration remit!

3.3 Bus Performance Regimes. The ability of Traffic Commissioners (TCs) to call operators and local transport authorities (via the Traffic Management Act 2004) to account is welcome, provided the TCs can be properly sourced to do so and operator’s performance can be monitored independently. It also makes sense for any appeals against TCs’ traffic regulation conditions to go to the TT and not, as now, to the Secretary of State.

3.4 Community Bus Services. TWNW supports the use of large buses and payment of volunteer drivers provided any issues of their driving entitlement can be resolved. There appears to be no good reason why section 22 Community Bus Permits cannot be granted for the use of vehicles with eight or less passenger seats in line with the draft Bill’s proposals to grant this concession to section 19 Community Transport operators and [see above] Private Hire Vehicle operators.

3.5 Service Subsidy Agreements. The extension from five to eight years will encourage investment by bus operators and the powers of tendering authorities to enhance commercial services will remove an existing barrier to co-ordinating services.

3.6 Planning and Governance. The subsuming of Bus Strategies into new Local Transport Policies is sensible in the context of multi modal integration.

3.7 PTEs The powers to establish new or enlarged PTEs will be helpful but TOWNW questions why these should have to encompass whole local transport authority areas when the sensible compromise might be to embrace a City Region's "economic footprint" or "journey to work" area? Similarly the requirement for PTEs to prepare new Integrated Transport Strategies as sub sets of Regional Spatial Strategies will help to refocus on **integration** which still remains extremely difficult to achieve in a deregulated bus regime.

3.8 Congestion Charging. TOWNW supports -

- the devolution of powers to local transport authorities including PTAs
- the decision not to require the consent of the Secretary of State and
- the hypothecation of revenues to public transport.

***It will be vitally important*** to ensure that public transport enhancements (which must include all modes – heavy rail and light rail as well as bus) precede any road pricing scheme, perhaps by legislating to allow local transport authorities to borrow against future revenue streams?

3.9 Local transport authorities. The new duty **to develop policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within their area** is far better and more focussed than the current (Transport Act 1985) duty simply to meet the requirements of an area!

***TravelWatch NorthWest looks forward to a further opportunity to comment on the draft Local Transport Bill in more detail to the DfT before 7/9/07.***

## APPENDIX

**“PUTTING PASSENGERS FIRST” – The Governments proposals for a modernised national framework for bus services - published by the Department for Transport - DECEMBER 2006 TWNW’s response.**

### **1. The Wider Context – The views of Travel Watch North West**

1.1 TravelWatch NW (TWNW) is part of a TravelWatch network which attempts to represent the interests of all public transport users. TWNW’s vision is to champion the views of passengers in the North West so their public transport network can become:-

- § Accessible to everyone
- § Affordable and socially inclusive
- § Available where and when it is needed
- § Acceptable to all
- § Attractive to users

### **2. Buses in Context**

2.1 TWNW welcomes this document as a serious contribution to the improvement of bus services in England (and Wales) and compliments it on its clear analysis of bus deregulation in England and the telling comparisons it makes with regulated London. Passengers are arguably the most important stakeholders in the bus industry, and yet the consultation with them appears to have been mainly based on engaging all stakeholders at a single event – a Transport 2000 Seminar. We look forward to a further opportunity to comment on the draft Road Transport Bill in May.

2.2 TWNW’s research mirrors the Department for Transport’s (DFT) findings that **reliability** is the most important, but not the only, concern of passengers. They also want services which are accessible and easy to use and integrated <sup>1</sup> with other modes, with simple and affordable fares, through ticketing, and easily available and understandable information, preferably in real time,

2.3 On the road competition has been shown to be a short term winner and long term loser, accounting for less than 5% of the market, but disproportionately affecting this. The opportunity now arises to end this if legislation similar to that in the Transport Act 1985 <sup>2</sup> were introduced, viz that if the Local Transport Authority (LTA <sup>3</sup>) considered a route to be adequately provided for it could require prospective new entrants to seek a local service licence. This would preserve existing operators’ “grandfather rights” and could also protect corridors served by Statutory Quality Partnerships from predatory competition.

2.4 TWNW supports the introduction of a **bus performance regime**. However this must be predicated on changes to the governance, powers and accountability of LTAs, who already receive copies of bus service registrations and could well take over (or at least share with the Traffic Commissioners (TCs)) that function <sup>4</sup>.

