

Strengthening local delivery: The draft Local Transport Bill

Volume 1: A consultation



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Department for Transport

Strengthening local delivery: The draft Local Transport Bill

Volume 1: A consultation

Presented to Parliament by the
Secretary of State for Transport,
by Command of Her Majesty
May 2007

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Foreword



Our transport system plays a crucial role in our economy and society. It connects people to work, shops, friends and family, and essential goods and services; it links businesses to their employees and their markets, at home and abroad. In an increasingly inter-connected world, efficient transport networks are now more important than ever.

We have made huge progress over the past decade: there are more rail passengers than at any time since the 1960s; we have seen the first year-on-year increases in bus patronage for decades; we have

introduced free local bus travel for older and disabled people in their local areas, and plan to extend this concession throughout England from 2008; and we are addressing our climate change responsibilities. This progress is set to continue as we spend some £140 billion on transport over the decade to 2015.

But if we are to secure the best possible value from these record levels of investment, we need to ensure that our legislative and institutional frameworks keep pace with the many changes that are going on in the world around us. The *Eddington Transport Study*, published in December last year, provided a number of timely recommendations to enhance the delivery of transport in the UK's cities. These recommendations were aimed at better equipping us to address the high potential future cost of congestion and ensure transport can continue to sustain economic growth.

I am committed to ensuring that we are well equipped to meet not only today's transport challenges, but also those of ten or twenty years' time. The draft Local Transport Bill is a demonstration of that commitment. It is a key part of our strategy to empower local authorities to take appropriate steps to meet local transport needs in the light of local circumstances.

This document sets out our detailed plans to enable local authorities to improve the quality of local bus services, building on *Putting Passengers First*, published last December. It also outlines our proposals to reform the way local transport is managed in our major conurbations. Our objective is clear: to ensure strong local leadership and a coherent approach to transport across individual local authority boundaries and across different transport modes.

In some areas, local road pricing schemes may have a role to play – but this is a decision for local authorities to make themselves. This is why we are proposing a series of reforms to the existing legislation to ensure that those local authorities who wish to develop local schemes have the freedom and flexibility to do so in a way that best meets local needs.

Consistent with our longer-term strategy on road pricing, the draft Bill would not provide the legal powers that would be needed for a national system of road pricing. We have made clear that decisions on that can be taken only in the light of further practical experience of local schemes. Further, separate, legislation would be needed if in future a decision was taken to move towards a national scheme – and there would need to be a full and informed public debate.

Publication of the draft Bill provides an important opportunity to ensure we get our proposals right. We need to learn from and build on the diversity of experience of transport professionals and transport users across the country, and I encourage all interested parties to participate in the consultation process.

I look forward to hearing your views.

A handwritten signature in black ink, appearing to read 'Douglas Alexander', written in a cursive style.

Douglas Alexander MP

Executive summary

THE CORE PURPOSE OF THE DRAFT BILL IS TO TACKLE CONGESTION AND IMPROVE PUBLIC TRANSPORT ...

E.1 The Department for Transport's aim is transport that works for everyone. This means a transport system which sustains economic growth and improves productivity; contributes to our objectives for tackling climate change and other environmental challenges; and enhances access to jobs, services and social networks, including for the most disadvantaged.

E.2 Rising demand for transport is a consequence of a strong and prosperous economy, and increasing globalisation of markets for goods and services. Against that background, and despite planned transport spending of some £140 billion over the ten years to 2015, congestion is expected to increase by 25 per cent over the same period.

E.3 As Sir Rod Eddington pointed out in his advice to government last December, the prospect of rising congestion now presents a significant risk to our future economic performance. We therefore need to act now to ensure that we are equipped to meet the future transport needs of our economy, while also continuing to meet our environmental and social goals.

E.4 There is no single policy that, by itself, will address all these issues. That is why our strategy is based around a broad package of measures. These include targeted increases in road capacity where justified, sustained investment in public transport, and better management of our existing transport networks.

E.5 The measures contained in the draft Bill form part of this wider strategy to address our future transport challenges. For the most part, the extent of the provisions in the draft Bill is confined to England and Wales, though a small number of measures would apply throughout Great Britain.

THE DRAFT BILL AS A WHOLE IS ABOUT EMPOWERING TRANSPORT DELIVERY AT THE LOCAL LEVEL ...

E.6 The draft Bill seeks to empower local authorities to develop local solutions to the local transport challenges they face, consistent with the devolutionary principles set out in the Local Government White Paper *Strong and Prosperous Communities*. It seeks to give those local authorities that need them strengthened powers to deliver a local transport system that is best suited to local needs by:

- giving them the mix of powers required to harness the investment and innovation of the bus industry to meet the specific needs of the local community;

- setting out proposals that would enable our major urban areas to strengthen their capacity to deliver efficient transport networks designed around local needs; and
- updating the legislative basis for those local authorities who decide to take forward local road pricing schemes as part of a package of transport improvements.

DEVELOPING THE BUS MARKET THROUGH STRONGER JOINT WORKING BETWEEN PUBLIC AND PRIVATE SECTORS ...

E.7 Buses play a key role in our transport system. They account for two thirds of all journeys made by public transport. The post-war decline in bus patronage is now levelling off, and we have seen the first year-on-year increases in patronage for decades. However, in too many places the current framework is still not delivering the quality of service that passengers expect. The draft Bill seeks to ensure we have a framework that enables more areas to replicate the successes that some areas have already achieved.

E.8 Last year we carried out an extensive review of bus services across the country, and in December 2006 published *Putting Passengers First*, a set of policy proposals designed to help improve the standard of bus services across the country. Taken together, they constitute a balanced package of measures, which aim to:

- promote more effective partnership working between local authorities and bus operators, to deliver services that are better matched to the needs of passengers in their local areas;
- make the implementation of 'quality contracts' schemes a realistic option in areas where it is in the public interest for local authorities to take greater control over bus services;
- provide a new regime to deliver better punctuality, for the first time holding local authorities as well as bus operators to account for their contribution to punctuality performance; and
- support further development of the community transport sector, by removing unnecessary restrictions and by streamlining the system for issuing permits to community transport providers.

E.9 The proposals were welcomed by local authorities and bus operators alike, and the draft Bill includes the legislative provisions that would support delivery of the policies set out in *Putting Passengers First*.

STRENGTHENING TRANSPORT STRATEGY AND DELIVERY IN OUR MAJOR URBAN AREAS ...

E.10 There is a broad consensus that the current arrangements for the administration of statutory transport functions (“governance”) in the major English cities outside London do not adequately support effective transport planning and delivery. The existing legislation lacks flexibility and needs to be updated to reflect changing patterns of transport needs and use. This need is likely to become more pressing as road congestion increases.

E.11 We are committed to ensuring that the structures in place in each area reflect what works best locally, rather than a “one size fits all” approach imposed from the centre. Our aim is devolution, not centralisation.

E.12 The draft Bill includes provisions to:

- require the major cities, and enable other areas, to review and propose their own changes to existing transport governance arrangements. The Secretary of State would be able to implement proposed changes through secondary legislation tailored to the needs of individual areas; and
- in all metropolitan areas outside London, update the existing powers and duties of the Passenger Transport Authorities (PTAs) and individual local authorities, and provide a stronger process for planning transport by means of an *Integrated Transport Strategy* and accompanying implementation plan.

CONTINUING TO SUPPORT THE INTRODUCTION OF LOCAL ROAD PRICING AS PART OF A PACKAGE OF TRANSPORT IMPROVEMENTS ...

E.13 Rising congestion on our roads, particularly in our towns and cities, increases delay and frustration for motorists, and could have a significant impact on our future prosperity, environment and quality of life. We cannot simply build our way out of congestion, so we need to look at alternative ways of tackling it. In particular, we need to consider seriously the role that road pricing – as part of a package of measures including better public transport – could play.

E.14 This is why in 2005 we called for a national debate on road pricing. In the first instance, the Government is working with interested local authorities to bring forward local schemes as local solutions to local problems. We have said that we will make funding available from the Transport Innovation Fund for schemes in England that combine demand management, including road pricing, with improvements to local transport.

E.15 The draft Bill would support this strategy by:

- ensuring that local authorities who wish to develop local road pricing schemes are free to do so in a way that is best suited to local needs, within a clear framework of local accountability; while
- ensuring that schemes are consistent and interoperable, so as to avoid unnecessary costs and complexity for road users who need to interact with more than one scheme.

E.16 No decision has yet been taken on whether or not to introduce a national road pricing scheme. Neither existing legislation nor the provisions in the draft Bill would provide the powers that would be needed for such a scheme: separate legislation would be required if, in the future, a decision was made to introduce a national scheme. We have made clear that the earliest such a scheme could be introduced would be the middle of next decade, and there needs to be a full and informed public debate.

HOW TO HAVE YOUR SAY ...

E.17 Publication of the draft Bill is just the first step. We invite views from all interested parties on all aspects of the draft Bill and the accompanying documentation. The consultation closes on Friday 7 September, and Chapter 7 provides full details of how to respond.

E.18 In parallel with the public consultation process, the draft Bill is being made available to the House of Commons Transport Committee for Parliamentary pre-legislative scrutiny.

CURRENT SITUATION AND PROPOSED CHANGES

	Current situation	Proposed changes
Improving the quality of local bus services (Chapter 3)		
Voluntary partnership agreements between local authorities and bus operators (<i>clause 24 and Schedule 2</i>)	<ul style="list-style-type: none"> Local authorities and bus operators voluntarily agree a package of improvements to local bus services, relying on mutual agreement to ensure promised improvements are carried through. Local authorities can generally enter into bilateral agreements with individual operators without raising competition issues; this is more difficult for multilateral agreements for the things that matter most – timetables and fares. 	<ul style="list-style-type: none"> Strengthened voluntary agreements with a revised competition test to facilitate multilateral agreements between a local authority and more than one operator. The competition test would be consistent with other domestic and EC competition law requirements, but with terms tailored to the bus market. Such agreements could specify minimum frequencies, timings and maximum fares as appropriate.
Quality partnership schemes (<i>clauses 3 to 6</i>)	<ul style="list-style-type: none"> A local authority can make a scheme whereby it enters into a formal arrangement with bus operators, under which each party commits to certain improvements (e.g. operators who commit to invest in new buses are granted access to improved facilities such as bus priority measures). Minimum frequencies, timings and fares cannot be included within the scope of a scheme, and all measures (by local authorities and operators) must come into effect on a single date. 	<ul style="list-style-type: none"> Quality partnership schemes could cover minimum frequencies, timings and maximum fares as appropriate. Schemes would still be subject to the competition test in Schedule 10 to the Transport Act 2000. Improvements by local authorities and operators could be phased in over a period of time.

<p>Quality contracts schemes (<i>clauses 7 to 23</i>)</p>	<ul style="list-style-type: none"> • Local authorities can suspend the deregulated market in specified areas for a specified time, and following a competitive bidding process grant exclusive rights to a single operator to provide a specified service. • Before implementing a scheme, the local authority must demonstrate that it is the “only practicable way” to achieve a policy in their bus strategy; a scheme in England must be approved by the Secretary of State, and a scheme in Wales by the Welsh Ministers; and a scheme can last no longer than ten years, with individual contracts within a scheme limited to five years. 	<ul style="list-style-type: none"> • The “only practicable way” test replaced with a series of public interest criteria. • In England, the Secretary of State’s approval role replaced with a new framework for scheme approval and appeals. • The duration of a scheme could be extended beyond the current ten years in certain circumstances. • An increase to a maximum of ten years for individual contracts.
<p>Punctuality (<i>clauses 31 and 32</i>)</p>	<ul style="list-style-type: none"> • Traffic commissioners (TCs) are responsible for taking action against operators who are failing to provide services in accordance with the terms they have registered with the TCs. • But TCs have limited access to punctuality data to identify areas of under-performance, and have no means of holding local authorities to account for their contribution to bus punctuality. 	<ul style="list-style-type: none"> • To develop a new performance regime where the local TC receives better quality data; and local authorities, as well as operators, can be held to account for their contribution to the performance of local bus services (e.g. the provision and enforcement of bus priority measures).

Community transport (<i>clauses 27 to 30</i>)	<ul style="list-style-type: none"> • The voluntary sector plays a significant complementary role in providing transport services through two systems of permits under the Transport Act 1985. • “Section 19” permits are issued to bodies concerned with education, religion, social welfare etc, for the use of vehicles with nine seats or more. They do not allow members of the general public to be carried. • “Section 22” permits allow the provision of local services for the general public, but prohibit the payment of drivers and the use of vehicles with more than 16 seats. 	<ul style="list-style-type: none"> • For section 19 permits: to allow the use of vehicles with fewer than nine seats, and to simplify the permit issuing system so that all permits are issued by TCs. • For section 22 permits: to allow drivers on those local services to be paid, and to allow the use of vehicles with more than 16 seats.
Taxi-buses (<i>clause 26</i>)	<ul style="list-style-type: none"> • Only taxi owners can apply for a “special restricted” public service vehicle (PSV) operator's licence, to enable them to provide local bus services. 	<ul style="list-style-type: none"> • Holders of a private hire vehicle (PHV) licence would also be able to apply for these licences.
Flexibility for local authorities (<i>clauses 33 to 37</i>)	<ul style="list-style-type: none"> • The Secretary of State must give consent for the sale of council-owned bus companies. • Local authorities, and in Wales also the Welsh Ministers, have the power to subsidise local bus services only where transport needs would not otherwise be met. • Bus subsidy contracts may be no longer than five years. 	<ul style="list-style-type: none"> • This requirement would be removed. • Clarification of powers to subsidise improvements in the standard of service (for example, frequency, hours of operation and quality of vehicle). • Limit for bus subsidy contracts extended to eight years.
Traffic regulation conditions – appeals (<i>clause 25</i>)	<ul style="list-style-type: none"> • Traffic regulation conditions may be applied to a public service vehicle (PSV) operator's licence by the TCs, at the request of a local traffic authority. In these cases, appeals against such conditions are currently heard by the Secretary of State. 	<ul style="list-style-type: none"> • Appellate function transferred to the Transport Tribunal, consistent with appeals against other decisions made by the TCs.

Reforming local transport governance (Chapter 4)		
Local reviews of transport governance arrangements <i>(clauses 39 to 55)</i>	<ul style="list-style-type: none"> Existing arrangements for planning and delivery of transport services in different areas set out in primary legislation. In Metropolitan areas, District Councils have responsibility for managing local roads. Passenger Transport Authorities and Executives (PTA/Es) are responsible for planning and implementing policies on public transport. No powers exist to set up new PTA/Es or change geographical boundaries of existing ones. 	<ul style="list-style-type: none"> The Secretary of State would be able to direct local authorities in Metropolitan and other areas to review existing governance arrangements and publish a scheme with their proposals for change in order to improve effectiveness of transport in their area. The Secretary of State could issue guidance on carrying out reviews and schemes, and implement proposed changes through secondary legislation. Would allow for different arrangements according to needs of each area. Subject to specific criteria, would allow establishment of new PTA/Es and changes to existing boundaries. Areas would be able to keep their arrangements under review and submit further proposals for changes in future.

Transport planning and duties (<i>clauses 56 to 63</i>)	<ul style="list-style-type: none"> • Local transport authorities have responsibility for producing Local Transport Plans (LTPs) for their area (Metropolitan District Councils and PTAs undertake this duty jointly in Metropolitan areas). • Local transport authorities and PTAs have an additional duty to produce bus strategies. 	<ul style="list-style-type: none"> • For Metropolitan areas, the joint duty on district councils and PTAs to produce an LTP would be replaced with a duty on PTAs (including any successor bodies following implementation of proposals in a city's governance review) to produce an Integrated Transport Strategy (ITS) and an Implementation Plan. • Bus strategies would be absorbed into the ITS in Metropolitan areas. • Secretary of State would be able to issue guidance on producing ITSs and Implementation Plans. • Local authority "well-being" powers would be extended to PTAs. • A new duty would be placed on PTAs and metropolitan district councils to have regard to Government policy and guidance on climate change in carrying out their functions.
Taking forward local road pricing schemes (Chapter 5)		
Local freedom and flexibility: Role of PTAs (<i>clauses 64 to 70</i>)	<ul style="list-style-type: none"> • A local road pricing scheme can be set up only by one or more local traffic authorities (LTAs). 	<ul style="list-style-type: none"> • A scheme could be made jointly by LTAs and the relevant Passenger Transport Authority (but not by a PTA acting in isolation).

