

EXETER CITY COUNCIL

SCRUTINY COMMITTEE –ECONOMY 6 SEPTEMBER 2007

DRAFT LOCAL TRANSPORT BILL – GOVERNMENT CONSULTATION

1 PURPOSE OF THE REPORT

- 1.1 To summarise proposals contained in the draft Local Transport Bill and to invite comments on and Member endorsement of the proposed City Council response to this consultation.

2 BACKGROUND

- 2.1 The draft Local Transport Bill was published on 22 May 2007. The Government's consultation phase for the Bill ends on 7 September 2007. An email response to the consultation will be sent on 7 September, following Economy Scrutiny Committee discussion on the 6 September.
- 2.2 The Bill's main purpose is to tackle congestion and to improve public transport. It is an 'enabling Bill' and generally does not prescribe or impose any one approach on local areas. The Bill covers three main areas of policy:
- Proposals for buses
 - Proposals for transport governance
 - Proposals to facilitate the development of local road pricing

3 PROPOSALS FOR BUSES

- 3.1 The Bill builds on proposals contained in *Putting Passengers First*, a government-sponsored review of local bus services published in December 2006. Members will be aware that since 1985, a competitive market for bus services has operated and the scope for Highway Authority intervention to regulate that market has been very limited. The Transport Act 2000 did propose incremental shifts in bus policy but with an emphasis on partnership arrangements between the Transport Authority and local bus operators.
- 3.2 The 2000 Act also presented the *theoretical* prospect of bus franchising in which the local authority could operate a franchise competition by awarding contracts to individual bus operators to provide a service according to prescribed levels and regulated pricing. This is in fact how bus services in London have operated since the mid 1980s. However, it is generally accepted that the legal hurdle imposed by government under the 2000 legislation in relation to what are called 'quality contracts' was such that in practice, transport authorities outside London have not been able to pursue this option.

- 3.3 In the current Bill, the Government builds on the categories and options introduced in the 2000 legislation. The Bill aims to make *voluntary* partnership agreements between the local authority and the bus operators more flexible with opportunities to agree service frequency and maximum bus fares in exchange for transport authority commitments to, for example, improve bus prioritization measures. The draft Bill also tries to make *statutory* quality partnership schemes - formal arrangements between the local authority and bus operators where, for example, bus operators commit to buying new buses in exchange for enhanced bus priority measures – a more realistic and attractive option. The Bill proposes that statutory quality partnerships can include minimum frequencies, timings and maximum fares.
- 3.4 The draft Bill attempts to make quality contracts - where the transport authority effectively suspends the deregulated market for a period of time – a more realistic option in certain circumstances. The draft Bill proposes a new ‘public interest’ test that has to be satisfied before a quality contract can be put in place. In short, a quality contract has to be economic, efficient and effective at increasing bus use, delivering customer benefits and promoting the wider transport strategy. A new ‘Approvals Board’ will replace the direct role of the Secretary of State in approving quality contracts. Franchising is – on the face of it – a more realistic possibility under this draft Bill, but still very much the option of last resort and will depend on transport authorities demonstrating that a partnership approach has not worked or cannot work.
- 3.5 A new regime for improved bus punctuality in which local authorities as well as bus operators are held to account is also proposed. There are also proposals to remove some of the restrictions on size of vehicle and payments to drivers in the community transport sector. This could be significant for rural Devon, but may of course present additional competition for private hire/taxi services. The Bill also offers greater clarity in relation to the subsidy of local bus services by, amongst other things, stating that transport authorities can enter into 8-year subsidy contracts with bus operators.

4 PROPOSALS FOR TRANSPORT GOVERNANCE

- 4.1 The focus in this part of the Bill is on the major conurbations and on improving the co-ordination of transport strategy and transport delivery functions in these areas. However, it is interesting to note that proposals under this draft legislation make it possible for non-metropolitan areas to establish ‘passenger transport authorities (PTAs)’ covering several local authority areas within a sub-region to offer a strategic focus to transport.
- 4.2 The draft Bill gives the Secretary of State the power to order a local review of transport governance arrangements, following local representation. This review could cover the distribution of responsibilities across PTAs, local councils and potentially, the Secretary of State’s responsibilities (through the Highways Agency and heavy rail) in a particular area. It is, for example, theoretically possible under the draft legislation and as an outcome of a local review, for the Secretary of State to delegate powers for the

management of trunk roads to the PTA or Highway Authority. The PTA might also take over functions of the Highway Authority.

5 PROPOSALS ON LOCAL ROAD PRICING

- 5.1 The draft Bill gives local authorities more flexibility about implementing local road pricing schemes. For example, the Bill proposes that Secretary of State consent for local schemes will no longer be required and that, subject to operating within a local accountability framework, local authorities will be entitled not to hold a public inquiry into a scheme. The Bill states that all revenues from charging must feed into local transport policies and schemes for all times (and not just for an initial period as now). It also includes measures to ensure that local schemes are consistent and interoperable, so as to avoid unnecessary costs and complexity for road users.
- 5.2 The Bill does not give powers for a national scheme of road pricing – separate legislation would be needed for this.

6 CITY COUNCIL RESPONSE TO CONSULTATION ON THE BILL

- 6.1 The following draft response to the consultation is proposed, subject to the views and endorsement of Members:
- The focus on enabling measures rather than central prescription is welcomed.
 - In relation to bus service proposals, the City Council welcomes the trend towards giving transport authorities greater opportunities to work with local bus operators to deliver a service in the public interest. However, it is concerned that these largely incremental proposals will not go far enough to deliver the step change in quality and investment in bus services that is needed. Quality contracts need to be realistic, practical and achievable – it is not clear whether the measures outlined in this Bill will really deliver these objectives.
 - The City Council welcomes measures which make it easier for community transport organisations to provide services which can supplement commercial services.
 - Promoting local flexibility in the organization of transport governance to meet local need is a positive step. While relating mainly to the large metropolitan areas, the City Council welcomes the intention to devise models of transport governance that mirror the geographies of local economies. In this context the City Council would want the government to devise legislation that allows non-metropolitan areas to develop *flexible* transport governance models (e.g. through new PTAs) which fit the economic and environmental footprint of cities, in the interests of securing sustainable growth.
 - The City Council welcomes the clarification on the need for long-term

hypothecation of revenues from road pricing to local transport schemes as this helps to build local trust and support. The City Council looks forward to working with Devon County Council on developing a bid to secure TIF funding for Exeter in relation to this policy area and to further detailed guidance from government on the delivery of local road pricing schemes to ensure consistency and interoperability of schemes. More generally, the City Council – both as a district and as a future unitary authority – recognises the importance of collaborative working with Devon County Council to address congestion and public transport investment in the Exeter sub-region.

7 RECOMMENDATION

- 7.1 That Members offer comments on and endorse the City Council response to the government's consultation on the Draft Local Transport Bill.

David Betteley
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Local Government (Access to Information) Act 1985 (as amended).

Background papers used in compiling the report:

Strengthening Local Delivery: The draft Local Transport Bill is available at:
<http://www.dft.gov.uk/consultations/open/localtransportbill/>