

Putting Passengers First

The Government's proposals for a modernised national framework for bus services



Putting Passengers First

The Government's proposals for
a modernised national framework
for bus services

December 2006

Department for Transport: London

© Crown copyright, 2006

Copyright in the typographical arrangement rests with the Crown.

This publication, excluding logos, may be reproduced free of charge in any format or medium for non-commercial research, private study or for internal circulation within an organisation. This is subject to it being reproduced accurately and not used in a misleading context. The copyright source of the material must be acknowledged and the title of the publication specified.

To reproduce maps, contact Ordnance Survey via their web site www.ordnancesurvey.gov.uk/copyright or write to Customer Service Centre, Ordnance Survey, Romsey Road, Southampton SO16 4GU.

For any other use of this material, apply for a Click-Use Licence at www.opsi.gov.uk/click-use/index.htm, or by writing to the Licensing Division, Office of Public Sector Information, St Clements House, 2-16 Colegate, Norwich NR3 1BQ, fax 01603 723000, e-mail licensing@cabinet-office.x.gsi.gov.uk

To order further copies of this publication, contact:
DfT Publications
PO Box 236
Wetherby LS23 7NB
Tel: 0870 1226 236
Fax: 0870 1226 237
E-mail: dft@twoten.press.net

Product Code 67RTAS02707

If you have any queries or comments please e-mail: buses@dft.gsi.gov.uk

Printed in Great Britain 2006 on paper containing at least 75% recycled fibre.

Contents

	Page
Foreword	5
Executive summary	6
1. Introduction	10
2. Wider context	12
3. Bus services – the context	16
4. The Government’s review of bus services	29
5. The policy lessons	32
6. Road Transport Bill	35
7. Our proposals for reforming the bus regulatory regime	37
8. Aligning the regulatory framework and bus subsidies	47
9. Conclusions	49
10. Next steps	51
Annex – contributors to the review of bus services	52

Index of Charts and Tables

Fig. 1	Index of passenger journeys in England by type of authority: 1970/71 to 2005/06	17
	Bus usage and subsidy levels	
Fig. 2	London	18
Fig. 3	Metropolitan areas	18
Fig. 4	Mainly-urban areas	19
Fig. 5	Mixed and rural areas	19
Box 1	Making a difference – success stories from across England	20
Fig. 6	Average age of the bus and coach fleet (GB, at year-end): 1990 to 2005	22
Fig. 7	Bus passenger satisfaction scores for overall service: England	23
Fig. 8	Bus operating costs in Great Britain: 1985/86 to 2005/06	25
Fig. 9	Bus subsidy (England, £ million, 2005/06 prices)	26
Box 2	Key messages from the bus review	30
Box 3	The Competition Test in Schedule 10 to the Transport Act 2000	39

Foreword



Bus patronage fell by around 18 per cent in the decade after deregulation; too often, and in too many places, buses were seen as the “mode of last resort”.

This Government has recognised the crucial role of the bus sector. They are a lifeline for our local communities. They are a key part of our strategy to tackle rising congestion and to meet our environmental goals. Since 1997, we have therefore made it a priority to increase bus patronage by giving the travelling public what they need and deserve: more reliable, efficient and cost-effective bus services. By next year, we will have increased public expenditure on buses to £2.5 billion a year, up from £1 billion a decade earlier. We have put in place free local bus travel for older and disabled people within their local areas, and will extend that to cover local bus services nationwide from April 2008. And in some of our communities, we have seen bus patronage rising strongly in the past few years.

Gillian Merron and I have undertaken an extensive review of the bus sector, during which we have travelled around the country to see for ourselves the real issues facing bus passengers, operators and local authorities. We were pleased to see the very real improvements that have been achieved in partnership between bus operators and local authorities in some areas. However, in too many places the current framework is still not delivering the service that passengers rightly expect. If we do nothing, we risk bus services declining in too many of our communities.

Local authorities and bus operators in areas such as London, York and Brighton have shown just how much can be achieved by harnessing the strengths of the private sector in a way that meets local needs. We are now setting out our proposals to enable more areas to replicate those successes: not returning to the old days of nationalisation, but putting in place a balanced package of measures that will deliver a sustainable long-term future for the bus sector by putting the needs of the passenger first.

One size will not fit all. Different areas will require different arrangements to ensure that bus services improve. But one thing is universal: both local authorities and the bus operators must ensure that they put the passenger first.

A handwritten signature in black ink, appearing to read 'Douglas Alexander'.

Douglas Alexander MP

Executive summary

Buses matter, and will continue to do so...

Buses are a crucial part of our transport system. Two thirds of all public transport journeys are made by bus. They are a lifeline for many of our communities. Buses have a key role to play if we are to meet the challenge of rising congestion on our roads and to sustain future travel growth while respecting the environment.

Our bus review has revealed a very mixed picture...

Over the past six months, the Department for Transport has undertaken a review of bus services across the country. This review was informed by a programme of meetings and visits to capture the views of key stakeholders across the country, including bus operators, passenger groups and local government.

The review has found that, while the post-war decline in bus patronage is now levelling off, the quality of bus service provision still varies greatly from place to place. In London and some other places, we have seen many more people using buses in recent years. A key ingredient of success has been effective partnership working, with a shared willingness on the part of local authorities and bus operators to work together to invest in the long-term future of the bus sector.

But in too many areas, including many of our major cities outside London, partnership is still not working effectively. Bus users and the general public report that many services are not meeting the high standards they expect, and in too many places patronage remains on a downward trend. Without further action, a vicious cycle of decline is likely to take hold in more of our communities: falling demand and rising unit costs forcing bus operators to raise fares and cut back services, so leading to further reductions in demand or a need for ever-increasing levels of subsidy to maintain services.

Better bus services matter everywhere, but they will be especially important in areas that choose to implement road pricing...

We have already made clear that we expect to see a local road pricing 'pilot' scheme in place in the next four to five years. In areas that are developing proposals for such schemes, the ability to guarantee tangible improvements in local public transport is expected to be a crucial element of the policy package, so that more people can see a realistic, reliable and cost-effective alternative to the private car.

So we need a balanced package of reforms, that allow for the development of local solutions to local challenges...

A clear and consistent message from the review has been that there is no single policy solution that will be appropriate for the diverse range of local circumstances that exist across the country. Local authorities need an effective and flexible toolkit of interventions, so allowing different solutions in different places.

Our key proposals therefore are:

- **enhancements to the existing arrangements for partnership schemes between local authorities and bus operators**, allowing statutory schemes to cover minimum frequencies, timings, and where appropriate maximum fares. Voluntary agreements would be subject to a new legal test which could permit multi-lateral arrangements between a local authority and more than one operator, provided that this is in the public interest;
- **making quality contract schemes a realistic option**, while ensuring that these schemes can only be brought forward where the benefits are sufficient to justify them, and safeguarding the legitimate interests of bus operators;
- **working with stakeholders to develop a new performance regime** in which operators provide punctuality data to their local Traffic Commissioner, and which operates within the new performance framework for local areas announced in the Local Government White Paper to hold both local authorities and operators to account for their contribution to the performance of local bus services;
- **giving more opportunity to the community transport sector**, which plays a key role in many rural and other areas where services cannot be provided on a fully commercial basis; and
- **considering the scope for refocusing the current bus subsidy regime** to ensure it remains targeted as effectively as possible and supports the Government's environmental objectives.

... and enhanced powers for local authorities must be backed by more effective leadership

The Local Government White Paper established a clear principle that greater powers for local authorities need to be accompanied by stronger and clearer leadership. Following discussions with interested parties in the weeks ahead, the draft Road Transport Bill will facilitate reform of the Passenger Transport Authorities and Executives to enable a more coherent approach to transport in our major cities.

This package of measures will help to sustain a long-term future for buses

The proposals recognise, and seek to build on, the private sector's strengths in management, innovation and investment. But in many of our communities, we need to do more to ensure that the private sector's strengths can be more effectively harnessed to meet the needs of the travelling public.

We believe that these proposals to modernise the framework for bus services will provide a better deal for passengers, as well as helping to secure a more sustainable long-term future for bus services. We will now discuss these proposals with key interested parties, before including provisions in the draft Road Transport Bill to be published next year for public consultation and pre-legislative scrutiny.

Current situation and proposed changes

(in England, excluding London)

	Current situation	Proposed changes
Voluntary agreements between local authorities and bus operators	<ul style="list-style-type: none"> Local authority 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 enter into bilateral agreements with individual operators without raising competition issues; this is more difficult for multi-lateral agreements for the things that matter most – timetables and fares. 	<ul style="list-style-type: none"> Strengthened voluntary agreements with a new legal test to facilitate multi-lateral arrangements between a local authority and more than one operator, subject to meeting a public interest test. Such arrangements could specify minimum frequencies, timings and, where appropriate, maximum fares.
Statutory quality partnership schemes	<ul style="list-style-type: none"> Local authority and bus operators enter into a formal arrangement, with each party committing to certain improvements (e.g. operators who commit to invest in new buses or extra services are granted access to improved facilities such as bus priority measures). Minimum frequencies, timing 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"> Statutory schemes could specify minimum frequencies, timings and, where appropriate, maximum fares. Improvements by local authorities and operators could be phased in over a period of time.
Quality contract scheme	<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 must be approved by the Secretary of State; 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 public interest test. The Secretary of State’s approval role replaced with a new framework for scheme approval and appeals. The duration of contracts could be extended beyond the current limits under certain circumstances.

	Current situation	Proposed changes
Punctuality	<ul style="list-style-type: none"> • Traffic Commissioners (TCs) are responsible for taking action against operators who are failing to provide the level of service 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 operators provide performance data to their local TC; 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	<ul style="list-style-type: none"> • The community transport sector is playing a significant role in the provision of transport services in areas where demand is insufficient or too sporadic to support a commercial service. • “Section 19” permits are only issued to bodies concerned with education, religion, social welfare etc, and not allowing members of the general public to be carried. • “Section 22” permits allowing the provision of local services for the general public do not allow drivers to be paid, or extend to 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 Traffic Commissioners. • 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.
Bus Service Operators Grant (BSOG)	<ul style="list-style-type: none"> • BSOG is an important source of subsidy from central government, with payments totalling £275 million in 2005-06 (excluding London). • The level of subsidy payment is based on the quantity and type of fuel used by operators. 	<ul style="list-style-type: none"> • The Government is currently reviewing, as part of the Comprehensive Spending Review process, whether there is a case for reforming BSOG to ensure that it continues to deliver best value for taxpayers’ money, and supports as far as possible the Government’s objectives, e.g. for bus performance and environmental protection.



1. Introduction

Buses matter. For many in society they are a lifeline, enabling them to access jobs, hospitals and other essential services, go shopping and see family and friends.

Buses are the backbone of the country's public transport system. In 2005/06, they accounted for over two-thirds of all public transport passenger journeys.

The government invests heavily in bus services; so do local authorities. By next year, total public expenditure on buses in England will be about £2.5 billion – up from £1 billion in 1997/98.¹ Schemes such as Rural Bus Subsidy Grant and Kickstart have provided support for new and improved services. Since April 2006, people aged 60 and over and disabled people have been able to travel free on local bus services within their own local authority areas. From April 2008, the same concession will apply throughout the country. The Transport Act 2000 enabled the better co-ordination of services. We have worked with the industry to reduce the average age of the bus fleet and improve the training of staff.

This investment and commitment has produced many successes. Nationally, patronage is rising. Growth has been particularly strong in London, helped by the introduction of the congestion charge. And outside of London there are important examples of increasing patronage, with passengers attracted by punctual, good value, high quality services.

Outside London, however, these examples are the exceptions. In too many parts of the country, including most of our biggest conurbations, bus use is falling. Yet these are often the very places where traffic congestion is growing fastest and where buses should have the greatest potential.

It was for this reason that in May 2006, the Department for Transport announced a 'long hard look' at the issues affecting bus patronage and the options available to bring about a positive change to the provision of bus services in England. This report summarises the conclusions reached and sets out the emerging policy proposals in advance of publication of the draft Road Transport Bill.

The policy and industry landscapes have changed since deregulation in 1986. There have been many successes in the bus industry over this period. But it is equally clear that action is required on many fronts to secure a sustainable future for bus services. This future would be one that delivered for passengers, private operators and local authorities. Reform that creates a more positive and enabling regulatory framework could help deliver a win-win situation.