<p>Role of Secretary of State (<i>clauses 72 and 73</i>)</p>	<ul style="list-style-type: none"> • A scheme must be approved by the Secretary of State. • There is a specific power for either a local authority or the Secretary of State to hold an inquiry into a local scheme, or to cause such an inquiry to be held. 	<ul style="list-style-type: none"> • A new framework of local accountability would replace the current role for the Secretary of State in approving schemes and local authorities' plans for the application of the net proceeds from schemes. • The power enabling the Secretary of State to hold an inquiry into a local scheme (or require a local authority to do so) would be repealed, but a local authority would still be able to hold such an inquiry if it wished.
<p>Purpose of schemes and application of revenues (<i>clauses 65(2), 71, 81 and 82</i>)</p>	<ul style="list-style-type: none"> • Local pricing schemes must support the achievement of policies in the authority's Local Transport Plan. • Application of revenues for the “initial period” of an “early relevant scheme” (as defined in the legislation) must support the achievement of policies in the Local Transport Plan. 	<ul style="list-style-type: none"> • References to Local Transport Plans would be replaced by (more general) references to local transport policies. • The requirement for the application of revenues by local authorities to support local transport policies would apply to all local schemes at all times. • Local authorities would be under a new duty to consider potential impacts on climate change and air pollution when considering whether to introduce a scheme.
<p>Variation of charges (<i>clause 74</i>)</p>	<ul style="list-style-type: none"> • The current legislation includes an indicative list of variables by which charges might be varied in a local scheme. 	<ul style="list-style-type: none"> • Legislation would specify that charges could also be varied according to the methods or means of recording, administering, collecting or paying the charge.

Consistency and interoperability <i>(clauses 75 to 77)</i>	<ul style="list-style-type: none"> Secretary of State can make regulations covering the “installation and maintenance” of equipment for road pricing schemes. 	<ul style="list-style-type: none"> This power would be extended to cover the “use” of equipment, so that (for example) standard data formats, encryption standards and equipment numbering systems could be specified. The appropriate national authority could make regulations requiring charging authorities to accept payment from specific types of road user in a specific manner.
Information flows <i>(clauses 78 to 80)</i>	<ul style="list-style-type: none"> Certain information held by central government can be useful to local authorities designing or operating a road pricing scheme, but central government cannot charge to cover the administrative costs of providing that information. The appropriate national authority can request information from charging authorities, but cannot require them to provide it. 	<ul style="list-style-type: none"> The appropriate national authority would be able to charge a reasonable fee to cover the costs of supplying such information. The appropriate national authority would be able to require charging authorities to provide information about their schemes, for example to inform the future national debate on road pricing.
Traffic commissioners (Chapter 6)		
Senior traffic commissioner (STC) <i>(clause 1)</i>	<ul style="list-style-type: none"> STC appointed administratively, possesses no statutory powers and can promote consistency only through agreement with other TCs. Secretary of State able to issue general directions to the TCs. 	<ul style="list-style-type: none"> Role of STC placed on a statutory footing, with power to issue directions and guidance to the individual TCs covering any aspect of the conduct of their functions. Secretary of State would be able to issue guidance to the STC on matters of generic process and policy.



1. Introduction to the draft Bill

1.1 The Queen's Speech in November 2006 announced our intention to publish a draft Bill to support our strategy to tackle road congestion and improve public transport.

1.2 Publication of the draft Bill is the latest stage in an extended process of debate and scrutiny. The draft Bill is being developed in three stages:

Stage 1 (up to early 2007): developing the policy thinking in consultation with stakeholders – through the “long hard look” into the future of bus services, a series of workshops on governance arrangements in the six metropolitan areas, and the work of the Bus Partnership Forum and Road Pricing Local Liaison Group. As part of this process, our initial proposals on buses were published in *Putting Passengers First* (December 2006).

Stage 2 (May to September 2007): to enable a full and frank debate on the overall package of reforms and on the detail of the specific proposals, we are undertaking a full public consultation on the proposals and the draft Bill is being made available to Parliament for pre-legislative scrutiny.

Stage 3 (September 2007 onwards): we will consider the responses submitted during the consultation process, and the recommendations of the Parliamentary scrutiny committee, before deciding how to proceed with our proposals. Decisions on whether, and if so when, to introduce a

Bill to Parliament during the 2007-08 session will be taken in the light of the Government's overall legislative programme, and the availability of Parliamentary time.

1.3 This consultation document is the first of four volumes setting out the proposals contained in the draft Bill. The other volumes are:

- *The draft Bill* – the proposed legislative provisions (Volume 2).
- *Explanatory notes* – to assist the reader in understanding the provisions of the draft Bill (Volume 3).
- *Regulatory impact assessments* – analysing the costs and benefits of the proposals contained in the draft Bill (Volume 4).

1.4 This document sets out the policy background and the overall rationale for the proposals, summarises the proposals in the draft Bill, and invites views both on the overall policy package and on specific aspects.

Box 1.1: Territorial extent of the draft Bill

Many of the matters described in this document are devolved in Scotland, Wales and/or Northern Ireland, and separate legislation applies in relation to London. The descriptions of the policy measures contained in the draft Bill explain how the provisions will apply in these areas, and here we summarise the overall position.

All consultation responses submitted to the Department for Transport may be shared with the devolved administrations, but interested parties in the devolved territories are also welcome to submit copies of their responses directly to the devolved administrations.

Scotland

The Scottish Parliament has legislative competence for most of the areas covered by the draft Bill. Scotland's transport policy has most recently been set out in the National Transport Strategy, published in December 2006, with a parallel Action Plan on bus services in Scotland. The existing legislative framework for bus services and road pricing in Scotland is set out in the Transport (Scotland) Act 2001 and for regional partnership in the Transport (Scotland) Act 2005.

The draft Bill includes a small number of measures which would apply throughout Great Britain. These are:

- proposals relating to community transport (paragraphs 3.40 to 3.44);
- a power for the Secretary of State to charge a reasonable fee for the provision of information and data by central government to local authorities in the context of local road pricing schemes (paragraphs 5.24 to 5.26); and

- the proposed new powers for the senior traffic commissioner (paragraphs 6.8 to 6.13). This provision is drafted so that, in Scotland, it relates only to matters that are reserved.

Other proposals in this consultation paper, if extended to Scotland, could be within the legislative competence of the Scottish Parliament or the executive competence of Scottish Ministers. Further discussions on the way forward for these matters will take place with the Scottish Executive in due course.

Wales

In general, the provisions relating to buses and local road pricing schemes would apply in Wales. However, the draft Bill would not apply the following proposed changes in Wales:

- changes to the approvals and appeals processes for bus quality contracts schemes (bullet 2 in paragraph 3.26); and
- changes to the approval process for local road pricing schemes and provisions relating to inquiries into such schemes (paragraph 5.18 and Box 5.1).

The proposals to facilitate local transport governance reform (Chapter 4) would not apply in Wales, as a separate framework exists there following the Transport (Wales) Act 2006.

Northern Ireland

None of the proposals in the draft Bill would have effect in Northern Ireland.

London

The Greater London Authority Act 1999 makes specific provision for London on many of the matters covered by the draft Bill. Consequently:

- of the bus-related provisions (Chapter 3), only those relating to the senior traffic commissioner, taxi-buses, community transport and, to a limited extent, the power of the traffic commissioner to attach conditions to relevant licences, are relevant in London;
- the provisions relating to local transport governance (Chapter 4) would not have effect in London; and
- some of the provisions relating to local road pricing schemes (Chapter 5) would be applicable in London, as explained in Box 5.2.

1.5 The remainder of this consultation document:

- sets out how the draft Local Transport Bill delivers wider government objectives and how the three core parts of the draft Bill interact and support each other (Chapter 2);
- summarises in turn the policy measures proposed on buses, local transport governance, road pricing and the traffic commissioners (Chapters 3 to 6 respectively); and
- explains how we intend to take forward the debate with interested parties over the next few months, including details of how to respond to the public consultation (Chapter 7).



2. The overall policy package – shared objectives, devolved delivery

Rising demand for transport is a consequence of a strong and prosperous economy, but also brings challenges. As highlighted in Sir Rod Eddington's advice to government, the prospect of rising congestion, if left unchecked, presents a significant risk to our future economic performance. We also need to ensure we balance increasing demand for transport against our environmental objectives, as well as ensuring that our transport system continues to meet the needs of all – including the most disadvantaged in our society.

No single policy will meet all of our future transport needs, which is why our strategy is based around a broad package of measures. A key theme of the draft Bill is that it seeks to empower local authorities to develop local solutions to their local transport needs. It therefore contributes to our objective to strengthen local leadership and action, consistent with last autumn's Local Government White Paper.

The draft Bill needs to be viewed in the context of the Government's spending programmes – investing in, maintaining and operating transport networks and services. These are aimed at maximising the use and performance of existing road, rail and other networks. In the

last five years, we have spent over £55 billion. We will spend a further £13 billion this year, and the Long Term Funding Guideline for transport spending grows by over 5 per cent a year.

The focus of the draft Bill is on improving transport delivery at the local level through improving the regulatory framework for buses; modernising transport planning and delivery capacity in our major city areas; and updating the framework for local road pricing.

(i) The challenges we face

2.1 Reliable and efficient transport networks are integral to sustaining economic growth and rising productivity. They contribute to stronger and deeper markets for labour, goods and services.

2.2 Rising demand for transport is a consequence of a strong and prosperous economy, and increasing globalisation of markets for goods and services – but also presents risks to our future economic performance. Despite planned transport spending of £140 billion over the decade to 2015, congestion is forecast to rise by 25 per cent over the same period, increasing delays and frustration for road users. 80 per cent of that congestion would be in our towns and cities. Sir Rod Eddington's advice to government in December 2006¹ illustrated the scale of the challenge that this presents to future economic growth and productivity.

2.3 Increasing demand for transport also needs to be balanced against our objectives to protect the environment. Climate change has become a central concern of transport policy, with carbon emissions from domestic transport rising by 10 per cent between 1990 and 2004. Transport is also a significant contributor to local air pollution in urban areas and beside busy roads, with implications for health and well-being, and for local ecosystems.

2.4 We also need to ensure that our transport system continues to support access to jobs, services and social networks, including for the most disadvantaged in our society. This is a crucial aspect of our quality of life. Social inclusion is not just about transport, of course, but the design and delivery of transport services should help people to reach the facilities they need, when they need them.

¹ More information can be found at <http://www.dft.gov.uk>.

2.5 There is no single policy that, by itself, will meet the future transport needs of our economy, environment and society. That is why our strategy is based around a broad package of measures at national, regional and local level, as outlined below. A key focus of the draft Bill is on empowering local authorities to develop local solutions to the local transport challenges they face. This is consistent with the strengthened leadership role envisaged for local authorities in *Strong and prosperous communities*, the recent Local Government White Paper.

Box 2.1: Learning from experience

The draft Bill is a response to the practical challenges and experience of delivery over the past ten years. It seeks to build on and reinforce existing transport policy, ensuring it remains fit for purpose for the challenges ahead.

We have listened to those at the sharp end, including businesses, transport operators and passengers, about the challenges and opportunities as they see them – about what works, what is needed to secure change on the ground and the complementary roles of private and public sectors.

Our proposals on bus services reflect practical experience in translating the Transport Act 2000 provisions for quality partnership and quality contracts schemes into action. In addition to last year's bus policy review, studies by the Confederation of Passenger Transport and the Passenger Transport Executive Group, reports from the Transport Select Committee and the Eddington Transport Study have all contributed to the evidence base.

The proposals on governance build on the considerable evidence accumulated over the years on the planning and delivery successes and challenges faced by the metropolitan transport authorities, most recently through two rounds of Local Transport Plans, the State of the Cities report, the Eddington Study, and research commissioned by the Local Government Association and the Passenger Transport Executive Group.

Our local road pricing proposals have been influenced by lessons learned from established schemes in London (established under the Greater London Authority Act 1999) and Durham (under the Transport Act 2000), and the growing experience and knowledge base of those local authorities who are exploring the potential for schemes in their areas.

As a result, we are confident that our emerging proposals are well targeted, practicable and proportionate.

(ii) The draft Bill in context

2.6 The draft Bill needs to be viewed in the context of the Government's wider transport policies and initiatives. Legislation is an important enabler of action, a pre-requisite for some kinds of change. But it should not be viewed in isolation: it is a complement to wider Government planning for investment in and management of the nation's transport infrastructure and services.

2.7 The wider context for the draft Bill is our programme for investing in and maintaining the transport networks and our work to maximise the use and performance of existing road, rail and other networks. Figure 2.1 below summarises the range of Government actions affecting national, regional and local travel. Over the past five years we have spent over £55 billion on support for transport, with £27 billion of this taking the form of investment in enhancing and renewing networks and infrastructure.

Figure 2.1: Government actions at national, regional and local level

	Investing in our Transport Infrastructure	Making Better Use of Transport Networks	Modernising our Regulatory Frameworks
National	Trunk Road Investment Programme Rail Strategy and the forthcoming High Level Output Specification for Rail Transport Innovation Fund investing in Productivity	Managing and improving performance and punctuality on the Rail Network Trunk Road Network Management - smarter technology and rolling out Traffic Officers to assist smooth operation of the network	Fiscal, regulatory and technology support for cleaner fuels and vehicles
Regional	Regional Funding Allocations – £8 billion over 10 years	Regional Transport Strategies Regional Planning Assessments for Rail	
Local	Government investing £2.5 billion capital and £4 billion revenue per annum in local transport services. Of which £2.5 billion a year is for better bus services	Transport Innovation Fund – opportunity for local road pricing schemes to tackle congestion Smarter choices, Homezones and sustainable travel demonstration towns	Concessionary Bus Travel Bill – providing free travel on local buses throughout England for older and disabled people Traffic Management Act 2004 – giving local authorities a new duty to keep traffic moving Modernising the regulatory framework for bus services Updating the legislative framework for local road pricing
	Local Transport Plans - planning, managing and investing at the local level Reforming local transport governance in our major city areas		

(iii) The scope of the draft Bill

2.8 The focus of the draft Bill is on improving transport delivery at the local level, through improving the regulatory framework for buses; allowing our major city areas to modernise transport planning and delivery capacity; and updating the framework for local road pricing.

2.9 The draft Bill would:

- **help to improve local bus services by providing greater flexibility for local authorities to work with bus operators to deliver services that match more closely the current and future needs of the travelling public.** This recognises the leadership role of local authorities in planning for the accessibility needs of their residents, while preserving and building on the considerable innovative and commercial strengths of a private sector led industry. At the same time, we are proposing to establish a stronger and more effective framework for improving punctuality and reliability, reflecting the shared responsibility of local authorities and transport operators for enhancing the performance of local bus services;
- **strengthen transport management within our major urban areas by providing a framework within which these conurbations can identify and implement the changes required to their transport planning and delivery arrangements.** The draft Bill offers an opportunity to look afresh at transport arrangements in metropolitan counties and potentially in other large cities in England, to ensure that local government is both empowered to take the decisions that are increasingly necessary and accountable for effective delivery. Ensuring appropriate leadership capacity in our major cities will help to deliver better bus services and, where local authorities choose to do so, local road pricing schemes. This means promoting local solutions to local problems: enabling local government to lead and to innovate; and
- **update the existing legislative provisions for local road pricing schemes to give greater freedom to those local authorities that want to bring forward local road pricing schemes within a clear and accountable framework, whilst ensuring that any schemes are consistent and interoperable for road users.** The aim is to enable local authorities to tackle congestion by introducing local road pricing schemes if that is the right approach for their area. It would be for local authorities to design any scheme, and any revenues raised would have to be spent on transport in the local area (for example, in conjunction with improved public transport provision). The draft Bill would not provide the powers that would be needed if, in the future, central government decided to move towards a national road pricing scheme. Separate legislation would be needed for that in the future, preceded by a full and informed public debate.

2.10 In addition, we are currently considering a further measure in the area of disabled persons' public transport needs (see Box 2.2).

2.11 The draft Bill recognises the central role of bus services in delivering effective, efficient and sustainable travel options. It seeks to ensure we have a framework for halting and reversing the long-term decline in bus use, enabling more areas to replicate the successes that some areas have already achieved in improving their local bus services and increasing patronage.

2.12 All this needs to be supported by the right structures and processes. If we are to face up to the challenges of rising congestion over the next ten or twenty years, we need to ensure that the arrangements for managing transport in our major urban areas in particular, where congestion problems are greatest, remain fit for purpose with strong local leadership and joined-up delivery. The draft Bill therefore includes proposals to enable each area to strengthen its delivery capacity.

