

Strengthening Local Delivery

The Draft Local Transport Bill

BCSC welcomes the opportunity to comment on the Draft Local Transport Bill.

In responding to the consultation, we explain briefly the basis of our response to each question. We would be happy to expand on these points if required.

Questions 1 to 5 - Buses, Taxis and Community Transport

General

BCSC strongly supports partnership between public agencies and private operators and welcomes the proposals to ensure that partnerships work better. The challenges that lie ahead for the bus industry include: increased competition from other modes of transport, new ways for consumers to pay for transport, and better integration of bus services into the changing social, demographic, land use and business needs of the country.

Bus services have not kept up with the needs of shoppers, have lost market share to other modes, and now account for less than 10% of shopping trips¹. Shopping is also the fastest growing trip purpose and bus transport needs to significantly improve to better serve the needs of shoppers and retail sector employees. In recent years, shopping trip growth for evening and Sunday shopping trips has rarely been matched with new evening and Sunday bus services. There needs to be stronger incentives for the sector to improve in quality, innovate and grow to meet new needs.

Recent increases in bus use are closely linked with additional public funding, and some of the best value improvements have been made outside London, where there are greater market freedoms for bus companies. However, the continued decline in bus patronage in many parts of the country, suggests that new measures are needed to improve service performance, raising standards across the country to the levels achieved by the best performing operators.

¹ BCSC 2006. Future Retail Property: Future Transport - Access, Information and Flexibility.

Competition Law and Practical Quality Partnerships

Past restrictions governing quality partnerships limited the ability of partners to engage constructively to deliver high quality profitable bus systems, particularly the barriers to multi-lateral agreements involving more than one bus company, and restrictions on the setting of maximum fares. The new proposals allow these legislative barriers to be overcome and are a positive step. However, the laudable policy aims must be reflected in practical delivery. Experience with multi-operator and multi-modal ticketing shows that public policy aims can be diluted through the formidable practical barriers within competition law. There is a difference between a Bus Quality Partnership being theoretically possible, and it being practical for widespread application.

Bus services provide social and environmental benefits, and can reduce congestion, but most services operate commercially with fare levels determined by the market value. Bus markets can only reflect the full social and environmental benefits of their provision if public funding is used to reduce fares to more optimal levels consistent with the contribution they make to sustainable development aims. **BCSC contends** that effective statutory and voluntary partnerships need to become the norm across the country so that buses can fulfil their potential within the transport system. Increased investment in bus services will therefore be required in most parts of the country. The bus is the dominant public transport mode, but currently receives far less subsidy than rail, resulting in higher than optimal bus fares, lower than optimal network coverage, and unnecessarily high demand and congestion on short rail journeys where bus could potentially provide a more competitive alternative.

BCSC notes that the 25 year debate on bus regulation has left many cultural barriers that frustrate progressive engagement on Partnerships between transport authorities and bus companies. Managing the necessary culture change will require significant investment. Implementing the new legislation will require action learning² for local authorities and bus companies facilitated through organisations they trust.

Quality Contracts

It is possible that there will be places where obstacles cannot be overcome in partnership. Quality contracts may be needed in these circumstances. However

² Action learning programmes provide expert support for practical delivery, to bridge the gap between concept/pilot applications and mainstream applications.

BCSC is concerned that Quality Contracts could further widen the gap between the best and poorest performing authorities. Poor performers may lack the capacity to develop Partnerships, resorting to Contract approaches rather than obtaining the support and training they need for Partnership delivery. Joint working between public agencies and private companies is becoming more important across many areas of transport delivery, and the skills learned in Bus Quality Partnerships will be an important foundation for future integrated transport delivery.

BCSC therefore considers that the proposed Approvals Boards for authorising Contracts should be required to demonstrate that they are confident that the benefits of the Contract cannot be delivered through a Partnership. This is not as strong as the 'only practicable way' test currently being used, but should ensure that if the public interest could be better served through a Partnership than a Contract, then this would be required.

BCSC also contends that the procedures for public scrutiny of Approval Board decisions, including appeal procedures, need to be clearer. The best performing bus companies have built strong local customer relationships, and these local brands and customer relationships cannot simply be transferred to other areas. **The potential commercial losses as a consequence of Quality Contracts could include shopper bus services and the rental value of shopping locations**, e.g. where businesses have sought to overcome locational disadvantages by funding a bus service.