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<sup>1</sup> “Integration, are we getting there” RPCNW, 2003

<sup>2</sup> ss 36-38 in respect of London Local Service Licences

<sup>3</sup> PTE, Unitary Authority or County Council

<sup>4</sup> otherwise there would be two “registration authorities” in areas with SQPs and QCs

2.5 LTAs already have responsibilities for sampling patronage in connection with concessionary fares re-imburements and might well be able to combine that with service monitoring. Eventually a national GPS <sup>5</sup> based system for buses could do this. It is not sufficient just to place a duty on operators to report their own performance to the TCs. If TCs are to hold operators and LTAs to account for performance (which TOWNW supports) they should be much better resourced to enable them to be proactive rather than, as now, only reactive to complaints.

2.6 Area wide multi modal travel cards and through ticketing generate demand for public transport. TOWNW supports the proposed easements of competition law to facilitate the making of such schemes. LTAs already have compulsory participation powers in the Transport Act 2000, but none seem yet to have used these because of their complexity and concerns about how competition law would apply. At the time of bus deregulation OFT/MMC had no remit over public sector provided bus and rail services.

2.7 The House of Commons Transport Committee (HOCTC) <sup>6</sup> section found it “ridiculous” that operators are precluded from providing through ticketing and co-ordinated schedules. “Buses compete with cars even if OFT don’t think so! Co-ordinating end to end services is not anti competitive”. There could be a case for removing competition law from Quality Contract schemes, and even possibly Quality Partnerships. A graphical illustration of the kind of disincentives this gives to prospective passengers is shown below –

*“What I would like to see is a resume of what can be done to attract more people to use buses. Currently I believe the network is too complex to appeal to current car drivers. For example the 555 service operates from the bottom of my road offering a service to Lancaster and Kendal as well as the Lakes. However I rarely use it as it is expensive for my wife and I (not being the age yet for Senior concessions) and also I would not have a clue where to change en route to connect to a bus to Morecambe (our most frequent journey). Indeed I am not aware if I can book a through ticket where a change is involved.*

*There are many lessons to be learnt from train services where I can easily obtain information about times, connections and fares that offer me a good alternative to getting in the car as well as the opportunity to book travel. The same applies to flight services. I reckon I am typical of millions living in areas where good services exist but are poorly marketed, if at all.*

*Compare the information and incentives I (and the other millions) receive by advertisement, post, internet etc to use services such as utilities, retail opportunities etc etc that give me a regular snapshot of service availability. The bus industry is not even on the radar. This is where the thrust needs to be and where government must get its act together if it is to attract future users to buses in areas like these and tempt people from their cars”. (TOWNW member)*

2.8 Passengers’ expectations of bus services do not distinguish between their provision by a deregulated regime, voluntary or statutory QPs or QCs, they just want reliable services, a consumer voice and redress in default, yet in England (outside London) there are no statutory multi modal transport users’ committees. It should be

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<sup>5</sup> as is already proposed for LGVs

<sup>6</sup> House of Commons Transport Committee, “Bus Services across the UK” session 2006/7 para 17.

pointed out to the **Bus Users' Working Party** that in Wales, Scotland, Northern Ireland and London there are statutory multi modal transport users' committees.

### 3. Tabulation pp 8 and 9

3.1 TWNW's comments on the proposed changes summarised in this table follow -

3.2 **Voluntary Quality Partnerships (QPs)** - TWNW supports a new public interest test replacing the current OFT "block exemption" and allowing LTAs to be involved in determining timetables and fares.

3.3 **Statutory Quality Partnerships (SQPs)**. - as above. However, as already argued, TWNW sees no reason for competition law to apply where there are statutory provisions. It did not apply before deregulation. The present rules are so complex that only one QP has been determined (in South Yorkshire).

### 4. Quality Contracts (QCs).

4.1 These have great potential to improve patronage which is a prerequisite of any wider demand management schemes<sup>7</sup>. The proposed replacement of the existing tests by one of "public interest" is sensible, although this will need carefully defining. No QCs yet exist because of the complexity of current legislation and TWNW welcomes proposed easement in that. The proposed appeals procedure is much more workable and longer "franchises" can be expected to provide greater stability.