2.13 But public transport improvements will not be enough on their own in our most congested areas. A number of local authorities are considering the scope for measures to manage demand and ensure more reliable journeys for public transport and private vehicles alike. Where the circumstances are right, road pricing is one of the possible options as part of a package of measures to tackle congestion. It has the potential to deliver significant reductions in congestion, with knock-on benefits for the environment – for example reducing emissions of air pollutants and greenhouse gases as well as noise levels in the local area. The draft Bill would update the legislative framework to increase local flexibility for areas which are considering schemes, while also ensuring that any schemes are consistent and interoperable.

2.14 The draft Bill taken as a whole would help to ensure that local authorities have at their disposal a range of options for delivering better local bus services, and would facilitate a more coherent approach to transport in our major city areas. These solutions would be better designed and delivered if decisions on implementation are taken locally reflecting the different needs of different areas. The intention is a mutually reinforcing package – strengthening the local tool-kit of powers within an overarching national framework and supporting delivery with complementary investment.

Box 2.2: Disabled persons' public transport needs

The provisions in the draft Bill are set out in Chapters 3 to 6. In addition, the Government is considering one further proposal for legislation that would fall within the scope of the Local Transport Bill. This concerns the Disabled Persons Transport Advisory Committee (DPTAC).

The Government is committed to an accessible public transport system in which disabled people have the same opportunities to travel as other members of society. DPTAC is the Government's statutory advisor on the public passenger transport needs of disabled people. Its members represent a wide cross-section of disabled people and key transport professionals with experience of disability issues, including representatives from Scotland and Wales. Under current legislation, the Secretary of State can provide funds to the Committee with which it may pay its members travelling and other allowances, and defray other expenses incurred by them in connection with its functions. However, the Committee cannot make any salary payments to its members.

A quinquennial review of the Committee recommended that consideration be given to enabling salary payments to be made to Committee members. We agree that there is a strong case for DPTAC members to receive a broader remuneration package and are therefore considering taking powers if a Local Transport Bill is introduced to Parliament to enable the Secretary of State to provide increased funds to the Committee for that purpose. This would bring DPTAC into line with other advisory committees, recognising the valuable and important contribution that the Committee makes. The exact level of remuneration would be determined by the Secretary of State in due course.

More information on the work of the Committee can be found at www.dptac.gov.uk.



3. Improving the quality of local bus services

Buses play a key role in our transport system. They account for two thirds of all journeys made by public transport. The post-war decline in bus patronage is now levelling off, and we have seen the first year-on-year increases in patronage for decades. However, in too many places the current framework is still not delivering the quality of service that passengers expect.

Last year, we carried out an extensive review of bus services across the country, and in December published a set of policy proposals designed to help improve the standard of bus services.

Those proposals were widely welcomed, including by bus operators, local authorities and passenger groups. Following further discussions with key stakeholders, we are now bringing forward specific legislative proposals in the draft Local Transport Bill. Taken together, these proposals constitute a balanced package of measures, which would:

- promote more effective partnership working between local authorities and bus operators, to deliver services that are better matched to the needs of passengers in their local areas;
- make the implementation of 'quality contracts' schemes a realistic option in areas where it is in the public interest for local authorities to take greater control over bus services;

- **provide a new regime to deliver better punctuality, for the first time holding local authorities as well as bus operators to account for their contribution to punctuality performance; and**
- **support further development of the community transport sector, by removing unnecessary restrictions and by streamlining the system for issuing permits to community transport providers.**

These proposals will help to secure modern, reliable and affordable bus services that are better tailored to the needs of the travelling public.

(i) Policy context

3.1 Buses are a crucial part of our transport system. Two thirds of all public transport journeys – over 4 billion trips a year – are made by bus. They are a lifeline for many of our communities. They have a key role to play throughout the country if we are to meet the challenge of rising congestion on our roads, and to sustain future travel demand while respecting the environment. The ability to guarantee specific improvements in bus service provision will be especially important in areas that choose to put in place local road pricing schemes as part of their strategy to tackle congestion (see Chapter 5).

3.2 Bus patronage has been on a downward trend since the 1950s, but we have seen the first signs of a turnaround, with the first year-on-year increases in patronage in decades. However, the quality of bus services still varies markedly from place to place. It is for this reason that, last year, we undertook an extensive review to assess the future prospects for the bus sector, and to identify the factors that could help to secure a more sustainable future for bus services. In December we set out our findings and policy proposals in *Putting Passengers First*².

3.3 The review identified a number of areas where very real improvements have been achieved through partnership between bus operators and local authorities. But it concluded that, in too many places, bus services are still not meeting the high standards that the travelling public expects. This includes many of our major cities, where bus patronage continues to fall. Without further action, we risk bus services in more and more of our communities becoming locked into a vicious cycle of decline. Such decline erodes an element of choice for people in deciding how they want to travel and, for those without access to a car, severely restricts their ability to travel to shops, local services and other amenities.

² *Putting Passengers First* – The Government's proposals for a modernised national framework for bus services, Department for Transport, December 2006, <http://www.dft.gov.uk>.

3.4 *Putting Passengers First* outlined a balanced package of policy proposals to address these challenges, for discussion with key stakeholders. The proposals were designed to enable more areas to replicate the successes that have already been achieved in some parts of the country, and so to secure a more sustainable long-term future for the bus sector. The review made clear that there is no single approach that will work everywhere, and the intention was to provide a variety of policy options to suit different local needs and circumstances. The proposals are designed to enable the strengths of the private sector to be harnessed more effectively to meet the needs of the travelling public.

3.5 Box 3.1 below provides a brief summary of the current framework within which local bus services operate. It sets the context for the proposals described later in this Chapter and contained in the draft Bill.

Box 3.1: The current framework for local bus services

The current structure of the bus market in Great Britain (outside London) was established by the Transport Act 1985. This is essentially a deregulated structure: any holder of a Public Service Vehicle operator's licence may operate bus services, having first registered various details with the relevant traffic commissioner. The traffic commissioners are responsible for enforcing compliance with these registered details, including standards of reliability and punctuality.

A number of local authorities have chosen to enter into **voluntary partnership agreements** with individual bus operators in their areas. Typically, these agreements involve investment by the local authority in improved facilities for buses, and by the operator in providing better-quality vehicles or services.

The Transport Act 2000 provided additional powers for local authorities to implement two kinds of scheme:

- **quality partnership** schemes, which can involve multiple operators in a single scheme and can be enforced by the relevant traffic commissioner; and
- **quality contracts** schemes, which involve suspending the deregulated market in a specific area. Under such schemes, the local transport authority lets exclusive contracts to operators through a competitive tendering process, to run the services specified by the scheme.

No quality contracts schemes have so far been implemented under the 2000 Act, and only one quality partnership scheme has been made so far.

London

By contrast to the rest of the country, bus services in London were not deregulated in the mid 1980s. Since the privatisation of London Buses Ltd, services have been run by private operators under contract to the relevant public authority – now Transport for London.

(ii) Development of policy proposals

3.6 As described above, the development of the policy proposals set out in *Putting Passengers First* was informed by an extensive review of the bus sector. This review included a programme of Ministerial and official meetings and visits involving a wide range of interested parties from across the country, including bus operators, passenger groups and local government.

3.7 The development of policy proposals has also been informed by the House of Commons Transport Committee's report on *Bus services across the UK*, to which we responded in February 2007³, and by Sir Rod Eddington's advice to government following his study of the relationship between transport and the economy.

3.8 Since the publication of *Putting Passengers First*, we have been discussing our proposals with key stakeholders, including through the Bus Partnership Forum⁴. Working groups have been set up under the auspices of the Forum to advise the Department as it continues to develop the more detailed aspects of the proposals.

(iii) Proposals in the draft Bill

3.9 The draft Bill includes proposals in six broad areas, which are described in turn in the remainder of this Chapter:

- (a) voluntary partnership agreements;
- (b) quality partnership schemes;
- (c) quality contracts schemes;
- (d) punctuality performance;
- (e) community transport; and
- (f) other measures.

3.10 The proposals in (a) to (e) are based on those set out in *Putting Passengers First*. In addition, we are putting forward some additional measures described under (f) below.

³ *Bus services across the UK: Government Response to the Committee's Eleventh Report of Session 2005-06*, HC 298, February 2007.

⁴ The Bus Partnership Forum is a cross-industry and local government group chaired by Gillian Merron MP, Parliamentary Under Secretary of State for Transport.

a) Voluntary partnership agreements

3.11 In many places, voluntary partnership agreements made between local authorities and bus operators have made an important contribution to improving services and increasing patronage. These have, in general, been bilateral agreements involving a local authority and a single bus operator.

3.12 Where local authorities wish to enter into negotiations with two or more operators to implement a more coherent pattern of services, they must ensure that agreements are compatible with UK and EC competition law, as set out in the Competition Act 1998 and Articles 81 and 82 of the Treaty establishing the European Community (“the Treaty”) respectively (see Box 3.2). Stakeholders have raised concerns that the wording of the relevant provisions does not translate easily to the bus market, and that it is therefore difficult for them to be satisfied that they have passed the relevant tests.

3.13 The draft Bill includes provisions designed to **facilitate voluntary partnership agreements (“VPAs”) between local authorities and multiple bus operators, which may cover minimum frequencies, timings and maximum fares, as appropriate** (clause 24 and Schedule 2).

3.14 The draft Bill would provide that where such agreements include more than one operator, or where a local authority makes a series of apparently bilateral agreements with different operators which, taken together, might have the effect of preventing, restricting or distorting competition, those agreements must pass a revised version of the competition test set out in Schedule 10 to the Transport Act 2000. Our intention is that this revised test should apply in place of that in section 9 of the Competition Act 1998, which currently applies. The reason we are proposing a revised test is that the existing Schedule 10 test relates solely to bus functions of local authorities, which would not normally be subject to domestic competition law, whereas the nature of VPAs means that they would.

3.15 This “revised Schedule 10 test” has been drafted so as to ensure that any agreement which satisfies it is also compatible with the existing provisions in Part 1 of the Competition Act 1998 and fully compliant with Article 81 of the Treaty which applies where there is an effect on trade between Member States – but would (like the current Schedule 10 test) be more closely tailored to the bus market.

3.16 For agreements subject to the revised Schedule 10 test, the relevant provisions in Chapter 1 of Part 1 of the Competition Act 1998 could be disapplied. EC competition law would, of course, continue to apply and agreements, etc., which have as their object or effect the prevention, restriction or distortion of competition within the common market would have to pass the test in Article 81(3) of the Treaty.

3.17 The new clause would have effect in England and Wales (outside London). Box 3.4 below invites specific comments from stakeholders on this, and other, competition matters.

Box 3.2: Competition legislation – the existing tests applicable to the bus market

There are currently three competition tests which may – depending on the circumstances – relate to bus activities:

- the “Schedule 10 test” which applies to the exercise of certain functions by local authorities;
- the “Competition Act” test which applies to agreements¹ between bus operators and unilateral conduct by dominant bus operators; and
- Articles 81 and 82 of the Treaty.

The draft Bill proposes a new test for VPAs which (like the Schedule 10 test), would be tailored to the bus market, but (like the Competition Act test) is fully compliant with European competition legislation.

(i) The competition test in Schedule 10 to the Transport Act 2000 (the “Schedule 10 test”)

The competition test in Schedule 10 is the yardstick for judging whether the exercise by local authorities of certain bus functions has been carried out with due regard to competition. It recognises that a balance may need to be struck between competition and other socially desirable objectives.

The test applies to the exercise of functions relating to the:

- making and varying of quality partnership schemes under the Transport Act 2000;
- making and varying of joint and through ticketing schemes under the Transport Act 2000; and
- invitation and receipt of tenders for non-commercial, socially necessary bus services under the Transport Act 1985.

The test comprises the following steps:

1. Does the exercising of the function have a significantly adverse effect on competition? (If not, it meets the competition test).
2. If there is a significantly adverse effect, is this justified because the intention is to:
 - secure improvements in the quality of vehicles or facilities; and/or
 - secure other improvements of substantial benefit to users of local bus services; and/or
 - reduce or limit traffic congestion, noise or air pollution?

3. Is the adverse effect on competition proportionate to what is needed to achieve the intentions described under (2) above, or likely to be so?

If any adverse effect on competition is justified and proportionate, then the exercising of the function has passed the Schedule 10 test.

(ii) The competition test in section 9 of the Competition Act 1998 (the “Competition Act test”)

Section 2 of the Competition Act 1998 prohibits agreements between undertakings, decisions by associations of undertakings or concerted practices which may affect trade within the United Kingdom, or relevant part of the United Kingdom, and which have as their object or effect the prevention, restriction or distortion of competition within the United Kingdom. This is known as the Chapter 1 prohibition.

An agreement is exempt from the Chapter 1 prohibition if it passes the test set out in section 9 of the Competition Act 1998. An agreement is exempt if it:

(a) contributes to

- (i) improving production or distribution, or
 - (ii) promoting technical or economic progress,
- while allowing consumers a fair share of the resulting benefit; and

(b) does not

- (i) impose on the undertakings concerned restrictions which are not indispensable to the attainment of those objectives, or
- (ii) afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the products in question.

(iii) The competition test in Article 81(3) of the Treaty

Article 81(2) of the Treaty prohibits agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the common market.

An agreement is exempt from this prohibition if it passes the test in Article 81(3). The wording of that test is the same as the test in section 9 of the Competition Act 1998.

¹ For the purposes of this document, ‘agreement’ means an agreement between undertakings, decision by an association of undertakings or concerted practice.

Box 3.3: Competition legislation – the proposal for a revised Schedule 10 test

Under proposals in the draft Bill (clause 24 and Schedule 2), a “revised Schedule 10 test” would apply to agreements between local authorities and more than one operator. It would also apply to a series of apparently bilateral agreements between local authorities and *individual* operators which, taken together, might have the effect of preventing, restricting or distorting competition.

It would operate in a similar way to the Schedule 10 test. It would apply to any voluntary partnership agreement that would otherwise be subject to the test in section 9 of the Competition Act 1998, that is to say an agreement which has as its object or effect the prevention, restriction or distortion of competition. The revised test would be passed if the agreement would achieve the intentions described in paragraph 2(3) of the Schedule 10 test (ensuring improvements to services for passengers or limiting traffic congestion, noise or air pollution) and also satisfied part (b) of the Competition Act test (see Box 3.2 above). Subject to final conclusions about the role of the Office of Fair Trading (see question v in Box 3.4 below), it would fall to the parties to the agreement to demonstrate that the test had been met.

b) Quality partnership schemes

3.18 Under the provisions of the Transport Act 2000, local authorities who make quality partnership schemes can require participating operators to provide various ‘standards’ of service. These cannot include specifications as to the frequency or timings of services, or fares. In *Putting Passengers First*, we explained that we proposed to amend the Transport Act 2000 so that such schemes could cover frequencies, timings and maximum fares – within limits:

- **on timetabling**, specifying a minimum frequency (leaving open the possibility of operators within or outside the scheme adding additional services); and
- **on fares**, we made clear we were not suggesting that fares should be determined as part of a quality partnership scheme, but that we could see attractions in allowing for the setting within such schemes, by agreement, of maximum fares or a minimum period between successive maximum fare increases, provided that any significant adverse effect on competition is likely to be proportionate to the achievement of the benefits identified.

3.19 We also proposed changes to address a potential obstacle identified by stakeholders – namely that improvements specified in a quality partnership scheme must all be put in place at the same time. It is not currently possible for new facilities and improved standards to be phased in over time within a single quality partnership scheme.

3.20 The draft Bill therefore includes provisions which would:

- **allow quality partnership schemes to cover minimum frequencies, timings and maximum fares, as appropriate** (clause 3). We are working in parallel with the industry and local authorities to develop this proposal. Any provision on maximum fares would need to include a process for agreeing the fare level with the operators concerned;
- **allow new facilities and standards in a quality partnership scheme to be phased in at pre-arranged intervals** (clauses 4 to 6), rather than all having to be put in place simultaneously; and
- **replace the requirement that quality partnership schemes must “implement the policies set out in [the local authority’s] bus strategy” with a requirement for it to contribute to the implementation of their local transport policies** (clause 3(2)). This proposal reflects the fact that a number of local transport authorities are exempt from the requirement to produce bus strategies, and that, under the proposals described in Chapter 4, PTAs would no longer be required to produce separate bus strategies. In addition, the purpose of a quality partnership scheme may relate to broader matters – for example to encourage more people to travel by bus in the context of a demand management scheme (such as a local road pricing scheme). Clause 2 defines “local transport policies” as policies developed under section 108(1)(a) of the Transport Act 2000.