During the course of the review we have been helped, challenged and informed by the views, inputs and work of a range of other parties – bus operators, local authorities, passengers and others. We have also benefited from the House of Commons Transport Committee's recent report on *Bus Services across the UK*² (October 2006) and most recently the work of the Eddington Transport Study (December 2006).³

This progress report:

- starts off by setting the review in its wider policy context;
- outlines the key trends in bus services before and since 1986, looks at possible future trends if we carry on as we are, and draws out key messages emerging from this evidence and from our review;
- summarises the policy measures proposed for the draft Road Transport Bill and how buses are part of a bigger package of reforms to enable joined-up action at local level;
- sets out the Government's current thinking on how to reform the policy framework through the draft Bill and those areas where thinking is still developing;
- sets out the emerging offer for bus operators, local authorities and crucially the bus passenger; and
- lastly, explains how the Government intends to take forward this debate with interested parties over the next few months.

This report focuses on the future of the regulatory framework for bus services in England. Decisions on future levels and distribution of Government support for bus services will be for the 2007 Comprehensive Spending Review.

The proposals in this report relate primarily to bus services in England. Bus services in Scotland and Northern Ireland are devolved and operate within separate regulatory frameworks. Bus services in Wales operate within broadly the same statutory framework as England, but it will be for the Welsh Assembly Government to decide whether to adopt the reforms proposed in this report and to be brought forward in the proposed draft Road Transport Bill. The Assembly Government will be discussing these proposals with the main stakeholders in Wales.

² Bus Services across the UK, Eleventh Report of Session 2005-06, House of Commons Transport Committee.

³ The Eddington Transport Study – The case for action: Sir Rod Eddington's advice to Government, December 2006.



2. Wider context

Our review of bus services has been firmly rooted in the wider policy context.

The Department for Transport's overarching aim is for *'transport that works for everyone'*. Buses have a fundamental role to play in meeting this aim and delivering on the Department's key objectives which underpin it: tackling congestion, improving accessibility, reducing casualties, respecting the environment and supporting the economy.

This section addresses four issues which have shaped the conclusions of the review: the significant role of bus services in supporting the economy, particularly in our cities; the importance of accessibility; the need to protect and enhance the environment; and the strengthened leadership role envisaged for local authorities in the recent Local Government White Paper: *Strong and prosperous communities*.

Supporting a strong economy...

An efficient transport system is an important ingredient of a strong and prosperous economy, and the public transport system has a key role to play in delivering that – particularly in our major cities.

An efficient public transport system contributes to stronger and deeper labour markets, by enabling employers to access a wider pool of potential employees, and individuals to access a wider range of jobs. Over 40% of all bus journeys made by working-age people are for commuting and business purposes, and nearly 2 million people rely on buses and coaches as their usual means of travelling to work. Similar arguments apply in markets for goods and services, where efficient public transport enables retailers and other service-sector businesses to access a wider customer base and increases choice for consumers.

The public transport system also has a key role to play in tackling congestion on our roads. In the absence of further action, congestion is set to rise by a further 25% by 2015, presenting a threat to our economic prosperity, as well as to our environment and quality of life. That is why the Government is interested in exploring effective ways of addressing the problem of congestion. Road pricing has the potential to deliver substantial reductions in congestion. But road pricing will not be enough on its own. Through sustained investment in public transport the Government has sought to provide a more viable alternative to private car use, where appropriate. And as we look to new methods to address congestion, public transport – especially buses – has a fundamental role to play.

As has been demonstrated in London, improved bus services can be a key part of a successful congestion charging scheme. Since the congestion charge's introduction, bus use has increased by 38% during the three-hour morning peak.⁴

The Government is supporting local authorities to develop innovative proposals for tackling congestion. It has already made £18 million available to support preliminary scheme development by local transport authorities. Ten areas are benefiting from this funding – from major conurbations to smaller towns and cities.⁵

The aim is to put in place packages of measures including a significant demand management element (such as a local road pricing 'pilot' scheme) and complementary transport investment (such as bus improvements, traffic management systems and improved facilities for cycling and walking). Detailed proposals are expected to be submitted to the DfT next year and we expect the first scheme could be operational in four or five years' time. Up to £200 million per annum will be made available from the Department's Transport Innovation Fund (TIF) to support such schemes each year between 2008/09 and 2014/15, if suitable packages are developed by local authorities. If high quality schemes to a higher value emerge then further funding may be made available.

It is important that the bus is ready to play its part in supporting the potential introduction of road pricing in our urban areas. This review has therefore had to address whether the current bus regulatory framework is fit for purpose in this new and challenging context.

Delivering better accessibility ...

Access to jobs and key services such as healthcare, education and shops is a crucial aspect of quality of life. Accessibility is not just about transport: the location of services and the way that they are delivered has as significant an influence on accessibility as transport provision. But the design and delivery of transport services should help people, particularly those most in need, to reach the jobs and services they need. Bus services have a key role to play in delivering improved accessibility and social inclusion.

Government guidance has required that Accessibility Planning be integrated in the Local

4 2nd Congestion Annual Monitoring Report, Transport for London, April 2004.

5 Cambridgeshire; Bristol City Council, Bath and North East Council, North Somerset Council and South Gloucestershire Council; Durham County Council (for Durham City); Greater Manchester; Shropshire County Council (for Shrewsbury); Tyne and Wear; West Midlands Conurbation; Nottingham, Derby, Leicester and the surrounding counties; Reading ; and Norfolk (for Norwich).

Transport Plans for 2006-2011. Local authorities, with other providers and operators in the private, public voluntary and community sectors, should consider the scope for addressing accessibility problems through improved public transport availability, including through the use of flexible transport services and the design of the bus network.

We are providing over £50 million a year in Rural Bus Subsidy Grant to local authorities to improve accessibility in rural areas. Our Rural and Urban Bus Challenge schemes have stimulated new approaches – for example, demand-responsive, flexibly-routed services – to help meet the transport needs of communities and tackle social exclusion.

Accessibility is also about ensuring that disabled people and other passengers with reduced mobility are not excluded from essential services by unsuitable transport. Increasingly, bus operators are turning to low-floor vehicles compliant with the Public Service Vehicles Accessibility Regulations 2000. Currently over half the full-sized buses used on local services in England are low-floor and wheelchair-accessible.

Protecting the environment ...

A large bus has the potential to carry the equivalent of several fully-loaded cars with far lower emissions. But buses themselves are generally heavy consumers of hydrocarbons and sources of pollution, especially if not properly maintained. And in recent years, fuel efficiency has taken second place to improving bus design. In some urban areas buses can be a major contributor to local air pollutant emissions.

Buses (like other motor vehicles) are less polluting, and more fuel efficient, in free flow than in stop-start conditions, so the provision and effective enforcement of bus lanes will yield benefits. There are already arrangements in place to promote cleaner vehicles. Many 'quality partnership' arrangements between local authorities and bus operators require operators to use modern vehicles with lower emissions in return for the use of upgraded facilities (such as bus lanes) provided by the local authority. Local authorities with Air Quality Management Areas, in particular, have already entered into partnerships with bus operators in order to reduce the air quality impacts of buses. In addition, the Traffic Commissioners, at the request of the local traffic authority, can require bus operators in a particular area to comply with "traffic regulation conditions" which, since November 2004, may include vehicle emission standards.

The Bus Service Operators Grant scheme has been modified to encourage the use of cleaner fuels; for example, the scheme pays a rebate equivalent to 100% of the fuel duty incurred when bus operators use bio-fuels, compared with 80% when they use conventional fuels.

But more can, and must, be done. We need to encourage more car users in congested urban areas to switch to buses by improving the standards of the bus product. We also need to ensure that bus operators and manufacturers have the right incentives to promote vehicles that consume less carbon and are less polluting. This review has therefore considered whether changes to regulatory and/or subsidy arrangements can contribute to the Government's wider environmental objectives.

Strengthening local leadership...

The Local Government White Paper⁶ recognised the importance of transport in cities and signalled the Government's interest in reform in this area.

A central proposition in the Local Government White Paper is that greater powers should be matched by stronger governance and accountability. Strengthening local leadership and giving communities more say over their local services is central to the Government's aspirations for joined-up delivery. The aim is better co-operative working between the various partners, particularly public sector partners, involved in strategic planning and delivery.

Local authorities need to ensure that bus services support wider economic, social and environmental objectives. The present arrangements for bus services in England prevent many authorities from fulfilling this wider remit, especially in the major urban areas. During 2005 and 2006, Ruth Kelly, the Secretary of State for Communities and Local Government and her predecessor, David Miliband, visited the larger city regions to explore what would help them to improve their economic growth, and in many of these areas buses were raised as an issue.

But local authorities also share some of the responsibility for the performance of local bus services, through their public transport, highways and traffic responsibilities. A key theme for the bus review was therefore to understand the appropriate role for local authorities, so that better bus services are delivered in their areas. Issues such as accountability and appropriate powers were considered alongside the relationship with the private bus operators. The Government is clear that we need to preserve and build on the considerable innovative and commercial strengths of a private sector led industry.

⁶ Strong and prosperous communities, The Local Government White Paper, Department for Communities and Local Government, October 2006.



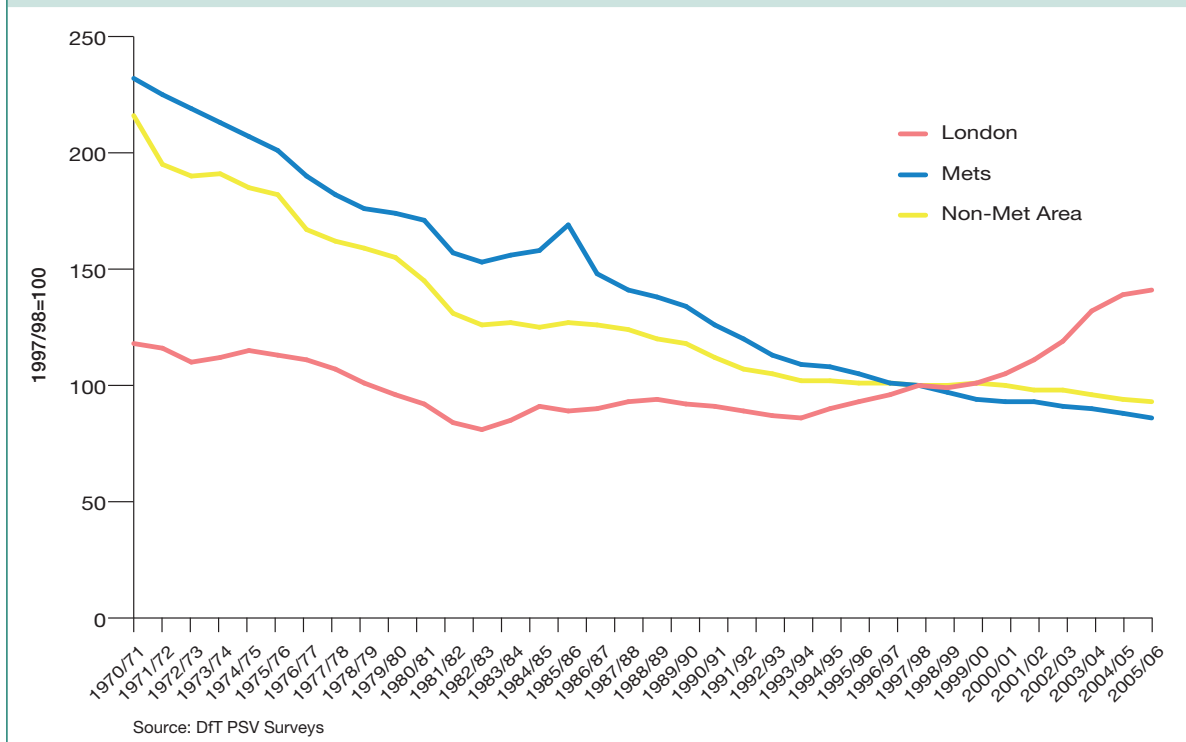
3. Bus services – the context

The review has taken as its starting point the evidence of the current state of the bus market.

Bus patronage outside London has been in long-term decline since the 1950s...

Bus patronage has been on a long-term decline since the 1950s. In the past seven years, this long-term decline in patronage has shown signs of being turned around, with the first year-on-year growth in decades. Since 1998/9, overall patronage has been rising slowly, with a 7.4% increase in passenger trips across England as a whole. In 2005/6 total passenger trips were estimated to be 4.1 billion, over two-thirds of all public transport passenger journeys. London, however, has driven much of this increase. Figure 1 below charts the patronage trends since 1970.