4.2 However, in linking QCs to issues such as congestion charging and "bustitution"<sup>8</sup> the consultation, perhaps unwittingly, appears very urban-centric. There are no good reasons given why QCs should not be determined in rural areas, indeed, the HOCTC<sup>9</sup> consider that "QCs should be available in rural areas". The HOCTC<sup>10</sup> also supports the notion of creating QC trial areas – maybe these could also trial alternative licencing models, for example, allowing vehicles in a trial area with eight or less passenger seats to carry passengers at separate fares "howsoever licenced" – [see Community Transport below]

4.3 One example of the need to pay special attention to rural services is fare comparisons with Metropolitan areas. For example a 10 minute return journey from Windermere to Ambleside costs almost £5 compared with a journey across Manchester from Bolton to Stockport that can be undertaken for around £3. The fact that Metropolitan areas can enjoy heavily subsidised fares is little comfort for the many who live outside them and face an expensive system, making little wonder that they use cars.

4.4 **Punctuality and Reliability** - TWNW supports the introduction of a bus performance regime and the wider powers promised to TCs to hold operators and LTAs to account.

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<sup>7</sup> e.g. congestion charging also Demand Responsive Transport and bus priorities.

<sup>8</sup> LTP2 guidance links QCs to LTAs prepared to consider substituting lightly used rail services by buses

<sup>9</sup> HOCTC para 15

<sup>10</sup> HOCTC para 7

## **5. Community Transport**

5.1 TOWN supports proposals to widen the scope of Community Transport, but sees no reason why the proposed changes should be limited solely to the voluntary sector. The opportunity could be taken to address the complexity of the licensing of small passenger carrying vehicles with seats for eight or less passengers by the TCs, LTAs and District Councils.

5.2 The proposals relating to Community Transport go some way to integrating small passenger transport vehicles with eight or less passenger seats into mainstream public transport where passengers pay separate fares. However the provisions in the Transport Act 1985 make it difficult for taxi and private hire operators to carry passengers at separate fares and so register local transport services. "Section 11"<sup>11</sup> taxi buses can only be operated by hackney carriage licencees (and there are often quantity controls by some District Councils on these). It could help for Community Transport operators and the taxi trade to be able to obtain Restricted PSV Operators' licences from the TCs and use these alongside their taxi or hire car licences, or to be allowed to carry passengers at separate fares on registered local services howsoever they are licenced (by their Local Authority or TC).

5.3 Small passenger carrying vehicles have the potential, currently stifled by legislation, to offer public transport solutions in areas (or at times) of low demand, especially, but not exclusively, in rural areas. Town and Parish Councils, small communities and small local operators do not find it easy under current legislation to provide flexible and demand responsive local services.

5.4 The statement that rural communities will benefit from a review of Community Transport suggests that this is the main, and seemingly only, policy for addressing the rural transport problem. It reinforces the impression (see above) of "Putting Passengers First" being an "urban centric" consultation, and does not admit to the possibility of QCs in rural areas. Social Enterprises do have an increasing role to play in addressing rural isolation, but LTAs cannot rely exclusively on them.

## **6. Bus Service Operators' Grant**

6.1 TOWN supports a move towards linking this to passenger trips and believes this could deliver Best Value for Money. The Bus Service Operators' Grant (BSOG – better known as Fuel Duty Rebate) is currently paid on the basis of mileage run, and does not incentivise operators or LTAs to increase patronage. The proposals to move towards a payment based on passenger journeys is supported by TOWN as it would go some way to remedying this situation. So too would payment through LTAs where there was a QC. Care would be needed to devise a formula which did not disadvantage rural TCAs with generally fewer but longer<sup>12</sup> services.

6.2 The HOCTC predicts<sup>13</sup> that the introduction of free off peak bus travel for pensioners and the disabled from April 2008 will have a major impact on demand. The HOCTC also suggests re-imburement to operators<sup>14</sup> could be through the BSOG mechanism, or a similar national mechanism, and TOWN commends this

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<sup>11</sup> Transport Act 1985

<sup>12</sup> BSOG is currently paid on registered mileage which helps rural operators.

<sup>13</sup> HOCTC para 20

<sup>14</sup> and also funding LTAs for concessionary travel through a national scheme

idea. It would further reinforce the need to establish a robust performance and patronage monitoring regime.

## **7. Conclusions**

7.1 The general tone of the document is welcome – it will ensure that the commercial imperative of operators is no longer paramount whilst still allowing “off road” competition.

7.2 TravelWatch NorthWest looks forward to a further opportunity to comment on the Road Transport Bill.