There are many instances, particularly in medium sized towns with fragile retail markets, where local retailers have funded town centre services to boost local shopping. Narrow bus economics might dictate that these services should be removed from the network through a Quality Contract, so that local passengers in the town could help cross subsidise competing longer distance bus routes that serve more people. However transport interventions should not be considered in isolation from the travel needs they serve. **Local bus services could be critical to the survival of local shops** since they encourage local custom, rather than longer shopping trips into major centres. The application of narrow transport economics in Quality Contracts could therefore have severe negative consequences for local retail economies, many of which are already weak. Public interest tests for Quality Contracts should therefore **reflect both transport and wider economic needs**, such as for retailing. Cross subsidy between bus services may seem superficially attractive when facing difficult choices about the loss of local bus services or the need for additional public funding. **BCSC contends that strict controls are needed on the application of Quality Contracts.**

Contracts could be deceptively attractive expedients that can easily store up long term problems.

There are strong incentives on private businesses to agree suitable Partnerships - or risk losing their stake in local bus markets if Contracts became necessary. Under the current proposals, there do not appear to be similar incentives that would ensure transport authorities actively seek success in Partnership negotiations. **BCSC suggests that Contracts should not be approved** unless it can be demonstrated that the negotiating position of the transport authority has been reasonable, and in the broad public interest. Specific guidance will be needed for Approval Boards on this issue.

Punctuality, Performance and Bus Service Operators Grant (BSOG)

BCSC supports the proposals for improving bus service performance, but a step change is required in the level of activity by Traffic Commissioners on this agenda, to ensure that the benchmark for an acceptable level of provision is raised. A significant increase in staffing at the Traffic Commissioner offices will be required to achieve this as discussed in the response to Question 14 below.

Punctuality of retail staff arriving for work is important, and BCSC considers that more effective enforcement is needed on this agenda. The costs of installing tracking devices in every bus should not be overstated, and may be cheaper than the staff costs involved in local authorities and Traffic Commissioner offices collecting and managing less standardised data. For between £100 and £200 per bus there are vehicle tracking companies that could provide regular statistics on bus punctuality and reliability by comparing electronic timetable data with observed activity. Tracking technology will also be needed to provide real time information for passengers (e.g. to mobile phones) so ensuring a conducive legislative framework for this new technology would be helpful in driving up information standards. BCSC suggests that the submission of auditable records on bus punctuality should become standard practice and could be managed without undue additional administration when submitting claims for BSOG.

This would have wider benefits since much more rigorous audit of BSOG claims is needed. It is sometimes suggested that Bus Operators gain financial advantage at the tax payers expense by deliberately cancelling buses, but continuing to claim BSOG on cancelled bus mileage. This perception damages the bus industry, and whether these accusations are valid or not, needs to be tackled urgently. Better punctuality data as part of Quality Partnerships and Punctuality

Improvement Partnerships should be able to link performance criteria with the re-imbusement of BSOG. This, combined with increased funding for improved bus performance, should create a funding regime that rewards good performance, rather than the current situation, which at best treats good and poor performance equally. **BCSC believes** that this opportunity to improve bus reliability through relatively simple changes should not be missed.

Community Transport

Neither Local Authorities nor Traffic Commissioners currently know what community transport (CT) services are being operated in any local area. **BCSC therefore supports the proposed change** to restrict permit issue to Traffic Commissioners. This should help to ensure that all of the information is in one place, but needs to be accompanied by a significant improvement in record keeping. Research by BCSC suggests that retailers could become increasingly important providers of travel information in the near future with travel information for customers being part of increasingly personalised relationships with customers. Low mobility shoppers are very reliant on door to door community transport services, but retailers and local authorities can only inform consumers about these services if there is information on their availability. **BCSC contends** that accurate and up to date data on provision by all modes, including CT, needs to be more readily available.

BCSC supports the increased flexibility proposed for community transport vehicles and drivers, but this should also be accompanied by **time limits on the validity of permits**, with renewals being required at regular intervals. At present some permits appear to be current, but more detailed enquiry reveals that these services have not operated for many years. Changes are therefore needed to ensure that authorities keep up to date with CT availability in their area, helping them to monitor standards and deliver improved information on what can be expected from all modes of transport available.

Taxis and Taxi-buses

Taxi is the most common mode of transport home from supermarkets for low income households, and significantly increases the cost of basic food needs for deprived groups³.

BCSC supports the proposal to allow PSV operation of taxi-buses to improve the supply of transport in rural areas.

³ SEU 2003. Making the Connections.