Figure 1: Index of Passenger Journeys England by Type of Authority: 1970/71 to 2005/06



There are notable successes, some in unexpected places...

As Figure 1 and Figures 2-5 below demonstrate, there is a clear contrast between London and the rest of the country. London has led the way in patronage growth in recent years. Some areas outside London have also bucked the downward trend in patronage. Notable examples include Telford & Wrekin, Brighton & Hove, York and Cambridge.

There have tended to be different approaches taken by local authorities in different areas:

- London has seen the introduction of the Congestion Charge scheme, associated increases in bus support and large increases in patronage;
- in the metropolitan areas (or PTA/PTE) support for socially necessary services⁷ has stayed roughly static in real terms but patronage has fallen;
- in other urban areas, bus support has risen significantly whilst patronage has stayed constant, despite falls in services – suggesting these local authorities have generally tried to maintain overall patronage by focusing increased spending on the most heavily used supported services; and
- in rural areas where the difficulties of retaining bus passengers are most acute, bus support has risen significantly and service levels have been maintained although patronage has fallen (which in part reflects the availability of Rural Bus Subsidy Grant in recent years).

⁷ i.e. services that would not be provided on a purely commercial basis.

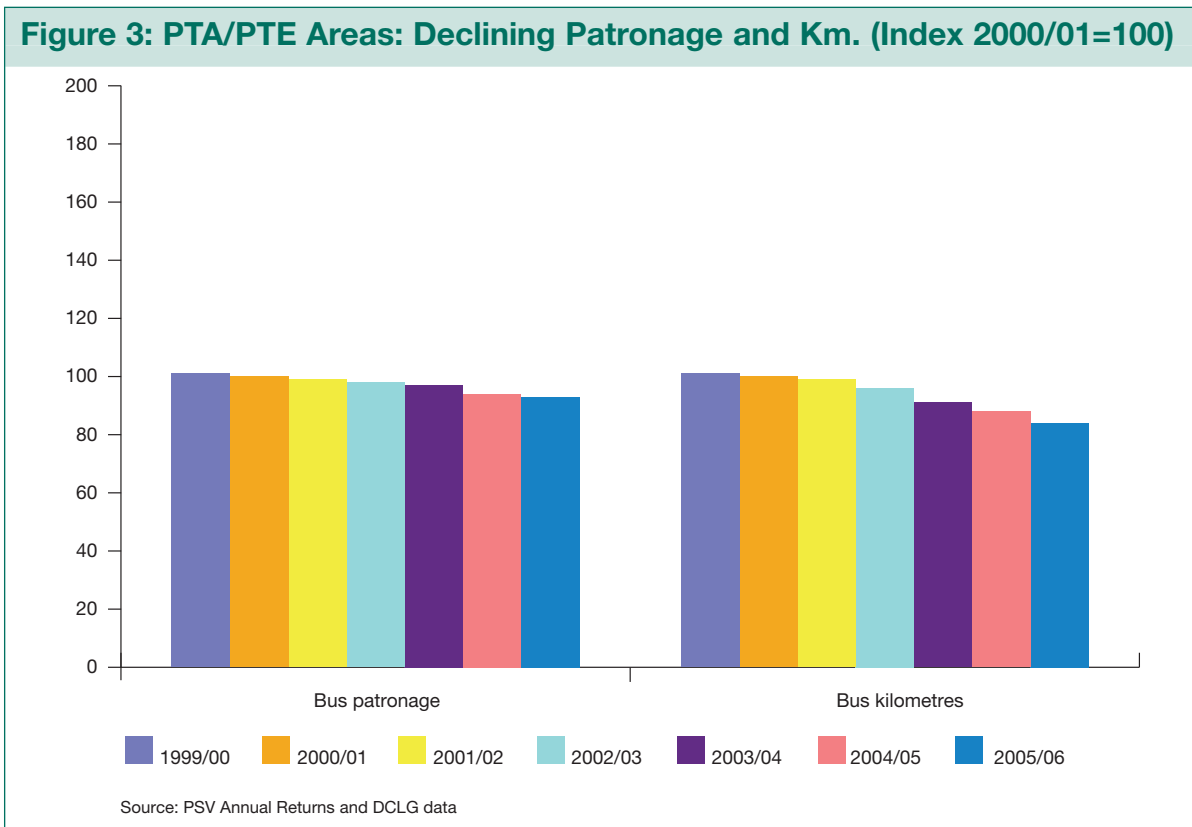
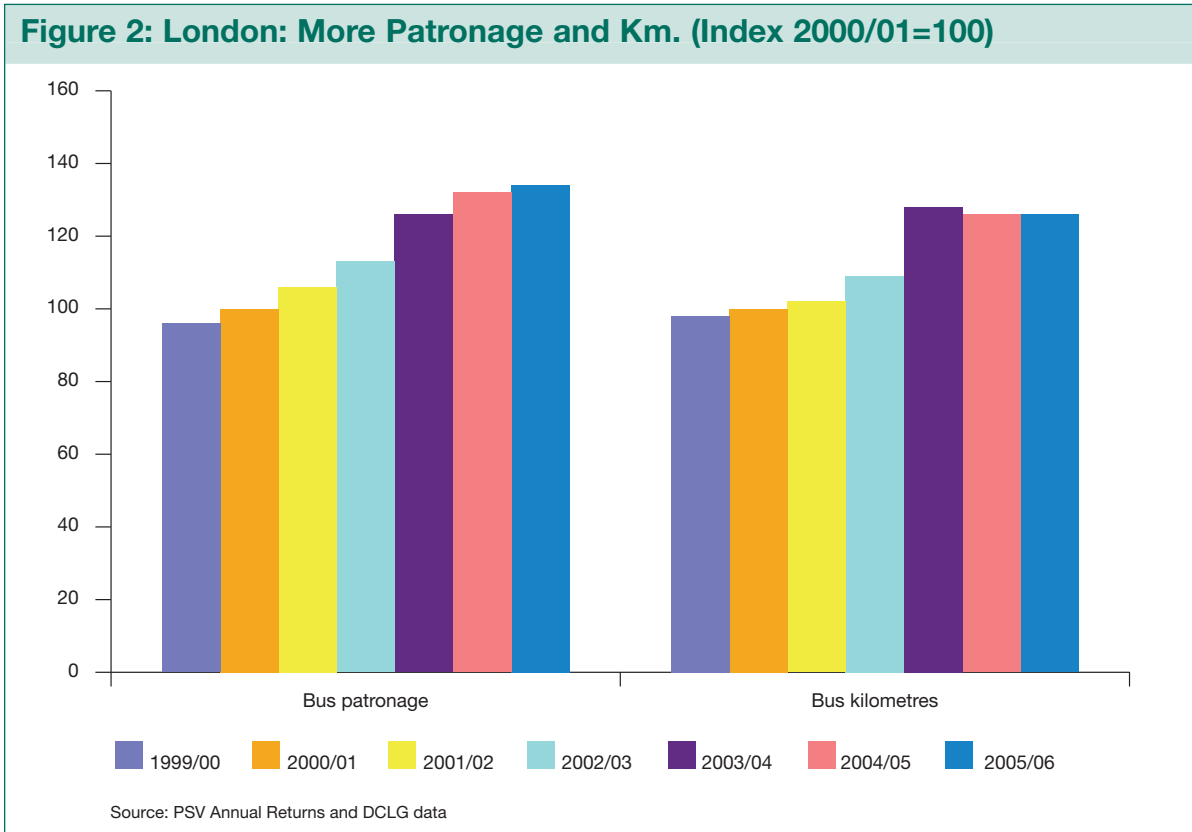
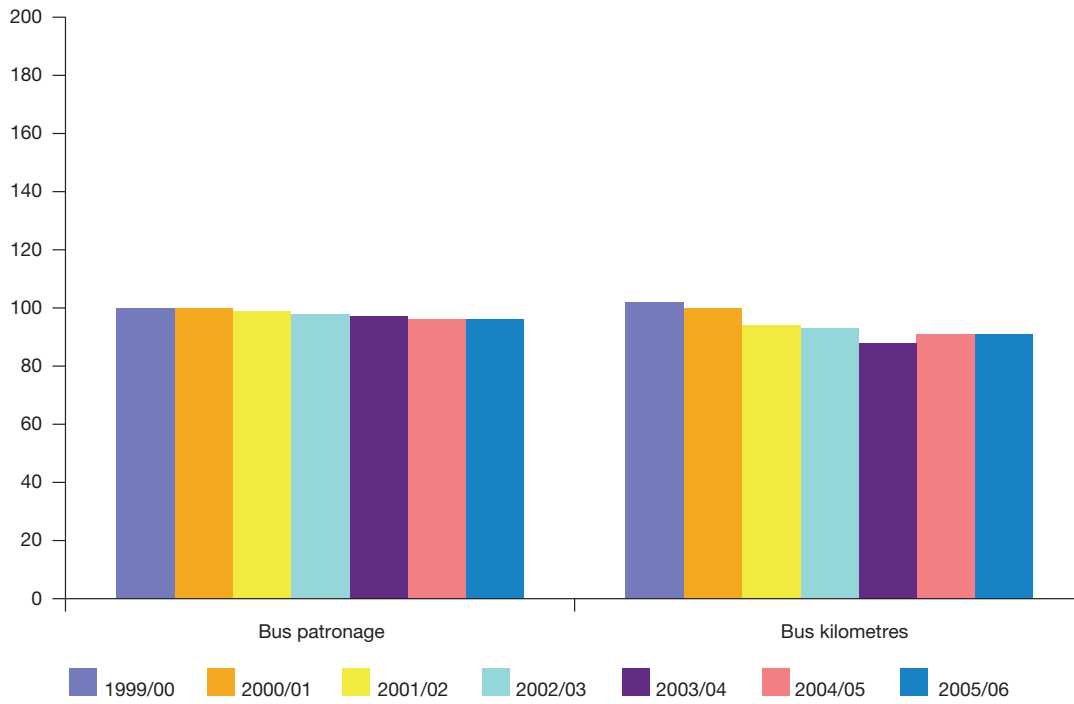
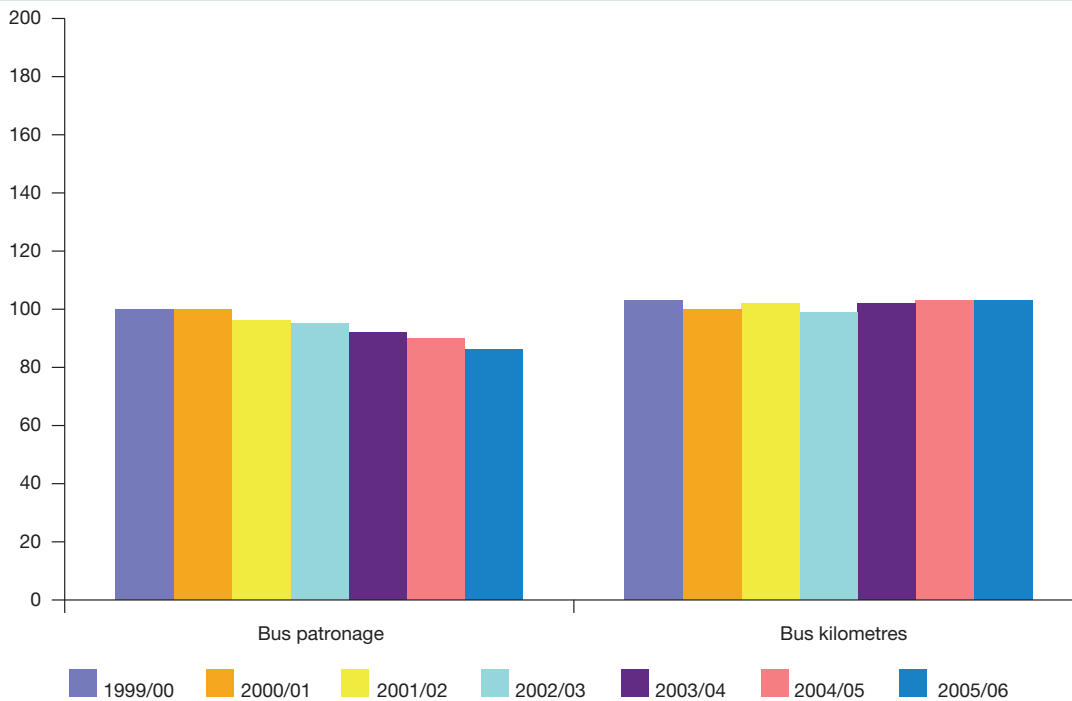