3.21 These provisions would apply in England and Wales (outside London).

Box 3.4: Competition legislation – issues for consultation

As outlined above, we have included within the draft Bill a proposal for a new competition test, designed specifically to apply to certain voluntary partnership agreements. But we would also like to take the opportunity to review the way competition legislation relates to bus agreements more generally.

We would therefore welcome the views of stakeholders on the following points:

- (i) the proposal in the draft Bill for a “revised Schedule 10” test would leave in place and unchanged the existing competition test in Schedule 10 which applies to the functions of making and varying quality partnership schemes, making and varying ticketing schemes, and inviting and accepting tenders for subsidy contracts. We would however welcome views on whether it continues to be necessary to retain any specific competition test relating to any or all of these functions;

- (ii) the draft Bill currently does not apply the “revised Schedule 10 test” to agreements between undertakings, decisions by associations of undertakings and concerted practices arising out of the making of a quality partnership scheme, even though such agreements etc. might be more likely to occur once frequencies, timings and fares can be part of such a scheme. These would continue to be subject to the appropriate provisions in the Competition Act 1998. We would welcome comments as to whether such agreements etc. should be made subject to the “revised Schedule 10 test”;
- (iii) with the proposed introduction of the “revised Schedule 10 test” we intend to disapply the Chapter 1 prohibition in the Competition Act 1998 in respect of agreements that are subject to the revised test. This test would be no less stringent than the Competition Act test but, because it is specifically tailored for the bus market, may have advantages in that it is clearer. We welcome views as to the merit of this;
- (iv) the draft Bill does not specifically address enforcement in relation to the revised Schedule 10 test. A subject for further consideration is whether all the enforcement provisions in Chapters 3 and 4 of Part 1 of the Competition Act 1998 should be applied. We will be developing proposals in this area in conjunction with the Office of Fair Trading (OFT) in parallel to this consultation, but would welcome the views of stakeholders on the current and any alternative regime; and
- (v) under Schedule 10 to the Transport Act 2000, local authorities and operators can apply to the OFT for a decision as to whether the exercise or proposed exercise of functions to which that Schedule applies meet the competition test. The OFT strongly believes these provisions should be removed as they are inconsistent with the procedures in other markets and enforcement of EC competition law in other Member States. We would welcome the views of stakeholders on the removal of these provisions.

c) Quality contracts schemes

3.22 In some circumstances, quality contracts schemes could be an effective way for local authorities to secure a coordinated network of bus services in their areas.

3.23 Under current legislation, a quality contracts scheme cannot be made unless it is the “only practicable way” for a local authority to implement a policy in its bus strategy. It is widely argued that this test sets too high a hurdle for local authorities to meet in practice: a scheme that was not the

“only practicable way” could still be demonstrably in the public interest, but would not be permissible under the current legislation.

3.24 At present, a quality contracts scheme in England must be approved by the Secretary of State before it can be implemented. In the wider context of the Local Government White Paper, which highlighted the importance of ensuring appropriate freedom and flexibility at a local level, we believe that this now places decision-making at the wrong level in relation to schemes in England. Moreover, because the current decision-making process must be fair, open and impartial, it inhibits Ministers and officials from discussing proposed schemes, let alone working with authorities to develop them.

3.25 The current arrangements also limit quality contracts schemes to a ten-year period, within which individual contracts can last no longer than five years. Initial market testing in some areas suggests that a five-year period may be insufficient to encourage operators to innovate and invest. This framework also rules out the possibility of providing incentives to operators through contract extensions where performance has exceeded expectations.

3.26 The draft Bill therefore includes provisions which would:

- **replace the “only practicable way” test with a new set of “public interest” criteria (clause 7) and a new requirement for the local authority to publish a consultation document setting out various details of the proposed scheme (clause 8).** These provisions would apply in England and Wales (outside London).

The proposed new test is described in Box 3.5 below. It seeks to enable schemes to be introduced where appropriate, while ensuring that they are transparent, offer clear benefits to passengers, and can be funded. We consider that replacing the “only practicable way” test should make the crucial difference in enabling authorities to implement quality contracts schemes where they are demonstrably in the public interest;

- **reform the current arrangements for approval of quality contracts schemes in England (outside London) (clauses 9 to 12).** The draft Bill would create a new Approvals Board for quality contracts schemes, chaired by a traffic commissioner (who would generally be the senior traffic commissioner – see Chapter 6). Schemes in England would need to be approved by this Board, in place of the current requirement for approval by the Secretary of State. Along with the traffic commissioner, an Approvals Board would include two assessors drawn from a panel appointed by the Secretary of State. We would expect this panel to include members with expertise in economics and transport planning.

The draft Bill also provides for a right of appeal to the Transport Tribunal⁵ against decisions of the Approvals Board. Providing this new

⁵ The Tribunals, Courts and Enforcement Bill, currently before Parliament, includes measures to reform the tribunal system. If enacted, these provisions could have consequences for the drafting of the Local Transport Bill; any necessary changes would be included in subsequent versions of the draft Bill.

appeal route should limit the need for recourse to judicial review, which is time-consuming and limited in the redress it can provide. The Tribunal currently comprises judicial members (who must be legally qualified), and lay members (who have experience in transport operations and its law and procedure). We recognise that the proposed new appeal function would be a significant extension of the Tribunal's role, and it would be important to ensure the pool of lay members included knowledge of the bus industry and relevant economic expertise;

- **allow individual contracts within a quality contracts scheme to run for up to ten years**, in place of the current five-year limit (clause 16). This would apply in England and Wales (outside London);
- **allow a quality contracts scheme to be extended beyond the ten-year limit** (clauses 17 to 21), subject to certain requirements and to the approval of the Approvals Board (for England) or the Welsh Ministers (for Wales). This would be possible only where the scheme had achieved its stated objectives, and where there would be public benefit in an extension;
- **replace the link to the local authority's bus strategy with a link to local transport policies** in England and Wales (outside London) (clause 7), as proposed for quality partnership schemes; and
- **allow the phasing-in of quality contracts schemes** in England and Wales (outside London) (clauses 13 to 15), as proposed for quality partnership schemes.

3.27 The draft Bill does not include any transitional provisions for cases where local authorities are already in the process of developing a quality contracts scheme under the existing legislation when the amendments proposed in the draft Bill come into force. We will review the need for any such provisions in the light of consultation responses.

Box 3.5: The proposed new 'public interest' test for quality contracts schemes in England

The proposed new test would state that, before making a quality contracts scheme, the proposing authority must publish a consultation document which:

- a) describes the proposed scheme, including the services to be provided as part of it;
- b) explains how the scheme will:
 - (i) increase¹ the use of local bus services in the local area;
 - (ii) bring benefits to passengers by improving the quality of local bus

services. Benefits might include, for example, reduced waiting times, faster journeys or more comfortable vehicles;

- (iii) contribute to the implementation of the authority's transport policies;
- (iv) do so in a way that is economic, efficient and effective; and
- (v) ensure that, if the scheme is likely to have a significant adverse effect on competition, this effect is proportionate to the benefits it is expected to deliver;²

c) describes the local arrangements which the authority will put in place to deliver the scheme;³

d) explains how the authority will meet the costs they expect to incur; and

e) includes a declaration by the local authority chief finance officer that appropriate financial arrangements can be put in place to meet any costs incurred by the local authority.

Guidance

The draft Bill includes a requirement (clause 22) for local authorities to have regard to any guidance published by the Secretary of State (in England) or the Welsh Ministers (in Wales) as regards quality contracts schemes. If these provisions are enacted, we intend to publish guidance to assist local authorities in preparing consultation documents. We will be developing the guidance, in consultation with stakeholders, in parallel with development of the legislation.

Quality contracts schemes and smaller bus operators

We envisage that such guidance would need to highlight the importance of considering the potential effects of a quality contracts scheme on smaller bus operators. In many areas, smaller operators currently have a significant market presence, but may not be well placed to compete for large contracts.

An approach along the lines of that taken in London, where contracts are let on a route-by-route basis, would maximise the opportunity for smaller operators to compete. However, it could also have implications for the overall costs of the tendering process, including bid costs for operators in general. It would be for local authorities to decide how best to balance these considerations, and to explore other options that might help to ensure an ongoing role for smaller operators, according to local circumstances.

¹ For the purposes of the draft Bill, references to increasing the use of bus services include a reference to reducing, arresting or reversing decline in the use of bus services.

² This is to ensure that the local authority, and the appropriate approvals authority, can be satisfied that there is a proper balance between the effects on the free market and the public interest benefits of such a scheme.

³ This might include, for example, the arrangements for tendering and managing the scheme, and/or for putting in place complementary bus priority measures.

d) Punctuality

3.28 Punctuality and reliability are key concerns for existing and prospective users of local bus services. The traffic commissioners have powers to penalise operators who fail to run services in accordance with their registered timetable, but these powers are limited in scope and can be difficult to use in practice. As a result, they tend to be used only sparingly.

3.29 A significant constraint is that the traffic commissioners have limited access to performance data relating to specific operators and routes, without which it is difficult to identify and address areas of under-performance. They also have no formal powers over local authorities, despite the fact that some of the causes of poor bus service performance (such as the provision and enforcement of bus priority measures, and coordination of road works) are within the control of local authorities.

3.30 We therefore propose to develop a new punctuality performance regime, in which both local authorities and bus operators can be held more strongly to account for their contribution to bus punctuality. We recognise that the proposed regime would involve a significant extension of the traffic commissioners' responsibilities, and Box 6.1 in Chapter 6 considers this issue further.

3.31 Proposals for this new punctuality regime are currently being discussed with stakeholders but are likely to cover three areas, described below.

Collection and provision of bus punctuality data to the traffic commissioners

3.32 The provision of summary data on punctuality standards would enable the traffic commissioners to pinpoint areas of consistent under-performance, and hence to investigate the underlying causes. It might also be appropriate for the traffic commissioners to be able to request more detailed data under certain circumstances, for example to assist them in these investigations.

3.33 An increasing number of buses are now equipped with satellite positioning devices that would allow operators to collect such data automatically.⁶ However, we recognise that a requirement to provide data would impose some additional costs on operators, and it will be important to ensure that any such costs are proportionate to the benefits.

3.34 Smaller operators might be particularly affected by a requirement of this kind, and there may be a case for different requirements to be applied to those operators. We will continue to discuss the options and practicalities with key stakeholders through the Bus Partnership Forum, and this consultation invites views from all interested parties.

⁶ GPS has been piloted in London and will be rolled out for all London buses. Many bus operators outside of London already have or plan to use GPS systems to collect punctuality data. A recent survey, undertaken by the Department, showed around 28% of operators outside London were currently using GPS, amounting to 53% of the buses in the sample.

3.35 At this stage, we consider that existing provisions in section 6(9) of the Transport Act 1985 provide the necessary primary powers for this aspect of the proposed new regime. Regulations could be made under this section to require operators to provide information in a specified format and at a specified frequency to the traffic commissioners. Where appropriate, different requirements could be placed on different types or sizes of operator. On the basis of our current policy, we do not consider that further primary powers are needed.

Relationship between traffic commissioners and local traffic authorities

3.36 The aim here is to support the traffic commissioners in identifying and addressing the causes of poor punctuality, whether bus operators or local authorities are primarily responsible.

3.37 The draft Bill therefore includes powers (clause 32) for the traffic commissioners in England and Wales to:

- require local authorities to attend or give evidence to support their inquiries into poor punctuality;
- require local traffic authorities to supply the traffic commissioners with information connected with the performance of their network management duties under the Traffic Management Act 2004;
- prepare a report recommending the implementation of remedial measures that could be taken by the bus operator or the local traffic authority. This would encourage local traffic authorities and operators to engage in taking steps to seek to improve punctuality; and
- where the traffic commissioner decided to send them a copy of such a report, the Secretary of State (in England) or Welsh Ministers (in Wales) would be able to consider the evidence contained in it, in considering whether to exercise their powers to issue an Intervention Notice under the Traffic Management Act 2004. The decision on whether to exercise those powers would still rest with the Secretary of State or Welsh Ministers as appropriate.

Powers available to the traffic commissioners where bus operators are demonstrably failing to provide an acceptable service

3.38 We consider that the current penalty regime is basically fit for purpose, but there are some practical limitations in the arrangements that could usefully be addressed. The draft Bill therefore includes provisions (clause 31) to:

- **ensure that where conditions are attached to a bus operator's licence, those conditions may also be attached to other licences held by the same operator or held by another undertaking within the same group.** This would remedy the current situation, whereby some operators can circumvent licence conditions applying to one subsidiary simply by transferring the relevant services to another subsidiary within the same operating group; and

- **enable one traffic commissioner to direct another traffic commissioner to apply conditions to licences held in another traffic area by the same operator, or by another undertaking in the same group.** The traffic commissioner receiving that direction must then attach the relevant licence condition, unless he considers there is a good reason not to.

3.39 These provisions would apply throughout England and Wales, but only clause 31 would apply (to a limited extent) in London.

e) Community transport

3.40 The community transport sector plays an important role in operating services that cannot be provided by conventional bus services. Because the sector responds to demands that commercial operators have not been able to meet, we consider that there is scope to expand the role of the community transport sector without having a significant adverse effect on commercial operators.

3.41 We have identified some restrictions in the community transport regulatory regime that may unduly constrain the sector's development. These include limitations on the size of vehicles that can be run by community transport operators, and a restriction on payment for drivers on certain services. There is also scope to simplify the system under which permits are issued under section 19 of the Transport Act 1985 to certain bodies (educational, religious and social welfare) enabling them to operate services for the benefits of their members.

3.42 In relation to local services for the general public, provided under section 22 of the Transport Act 1985, the draft Bill therefore includes provisions (clause 30) to:

- allow drivers on those local services to be paid; and
- allow vehicles of more than 16 seats to be used on those services.

3.43 In relation to services for particular educational and other bodies, provided under section 19 of the same Act, the draft Bill includes provisions (clauses 27 to 29) to:

- allow the use of vehicles with fewer than nine seats, as well as larger vehicles; and
- simplify the permit issuing system so that, in future, all permits are issued by the traffic commissioners. The draft Bill includes transitional provisions enabling existing permits which have been issued by bodies designated by the Secretary of State under section 19(7) of the Transport Act 1985 (which would be repealed) to continue to have effect.

3.44 The provisions relating to community transport would apply throughout Great Britain.

f) Other measures

3.45 The draft Bill also includes a number of additional proposals relating to the bus sector.

“Taxi-bus” services

3.46 At present, taxi owners are eligible to apply for a “special restricted” PSV operator’s licence, specifically to enable them to register and operate local bus services. As a further measure to assist community-based transport, the draft Bill includes a provision to extend similar eligibility to holders of a private hire vehicle (PHV) licence (clause 26). This would apply in England and Wales (including London).

Increased flexibility for local authorities

3.47 The draft Bill includes provisions to remove unnecessary regulation or increase flexibility for authorities in England and Wales (outside London), by:

- **amending the rules which permit local authorities to subsidise services**, so as to provide more flexibility for authorities and facilitate more investment (clauses 33 and 34). This is to make clear that authorities may subsidise services to increase the standard of service on a particular route (for example in terms of frequency, hours of operation or quality of vehicles), as well as to support the provision of services on a route that would not be provided without subsidy;
- **making a similar amendment to the existing power for the Welsh Ministers to subsidise services in Wales** (clause 35). This would allow them to provide support to improve the standard of service on a particular route, as well as to support the provision of services on a route that would not be provided without subsidy;
- **extending the maximum length of bus subsidy contracts from five to eight years** (clause 36). This would provide greater flexibility for local authorities to secure better value for money and improved services; and
- **removing the requirement for the Secretary of State to give consent in respect of the sale of council-owned bus companies**, and related matters (clause 37).

Appeals relating to traffic regulation conditions

3.48 Traffic regulation conditions (TRCs) are conditions concerning local bus services which a traffic commissioner may attach to a PSV operator’s licence in specific circumstances. They may do so only if requested by a local traffic authority for the purpose of preventing danger to road users, reducing severe traffic congestion, or reducing or limiting noise or air pollution.

3.49 The right of appeal against such conditions in England and Wales is currently to the Secretary of State whereas the Transport Tribunal is the appellate authority for other decisions made by the traffic commissioners.

3.50 To ensure consistency with the appeals provisions in respect of other functions of the traffic commissioners, the right of appeal in relation to TRCs would in future be to the Transport Tribunal⁷ (clause 25). The clause applies in England and Wales (outside London).

(iv) Territorial extent

3.51 The provisions described so far in this Chapter would all have effect in **England (outside London)**. Some would also apply in London, as indicated in the relevant places and in the explanatory notes (Volume 3).