Figure 4: Mainly Urban Areas: Flat Patronage, Reducing Network Coverage (Index 2000/01=100)



Source: PSV Annual Returns and DCLG data

Figure 5: Mixed & Rural Areas: Falling Patronage and Maintained Network Coverage (Index 2000/01=100)



Source: PSV Annual Returns and DCLG data

A recent Confederation of Passenger Transport publication, *On the Move 2006*, also illustrates some of the progress that is being made across England (see Box 1).⁸

Box 1: Making a difference – success stories from across England

- Over 8,000 new buses were registered in 2004/05 providing better quality, more accessible trips for bus users
- As a result of a comprehensive package of bus priority measures, journeys in York are now 4-12 minutes faster by bus than by car
- A combination of quality bus corridors and fleet modernisation in South Manchester has led to time savings of 15% and increased patronage by up to 15%
- Close partnership working in Brighton & Hove has delivered 5% year on year patronage growth and a 10% decrease in town centre traffic over three years
- Bus priority, fleet modernisation and higher frequencies have contributed to patronage growth of 70% in Cambridge
- The “skylink” service to East Midlands Airport is estimated to have taken 150,000 car trips off the road
- 40 “Superoutes” are in operation across Tyne & Wear offering minimum frequencies, set operating hours and low-floor buses for easier access
- In Telford & Wrekin, enhanced bus priority and more services have increased bus use on routes serving Telford central railway station by 80% in one year
- The “Ruraline” service linking rural communities in Staffordshire and Telford & Wrekin to job and leisure opportunities has seen a 67% increase in patronage
- The West Midlands Real Time Passenger Information System now covers 350 buses with information accessed via bus stops, mobile phones and television screens in prominent public locations
- Stagecoach has established a dedicated telemarketing unit to market bus travel, with 25% of those contacted accepting the introductory offer
- A combination of quality buses and upgraded bus priority and bus stop waiting facilities has increased patronage on the “Witch Way” route linking Nelson, Burnley and Rawtenstall with Manchester by 20%
- GO North East has invested in over 460 Easy Access buses, to ensure that parents with buggies and other passengers with mobility difficulties can board and alight with ease
- The “Quaylink” service in Newcastle and Gateshead is the first commercial application of ultra-low emission diesel/electric powered buses in the UK
- Stagecoach now powers 1,800 vehicles with biodiesel
- 66% of Travel West Midlands drivers have a vocational qualification (NVQ, SNVQ or Btec) with another 10% working towards them

⁸ *On the Move 2006*, Confederation of Passenger Transport, October 2006 edition.

However, while very welcome, these examples of success are too few and far between if we are to turn around the underlying trend in patronage. Patronage in the majority of England outside London is continuing to decline, including in many of our largest conurbations. If we are successfully to address the economic, social and environmental challenges that face us over the next 10-20 years, then bus patronage will need to be turned around in more places, including the key urban centres.

We need to learn the lessons of the London experience. In part, London's circumstances are unique. But the progress London has made on buses can and should be replicated in the big conurbations in the rest of England. The congestion charge has contributed to a renaissance in bus use, as part of an integrated package of bus priority, pedestrian and cycling measures, parking restraint and increased bus support. Bus passenger numbers increased by some 38% during the 3 hour morning peak period, an increase from 77,000 to 106,000. It is estimated that around half of the increase in bus passengers entering the zone is due to charging.⁹ Through the Transport Innovation Fund process, the Department is discussing with local authorities across England the scope for similar radical action elsewhere.

Rising car ownership is probably the single most important factor behind the decline in patronage outside London. Since 1985/86, the proportion of households without cars has fallen by a third from 36% to 24% in England outside London. In contrast, the proportion in London has only fallen from 42% to 40% over the same period.

There is a very strong correlation between levels of car ownership and bus use, with bus use heavily concentrated among those without access to cars – particularly young people, older people, and women. Evidence from the National Travel Survey shows that people in households without a car made 20% of their trips by bus compared with 3% in households with one or more cars. In the metropolitan areas, people without cars average 213 bus trips a year, compared to 30 trips by those in households with two or more cars. This core market for bus use is declining as more women and older people have access to cars. While the car certainly improves accessibility for many people, the market for bus services may be negatively affected.

Those who live away from the main bus corridors, whether in rural areas or on urban fringes, can suffer disproportionately from the withdrawal of commercial services. Where subsidised services are introduced to replace them they can be both lower quality and difficult to sustain. They may also be at risk of withdrawal depending on local authority budget decisions. This can increase social exclusion.

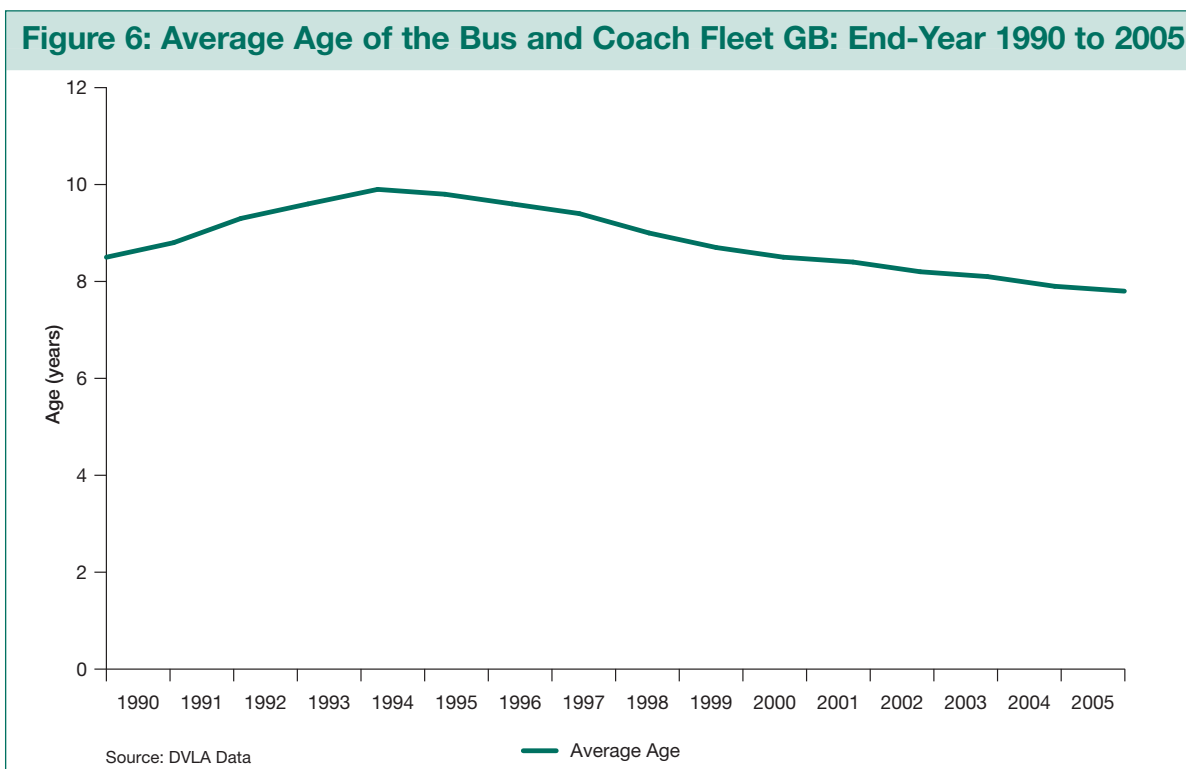
This results in two challenges for the bus sector. First, in congested areas to provide an attractive alternative to the car for commuting, retail and leisure trips, as a core part of the strategy for tackling congestion and addressing accessibility needs. Second, to cater for those groups, often but not exclusively in more rural areas, who do not have access to a private motor vehicle and therefore depend on the bus (and community transport alternatives) for access to services.

⁹ 2nd Congestion Annual Monitoring Report, Transport for London, April 2004.

Bigger, better resourced bus operators are investing more...

The structure of the bus industry has changed radically since deregulation. Once sold off, most of the publicly owned operators passed rapidly into the ownership of larger and consolidating bus operators. Since the late 1990s, around 80 per cent of the market has been served by the five largest operators.

The industry has been investing in recent years to improve the quality of the bus fleet. The average age of the bus and coach fleet has been declining since 1995 (see Figure 6), and new low-floor, lower-emission buses have also been introduced.



This has directly enhanced the accessibility of the bus fleet, in particular benefiting disabled people, parents with young children and others with accessibility needs, as well as providing a better travelling environment for all. And new buses are having important air quality benefits, particularly for our urban areas. Meanwhile, the industry faces a significant challenge and opportunity in reducing carbon emissions.

The bus is a popular mode amongst those who use it...

The public have little interest in the regulatory framework, but they know the difference between a good bus service and a bad one.

Evidence from surveys shows that bus passengers are generally satisfied with the overall service and satisfaction has been increasing since figures were first collected in 2000/01 (see Figure 7).

Figure 7: Bus Passenger Satisfaction Scores for Overall Service, England



Not surprisingly, however, those who make little or no use of bus services are less satisfied than regular bus users. 64% of bus users who use a bus at least once a week were satisfied with their local bus service; but only 50% of those who used them less frequently or not at all.¹⁰ This important difference in perception is both a challenge and an opportunity. Non users may be favourably surprised by the quality of many services once they start using them. But it highlights the need to make bus services more attractive for those who do *not* currently see them as a realistic alternative to private car use, as well as continuing to improve the quality of service for those who do.

Punctuality is a problem...

A major concern for regular and infrequent passengers alike is punctuality and reliability. The important issues are whether the bus turns up on time (or at a regular frequency) and whether it arrives at the destination at the expected time. Surveys show that while matters such as comfort, cleanliness and driver attitudes are important, none of these rate as highly as punctuality and reliability.¹¹

The proportion of scheduled services which actually run is the highest ever now at 99% in England and 98% in London – a major success for the industry.¹² But punctuality performance shows significant variation across the country, with services outside of London on average having lower punctuality. Figures for punctuality on non-frequent bus

10 Omnibus Survey, Office of National Statistics, October 2005.

11 Omnibus Survey, Office of National Statistics, October 2005.

12 Bus Reliability Survey. Result published in the quarterly bulletin Bus and Light Rail Statistics GB.

services in England (excluding London) for 2005 show that overall only 74% of buses left stops on time.¹³ The equivalent figure for London (adjusted to assist comparability) is 79%, an improvement of about nine percentage points over the previous three years.¹⁴ The amount of time spent waiting at stops or on slow-moving buses are key influences when people decide whether to make their journey by bus or other means.

Neither the bus operator nor the traffic authority has total control over these factors. Operators in many places have to contend with increasing traffic congestion, but many delays and cancellations are due to matters within their control. A study in Greater Manchester found that 58% of all delays were due to traffic factors (e.g. delays due to slow-moving traffic, waiting at traffic lights, roadworks, accidents), amounting to an average increase in journey time of 20%. The remaining 42% were due to operational factors (e.g. time taken by passengers to board, mechanical problems), amounting to an average increase in journey time of 17%.¹⁵ Clearly both factors need addressing, and preferably on a co-ordinated basis.

Despite some successes and recent improvement there is a variable standard of bus service across the country as a whole. There is also growing evidence that the existing regulatory structure is not functioning as it was designed to do and the industry is facing important challenges. The Department has been encouraging bus operators and local authorities to form Punctuality Improvement Partnerships, on a model developed by the Bus Partnership Forum. But the review has concluded that more now needs to be done.

Existing local governance arrangements can also complicate effective action to improve punctuality. This is an issue for all authorities, including in two-tier County/District areas and tightly bounded unitary authorities. But it is most pronounced in the metropolitan areas. Delivery arrangements can work well where the Passenger Transport Authority and the Metropolitan District Councils share common interests. However, there are occasions when divergent policies and/or implementation have frustrated efforts to improve bus services, e.g. decisions by one authority to abandon or abort bus priority schemes; inconsistent and confusing rules on bus lanes across metropolitan areas; and inconsistent or non-existent enforcement of bus lanes between and within authorities. We will be discussing these issues with stakeholders as we develop proposals on governance to include in the draft Bill.

The objective of on-road competition has not been sustained...

On-road competition between operators was a key aspiration of the Transport Act 1985. The reality in the immediate post-deregulation period was mixed, the particular nature of competition destabilising bus services in some areas. One consequence of the bus industry's consolidation has been that significant on-street competition in the larger urban

¹³ Based on TfL's measure of 2.5 minutes early to 5 minutes late.

¹⁴ Statistics Bulletin (06)34, *Bus Punctuality Statistics GB: 2005*, Department for Transport

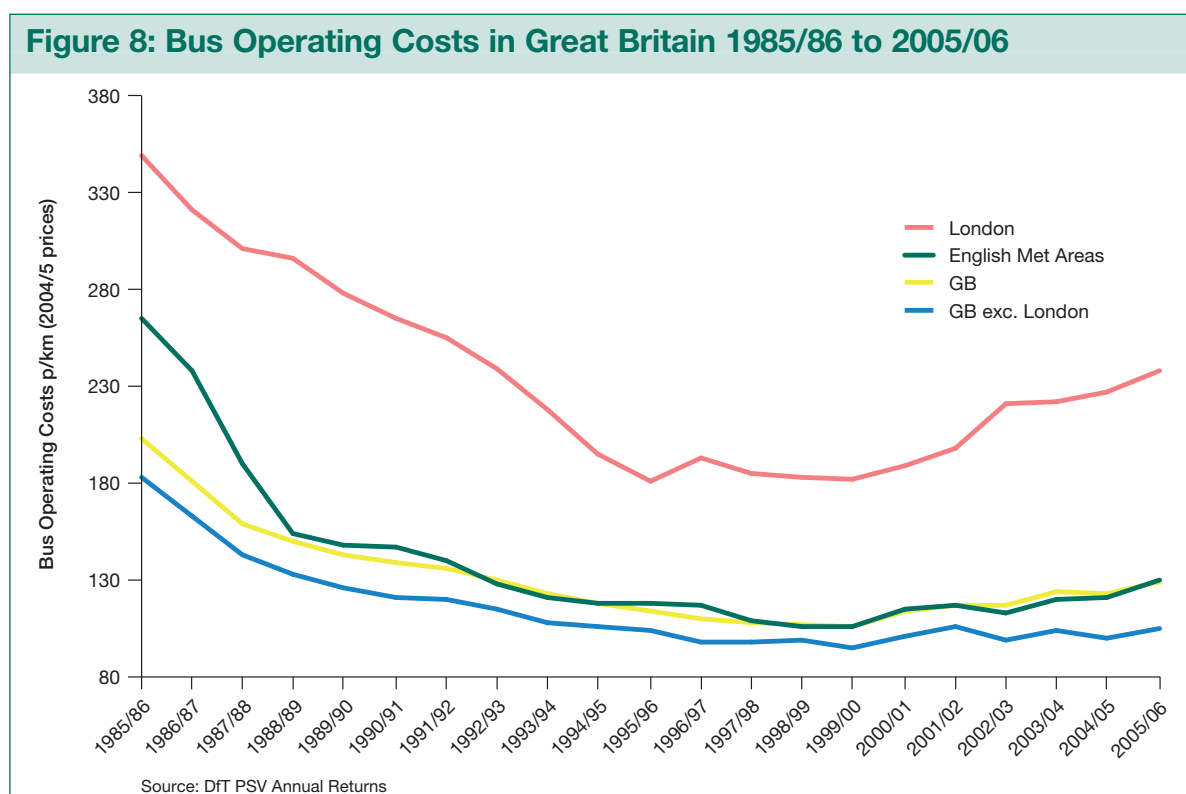
¹⁵ Report by The TAS Partnership Limited to Greater Manchester PTE (unpublished). With acknowledgements to GMPTE and TAS for permission to use this material.

areas immediately after de-regulation, has given way to a situation where dominant local companies are often only subjected to episodic on-street competition. It is estimated that only 4% of services are subject to direct competition.¹⁶

Efficiency gains are no longer cushioning the resulting decline in revenue...

The effects of the long-term decline in patronage and therefore revenues was to some extent mitigated by the industry's success in getting to grips with its cost base. This increased focus on cost control resulted in significant falls in operating costs in all areas through to the late 1990s. These were largely the result of falling real wages, reductions in administrative overheads, particularly staff, and favourable fuel prices. The largest reductions in operating costs have been in the metropolitan areas (48%).

But it would appear that the scope for further reductions in the cost base is limited with costs on the increase in all areas, especially London, and rising wage levels.



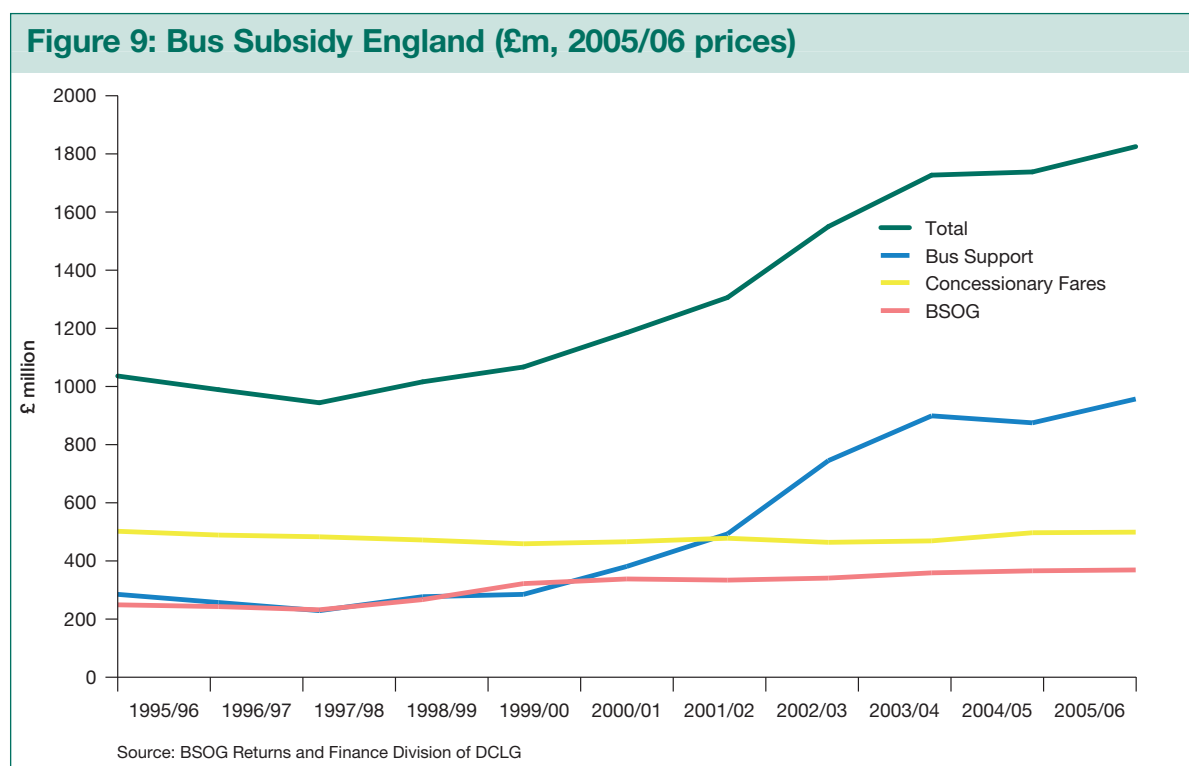
The recent increase in costs, particularly in London, is driven by rising wage costs over recent years, as well as insurance, pensions, depot costs, fuel costs and rising congestion. The higher load factors achieved in London have led to a significant fall in operating costs per passenger journey – by 22% in real terms since 1985, compared with an increase of 7% outside London.

¹⁶ The TAS Partnership, Competition in the Bus Market, 2005. Report prepared for Commission for Integrated Transport.

A declining customer base and the declining scope for efficiency gains are being reflected in increased fares, fewer services and higher subsidies...

Significant and sustained investment has been put into the buses in recent years.

After declining in the decade after 1986, bus subsidy in England has almost doubled in real terms since 1997/8. Total subsidy was estimated to be £0.9 billion in 1997/8 and it has since risen to £1.8 billion in 2005/6. This has been driven by increases in Bus Subsidy Operators Grant (59% increase in real terms over the period) and Subsidised Service Spending (over 300% increase over the period). Concessionary fares spending in real terms has stayed roughly static over the period, although as of April 2006 this is forecast to rise by £350 million as the statutory requirement for free fares came into effect.



One consequence of declining patronage is that commercial services are being removed, with total mileage run outside London falling by 9% since 1995/96. Notwithstanding increasing subsidy levels, subsidised services are only partially able to take up the slack, with increases in the price of subsidy contracts well above the rate of inflation.

At the same time, there has been a general increase in fares since deregulation. Fares have risen slightly more rapidly outside London (though starting from a lower base). In real terms fares have increased by 46% within London and 51% in the rest of Great Britain since 1985 with the largest in excess of 97% seen in the metropolitan areas. It should be noted, however, that London and a number of the Metropolitan areas had adopted low fare policies in the period before 1985/86. More recently, growth in London fares, after lagging since 2000, has begun to catch up.

And these trends are expected to continue...

Future bus patronage will be affected by a range of factors. Changes to the concessionary fares regime will have a significant impact on patronage in the short term. The move to free travel for older and disabled persons within local authority areas that was introduced from April 2006 is already beginning to impact on bus usage outside London (which has a long-established free travel scheme for older and disabled residents). There will be a further growth in patronage from April 2008 due to the introduction of free national travel for concessionary pass holders. There are also significant future uncertainties in terms of fuel prices and demand management policies in urban areas and the strategies adopted by local authorities and bus operators more generally.

Overall local bus patronage in England is expected to rise by approximately 10% from 2000/01 to 2010/11.¹⁷ From 2005/06 Transport for London forecast an increase in London patronage of around 5% by 2009/10, a lower rate than has been seen in recent years.¹⁸ The behavioural changes due to concessionary fare changes in 2006/07 and 2008/09 are expected to have largely occurred in the first 2 to 3 years. The resulting higher level of bus use by older pass holders will persist, but will be diluted over time by increasing levels of car ownership amongst older people. In the longer term after 2010, on the basis of current trends and without policy changes, patronage outside London is expected to resume its long term decline due to increases in car ownership and increases in bus operating costs.

The combination of falling patronage, rising costs, falling service levels, higher fares and rising public subsidies risks locking bus services in many places outside London into a vicious cycle. Falling patronage leads to fewer services being commercial which reduces service levels and induces further falls of patronage. Further long-term decline would appear to be the inexorable outcome for many of our communities if we carry on as we are, with damaging implications for our wider economic, social and environmental objectives.

The projections of further decline assume current trends continue unchanged. But the challenge for the future is whether the success of the few can be replicated elsewhere. In particular, whether joint action by local authorities and bus operators involving increased bus investment, more bus prioritisation, a renewed emphasis on network benefits and demand management could halt the decline and, in the longer term, increase patronage. There is also a challenge for Government on how it can best enable such a process.

In conclusion...

- There have been some recent improvements, with the long-term decline in patronage turning around since 1998/99;
- And there are some success stories at local level and relatively high satisfaction with bus services amongst regular users;

¹⁷ DfT estimates.

¹⁸ TfL Business Plan 2005/06 to 2009/10.

- But there is a very mixed picture across the country, and we expect patronage outside London to resume its long-term decline after 2010;
- Punctuality remains a problem, exacerbated by governance arrangements in the largest towns and cities;
- Looking ahead, a combination of falling patronage, rising costs, falling service levels, higher fares and rising public subsidies would risk locking bus services in too many of our communities outside London into a vicious cycle of decline;
- In these places, existing regulatory structures are demonstrably not succeeding in breaking out of this cycle;
- Carrying on as we are is not the answer, particularly if buses are to work effectively to tackle congestion and pollution in our biggest urban areas.



4. The Government's review of bus services

Within this context the Department for Transport undertook its long hard look at bus services. The objective was to review the options available to bring about a positive change to the provision of bus services in England.