3.52 Most of the provisions described here would apply also in **Wales** if the draft Bill were to be enacted in its current form. However, the draft Bill would preserve the existing role for the Welsh Ministers in approving quality contracts schemes proposed by local authorities in Wales. The new Approvals Board for quality contracts schemes (chaired by a traffic commissioner), and the right of appeal to the Transport Tribunal, would therefore not apply in Wales.

3.53 Nearly all of the matters described in this Chapter are devolved in **Scotland**. Only the provisions on community transport (which relate to matters that are reserved for the UK Parliament under the Scotland Act 1998) would apply there.

3.54 None of the provisions would have effect in **Northern Ireland**, where bus services operate within a separate framework.

(v) Bus subsidy

3.55 *Putting Passengers First* noted that there is potentially a case for refocusing central government bus subsidy (the Bus Service Operators Grant). For example, there might be a case for providing a more direct linkage between subsidy levels and our goals of increasing bus patronage; tackling congestion; and improving accessibility, environmental performance, punctuality and quality of passenger experience.

⁷ See footnote 5.

3.56 However, it would be important to understand fully the potential impact of any reform to the subsidy regime before deciding whether to bring forward proposals. The Department for Transport is considering these issues further with stakeholders. It is discussing them with bus operators and local authorities under the auspices of the Bus Partnership Forum, including whether there is a good case for reforming bus subsidy to focus it more closely on our priorities, such as congestion, the environment and accessibility. This will include considering the case for greater devolution of subsidy, particularly where local authorities introduce quality contracts schemes.

Questions for consultation

Q1: What are your views on the proposals relating to:

- (a) voluntary partnership agreements;**
- (b) quality partnership schemes;**
- (c) quality contracts schemes;**
- (d) bus punctuality;**
- (e) community transport; and**
- (f) other measures?**

Q2: What are your views on the specific questions relating to competition legislation (Box 3.4)?

Q3: Do the proposed “public interest” criteria for quality contracts schemes cover the right issues (Box 3.5)? Do they strike the right balance between making schemes a realistic option and protecting the legitimate interests of bus operators?

Q4: How can the proposed new bus punctuality regime (paragraphs 3.32 to 3.39) best be designed to achieve the desired benefits at minimum cost, particularly for smaller operators?

Q5: Do the proposals to amend the existing powers relating to subsidy contracts provide sufficient flexibility to meet local authorities’ needs (paragraph 3.47)?



4. Reforming local transport governance

Transport improvements will be better planned and more effectively implemented if they are supported by the right arrangements for taking decisions at a local level. In the Local Government White Paper, the Government undertook to bring forward a package of reforms to enable a more coherent approach to transport to be taken in our major city areas.

There is broad consensus that current arrangements for the administration of statutory transport functions (“governance”) do not work as well as they might. The existing legislation relating to local transport governance in cities needs to be updated to reflect changing patterns of transport needs and use.

We need to find better ways of ensuring that transport can be planned and managed to provide maximum support for the growing economies of our cities. We also need to encourage strategic decisions on roads and public transport to be taken together in the interests of transport users as a whole. The case for reform is likely to become even stronger as congestion increases.

It is clear that much innovative thinking on possible future governance arrangements is taking place in the cities. However, further work is still required in each area to agree where change is

needed to existing arrangements and exactly what form that change should take.

The draft Bill includes powers to enable cities, and potentially other areas, to review and propose their own changes to existing governance arrangements. The Secretary of State would be able to implement these changes through secondary legislation tailored to the needs of particular areas. Each area would be able to keep its governance arrangements under review and submit further proposals for change in future.

We are committed to ensuring that the structures in place in each area reflect what works best locally, rather than a “one size fits all” approach imposed from the centre. Our aim is devolution.

There are a few changes which the Government believes would be desirable in all metropolitan counties. These concern, first, the need to update existing powers and duties of the PTAs and, second, the need to provide a stronger process for planning transport by means of an *Integrated Transport Strategy* and accompanying implementation plan.

(i) Policy context

4.1 The transport improvements which the draft Bill will make possible for buses will be better planned and more effectively implemented if they are supported by the right arrangements for taking decisions at a local level. The strengthened governance arrangements for London which flowed from the Greater London Authority Act 1999 have already demonstrated their effectiveness in improving transport in the capital.

4.2 The proposals in the draft Bill are intended to address the individual needs of our other major city areas, which have themselves identified transport as a critical issue for their sustained economic growth, for example in their Core City Business Cases.

4.3 The key objectives are to ensure that:

- areas have the strong leadership they require to ensure efficient and effective transport services are in place, with those providing this leadership properly accountable to local people;
- the transport network in these areas can make a more effective contribution to sustainable economic development;

- the existing legislation is updated to reflect changing transport needs; and
- we allow the right arrangements to be put in place for each area, taking into account their differences.

The current position

4.4 Transport strategy and planning in England outside of the metropolitan counties and London is the responsibility of the county council or the unitary authority for that area. These authorities have responsibility for:

- drawing up the Local Transport Plan, at least every five years;
- procuring socially necessary bus services not commercially provided in their areas and commissioning local light rail services (although in both cases the services themselves are delivered by private-sector operators); and
- managing local roads in their area (including carrying out maintenance, adding new capacity, encouraging road safety and implementing traffic management measures, e.g. traffic lights, traffic signs and bus lanes).

4.5 These arrangements allow the authorities to take an overview of transport provision over the whole of their areas, and to drive forward implementation of integrated services supporting their overall strategies. The Commission for Integrated Transport's recent review of *Integrating Transport Delivery Across Government Departments*,⁸ supports the conclusion that the ability of these authorities to integrate their planning and delivery across functions enables them to achieve strong results around the country.

4.6 In six of our largest urban areas outside London (West Midlands, Greater Manchester, Merseyside, South Yorkshire, West Yorkshire and Tyne & Wear – the “metropolitan counties”) however, responsibility for different transport functions is split between different authorities. Individual metropolitan district councils (MDCs) are responsible for the local roads and traffic in their areas. Thus no single body is responsible for ensuring that the wider road network across the conurbation as a whole is working effectively.

⁸ www.cfit.gov.uk/docs/2006/itd2006/index.htm – December 2006

4.7 The provision of public transport services on the other hand is the responsibility of Passenger Transport Authorities (PTAs) and Passenger Transport Executives (PTEs), which do cover the whole metropolitan area. PTAs are responsible for setting the overall strategy for public transport in the area and for determining policy on the provision of bus, rail and light rail services. Their membership comprises elected councillors from each of the MDCs in that area, one of whom acts as Chair of the PTA. Currently membership varies from 12 in the South Yorkshire PTA to 33 in Greater Manchester. PTEs are separate statutory bodies, reporting to the PTAs, and have responsibility for implementing the public transport policies drawn up by the PTA.

4.8 The need for PTAs and MDCs to work together despite this split of functions has long been recognised, and the Transport Act 2000 requires both to develop policies jointly and publish them in a Local Transport Plan. The joint Plan must be agreed by all authorities within the passenger transport area.

4.9 Figure 4.1 illustrates these relationships between the various transport bodies in metropolitan counties, while more details on each of the urban areas concerned can be found in Figure 4.2.

Figure 4.1: Metropolitan areas – relationship of the key bodies

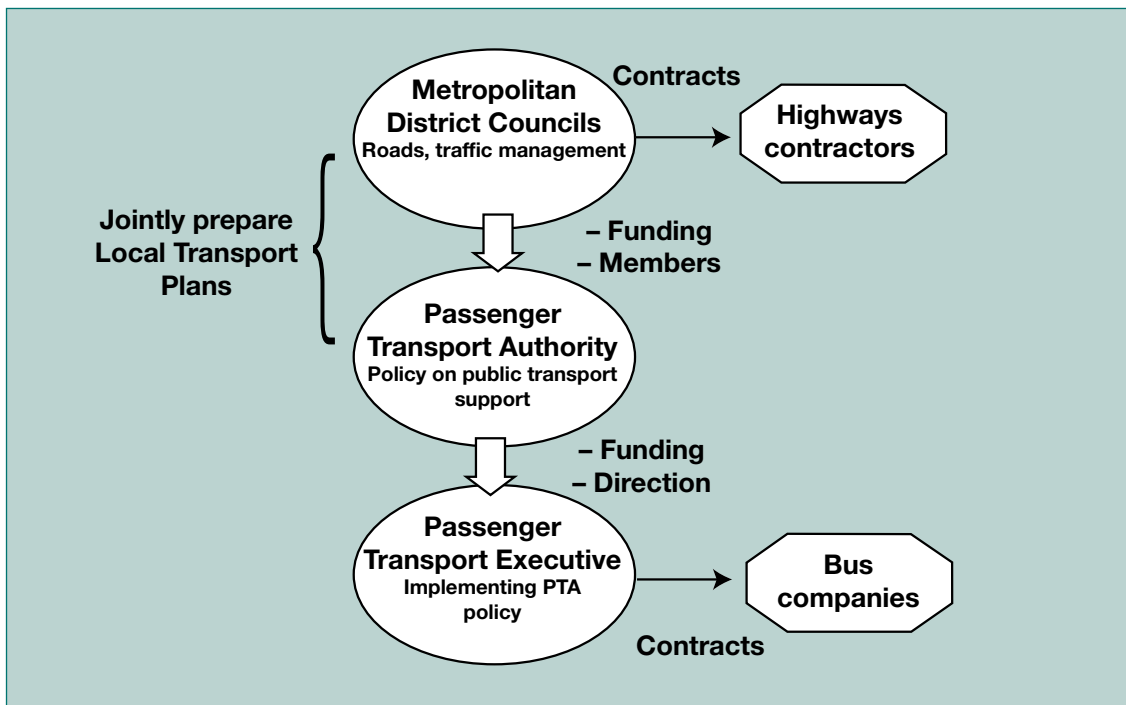


Figure 4.2: Passenger transport areas – facts & figures

Area	Population (millions)	Number of District Councils included in the area	Number of Members on the PTA ⁹	Total PTA revenue expenditure (2005/06) £ million	Total MDC transport revenue expenditure £ million
Greater Manchester	2.55	10	33	155	100
Merseyside	1.37	5	18	158	62
South Yorkshire	1.29	4	12	74	41
Tyne and Wear	1.10	5	16	54	43
West Midlands	2.59	7	28	147	117
West Yorkshire	2.12	5	22	108	70

4.10 Any motorways and trunk roads in the area are the responsibility of the Highways Agency, while rail investment and franchising is led from the Department for Transport.

The need for change

4.11 It is vital to ensure that transport in our major city areas can work well. The Local Government White Paper, *Strong and Prosperous Communities*, published in October 2006, drew attention to the importance of ensuring that cities can optimise their contribution to sustainable economic growth and compete more effectively in the global economy. It highlighted that our cities (outside London) still lag behind the best-performing cities in the rest of the world. In the White Paper the Government undertook to bring forward a package of reforms to enable a more coherent approach to transport to be taken in these major city areas.

4.12 It has become increasingly clear that the existing legislation which governs transport in cities lacks flexibility and needs to be updated to reflect changing patterns of transport needs and use. Amongst other problems, the existing legislation:

- does not provide sufficient flexibility to allow different arrangements to be put in place in different areas in order to reflect the particular needs of each area. Nor does it allow for the establishment of new PTAs or wider transport authorities, where these are seen as desirable; and

⁹ District council representation is in proportion to the population of each, while the representatives of a district must – so far as possible – reflect the political composition of the district.

- does not encourage decisions on roads and public transport in an area to be taken together in the interests of transport users as a whole. If a PTA, for example, wishes to improve the punctuality of a bus service by offering the bus company priority over other road users, it has to secure the agreement of the relevant district council(s) for provision of a bus lane. The district may have little interest itself in the bus lane if, for example, only a minority of the users of the bus service are its own residents. A district on the other hand which wishes to introduce measures to manage demand for road use in its area has to negotiate with the PTA if it considers that new public transport services are needed to support these measures. Again, the PTA's priorities may not match those of the district concerned.

4.13 Much research has been carried out recently to examine how well current transport governance arrangements deliver effective and efficient transport services. These have led to calls for changes to existing arrangements, notably by cities and authorities themselves. For example:

- (a) the eight biggest "core" cities outside London have developed City Region Business Cases, in which they have argued strongly that an effective transport system is a critical spur to improved and sustained economic prosperity;
- (b) the report *Improving Local Transport: How Small Reforms Could Make a Big Difference*¹⁰ – published for the Local Government Association (LGA) – highlighted what it saw as the need to improve the delivery of transport services through a range of reforms to existing transport governance arrangements, particularly those for PTAs and PTEs. A follow-up report, *Prosperous Communities*,¹¹ reinforced the case for stronger joint working at sub-regional level, but underlined the importance of allowing different areas to identify the governance model which best suited their needs;
- (c) Sir Rod Eddington's Transport Study highlighted some potential barriers which can flow from existing governance arrangements, including the mismatch between existing local government boundaries and the economic footprints of growing and congested urban areas, and the problems arising as a result of transport powers being split amongst a number of different players at a sub-national level;
- (d) Atkins' review for the Passenger Transport Executive Group (PTEG) of the case, and options, for reforming the delivery arrangements and governance of local transport in the six metropolitan areas of England outside London¹²; and

¹⁰ ISBN 1 84049 520 0 – June 2006.

¹¹ ISBN 1 84049 540 5 – February 2007.

¹² *Review of Reform Options for Metropolitan Transport Governance*, Passenger Transport Executive Group, January 2007.

- (e) the Commission for Integrated Transport's recent report *Moving Forward: Transport for City Regions*¹³ called for better strategic integration of transport in metropolitan areas and identified the need for new primary legislation in order to achieve this.

4.14 The role of sub-regions and city-regions in economic development is also currently being considered as part of the *Review of Sub-National Economic Development and Regeneration*, including the potential benefits of strengthening decision-making for transport and other related policy issues at this spatial level. Progress on this review was reported in Budget 2007¹⁴. The review is due to conclude before the 2007 Comprehensive Spending Review. We will be considering the findings of the review, and its conclusions on sub-regional governance will need to be taken account of when deciding how to proceed with our proposals on reforming local transport governance.

(ii) Development of policy proposals

4.15 As part of considering the need for change, officials from the Department for Transport and other Government departments held workshops in January 2007 in each of the six metropolitan areas to discuss governance issues with key interests, including officers and members of the PTAs, PTEs and MDCs, regional bodies, transport operators and environmental and business interests. At these workshops we discerned a broad consensus that current governance arrangements for transport did not work as well as they might, although the suggested solutions varied from area to area. There was also a consensus that transport provision in our largest cities needed planning strategically, across the wider city area.

4.16 The draft Local Transport Bill was seen as a welcome opportunity to consider possible change. It is clear that much innovative thinking on possible future governance arrangements is taking place in the cities. However, further work is still needed in each area to agree where change is needed to existing arrangements and exactly what form that change should take.

4.17 Amongst the possible barriers to effective transport planning and delivery mentioned were:

- the lack of a single focus for city-region transport – the “who leads on transport” problem;
- the complex and sometimes unwieldy structure and membership of PTAs and PTEs;
- the difficulties in co-ordinating different transport modes within urban areas, especially given the split between PTA and MDC responsibilities for public transport and roads respectively; and

¹³ www.cfit.gov.uk/docs/2007/moving/index.htm – March 2007.

¹⁴ Budget 2007, HM Treasury, March 2007, www.hm-treasury.gov.uk.

- the challenge of ensuring that PTAs and PTEs can provide effective services for a commuter catchment which now often far exceeds their boundaries.

4.18 It was agreed that all of these problems were likely to become even more significant as congestion problems became more acute.

4.19 Although there was no consensus on what change might be most desirable, those we talked to were able to identify a number of possible alternative arrangements. They referred, for example, to:

- the scope for greater collaboration between authorities. Much has already been achieved despite the limitations of existing legislation, and there are good examples already of joint working across the country – see Box 4.1 below. However, it was recognised that voluntary collaboration depends on the willingness of the various parties to co-operate for the common good;
- the example of London, where legislation provides for much stronger central leadership on transport. Transport for London (TfL) has direct responsibility for a network of strategic roads, and is also responsible for the provision of public transport. In addition, TfL has strong leverage over the London Boroughs, who must prepare Local Implementation Plans to comply with the Mayor's overall Transport Strategy and whose transport investment funding is distributed through TfL;
- international examples where responsibility for transport, including public transport, highways and traffic management, is sometimes the responsibility of a single strategic transport authority; and
- the scope to develop Multi-Area Agreements, with targets agreed with government for the outcomes to be achieved across the city.