The most important part of the evidence gathering process has been the contribution of stakeholders. They have given us an honest appraisal of the ingredients for success and failure in delivering bus services. Ministers and senior DfT officials have met a wide range of stakeholders from across the bus industry, bus passenger groups, local government and the Traffic Commissioners (see Annex for list). This has included a number of visits to see for themselves the issues on the ground that affect the provision of bus services.

As well as through these visits, the views of passengers were sought directly in a seminar organised by Transport 2000 and attended by various bus passenger groups.

The examination was not restricted in terms of the issues it would cover, but explored any areas of concern to stakeholders. But in particular, it looked at how voluntary partnership arrangements between authorities and operators were working. It also looked at whether more formal arrangements, such as quality contracts and statutory quality partnerships, could offer advantages and at the reasons why these options had not been taken forward. We wish to thank all of those who contributed to the process and for their valuable input.

The key messages raised by stakeholders are summarised in Box 2 below.

Box 2: Key messages from the long hard look

We asked stakeholders a range of questions about the provision of bus services. The primary message we received was that, while partnership arrangements are working well in some places, there is a clear case for balanced reform.

There was a wide range of views, broadly covering the following themes.

Partnership working

- Partnership between operators and local authorities has worked in some areas. These successes should inform future policy development.
- Success was more likely where there was a political will at the local level to support bus transport and commitment from local bus company management to making improvements. The most successful schemes are often those where private operators and local authorities work well together.
- Buses must have the right environment in which to prosper. Local authorities must provide well planned bus priority measures (bus lanes, etc), robust parking measures and ensure effective enforcement. Industry is prepared to invest in better bus services if authorities deliver on this.
- Passenger Transport Executives would welcome control over road space in metropolitan areas, to allow them to organise bus priority measures to facilitate more punctual bus services.
- There was also strong emphasis on the need to allow local solutions to be developed to suit specific areas, rather than trying to impose a single approach everywhere.

Improving services

- A one size fits all approach will not work - circumstances vary from place to place, and in general rural areas have different needs to metropolitan areas.
- Traffic Commissioners should have appropriate enforcement powers to tackle underperformance by bus operators, and local authorities should be more strongly held to account for their contribution to bus performance.
- There are too many unexpected changes to bus services. The rules on the de-registration of bus services need to be reviewed.
- Rural buses were an important lifeline for many people and an adequate level of service provision should be provided.
- Many Local Transport Authorities believe that, given greater scope to influence bus operators and the services they provide, they could make a real difference to the quality of service provision.

Box 2: Key messages from the long hard look *(continued)*

Improving the quality of service

- Punctuality and reliability are key.
- Bus drivers' attitudes are an important factor in encouraging or discouraging passengers.
- There is a general need for better marketing of bus services, including clearer and more easily accessible information on routes and timetables.
- There were concerns about the level of bus fares, which were often perceived to be high in comparison to the cost of using a car.
- Passengers need to feel safe on buses, particularly at night.
- The design of buses was deemed important – more low floor buses with easier access and better designed interiors would make journeys more attractive.

As well as these messages from key stakeholders, this report has drawn upon many other sources, including two recent, notable reports: The House of Commons Transport Committee report on *Bus Service across the UK* (October 2006); and The Eddington Transport Study (December 2006).

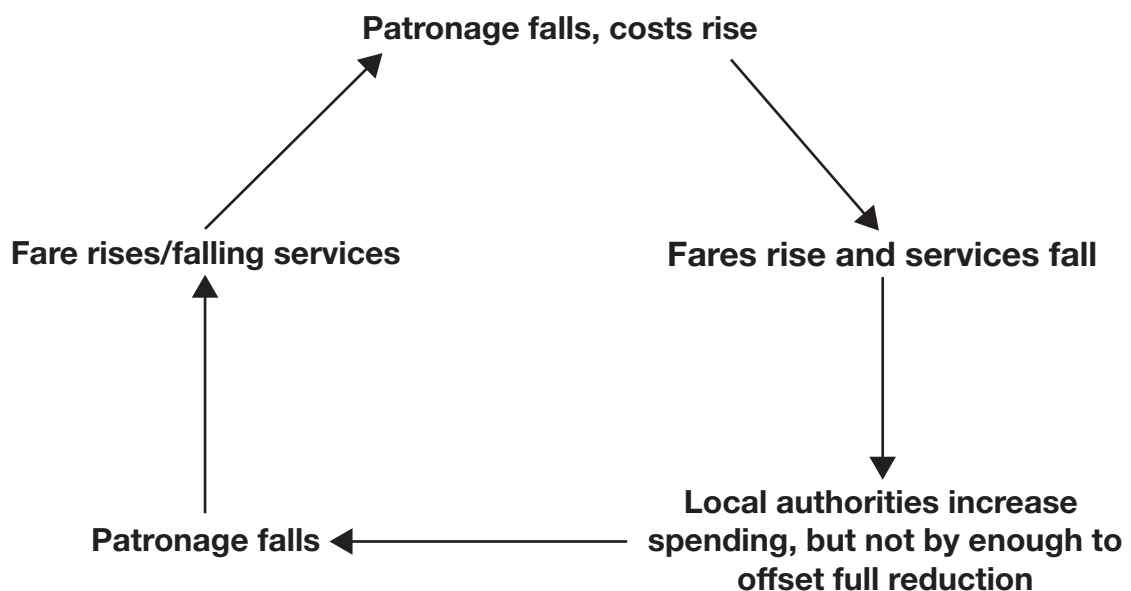
The measures in this document are only the start of a process which will continue to look at ways of addressing the issues raised above.



5. The policy lessons

Our main lessons from the 'long hard look' itself and our analysis of the bus sector are as follows:

- After 2010, on current trends, bus patronage, particularly outside London, is likely to resume its long-term decline. This will put further pressure on supported services and local authority expenditure. There is a risk of an on-going spiral of declining services and rising subsidy taking hold in more of our local communities.



- If we are to address successfully the economic, social and environmental challenges that face us over the next 10 to 20 years, then bus patronage will need to be turned around in more places, including the key urban centres. More of the same is therefore demonstrably not enough.
- There is growing emphasis on demand management and modal shift to reduce congestion, with the potential benefits of road pricing gaining increasing recognition. In many places, effective road pricing schemes and other demand management measures will depend crucially upon improved bus services, particularly at peak periods. It is questionable whether the existing regulatory arrangements would enable local authorities to guarantee the necessary step-change improvement in frequencies and service coordination and ensure value for money is delivered.
- Social objectives and accessibility have in principle been a key factor in spending decisions, particularly local authority spending to maintain the existing network. However, current interventions tend to be reactive as specific bus services come under threat.
- A key ingredient of success in some areas has been close working between the local authority and the main bus operators in the area. Where successful, this has delivered things such as bus priority, simplified fares and high quality services and information. What is needed is a balanced package – enabling local authorities and bus operators to grow the market; each contributing what they do best, rather than working at cross-purposes or not at all. Local solutions should be allowed to develop to suit local circumstances, rather than a single approach imposed everywhere. They should be enabled by a flexible tool-kit of policy and operational tools.
- Central Government is responsible for ensuring this tool-kit is appropriately stocked: both with respect to bus services directly and wider demand management. It is also responsible for delivering an effective and targeted subsidy regime which is aligned with overall objectives for the industry. Then Government needs to get out of the way, allowing local authorities and transport operators to decide what is right for particular places. What works is what matters.
- This requires a modernised regulatory framework to:
 - make buses provide better service and better value for people who depend on them;
 - make buses a more attractive alternative to cars, particularly in congested urban areas; and
 - ensure that decisions are taken at the right level.

- The existing de-regulated regime has succeeded in controlling costs, encouraged industry led innovation and, in some places, has led to increased responsiveness to passenger needs. But one of its chief aims of on-road competition has not been sustained. Indeed it is doubtful whether this aim was ever realistic in the longer term, except in rare circumstances. And its weaknesses in terms of network planning, short-termism and poor local accountability have become increasingly apparent in some areas as the challenges of traffic congestion and accessibility have become ever greater and the case for radical demand management solutions ever more compelling, especially in England's major urban areas.
- The Government therefore believes the time is now right to provide for a greater level of local accountability and planning for those areas that need it. This means that local authorities and private operators should have more opportunities to work together, through partnerships and Quality Contract type arrangements. Local authorities need an effective and flexible tool-kit of interventions, so allowing different solutions in different places. Quality Contracts may be part of the answer in some places, but they will not be the answer everywhere. We must also ensure that local transport authorities are able to provide effective governance.
- This has nothing to do with re-nationalisation. The bus industry will remain privately owned. Private sector strengths in management, innovation and investment will remain absolutely central to the future of the industry. But we need a private sector better harnessed to the needs and aspirations of local communities.



6. Road Transport Bill

The draft Road Transport Bill will support the Government's efforts to tackle congestion and improve public transport.

The draft Bill will be about promoting local solutions to local problems – enabling not dictating. The aim is to give local authorities the freedom to innovate – enabling local communities to do what is right for them. And to give them the powers to make a difference on the ground.

The bus elements of the draft Bill will be part of a wider package of reforms. As well as equipping local authorities to improve the standard of bus services in their areas, local authorities would be given greater flexibility to address local needs by reforming:

- the existing powers that allow the development of local road pricing 'pilot' schemes that will tackle congestion; and
- Passenger Transport Authorities (PTAs) and Executives (PTEs), to enable a more coherent approach to transport to be taken in major English cities. Proposals will be developed in conjunction with key stakeholders to take into account the needs of different areas.

The draft Bill aims to give local authorities enhanced powers to tackle congestion in the medium term by introducing local road pricing pilot schemes, if that is the right approach for their area. Authorities should be able to use the money raised from these schemes to benefit the local area. In order to help make schemes understandable to road users, the Bill aims to ensure that the appropriate powers are in place to make sure that any schemes that authorities bring forward are consistent and interoperable. We intend to engage with those local authorities at the forefront of the development of road pricing as we work up the details of our proposals in order to inform the details of the draft Bill. But this draft Bill would not pre-empt the debate by allowing a national road pricing scheme to be introduced. Further legislation would be needed at a later date for this to be possible.

The Bill will also present an opportunity to look afresh at transport arrangements in metropolitan areas, to ensure that local government is both empowered to take the hard decisions that are increasingly necessary and is accountable for effective delivery. We want to discuss with local partners how to address these issues. Ensuring fit for purpose decision making and leadership capacity in England's major cities is a prerequisite for bus franchising and road pricing. But any solution must remain locally run and owned. This means promoting local solutions to local problems: enabling local government to lead and to innovate.

The end result would be a mutually reinforcing package – strengthening the local tool-kit of powers within an overarching national framework; and supporting partnership working through the Transport Innovation Fund.



7. Our proposals for reforming the bus regulatory regime

The objective of any reform is clear: to improve bus services for the passenger. As has been consistently argued above, the standard of bus services across the country is mixed. While there are notable success stories, in many communities bus services are not working for the passenger.

The Government is proposing action:

- to encourage partnership working, both voluntary and statutory;
- to reform the Quality Contract provisions to provide a realistic opportunity to move to a different form of competition, where this is in the public interest, and one which ensures both local authorities and the private sector do what they must do, and are best equipped to do, in the interests of the passenger;
- to strengthen accountability of both bus operators and local authorities for their contribution to bus punctuality performance; and
- to facilitate Community Transport provision as an alternative to conventional bus services for hard-to-reach communities.

The aim is to achieve a balanced package – enabling local authorities to do what is needed in their areas whilst ensuring they are held accountable for their contribution to bus performance, and recognising the role and contribution of the private sector bus operators. But one size will not fit all. Voluntary partnerships may be working in some areas, but are demonstrably not in others. Statutory arrangements may therefore be part of the answer in certain places. That is why we are bringing forward a package of reforms. We believe it is right that local communities should decide the right mix of policy tools for their area, within this modernised national framework. And these reforms are closely allied to the future transport governance in the metropolitan areas.

These proposals signal the direction of Government thinking. We now need to work through the detail. The Government will be testing and developing these proposals with stakeholders over the next few months prior to the publication of the draft Bill. There will then be an opportunity for public consultation and debate. The Department remains willing to consider other minor legislative changes that may emerge from discussion with stakeholders.

Partnerships, Voluntary and Statutory

To introduce a new legal test to facilitate voluntary arrangements between local authorities and more than one operator, covering frequencies, timings and where appropriate, maximum fares.

To extend the permissible scope of statutory partnership schemes under the Transport Act 2000 to cover minimum frequency of services and co-ordination of their timings; and possibly to allow some control over maximum fares, none of which are permitted under the Act at present.

It is clear that effective partnership working with one or more operators will continue to be the best route to improving and growing bus services in many local communities. But to be fully effective such schemes must include the sorts of provisions which passengers consider important and will encourage greater use of buses. These include reasonable and stable fares and reduction in average waiting time, including at interchanges between services. All of these are important both in retaining existing passengers and in encouraging modal shift from cars.

Voluntary partnerships already exist widely across the country, though outcomes to date have been mixed. But the statutory partnership provisions in the Transport Act 2000 have not been used to date, though a handful of schemes are in preparation. This review has therefore examined some of the reasons for the lack of take up of the statutory provisions, and also looked at ways in which voluntary partnerships might be improved.

The Government has been working with local authorities and operators to develop options for improving the way partnerships currently work, including developing the “enhanced quality partnership” model, which encourages local authorities to take a stronger role in network planning and – crucially – to engage in *multi-operator* negotiations to implement a more coherent pattern of services.

Concerns that such negotiations might be deemed anti-competitive have hitherto hindered the roll out of such schemes. We are working with the Office of Fair Trading (OFT) on a revision of the guidance they have published relating to the bus industry.¹⁹ We have also considered more generally the way in which competition issues are assessed in the context of the bus industry.

Where no specific test is available, an assessment as to whether an agreement or partnership is anti-competitive will be made under the Competition Act 1998.²⁰ However, Schedule 10 to the Transport Act 2000 sets out a competition test specifically designed to

¹⁹ Frequently asked questions on competition law and the bus industry (OFT448).

²⁰ The prohibition in Chapter 1 of Part 1 of that Act on “agreements preventing, restricting or distorting competition” (“the Chapter 1 prohibition”). Agreements that satisfy the conditions in section 9(1) of the Act are exempted from the application of the Chapter 1 prohibition.

be applied to the exercise of certain bus functions (see Box 3). This review has looked at whether it would be more appropriate to apply the Schedule 10 test to other ‘bus functions’, such as voluntary partnerships and quality contracts; and we are considering including legislation which would do this in the draft Road Transport Bill.

The Schedule 10 test was drafted specifically for application to local bus services and works as follows. First, there is a consideration of whether the scheme has a significantly adverse effect on competition. Second, an otherwise significant adverse effect on competition may be justified if the scheme is intended to secure improvements in the quality of vehicles or facilities, or other improvements of substantial benefit to users of local bus services, and has the effect of reducing or limiting traffic congestion, noise or air pollution. Third, the adverse effect on competition must be proportionate to the achievement of the intended benefits.

Box 3: The Competition Test in Schedule 10 to the Transport Act 2000 (“Schedule 10 test”)

Improving the quality of service

The Schedule 10 test is the yardstick for judging whether certain bus functions are 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:

- Statutory quality partnership schemes under the Transport Act 2000
- Ticketing schemes under the Transport Act 2000
- Tendering for non-commercial, socially necessary bus services under the Transport Act 1985.

The test is carried out as follows:

1. Does the scheme have a significantly adverse effect on competition? (If not, the scheme has passed the 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
 - to secure other improvements of substantial benefit to users of local bus services, and/or
 - to reduce or limit traffic congestion, noise or air pollution?
3. Is the adverse effect on competition proportionate to what is needed to achieve those intentions, or likely to be so?

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

Statutory quality partnership schemes involve a local authority making available facilities, e.g. a new bus lane, in return for operators having to meet certain quality standards. Any operator which complies with those standards can use the facilities. The schemes can be multi-operator – indeed all local operators must be given the opportunity of joining them – and are enforced by the Traffic Commissioner. As noted above, no statutory schemes are yet in operation.

One reason often given by local authorities themselves for the slow take up of this option is that the Transport Act 2000 prohibits the inclusion of frequency or timing of services in a statutory scheme. Nor can fares be included. We therefore propose amending the primary legislation so that a statutory scheme can cover frequencies, timing and 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 are not suggesting that fares should be determined as part of a quality partnership scheme, but we can see advantages in allowing for the setting within such schemes, by agreement, of maximum fares or a minimum period between successive fare increases, provided that any significant adverse effect on competition is likely to be proportionate to the achievement of the benefits identified.

We also propose to change the legislation so that the implementation of such partnerships can be phased in over a period of time, with new facilities and improved standards coming on stream at pre-arranged intervals, rather than the current position when everything must take effect on the same date. We believe that this will remove another potential barrier.

b) Quality Contracts

To make Quality Contracts a realistic option, while safeguarding the legitimate interests of bus operators.

The Transport Act 2000 gave local transport authorities powers to introduce Quality Contract schemes (similar in concept to the London bus network) but only in strictly defined circumstances and with the approval of the Secretary of State. The contract would replace an incumbent operator's right to compete in an open market with a system whereby bidders compete for the right to be the only operator of specific services within a closed market. No schemes have been implemented since the Act came into force, due in part to the difficulty of taking a scheme through the statutory approval processes.

The Government has concluded that the current powers need to be reformed, in order to:

- make this alternative form of competition a realistic option;

- ensure that the revised powers place appropriate obligations on local authorities (for example in relation to financial support and the provision of bus priority measures on the road network);
- ensure that the way contracts are procured makes use of the skills and experience of the private sector, and promotes continued competition.

We therefore propose three changes to existing arrangements.

To revise the legal test

To approve a Quality Contract scheme under the Transport Act 2000, the Secretary of State must be satisfied that it is:

- the only practicable way to implement a policy in the authority’s bus strategy (the bus strategy is part of the Local Transport Plan produced under provisions in the 2000 Act);
- an economic, efficient and effective way of doing so; and
- in the interests of the public.

These tests (particularly the first) have been criticised as being too exacting and difficult to meet. We accept these criticisms.

We therefore consider that more appropriate “public interest” criteria should be substituted, to state more directly the circumstances in which we think it would be appropriate to allow a Quality Contract scheme, and which are less onerous to prove. We propose a set of criteria along the following lines:

- the local authority concerned should have a plan to improve services in measurable respects. These would need to include increases in bus patronage, improved accessibility in line with local targets and improved vehicle speeds on critical parts of the road network. Other priorities could also be included such as improving environmental performance;
- the plan should be fully costed with evidence that it can be funded;
- it should be demonstrably in the public interest and should be good value for money;
- there should be appropriate governance arrangements to ensure effective implementation (as noted below, this will be particularly important in PTA areas); and
- there should be obligations on the relevant local authorities to show that the scheme will be supported by and in turn facilitate wider demand management measures, including measures to give buses more priority.

These changes will make Quality Contracts a realistic option. But they should not be an easy option for local authorities. They will require the preparation of a coherent, argued case, grounded in the realities of a particular place. Bus operators are understandably concerned that Quality Contracts should not be embarked upon lightly or for extraneous reasons. We agree and believe that criteria on the lines above will provide appropriate safeguards.

Under our proposed model, local authorities who want to introduce a Quality Contract must be doing so not as an end in itself, but because it will deliver a planned, and properly funded, improvement to local services. There should be commensurate obligations on the local authority itself. Further, there is a strong public interest case for requiring them to demonstrate this in relation to published criteria. There should be a transparent process for local authorities to demonstrate that they have satisfied those criteria, and for those likely to be affected to test their conclusions and methodology.

As well as the key question of whether to introduce Quality Contracts, there are practical considerations of how best to do so. We would not want to see local authorities introducing a Quality Contract scheme for the whole of a major urban area at the same time under one contract, but instead to facilitate bids from small as well as large operators and hence also encourage a competitive market for future contracts.

Nor would we want to see local authorities specifying at the outset all aspects of the network and services. Bus operators have long experience of responding to passengers' needs and we feel that there would be clear benefits from offering operators the opportunity to work with local authorities on the planning of Quality Contract schemes. This might be done by inviting operators to make their own proposals for routes, frequencies and fares, based on the core or minimum requirements of the contracting authority.

Some PTAs and PTEs are anxious to introduce Quality Contracts. However, the current local government structures in these metropolitan areas are not best suited for successful delivery of such schemes. There are concerns about the decision making structure in PTAs; the PTEs have no roads, traffic or parking powers. This split responsibility for public transport and for roads has done little to help reverse the decline in bus patronage in these areas. For example, the authority with responsibility for delivering better public transport (the PTA/PTE) has no direct control over the delivery and enforcement of bus priority measures. We consider that governance reform would be an important part of any proposal to introduce a Quality Contract scheme in a metropolitan area. We therefore propose to facilitate more effective local transport leadership and a better allocation of the powers in the metropolitan areas through the draft Road Transport Bill. The legislation will recognise that no one governance model will suit all six areas.

To remove the Secretary of State's approval role

The current arrangements are that:

- the local authority concerned initiates the proposed "scheme";

- the Secretary of State decides whether or not to approve the scheme; and
- there is no bespoke appeal mechanism, other than recourse to Judicial Review.

The Government's view is that the Secretary of State's approval role places decision making at the wrong level and complicates the discharge of their wider policy responsibilities. It detracts from promoting the local authority's responsibility for producing a practical and thought through scheme. And because the decision-making process must be seen to be fair, open and impartial, it inhibits Ministers and officials from discussing proposed schemes, let alone working with authorities to develop them. This is particularly a problem for possible schemes related to Transport Innovation Fund applications.

We therefore propose amending the Transport Act 2000 to allow local transport authorities to establish Quality Contract schemes without requiring the approval of the Secretary of State.

In developing our proposals it will be important to balance the following:

- ensuring speedy implementation of Quality Contract schemes where there is a good case; and
- safeguarding the legitimate interests of the established bus operators.

There are attractions in retaining an independent approval role. It would allow explicit and public testing of a local authority's proposals. This would encourage local authorities to articulate their rationale, objectives and implementation plans. It would give more protection for bus operators and others who might be affected. But it would be more time-consuming and it risks taking away responsibility and diluting accountability for making decisions from the organisations which will have to deliver them. If an independent approval is retained, one option for undertaking this role would be the Senior Traffic Commissioner, who could sit with a panel of independent experts. This would build on an existing body, and combine familiarity with the sector with the additional skills required for this new task.

Whether or not there is a requirement for local authorities to obtain independent approval, there will be a need for an effective, fit for purpose appeal mechanism. Judicial Review is an expensive, time-consuming process, which is limited in the redress that it can provide. An alternative appeal option as a first port of call would therefore be preferable. One option would be the Transport Tribunal already used for lorry and bus licensing appeals.

Our suggested approach at this stage, for further discussion with interested parties, is that:

- a local authority proposes a scheme;
- the Senior Traffic Commissioner acting together with a panel of expert assessors decides whether to approve it;
- appeals against decisions are made to the Transport Tribunal.

To extend the permissible duration of contracts

The model envisaged in the Transport Act 2000 was that a Quality Contract “scheme” would last a maximum of 10 years, after which the network would revert back to its pre-Quality Contract state (unless a new scheme were to be made – a process which could take two years). Within the scheme itself the maximum length of individual contracts was specified as five years. These limits are set in the Act and there is no power to amend them in secondary legislation.

Evidence from the recent market testing exercises undertaken by some local authorities suggests that five years may not be long enough to encourage operators to innovate and invest. It also rules out the possibility of offering operators incentives through contract extensions for good performance. The proposed European Union Regulation on Public Passenger Transport Services by Rail and Road²¹ is still under discussion but the latest version sets an upper limit for bus service contracts of 10 years, with scope for longer periods if operators are investing heavily.

We are therefore considering whether the legislative framework should be made less restrictive. Schemes could still be limited to 10 years in the first instance, but there could be a mechanism for enabling schemes to continue beyond that period, employing a less onerous “test” than for making an entirely new scheme. This would require evidence that the local authority had achieved the stated objectives of the original scheme, and also that there would be public benefit in continuing the scheme, based on a new franchise plan. The duration of individual contracts could then follow the new time limits in the emerging European Union Regulation.

c) Punctuality

To develop a new performance regime in which operators provide punctuality data to their local Traffic Commissioner, and which holds both local authorities and operators to account for their contribution to the performance of local bus services.

Traffic Commissioners currently have powers to penalise operators who fail to run services in accordance with their registered timetable. But these powers are used sparingly. It is likely they would be used more effectively and more often if the Traffic Commissioners had better information at their disposal. Part of the problem is that the accuracy of punctuality data collected by operators is of variable quality. At one end of the spectrum, about 50% of buses used on local services outside London are equipped with Global Positioning System or similar electronic data collection equipment.²² At the other end, many smaller operators do not record punctuality at all, and rely on their drivers (or the public) to report incidents of hold-ups and late running.