Box 4.1: Examples of effective collaboration

- In Greater Manchester there are joint transport units within the Association of Greater Manchester Authorities which provide city-wide data, analysis and planning for MDCs on transport schemes, as well as advice on designing, installing and operating traffic signals across the area.
- In South Hampshire the different authorities have formed a Solent Transport Partnership, to improve co-ordination of services, and to put in place voluntary working arrangements to improve the transport network.

(iii) Proposals in the draft Bill

4.20 The Government believes that the diversity of opinion in the cities on what change is desirable reflects not only different shades of opinion but the different nature of the cities concerned. There is no reason, for example, why arrangements which work in London should necessarily work in a smaller, multi-centred, conurbations such as West Yorkshire, or why arrangements in Tyne and Wear, where car ownership remains relatively low and there are only five metropolitan districts, should be the same as those in a larger conurbation such as Greater Manchester, with its ten districts.

4.21 The Government is committed to ensuring that the structures in place in each area reflect what works best for them, rather than a “one size fits all” approach imposed from the centre. There also needs to be the necessary flexibility to allow change to be introduced as and when it is needed for each area. This may mean changes being introduced in stages, as the needs of different areas evolve and develop.

4.22 The Government has therefore decided to offer a broad approach at this stage to ensure that any potentially effective options which cities might wish to pursue are not ruled out prematurely. Apart from a few proposed changes which would apply to all six larger cities, the draft Bill has been prepared so as to include a wide range of potential powers which would enable cities and potentially other areas to review, and propose their own amendments to, existing governance arrangements. We will review how far it would be sensible to draw the legislation more narrowly, so as to rule out some options, in the light of responses received during the consultation period.

a) City-led reviews of governance arrangements

4.23 The draft Bill proposes (clause 40(3)) that the trigger for changes would be a direction by the Secretary of State requiring a review of the effectiveness of existing governance arrangements in a conurbation by a given date.

4.24 At this stage, the draft Bill does not specify which would be the most appropriate authority or authorities for the Secretary of State to direct to carry out the review of each area; so, according to the circumstances of different areas, it could, for instance, be a combination of authorities working jointly, an individual local authority leading the work on behalf of others, or a PTA. This is an issue on which we would welcome views, but in practice the Secretary of State would expect whichever body or bodies conducted the review to consult widely and reflect the views of other authorities in their findings.

4.25 The relevant body or bodies would, in the light of their findings, publish a scheme which would set out the results of the review and any recommended proposals for change.

4.26 The draft Bill would allow (clause 41) for the Secretary of State to publish guidance on how to carry out a review and prepare a scheme. Amongst other things, this might cover:

- the timetable for the review and scheme;
- what consultation should be carried out as part of the scheme; and
- which aspects of governance the review might particularly need to address (e.g. the structure of the PTA, or how to ensure that decisions on different modes of transport are co-ordinated effectively).

4.27 In preparing a scheme it would be open to each area to conclude:

- that existing arrangements worked sufficiently well that no changes were needed; or
- that changes were needed but that these could be carried out through voluntary arrangements agreed by the main bodies with an interest in transport in that area; and/or
- that changes were needed which would require legislative changes to carry out.

4.28 In drafting guidance, and in considering the schemes proposed by authorities, the Secretary of State would take account of the conclusions of the Sub-National Economic Development and Regeneration Review, and consider whether the proposals on transport governance were likely to fit effectively with wider efforts to achieve economic regeneration.

4.29 The draft Bill provides sufficiently wide powers for the Secretary of State to introduce secondary legislation which would enable the enactment of any changes to existing legislation proposed by an area's scheme (clauses 44 to 53). This would be done through individual Orders covering different areas. These Orders would have to be debated by both Houses of Parliament before they could become law.

4.30 The draft Bill currently provides the flexibility to allow for a wide range of legislative changes to existing arrangements in an area to be made. These include:

- the constitution of an existing PTA (clause 44), including the number of members on the PTA, which bodies they represent, voting, scrutiny and leadership arrangements;
- changes to the existing transport responsibilities of PTA/Es, district councils and potentially the Secretary of State in respect of his responsibilities for the Highways Agency and heavy rail (see Box 4.2) (clauses 45 and 46). This could be done by transferring responsibilities from one body to another, or by leaving formal responsibilities as at present whilst giving different bodies greater opportunity to influence the transport decisions made by others;

- to allow a new PTA/E to be set up or existing PTA/Es to be dissolved (clauses 39 and 50), but the draft Bill specifies that this would require the agreement of the local authorities affected; and
- changes to the geographical area covered by a PTA/E (clause 49), though similarly this would not be possible without the agreement of the bodies directly affected. This could allow the governance arrangements for a conurbation better to reflect transport patterns in an area, for instance travel to work patterns.

4.31 In reviewing their governance, cities may also wish to consider changes in funding arrangements in their area, in particular to ensure clear accountability and transparency, and to ensure that funding decisions can be made at the appropriate level to encourage flexibility between funding streams and foster value for money decisions across the Travel to Work Area. It is likely that most such changes to funding arrangements could be introduced without the need for new legislation. Given that, the draft Bill does not explicitly cover financial matters. Nevertheless, the introduction of some changes to existing arrangements could require changes to primary legislation. We would welcome views on whether the Bill should allow for any additional funding models or options.

Box 4.2: Rail

Implementation of changes to the railway since the passage of the Railways Act 2005 led to new arrangements being put in place for the involvement of PTAs and PTEs in the specification and franchising of railway services. In particular, PTEs are able to specify increments to (or decrements from) the baseline DfT specification for a franchise. PTEs may also use their discretionary powers to fund improvements to infrastructure. At the same time, changes were made to the roles that the devolved administrations and TfL play in rail. There may be value in developing these approaches in the cities.

A key factor in developing such proposals is whether the body to whom any responsibility is devolved, has the level of accountability and financial capability required to specify services, make trade-offs between modes and manage risks. The draft Bill would provide mechanisms to address city governance issues. To the extent that new governance arrangements improve accountability and capability, it may be possible to consider cities taking a greater role in the specification and funding of local rail services. These proposals would not change rail industry structure, but would allow for rail services to be specified and planned in conjunction with local bus and highway measures.

Our approach to the longer-term challenges facing the railway industry will be set out in a strategic framework to be published in the summer.

4.32 It would be open to the Secretary of State to implement all the governance changes proposed by the area, to make certain modifications to them, or not to implement them if he considers them to be inappropriate. We would, however, hope wherever possible to confine changes to those proposed by the cities themselves.

4.33 Under the draft Bill's proposals, a city would be able to develop its governance arrangements over time. Where an area had carried out reforms to its governance arrangements it would be able to keep these arrangements under review and in due course ask the Secretary of State to issue a further direction to enable it to publish a follow-up scheme proposing further changes. The intention is to provide a dynamic force for devolution. We recognise though that there are some counter-arguments in favour of greater stability. The balance between these arguments is an area where we would welcome views.

4.34 The key principle informing the draft legislation is that it should be for the city regions and others to lead a process of debate locally on who best defines transport policy in their area, to whom they should be accountable, and how the implementation of policy is best overseen. It would also be for each area to propose the necessary changes to the Government.

b) Changes which would apply in all the metropolitan counties

4.35 Although, as described above, the provisions of the draft Bill have been designed to allow for diversity between areas, there are a few changes which we believe would be desirable in each of the metropolitan counties. These concern: first, the need to update existing powers and duties of the PTAs; and, second, the need to provide a stronger process for planning transport in the largest cities.

4.36 Although these changes have been included in the draft Bill as amendments to the existing powers and duties of the PTA, this will be a matter for further review in the light of consultees' views and the conclusions of the Sub-National Review.

4.37 The draft Bill includes provisions to update the current duties and powers of PTAs, to reflect wider changes across local government and the challenges of climate change brought into focus by the recent Stern Review:

- PTAs will be subject to a broadly drafted statutory duty in the Transport Act 2000 to develop policies and carry out their functions in a way which promotes and encourages "safe, integrated, efficient and economic" transport. We propose to supplement this duty by adding a requirement to have regard to government policies and guidance on climate change, in developing their policies and carrying out their functions (clause 57(4)). This would also apply to individual district councils within the PTA area, as regards carrying out their transport functions;

- to extend to PTAs the “well-being” power which local authorities already enjoy under the Local Government Act 2000 (clauses 60 to 63). This would allow them to do anything they consider could help promote or improve the economic, social and environmental well-being of their area, assuming it is not already expressly forbidden under any other legislation; and
- to give all PTAs powers to participate in the development and implementation of any local road pricing schemes in partnership with local authorities – this is covered in Chapter 5.

4.38 Legislation currently obliges each local transport authority to prepare a Local Transport Plan at least every five years, and additionally a Bus Strategy. In the former metropolitan areas these Plans must be prepared jointly by the PTA and the metropolitan districts, and most areas have established Joint Planning Units to undertake the work.

4.39 In practice local authorities have prepared the Local Transport Plan and the Bus Strategy alongside each other, and in doing so have had regard to the long term Regional Transport Strategy for their region. Some authorities have additionally prepared medium term strategies to provide a context for the Local Transport Plan. There is evidence that the Plans have encouraged authorities to achieve a step-change in the level of consultation and partnership working, to consider their transport objectives against wider goals and to achieve a policy shift in favour of non-car modes.

4.40 Initial discussions with authorities and others have nevertheless highlighted a number of problems:

- the separate requirement for a Bus Strategy and a Local Transport Plan appears anomalous, given the need for the Local Transport Plan to consider all modes;
- the relatively short horizon of the Local Transport Plan can leave a gap where there should be a medium-term strategy;
- in the metropolitan counties there can be a requirement for agreement to the Plans by up to 11 separate authorities. The result can be a dilution of the potential for strong strategic measures to benefit the area as a whole;
- although authorities in the metropolitan counties are obliged to work together in preparing plans, the implementation of the plans can prove vulnerable to, for example, changes in direction as a result of changes in leadership in one or two of the authorities covered;

- although authorities are encouraged to prepare joint plans where they have common transport interests, relatively few have decided to do so. Whilst for example, the travel-to-work areas of our largest cities extend well beyond their boundaries, no metropolitan area has yet done more than consulting its adjoining authorities in preparing Plans, or vice versa. This can lead to inconsistency and potentially wasted effort; and
- there is wide agreement that performance management of transport in our largest cities needs to be undertaken on a city-wide basis. But under the proposals in the Local Government and Public Involvement in Health Bill, responsibility for Local Area Agreements and the targets to be included in them fall on individual metropolitan districts. Our discussions in these areas indicated strong interest in higher level Multi-Area Agreements, at least for transport and possibly for other functions.

4.41 The Eddington Transport Study has stressed that meeting the transport challenges of our largest cities would require a strong process to drive option generation and ensure the most cost-effective use of resources. Sir Rod Eddington proposed that a three-part decision-making cycle should be developed, involving a 20 to 30 year long term outlook, a medium term strategy for delivering outcomes over 10 to 20 years and a 5 to 10 year published statement of commitments.

4.42 The new Performance Framework introduced as a result of the Local Government White Paper, together with the current Sub-National Review, provide an opportunity to review these issues. The Department proposes to consult further on Local Transport Plans later in the summer, and refine the contents of the draft Bill in the light of that consultation. In the meantime:

- we propose to replace various references in the Transport Act 2000 to local authorities discharging their powers in ways that implement the policies set out in the local authority's Local Transport Plan and/or bus strategy with a more general requirement to contribute to the implementation of their local transport policies. This reflects the fact that not all authorities are now required to produce a Local Transport Plan and to enable greater flexibility in future; and
- we offer a possible model for the former metropolitan areas, where the need for a more strategic approach and the interest in possible Multi-Area Agreements is greatest. Subject to the views of consultees, this model might be applied more widely, e.g. to those city regions which do not currently have Passenger Transport Authorities.

4.43 The draft Bill proposes that for the metropolitan counties the current requirement to prepare a Local Transport Plan and a Bus Strategy should be dropped. Instead, there would be a duty on the PTA to prepare an *Integrated Transport Strategy* (ITS) and accompanying implementation plan (clause 58). The draft Bill also proposes that the duty to produce both documents would normally rest with PTAs, in consultation with the MDCs. But as described above, this will be reviewed in the light of the views of consultees and the conclusions of the Sub-National Review.

4.44 Though the draft Bill includes no statutory period for review, we envisage that an Integrated Transport Strategy would probably cover a period of 10 to 15 years, and would provide a sub-regional vehicle for implementing the Regional Transport Strategy in the medium term. We envisage that the accompanying implementation plan would cover a period of 3 to 5 years.

4.45 It is recognised that a requirement to prepare a new strategy at the same time as reviewing governance could place an unnecessary peak of work on authorities. We intend that the first Integrated Transport Strategy would not be required until the existing Local Transport Plan is due to be replaced in 2011.

4.46 We are at this stage specifically looking for a wide range of views on the governance proposals, and we expect to develop them substantially in the light of consultation. In particular, we would welcome views on the questions set out at the end of this Chapter.

(iv) Territorial extent of proposals

4.48 These provisions are applicable to England only. The Scottish and Welsh administrations have separately reformed their sub-national arrangements through the Transport (Scotland) Act 2005 and Transport (Wales) Act 2006 respectively.

Questions for consultation

Q6: Do you agree that governance arrangements in the metropolitan areas outside London require reform?

Q7: Do you agree that there is a need for flexible arrangements which allow for variation in the governance developed for different areas?

Q8: Do you agree that the cities themselves should be asked to publish proposals on revised governance? Do you have views on which body or bodies should be asked to prepare those proposals?

Q9: Do you agree that the Bill should enable broad changes, or should there be limitations on what change might be allowed?

Q10: Do you think that the power to review and amend governance arrangements should allow development over time, or should the powers lapse after an initial review?

Q11: Do you agree with the changes we are proposing to the powers and duties of PTAs in all the metropolitan counties?

Q12: Do you agree with the proposed changes to Local Transport Plans described in paragraphs 4.43 to 4.45? Should these changes be applied only to the metropolitan counties, or should they be applied elsewhere, for example to other city regions?



5. Taking forward local road pricing schemes

Rising congestion on our roads, particularly in our towns and cities, is a consequence of a strong and growing economy. But even with the measures we have already planned, congestion is projected to increase by 25 per cent in less than a decade. This could have a significant impact on our future prosperity, environment and quality of life.

We cannot simply build our way out of congestion, so we need to look at alternative ways of tackling it. In particular, we need to consider seriously the role that road pricing – as part of a package of measures including better public transport – could play.

No decision has yet been taken on whether or not to introduce a national road pricing scheme. In the first instance, we are working with interested local authorities to bring forward local schemes as local solutions to local problems.

We expect any local authority interested in developing a scheme to do so as part of a package of measures, including significant investment in complementary transport measures. We have said that we will make funding available from the Transport Innovation Fund from 2008 onwards for schemes in England that combine demand management, including road pricing, with improvements to local transport.

The draft Bill would support this strategy by:

- **ensuring that local authorities who wish to develop local road pricing schemes are free to do so in a way that is best suited to local needs, within a clear framework of local accountability; while**
- **ensuring that any schemes are consistent and interoperable, so as to avoid unnecessary costs and complexity for road users who need to interact with more than one scheme.**

The draft Bill does not include the powers that would be needed for a national road pricing scheme. Separate legislation would be required if, in the future, a decision was made to introduce such a scheme.

(i) Policy context

5.1 Chapter 2 described the challenges presented by rising congestion on our roads, especially in towns and cities.

5.2 Our policy is to provide additional road capacity where it is justified, and we are investing £1.7 billion for major improvements between 2006 and 2008. However, we cannot simply build our way out of congestion, as the environmental costs would be unacceptable. We therefore also need to ensure that we make the best possible use of our existing road network. The Traffic Management Act 2004 conferred new duties and powers upon local authorities to manage local roads and keep traffic moving. On the motorways and trunk roads, the Highways Agency is working to secure greater performance from the network through improved and innovative network management, for example through Traffic Officers and Regional Control Centres. We are also piloting active traffic management, high occupancy lanes and hard shoulder running.

5.3 But even so, congestion is still projected to increase by another 25 per cent by 2015 in the absence of further action, increasing delays and frustration for motorists. It is estimated that 80 per cent of that congestion would be in our towns and cities. This could have a significant impact on our future economic prosperity, environment and quality of life.

5.4 There is an increasing body of evidence to suggest that, as part of a broader strategy, a well-designed local road pricing scheme has the potential to reduce congestion significantly in the local area. Those areas that decide to take forward a local road pricing scheme can expect to see reduced journey times, improved journey time reliability, significant improvements in public transport provision as part of the package of measures and, depending on scheme design, reductions in emissions of air pollutants and greenhouse gases. This should deliver benefits for all sectors of society, including shoppers, workers and businesses.

5.5 Sir Rod Eddington's study of the relationship between transport and the economy also highlighted the potential for road pricing schemes to deliver economic benefits through reduced congestion and increased journey time reliability. Analysis of one road pricing scenario – a national, distance-based scheme where prices reflected both congestion and environmental costs – suggested congestion could be some 50 per cent below what it would otherwise be in 2025 and annual benefits were estimated at £28 billion by 2025, including £15 billion worth of GDP benefits. The costs of implementing such a scheme would of course have to be accounted for, but there is clear potential for significant benefits.

5.6 However, we believe that a range of important but complex issues would need to be resolved before any decision could be taken to introduce a national road pricing scheme. For example, any scheme would need to take account of important considerations such as fairness, privacy and cost. This is why we have consistently made clear that decisions on whether to implement a national road pricing scheme are for the future, and that there would need to be a full and informed public debate.

5.7 In the first instance, we are working with interested local authorities to bring forward schemes as local solutions to local problems. We expect any local authority interested in developing a scheme to do so as part of a package of measures, including significant investment in complementary transport measures. Evidence from local schemes will then inform the debate for any national scheme.

5.8 In July 2005 it was announced that up to £18 million of 'pump priming' funds was to be allocated between 2005/06 and 2007/08. The first distribution of this funding was made to seven areas in November 2005 following a bidding process. Six of these areas received additional funding in November 2006, along with a further three areas.

5.9 We have been working closely with these leading local authorities, plus Transport for London and Cardiff Council, to pull together knowledge and experience on the traffic problems in these areas and to discuss the potential role of road pricing in these areas.

5.10 To support local schemes in areas where local authorities choose to bring forward proposals, the Department has committed to making available money from the Transport Innovation Fund. Up to £200 million per annum will be made available to local authorities in England from 2008-09 to support schemes involving demand management measures, such as road pricing, if suitable packages are developed by local authorities. If high-quality schemes to a higher value emerge then further funding may be made available.

(ii) Development of policy proposals

5.11 The existing legislative framework for local road pricing schemes in England and Wales (outside London) was established in the Transport Act 2000. There are separate Acts relating to London¹⁵ and Scotland.¹⁶

5.12 The development of our strategy on road pricing, including the proposals for legislative reform contained in the draft Bill, has been informed by:

- evidence presented in the Road Pricing Feasibility Study.¹⁷ This study was published in July 2004, overseen by a group of stakeholders and experts;
- experience from existing road pricing schemes in the UK and elsewhere;¹⁸
- discussions with a wide range of stakeholders, including motoring groups, business representatives, suppliers of road pricing technologies and systems, and academics;
- engagement with local authorities, including those in receipt of pump-priming funding and others at the forefront of thinking on road pricing; and
- the evidence presented to support Sir Rod Eddington's recommendations to government.¹⁹

(iii) Current arrangements

5.13 In many respects, the existing legislative framework is well suited to support the delivery of government policy on local road pricing. In particular, current legislation provides that:

- **it is for local authorities to decide whether to propose road pricing schemes in their areas**, and to design those schemes and accompanying transport improvements to suit their local circumstances and priorities. Local authorities are responsible for setting prices and charge structures, including decisions on whether to vary charges by factors such as time, place and vehicle characteristics such as emission standards or other environmental criteria;

¹⁵ Greater London Authority Act 1999.

¹⁶ Transport (Scotland) Act 2001.

¹⁷ <http://www.dft.gov.uk/pgr/roads/roadpricing/feasibilitystudy>.

¹⁸ For example: Commission for Integrated Transport *World Review of Road Pricing*, December 2006, <http://www.cfit.gov.uk/docs/2006/wrrp/index.htm>.

¹⁹ *The Eddington Transport Study*, December 2006, http://www.hm-treasury.gov.uk/independent_reviews/eddingon_transport_study/eddingon_index.cfm.

- **revenues are to be retained by the local authority, to be spent on transport-related measures.**²⁰ An increasing body of evidence suggests that local road pricing schemes can be more acceptable to the public if revenues are clearly and transparently being used to improve transport in the local area. Pricing schemes are also likely to be more effective in tackling congestion if, at the same time, steps are taken to give more people a realistic alternative to private car use. Our proposals for improving the quality of local bus services, described in Chapter 3, are relevant here;
- **the appropriate national authority in England and Wales**²¹ **can make regulations on certain matters**, such as equipment standards, exemptions and discounts, which would help to ensure that any schemes were consistent. The existing legislation also provides that the national authority can issue statutory guidance to local authorities; and
- **road pricing can be introduced on sections of the trunk road network only where local authorities request it as part of a local scheme and secure the agreement of the appropriate national authority, or on a bridge or tunnel over 600 metres in length.** The legislation does not provide for generalised motorway or trunk road tolling, and does not contain the powers that would be needed for a national road pricing scheme.

(iv) Proposals in the draft Bill

5.14 The draft Bill would not change these aspects of the existing framework. However, informed by discussions with stakeholders, we believe there is a need to reform certain aspects of the existing legislation, to:

- **ensure freedom and flexibility so that local authorities who wish to develop schemes can do so in a way that reflects local needs and priorities, within a clear framework of local accountability.** This is consistent with the principles described in the Local Government White Paper, *Strong and Prosperous Communities*;²²
- **provide additional powers to ensure that any schemes are consistent and interoperable.** This will help to avoid unnecessary costs and complexity for road users needing to interact with more than one local road pricing scheme; and

²⁰ At present, this applies to net revenues arising in the first ten years of any “early relevant scheme”. An Early Relevant Scheme is defined as any scheme that is made within 10 years of the commencement of the relevant section of the 2000 Act (February 2001 in England).

²¹ The Secretary of State (in England) and the Welsh Ministers (in Wales).

²² *Strong and prosperous communities – the Local Government White Paper*, Department for Communities and Local Government, October 2006, www.communities.gov.uk.

- **provide appropriate powers relating to the exchange of information** between central government and local charging authorities.

5.15 The draft Bill would not provide the powers that would be needed if, in the future, central government decided to move towards a national road pricing scheme. Separate, future legislation would be needed for that, and there would need to be a full and informed public debate.

5.16 The following sections discuss the proposals in the draft Bill in each of these three areas.

a) Local freedom and flexibility, within a clear framework of accountability

5.17 While many of aspects of the legislative framework remain fit for purpose, we consider that there is a case for reforming a number of specific aspects of this framework to ensure appropriate local freedom and flexibility, as well as accountability. In particular:

- **at present, pricing schemes can only be set up by a local traffic authority, or two or more such authorities working together.** In the major English conurbations outside London, Passenger Transport Authorities (PTAs) have a crucial role in coordinating the public transport provision which would need to work alongside any local pricing scheme. However, there is no statutory basis for a PTA to participate in the design or implementation of a local pricing scheme within its area, or for scheme revenues to accrue directly to a PTA;
- **the appropriate national authority must approve the relevant ‘scheme order’ before a local road pricing scheme can commence.** In relation to schemes in England, consistent with the principle of greater flexibility for local areas, we believe that appropriate safeguards could instead be provided through local accountability mechanisms, backed up by powers for the appropriate national authority to issue guidance and, in some circumstances, to make regulations. Removing Ministers from the decision-making process would make clear that local areas are themselves responsible for decisions on local schemes. It would also allow central government to support the development of local schemes, without running the risk of prejudging a quasi-judicial decision that, under current legislation, must be made by the Secretary of State. Similarly, we propose to remove the power for the Secretary of State to instigate an inquiry into a local charging scheme, leaving it for the local authority to make that decision in light of local circumstances;

- as noted in paragraph 5.13, **the Transport Act 2000 specifies a list of variables according to which prices may be varied within a local scheme**. Although this is a non-exhaustive list, it sends a signal to local authorities as to the factors which the government considers may (or may not) be important. The draft Bill provides an opportunity to review this list to reflect new or evolving priorities; and
- the Transport Act 2000 includes provision governing the **use of revenues** from “early relevant schemes” in their “initial period” (see also paragraph 5.13), but not under other circumstances.

5.18 In view of these considerations, the draft Bill includes provisions to:

- **allow road pricing schemes in England to be made jointly by local traffic authorities and a PTA** (clauses 64–70), **but not by a PTA independently**;
- **remove the current role for the Secretary of State in approving local schemes in England** (clause 72), and put in place alternative measures to ensure an appropriate framework of accountability. These measures are outlined further in Box 5.1 below;
- **remove the current role for the Secretary of State in approving a local authority’s plans for the application of the revenues** from a local scheme (clause 82 and Schedule 5);
- **require local authorities to apply their share of the net proceeds of any scheme to support the achievement of its local transport policies** (clause 81 and Schedule 5) – not just during the “initial period” of “early relevant schemes”;
- **create a new statutory requirement for local authorities in England and Wales to have regard to potential environmental impacts** when considering introducing a scheme (clause 71);
- **remove the specific powers in the Transport Act 2000 for the Secretary of State to require a local authority to consult or hold a public inquiry** in relation to a local scheme in England, while retaining the power for a local authority to hold such an inquiry if it so wishes (clause 73);
- **specify explicitly that local authorities in England and Wales may choose to vary prices according to the means by which a motorist chooses to declare and/or pay their charges** (clause 74). This could, for example, allow different rates to be applied where a road user chooses for his charge liabilities to be recorded automatically by means of different technologies, or to pay by different means (such as a pre-pay account or direct debit). Any decisions about charge rates and structures would remain a decision for the relevant local authority alone; and

- **replace various references to “local transport plans” in the Transport Act 2000** with references to “local transport policies” (clause 2 and Schedule 1). This removes a bureaucratic obstacle (the statutory timetable for producing local transport plans) from the process of making a local scheme.

Box 5.1: Accountability for local road pricing schemes

As set out in paragraph 5.17, we consider that the current role for the Secretary of State in approving local scheme proposals in England is no longer appropriate, given the wider context set out in the Local Government White Paper. In the absence of that approval process, there would be a need for an alternative framework to ensure transparency and accountability for those affected by schemes.

The local democratic process is clearly an important part of that framework, but is not in itself sufficient – not least because local pricing schemes will affect people who live outside the boundaries of the authorities responsible for making the scheme. For example, schemes in urban areas will also affect commuters and shoppers travelling in from outlying rural areas.

We are therefore proposing an approach based on a combination of statutory guidance and, where appropriate, regulations to ensure that local schemes are implemented with technical specifications which meet the wider public interest. The Department for Transport (DfT) has published guidance for local authorities which they should take into account as they develop schemes for TIF funding.¹ This guidance, which will be kept under review and updated as necessary, covers:

- **scheme design and appraisal.** DfT has already published comprehensive guidance to authorities, setting out methodologies for appraisal of transport schemes including road pricing. It sets out a diverse range of relevant economic, social, environmental and other impacts to be taken into account;
- **consultation.** This emphasises the importance of full local consultation, and of actively involving a wide range of interested parties – including local people and businesses (including those that do not belong to representative bodies), transport users and operators, and organisations representing groups with particular interests (such as disabled people). It also makes clear that a local authority should consult its neighbouring authorities and use its best endeavours to offer those who regularly enter or have business in the proposed pricing scheme area the opportunity to comment on any proposals;
- **the legal framework for local road pricing.** This sets out the current legal basis within which any road pricing scheme would operate, including relevant domestic and EU legislation;

- **the use of revenues and setting of prices.** This sets out how local authorities can use the revenues arising from local schemes, and describes factors that should be taken into account in setting prices (including discounts); and
- **scheme operation.** This describes options for how a scheme might work, what technological systems might be used, and what specific functions a scheme operator might need to procure or provide.

In many cases guidance to local authorities will be the most appropriate approach in order to encourage consistency whilst also allowing flexibility for circumstances in individual local areas. However, in some cases it may be appropriate to make regulations. We believe that powers to make regulations, which would be laid before Parliament, are necessary in the following areas:

- to impose limits on the charges payable;
- to regulate exemptions and discounts;
- to set penalty charges and make other provisions in relation to enforcement;
- to ensure that vehicle classification is consistent between schemes;
- on the form of an order making a local scheme and how it should be published;
- on equipment and traffic signs; and
- on format for data and conditions under which it may be transferred.

Regulation-making powers covering many of these areas already exist in the Transport Act 2000, though the draft Bill includes provisions to broaden those powers where appropriate (see paragraphs 5.19 to 5.23).

The Secretary of State would also be able to require a local authority to provide details of the operation of a scheme and their proposed use of their local road pricing powers (see paragraphs 5.27 to 5.29).

¹ *Business case guidance for road pricing element of the TIF package*, February 2007, www.dft.gov.uk/pgr/roads/roadpricing/multitiffbuscase

b) Consistency and interoperability

5.19 As local authorities develop scheme proposals, it will be important to ensure an appropriate degree of consistency between schemes. Otherwise, road users who need to interact with more than one scheme could face unnecessary costs and complexity.

5.20 A degree of interoperability would also be desirable so that, for example, if a road user wished to pay via a particular technology, a single piece of equipment would be compatible with any local scheme. Some motorists (for example vehicle fleet operators) might also wish to have a single account that covered their interactions with all local schemes, rather than having to deal separately with each local scheme operator. At this stage we believe we should keep open the option to allow arrangements of this kind to be established for those road users who want them.

5.21 Existing legislation provides certain powers for the Secretary of State to make regulations about standards for equipment used in local road pricing schemes. These powers, which have not so far been exercised, relate to the “installation and maintenance” of equipment.

5.22 We now consider that these existing powers should be broadened so that an appropriate degree of consistency and interoperability can be achieved. The draft Bill therefore includes powers to extend the existing regulation-making powers to cover also the “use” of equipment, and to ensure that the functioning of any equipment cannot be interfered with (clauses 76 and 77). This would, for example, enable future regulations to:

- **specify standard data formats** so that, where a motorist opts to use a particular technology supplied by one local scheme, that tag is capable of being read by roadside equipment in another scheme;
- **specify unique numbering systems for any equipment**, to avoid duplication of identification numbers between different schemes; and
- **set standards for encryption and security**, to ensure that data cannot be intercepted or misused.

5.23 The draft Bill also includes a power for the appropriate national authority in England and Wales to make regulations requiring charging authorities to accept payment from specific types of road user in a specific manner (clause 75). For example, a road user might wish to be able to register with one scheme, install a particular technology and make a single arrangement for payment, with that arrangement also applying automatically (from the road user’s point of view) to other local schemes.

c) Information

Information provided by government to local authorities

5.24 There are various circumstances in which information held by central government might be useful to local authorities designing or operating a road pricing scheme. For example, data held by the Driver and Vehicle Licensing Agency (DVLA) on the number of vehicles registered within a particular area may help a local authority to estimate the number of vehicle owners who might register with any local scheme. For these purposes such information would always be anonymised to avoid individuals or vehicles being identifiable through the disclosure of personal data. DVLA will also identify the registered keeper of a vehicle where a charging authority needs to issue a penalty notice.

5.25 If more local authorities want to introduce local pricing schemes, the costs to central government of providing such information would increase. We consider that it would be reasonable to expect local authorities to contribute to the administrative costs of providing such information.

5.26 The draft Bill therefore includes a provision that would allow the Secretary of State to charge a reasonable fee for the supply of such information to authorities operating or proposing to operate a local pricing scheme (clauses 79 and 80). This includes any charging authorities in Wales and Scotland. Any charge would only be for the cost of supplying the information. The draft Bill includes an equivalent provision to enable the Welsh Ministers to charge for supplying information to local authorities in Wales.

Information provided to government by local authorities

5.27 If the Secretary of State's role in approving local schemes in England is to be replaced with an alternative framework, there is a need to ensure that central government still has appropriate access to information about local authorities' use (or proposed use) of their road pricing powers.

5.28 To some extent, this may be remedied by the accountability framework set out in Box 5.1, but it may be appropriate for the Secretary of State to be able to request information beyond what is made available within that framework. This would also help ensure that information on local schemes is provided to inform the national debate on road pricing.

5.29 The draft Bill therefore includes a power for the appropriate national authority in England and Wales to request information from charging authorities (clause 78) regarding their use, or proposed use, of the powers to make road pricing schemes. This provision would be similar in effect to the existing power under section 19 of the Traffic Management Act 2004, which relates to local authorities' general network duties. The provision covers information which the local authority has in its possession, or can reasonably be expected to acquire.

(v) Territorial extent of proposals

5.30 All the provisions described so far in this chapter would have effect in **England (outside London)**. Some provisions in the draft Bill also apply in relation to **London**, as explained in Box 5.2 below.