21 “Proposal for a regulation of the European Parliament and of the Council on public passenger transport services by rail and by road”, COM(2005) 319 final. It would repeal Regulation (EEC) No 1191/69 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway.

22 DfT Transport Statistics Bulletin GB: 2006 Edition Supplement, November 2006. Data collected in a short survey of PSV Operators conducted in October 2006.

The leverage of Traffic Commissioners over local authorities is minimal. Traffic Commissioners currently have no way of requiring the presence of local traffic authorities at enforcement inquiries and/or to require them to provide evidence.

We want to initiate work with stakeholders to develop a new performance regime which:

- places bus operators under a duty to keep records of the punctuality of their services and to provide regular, reliable data to the Traffic Commissioner;
- enables Traffic Commissioners to investigate problems of reliability and punctuality, call for evidence from the local authorities and operators and require them to plan remedial measures; and
- allows more proactive implementation by means of the current and/or new powers in relation to both operators and local authorities if performance fails to improve. This could include prohibiting any buses from the company or group which had performed badly from running on specified routes, a much more targeted response than is currently available.

An important element of any new approach to performance would be to bring local authorities within the scope of the performance regime for the first time by making a clear link with the regime introduced by the Traffic Management Act 2004. We will ensure that this fits clearly within the new performance framework for local areas, as announced in the recent Local Government White Paper.

We are aware that there are difficult issues here, and are anxious not to rush to conclusions without due consideration of the options. We will be discussing the issues with operators, local authorities and others in the next few months to develop these proposals with a view to including the necessary powers in the draft Road Transport Bill.

d) Community Transport

To remove specific restrictions on community transport provision.

Our view is that the voluntary sector could potentially play a much larger role in providing transport in rural areas which would not be attractive to commercial operators even with subsidy, or even suitable for the traditional bus running to a fixed route and timetable. Since 1997, the Government has taken steps to promote alternatives to the traditional bus, including demand responsive transport, through guidance, through funding under the Challenge schemes and by allowing flexibly routed bus services to be registered and to receive Bus Service Operators Grant.

The White Paper *Our countryside: the future*²³ (November 2000) announced that the Government would consult on possible changes to the eligibility rules governing community transport so as to reduce the barriers to further expansion of the sector.

²³ "Our countryside: the future – A fair deal for rural England", Cm 4909, November 2000.

The draft Road Transport Bill provides the legislative opportunity to follow up on this recommendation. We are therefore proposing to hold discussions with interested parties in advance of the draft Bill, covering potential amendments to the Transport Act 1985, including some or all of the following.

For permits allowing the provision of local services for the general public (section 22 of that Act):

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

For permits issued to bodies concerned with education, religion, social welfare etc and not allowing members of the general public to be carried (section 19 of that Act):

- allow the use of vehicles with fewer than 9 seats, as well as larger vehicles; and
- simplify the permit issuing system so that all permits are issued by the Traffic Commissioners.

We need to bear in mind the legitimate concerns of smaller commercial operators that they would be faced with unfair competition from the voluntary sector. Hence we do not propose to depart from the principle that only non-profit organisations may be issued with permits. We believe that the voluntary sector is generally conscientious in ensuring that their vehicles are operated safely – and in terms of customer care for older and disabled passengers are leaders in the field – but consider also that bringing all the permits within the control of the Traffic Commissioners will contribute to quality standards and help to ensure a level playing field.

Our proposals are intended to assist in filling gaps in service provision in a cost-effective way. At a time when many parts of the country (especially, but not exclusively, rural areas) are experiencing difficulty in keeping bus services operating, we believe there is ample scope for community transport services to operate services which are complementary to, rather than in competition with, services provided by commercial operators. They would form part of a mutually supportive network, with community transport focusing on local access to dispersed populations, conventional services serving the core more highly trafficked parts of the network.

We aim to discuss this with the Community Transport Association and other interested parties in advance of finalising the draft Road Transport Bill.



8. Aligning the regulatory framework and bus subsidies

The regulatory regime is clearly an important influence on the future prospects of bus services. So also are local authorities wider policies for demand management and modal shift. But consideration also needs to be given as to how the public sector's substantial investment in the industry – of around £2 billion in 2005/06 or about half of the industry's turnover – supports and reinforces policies in these other areas.

The most important sources of subsidy from central Government is the Bus Service Operators Grant (BSOG) which is a national payment to bus operators related to fuel usage. BSOG payments totalled £370 million including London in 2005/06. By comparison, local authority spending on supported services totalled over £900 million (including Transport for London). There is a further £200 million capital spending by local authorities and concessionary fares spending of £500 million rising to £880 million in 2006/07 with the introduction of free local bus travel (the latter is to cover bus operators' loss of net revenue arising from the concessionary fares policy and is intended to be profit-neutral to operators).

Bus subsidy plays a crucial role in supporting the provision of bus services, which in turn play an important economic, social and environmental role. But it is also important to ensure that the government's substantial investment in buses remains as effective and well-targeted as possible. BSOG payments are currently linked to fuel consumed and therefore clearly poorly targeted on objectives for patronage, punctuality and quality. Furthermore, by subsidising fuel consumption they do not fit well with our environmental objectives.

There is potentially a case for refocusing subsidy, for example to provide a more direct linkage between subsidy levels and our goals of increasing bus patronage, tackling congestion, improving accessibility, environmental performance, punctuality and quality of passenger experience. 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.

There are a number of issues we will be considering further with stakeholders:

- Whether there is a good case for reforming bus subsidy to focus it more closely on the Government's priorities, such as congestion, the environment and accessibility.
- Where local authorities opt to introduce Quality Contracts there would be scope for greater efficiency and value for money by targeted spending on key outcomes through the design of bus networks, rather than subsidising fuel use. One option would be to use the provisions in the Transport Act 2000 whereby the Secretary of State can devolve funding to local authorities in such a way that areas which adopt Quality Contracts could receive a sum equivalent to BSOG. Contract payments to operators could then be related to performance against targets in an area's contract plan and/or the local authority could use other means to target subsidy locally.
- Whether there is scope for reforming BSOG to tie this more directly to bus operators' performance and/or environmental outcomes, and the practical issues that would be involved.
- Whether there is a good case for local authorities to receive increased support for capital investment – such as bus priority infrastructure – that helps to develop the right environment for public transport to prosper.
- Any potential adverse impacts or 'unintended consequences' of reform, and how to manage any risk of service disruption that might be associated with subsidy reform. Ways of managing and reducing these risks, in particular the links with regulatory developments and governance, would be crucial if we were to make any changes. We will be considering these issues further with stakeholders.



9. Conclusions

The causes of the decline in bus use are long-term and varied. Increased car ownership, bus fares rising faster than the cost of running a car, problems with frequency and punctuality of services, lack of seamless journeys whether due to network deficiencies or lack of through ticketing and quality of the passenger experience all contribute to the long-term loss of market share.

The impact of the current regulatory frameworks is therefore an important, but not the only, determinant of bus patronage. It is clear that if the causes of decline are complex, tackling it will require a package approach. Nor will the solutions be the same in all places. Distinctive packages of measures will be required in the big conurbations, medium towns and rural areas. There is not one answer to the challenges facing the bus sector.

In some places demand management will be part of the answer, often these will be the traditional transport tools of parking restraint, parking charges, park & ride and road space re-allocation, but increasingly this is likely to include road pricing. In others, the mix may include community transport, dial-a-ride and other forms of unconventional transport. Running throughout will be the unifying theme of partnership – the bus operators contributing innovation and investment in new quality buses; the local authorities contributing bus priority, investment and enforcement. We have seen in varied parts of England how strong partnership working can halt and reverse the decline in bus patronage.

But while the regulatory regime is not the sole issue, it is a contributory factor. The post-1986 regulatory regime has produced significant benefits, but it also has major weaknesses. The difficulties in planning and implementing a single integrated network, between operators and across modes; of making best use of finite road space and interchange infrastructure; and of simplifying and facilitating the customer interface can be traced back to the regulatory regime.

These weaknesses are probably becoming more not less central, particularly in our major cities. The growing and linked challenges of urban congestion and carbon emissions necessitate new and more radical responses at national and local level. It is questionable whether the radical measures adopted in London – the central congestion charging scheme and the linked step-change in bus services – could be delivered as swiftly and with similar value for money with the de-regulated system prevailing outside London.

The proposals in this progress report are designed to enlarge the tool-kit of measures available to local authorities.

- All communities will benefit from our proposals to strengthen voluntary and statutory partnerships; and enhance enforcement of bus punctuality, recognising the different contributions of operators and local authorities.
- Rural communities and other specific groups will benefit from our proposals to enhance the availability of community transport.
- And our larger urban areas will have easier access to franchising powers as one element of a package of measures designed to tackle their congestion, environmental and social challenges.

This is intended to be a balanced package of measures – it will provide increased opportunities, but also increased obligations.

For local authorities these arrangements are most likely to deliver the step-change aspired to, if they grasp the nettle of demand management and better enforcement. Local authorities need to live up to their side of the bargain and hard decisions will be required.

For bus operators this is an opportunity to grow the market, to break out of the inexorable cycle of decline. Planning of an integrated network is not and must not be a zero-sum argument about control. Nor is it re-nationalisation by the back door. The contribution and energies of the private sector remain central to the future prospects of the bus market. The Government's proposals provide an opportunity to secure the levels of commitment from local government in terms of investment, bus priority and enforcement that have been forthcoming in some areas, but unfortunately not in all.

Our proposals represent an effort to re-equip the bus sector for the challenges of the 21st century, to break free from the sterile controversy of past arguments. We look forward to working with all who want to secure the future of this vitally important sector.



10. Next steps

This report is intended to enable a full and frank debate with the transport industry, local authorities and other key interested parties on the overall package of reforms and in the detail of the specific proposals. Final decisions have not yet been made – this report seeks to make clear where Government is clear on the direction of travel and where thinking is at an earlier stage.

It is important to get this complex legislation right, it is vital that the final package of reforms makes sense at the working level.

The Road Transport Bill will therefore be developed in two stages. We aim to publish a draft Bill in spring 2007, and we will be working closely with interested parties as we develop our proposals for the draft Bill.

We will be consulting on the issues identified in this progress report, under the aegis of the Bus Partnership Forum, involving key stakeholders as appropriate.

We will consult fully on the draft Bill itself, which will be subject to pre-legislative scrutiny by Parliament. We are also preparing a Regulatory Impact Assessment to accompany these proposals and will publish and consult on our Partial RIA alongside the draft Bill. This will allow for thorough consultation on the draft provisions before our proposals are finalised.

Annex

Contributors to the review of bus services

We are very grateful to the following for contributing their views:

Arriva PLC
Association of Transport Co-ordinating Officers
Brighton and Hove Buses
Brighton and Hove City Council
British Youth Council
Bus Partnership Forum
Bus Users UK
Confederation of Passenger Transport
First Group PLC
Go-Ahead PLC
Greater Manchester Passenger Transport Authority/Executive
Help the Aged
Local Government Association
Merseyside Passenger Transport Authority/Executive
National Express PLC
National Federation of Women's Institutes
National Pensions' Convention
National Union of Rail, Maritime and Transport Workers
National Youth Agency
Norfolk Green
North East Regional Bus Forum
Passenger Transport Executive Group
Royal National Institute for Deaf People (RNID)
Royal National Institute of the Blind (RNIB)
Senior Traffic Commissioner
Society of Motor Manufacturers and Traders Ltd
South Yorkshire Passenger Transport Authority/Executive
Stagecoach PLC
Trade Union Congress
Transport and General Workers Union
TransLinc
Transport for London
Transport 2000
Trent Barton
Tyne and Wear Passenger Transport Authority/Executive
Unison
West Midlands Passenger Transport Authority/Executive
West Yorkshire Passenger Transport Authority/Executive

We thank the Transport Select Committee for their report into Bus Services across the UK, published on 26 October 2006 (which can be found on their website at <http://www.publications.parliament.uk/pa/cm200506/cmselect/cmtran/1317/1317.pdf>). The Committee's report and the views of the witnesses giving evidence to their inquiry have made a valuable contribution to this work.