5.31 In relation to **Wales**, functions and regulation-making powers equivalent to those available to the Secretary of State are devolved to the Welsh Ministers. The proposals described in this Chapter would have effect in Wales, except that the Welsh Ministers would retain their existing role in approving local road pricing schemes. The changes to powers relating to inquiries (described in paragraph 5.18) would not therefore apply in Wales. In addition, the clauses relating to PTAs do not affect Wales.

5.32 In common with our approach of empowering local authorities to deliver improved transport in their areas, we will be exploring with the Welsh Assembly Government how the legislative framework for road pricing schemes might be developed in Wales, consistent with the new arrangements under the Government of Wales Act 2006.

5.33 The provisions in the draft Bill relating to local road pricing schemes would not affect Scotland, with the exception of clause 80. That clause would provide a power for the Secretary of State to charge a reasonable fee for the provision of information and data by central government to local authorities in the context of local road pricing schemes in Scotland (see paragraph 5.26).

5.34 None of the proposals would have effect in **Northern Ireland**.

Box 5.2: Application of provisions in London

Road pricing schemes in London are governed by provisions in the Greater London Authority Act 1999. While these are similar in many respects to the powers for other local authorities contained in the Transport Act 2000, there are also important differences. For example, an order making a scheme in London must be confirmed by the Greater London Authority (or by the Mayor acting on its behalf), but there is no requirement for approval by the Secretary of State.

In relation to London, the provisions in the draft Bill would:

- **allow the Secretary of State to insist that equipment used in connection with charging schemes in London should be “used” in a manner compatible with national regulations**, where failure to do so would be detrimental to the interests of persons outside London (clause 77). Paragraph 5.22 explains the rationale for provisions relating to the “use” of equipment;
- **mirror the provisions in England relating to variation of charges** according to method of declaration or payment (clause 74) and **provision of information** (clauses 78 and 79);
- **allow regulations made by the Secretary of State to require charging authorities to allow charges to be paid by certain people in certain ways** (clause 75);
- **create the possibility for a charging scheme to be made jointly by a PTA (together with local authorities in its area) and one or more authorities in London** (clauses 68 and 69). At present this is only a theoretical possibility, but the draft Bill caters for the prospect that local authorities close to London might in future choose to set up a PTA under the provisions described in Chapter 4; and
- **remove the existing requirement for a charging authority in London to set out its plans for the application of the revenues from a charging scheme**, and to have that plan approved by the Secretary of State (clause 81).

(vi) Workplace parking levy

5.35 As well as provisions relating to local road pricing schemes, Part 3 of the Transport Act 2000 also contains provisions relating to workplace parking levy (WPL) schemes.

5.36 We consider that, in most circumstances, local road pricing schemes are likely to be more effective in tackling congestion than a WPL scheme. This is because a WPL scheme can only address one contributor to overall traffic congestion, namely commuters who choose to park at the workplace. There is no experience of operating a local WPL scheme in the UK, although it is being actively considered by one or two local authorities. The Transport Innovation Fund guidance published in February 2007²³ made clear that bids involving a WPL scheme would be considered only by exception.

5.37 Against this background, we do not consider that there is a case for making specific changes to the legal framework for WPL schemes at the present time. However, the changes to the use by local authorities of revenues from schemes (made by amending Schedule 12 to the Transport Act 2000) do apply to revenues from WPL schemes, as well as to those from local road pricing schemes.

Questions for consultation

Q13: What are your views on the proposals relating to:

(a) local freedom, flexibility and accountability (paragraph 5.18), including the proposals in Box 5.1;

(b) consistency and interoperability (paragraph 5.22); and

(c) information (paragraphs 5.26 and 5.29)?

²³ Transport Innovation Fund: Guidance on Business Case Requirements for Programme Entry, *Department for Transport*, February 2007.



6. Traffic commissioners

The regionally-based traffic commissioners play an important role in the regulation of the bus and goods vehicle industries. The proposals in the draft Bill would expand their remit in the bus sector.

The draft Bill would create a new statutory appointment of senior traffic commissioner, with powers to secure greater consistency of standards and processes amongst the traffic commissioners. This should provide greater transparency and certainty for bus and heavy goods vehicle operators who interact with more than one of the traffic commissioners.

A number of interested parties have noted that these new bus-related functions will require a different mix of skills and expertise to the traffic commissioners' existing responsibilities. We are therefore considering whether further modifications to the traffic commissioner system might help to ensure effective delivery of these functions. If appropriate, we would consult separately on any specific proposals.

(i) Introduction

6.1 This Chapter describes the proposal to create a new statutory appointment of senior traffic commissioner (STC), for which legislative proposals are included in the draft Bill.

(ii) Policy context

6.2 There are currently eight regionally-based traffic areas in Great Britain, with a traffic commissioner (TC) responsible for each of these areas.²⁴ The TCs play an important role in the regulation of the goods vehicle and bus sectors. They are appointed by the Secretary of State, but they are office-holders independent of government.

6.3 The TCs:

- are responsible for the licensing of public service vehicle (PSV) and heavy goods vehicle (HGV) operators;
- play a role in the registration and regulation of local bus services, as described in Chapter 3;
- grant permits to operators of not-for-profit community transport services;
- hear appeals against the impounding by VOSA of illegally-operated goods vehicles; and
- determine whether applicants for PSV and HGV licences are fit persons to hold such licences.

6.4 The regionally-based system of independent TCs has a number of advantages. In particular, their independence from government has created confidence that licensing decisions are fair and impartial, and in this respect they are favourably regarded by the industries they regulate. The regional structure may also be helpful in allowing the TCs to draw on their local knowledge as they consider specific cases.

6.5 The structure of the bus and logistics industries has, however, changed substantially since the TC system was established some 75 years ago, with a greater proportion of national operators today needing to deal with more than one of the regional TCs. With this change has come an increasing need to ensure that the TCs operate within a national system, with consistent standards and procedures.

²⁴ At present there are seven TCs, with a single person acting as TC for both the Welsh and West Midlands traffic areas.

6.6 In recent years, consistency has been encouraged by the appointment of a STC, whose role includes the promotion of good practice and consistency amongst the TCs. However, there is a limit to what the STC can achieve under the current framework, as the appointment is purely administrative and carries no formal powers. Greater consistency can be achieved only through negotiation and mutual agreement between the TCs, facilitated by the STC.

6.7 A number of operators have voiced concerns about different standards or processes being applied in different traffic areas, which can lead to uncertainty and increased costs. The proposed bus punctuality performance regime, described in Chapter 3, would create additional responsibilities for the TCs. Transparent and consistent application of this performance regime across the TC areas would be particularly important, to both bus operators and local authorities.

(iii) Proposals in the draft Bill

6.8 Against that background, we believe there is a case for placing the existing role of the STC on a statutory footing, with a remit to promote consistency between the individual TCs and appropriate powers to secure greater consistency where this cannot be achieved by cooperation alone.

6.9 The draft Bill therefore includes provisions that would **put the existing STC role on a statutory footing** (clause 1). The provisions would create a new power for the STC to issue guidance and general directions to the TCs, covering any aspect of the conduct of their functions. The TCs would be required to comply with any directions, and to have regard to any guidance. The STC would be required to consult a number of interested parties before issuing any directions or guidance.

6.10 The draft Bill would also **replace the existing power for the Secretary of State to issue directions to TCs, with a new power to issue guidance to the STC**. Such guidance could cover matters of general process and policy, but the Secretary of State could not direct on matters related to specific cases or decisions.

Box 6.1: Delivering the bus proposals

Paragraph 6.3 described the main existing functions of the traffic commissioners. Although some of these functions relate to buses, the majority of their day-to-day work is focused on the goods vehicle sector.

The proposals set out in the draft Bill would significantly expand the remit of the traffic commissioners in the bus sector. They would be responsible for delivering the strengthened punctuality performance regime, and an Approvals Board (usually chaired by the senior traffic commissioner) would be responsible for the approval of quality contracts schemes in England.

For the traffic commissioners and their support staff, performing these new bus-related functions successfully is likely to require a different mix of skills and expertise from their existing core functions. This point has been highlighted by a number of interested parties before and after the publication of our proposals in *Putting Passengers First*.

We are therefore considering whether the proposed new functions would be best delivered within the existing traffic commissioner structures, as envisaged in *Putting Passengers First*, or whether further modifications could better deliver the outcomes we are seeking. In developing any proposals for change, we would wish to:

- ensure the continued effective delivery of the operator licensing system, and other existing functions undertaken by the traffic commissioners;
- maximise the efficiency and effectiveness of the new bus punctuality performance regime, and other relevant proposals in the draft Bill;
- strengthen national consistency of standards and procedures, so as to increase certainty for bus and goods vehicle operators;
- avoid unnecessary regulatory costs for the bus and goods vehicle sectors; and
- ensure that the regulatory system is sufficiently flexible to adapt in response to change, for example in the structure of the industries they serve.

We are continuing to explore whether there are alternative options that could more effectively meet these criteria, and – if necessary – we would intend to publish a separate consultation paper later in the year.

(iv) Territorial extent

6.11 The provisions relating to the STC would apply throughout Great Britain.

6.12 A number of the functions of the TC for Scotland relate to matters that are devolved in Scotland, including the registration and regulation of local bus services. Where the STC issued directions or guidance that related to matters that are devolved in Scotland, they would not apply to the TC for Scotland (see clause 1(8)).

6.13 All directions and guidance issued by the STC would apply to the TCs in England and Wales.

Question for consultation

Q14: To what extent is there a problem of ‘inconsistency’ between the approaches of the different traffic commissioners, and what costs does this impose on PSV and goods vehicle operators?

Q15: Do you agree that the proposals outlined here would help to reduce those costs?



7. Next steps: consultation and scrutiny

This consultation document invites views on the proposals contained in the draft Local Transport Bill, to be submitted by 7 September 2007. Full details of how to respond are contained in this Chapter. We will be holding a number of consultation events, and the proposals will be discussed at various established fora.

In parallel with the public consultation, the draft Bill is being made available for Parliamentary pre-legislative scrutiny by the House of Commons Transport Committee.

7.1 The publication of this draft Bill is intended to enable a full and frank debate with the transport industry, local authorities and other interested parties on the overall package of reforms and on the detail of the specific proposals.

7.2 Final decisions have not yet been made – we have sought to indicate where we are clear on the direction of travel and where thinking is at an earlier stage. It is important to get this complex legislation right and ensure that the final package of reforms makes sense at the working level.

7.3 We are consulting on our partial Regulatory Impact Assessments (RIAs) alongside the draft Bill. These provide a high-level assessment of the potential impacts of the proposed legislative changes, in line with our commitment to incorporate impact assessment throughout the policy development process. Any individual regulatory measures introduced as part of the policy framework would, themselves, be subject to further consultation and RIAs as appropriate.

(i) Parliamentary scrutiny

7.4 The draft Bill is being made available to the House of Commons Transport Committee²⁵ for Parliamentary pre-legislative scrutiny, in parallel with the public consultation. Further information on the general pre-legislative scrutiny process is contained in a note by the House of Commons Library.²⁶

(ii) Public consultation

7.5 We would welcome views from all who have stake in these proposals – practitioners who may be involved in their delivery, users of transport services or all others who may be affected. The consultation will close on 7 September 2007.

7.6 The questions set out in this document are summarised at Annex B. They are intended to help respondents to structure their responses, but views are invited on all aspects of the proposals, the draft Bill and the accompanying RIAs. Respondents should address only those issues or questions that are relevant to them; there is no need to reply to every question.

a) Targeted consultation events

7.7 To complement the formal public consultation, the Department is planning to hold a number of consultation events with key stakeholders around the country during late spring and early summer. Further details will be published on the Department for Transport website.

7.8 The Department will also continue to work with practitioners through established fora, including the Bus Partnership Forum and the Road Pricing Local Liaison Group, to test delivery and implementation issues.

²⁵ More information can be found at www.parliament.uk/transcom.

²⁶ Pre-legislative scrutiny, Standard Note SN/PC/2822, 28 November 2005, www.parliament.uk.

7.9 The above will allow for a thorough consultation and testing of the draft provisions before we take final decisions, in light of consultation and scrutiny responses, before deciding how to proceed.

b) How and when to respond

7.10 Please send your response **to arrive by 7 September 2007** to:

**Local Transport Bill Consultation
Department for Transport
Great Minster House (Zone 3/16)
76 Marsham Street
London
SW1P 4DR**

or by e-mail to **LocalTransportBill@dft.gsi.gov.uk**

c) Disclosure of responses

7.11 In due course, the Department may wish, or be asked, to copy or disclose responses to others. Please make it clear if you would object to us copying or disclosing all or part of your response. We will make your response publicly available unless you ask us not to. Even if you do ask us not to do so, you should be aware that, under the provisions of the Freedom of Information Act, your response may, after due consideration of the balance between the public interest and the interests of confidentiality, be held to be disclosable if requested.

7.12 All responses will be included in any summary of results, although individuals will not be identified. Names and addresses may be held in an electronic database of interested parties for the purpose of distributing future documents on similar issues. However, any such details on a database will not be given to a third party.

7.13 If you wish to view individual responses after the consultation period has ended, these will be available for public viewing for a period of six months at the DfT Library and Information Centre, Ashdown House, 123 Victoria Street, London SW1E 6DE. The Library is open Monday to Friday during office hours. Anyone wishing to inspect the responses is requested to telephone the Librarian on 020 7944 3039 to make an appointment (without which it will not be possible to gain admittance).

Annex A – Code of Practice on Consultation

The Government has adopted a code of practice on consultations. The code of practice applies to all UK public consultations by government departments and agencies, including consultations on EU directives.

The code contains six criteria, which should be reproduced in all consultation documents. They are:

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
2. Be clear about what your proposals are, who may be affected, what questions are being asked, and the timescale for responses.
3. Ensure that your consultation is clear, concise and widely accessible.
4. Give feedback regarding the responses received and how the consultation process influenced the policy.
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
6. Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

A full version of the code can be found at:

www.cabinet-office.gov.uk/regulation/consultation/code.asp

If you consider that this consultation does not comply with the criteria or have comments about the consultation process please contact:

Andrew D. Price
Consultation Co-ordinator
Better Regulation Unit
Department for Transport
Zone 9/09 Southside
105 Victoria Street
London
SW1E 6DT

Annex B – Summary of consultation questions

Chapter 3

Q1: What are your views on the proposals relating to:

- (a) voluntary partnership agreements;
- (b) quality partnership schemes;
- (c) quality contracts schemes;
- (d) bus punctuality;
- (e) community transport; and
- (f) other measures?

Q2: What are your views on the specific questions relating to competition legislation (Box 3.4)?

Q3: Do the proposed “public interest” criteria for quality contracts schemes cover the right issues (Box 3.5)? Do they strike the right balance between making schemes a realistic option and protecting the legitimate interests of bus operators?

Q4: How can the proposed new bus punctuality regime (paragraphs 3.32 to 3.39) best be designed to achieve the desired benefits at minimum cost, particularly for smaller operators?

Q5: Do the proposals to amend the existing powers relating to subsidy contracts provide sufficient flexibility to meet local authorities’ needs (paragraph 3.47)?

Chapter 4

Q6: Do you agree that governance arrangements in the metropolitan areas outside London require reform?

Q7: Do you agree that there is a need for flexible arrangements which allow for variation in the governance developed for different areas?

Q8: Do you agree that the cities themselves should be asked to publish proposals on revised governance? Do you have views on which body or bodies should be asked to prepare those proposals?

Q9: Do you agree that the Bill should enable broad changes, or should there be limitations on what change might be allowed?

Q10: Do you think that the power to review and amend governance arrangements should allow development over time, or should the powers lapse after an initial review?

Q11: Do you agree with the changes we are proposing to the powers and duties of PTAs in all the metropolitan counties?

Q12: Do you agree with the proposed changes to Local Transport Plans described in paragraphs 4.43 to 4.45? Should these changes be applied only to the metropolitan counties, or should they be applied elsewhere, for example to other city regions?

Chapter 5

Q13: What are your views on the proposals relating to:

- (a) local freedom, flexibility and accountability (paragraph 5.18), including the proposals in Box 5.1;
- (b) consistency and interoperability (paragraph 5.22); and
- (c) information (paragraphs 5.26 and 5.29)?

Chapter 6

Q14: To what extent is there a problem of ‘inconsistency’ between the approaches of the different traffic commissioners, and what costs does this impose on PSV and goods vehicle operators?

Q15: Do you agree that the proposals outlined here would help to reduce those costs?

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