However, **BCSC contends** that deeper and more pressing issues need to be tackled. There are many gaps in transport provision, many for shopping purposes, that could be closed by better value transport solutions than private taxis. The legislation governing taxi, taxi bus and other demand responsive services needs to change to reflect the needs of this rapidly growing sector. In particular:

- The legislation under which demand responsive modes run is confusing and inconsistent, including for critical personal safety issues such as Disclosure. Consumers have no consistency or standard of supply from: private car/community car/lift sharing, public car/car club, shared taxi, private taxi/PSV, dial-a-ride, ring and ride, etc. For example, in some parts of the country ring and ride operates under taxi licenses and in other parts the operation is under PSV licensing. Consumers are largely unaware of the very different standards and accountabilities for operators.
- Local authority licensing practice is poorly linked with local transport policy.
- Taxi licenses in some locations are restricted to a few operators, driving up costs for reasons that are not transparent.
- Quality standards in licensing are very variable between locations.
- Local taxi licensing reduces the opportunities for growth of area based demand responsive services.

The necessary changes probably merit a separate consultation, but the development of demand responsive modes is closely linked with improving the efficiency and effectiveness of bus networks. In many rural areas, scheduled bus provision has already been replaced with demand responsive services. Future supported bus networks will increasingly need to link scheduled and demand responsive provision. Also, in urban areas, the ability to develop high quality core bus routes whilst maintaining public acceptability, depends on the complementary demand responsive solutions.

BCSC considers that the legislation governing these modes needs to change to meet these new needs, including the growing demand for flexible retail transport during evenings and weekends when scheduled public transport may not be viable.

Questions 6 to 12 – Local Transport Governance

Reform of Governance Arrangements and Flexibility to Promote New Arrangements

BCSC supports governance arrangements which provide greater certainty and clear transport plans that help to reduce the risks associated with major retail developments. Current arrangements leave much uncertainty, including inconsistency between authorities, and unknown timescales for delivery. Sir Rod Eddington's review also highlighted the lack of clarity resulting from the mismatch between the economic footprints of major cities, and the current boundaries of transport planning authorities. There is therefore a need for better joint working on transport planning between transport authorities.

In particular, the division of road and public transport responsibilities between Metropolitan Borough Councils (MBCs) and Passenger Transport Executives (PTEs) does not encourage decisions on roads and public transport to be co-ordinated. **BCSC therefore agrees** that there is a need for change, including flexibility across the country to reflect the different circumstances and economic footprints of each Metropolitan area. These new arrangements should apply to existing PTE areas, expanded PTE areas, and potential new PTEs. **BCSC supports the proposed flexibility** for local areas to bring forward appropriate local governance arrangements.

However the transport needs in any area are strongly related to changing patterns of land use and economic activity, so **BCSC suggests** that any new transport strategies, or transport authorities, need to be more firmly linked into the wider development planning process. Research suggests that the retail property industry has been the main delivery agency of the Government's town centre first policy over the last ten years, helping to reduce car dependence and create more attractive, accessible, competitive and pleasant places.

Planning policy already requires each City and town to consider transport needs including: access to jobs for all, economic development opportunities in the most suitable locations, and reduced impact on the environment (e.g. from vehicle emissions). The planning boundaries within which these transport needs are considered are defined by the economic footprint of the City Region. It therefore follows that the local transport plans should take their lead from the wider Regional Economic Strategies (RES), Regional Spatial Strategies (RSS) and Regional Transport Strategy (RTS).

Across England, these City regions do not have discrete boundaries. Some local transport authorities need to contribute to several City Region plans. **BCSC is concerned** that the proposals for Integrated Transport Strategies (ITS) to replace Local Transport Plans (LTPs) could lead to duplication and potential uncertainty in strategic planning. PPS11 notes that RSSs should provide sufficient detail to ensure effective co-ordination of roads and public transport investment to support travel demand policies. **Strengthening transport strategy within RSSs and RESs would provide the desired clarity on the medium and longer term approaches to transport, and would be a stronger process, driving more integrated option generation and appraisal.** BCSC considers that this would be preferable to a separate ITS, and notes that LTPs need to be retained, to provide sufficient local detail on transport plans, which is necessary when considering local retail developments.

BCSC supports the proposed new regional implementation plans to provide clarity on funding, timescales and deliverables, and assist with the management of regional project implementation⁴. These new regional plans should be restricted to co-ordinating and managing delivery within PTE areas.

Local Transport Plans

Local Transport Plans have added greater certainty and have been a positive step. The proposals for greater funding to be administered through Local Area Agreements from April 2008⁵ should further improve clarity, by integrating the LTPs into the local community planning process. It is recognised that there are plans to consult further on the detailed requirements for future LTPs, but **BCSC considers** that within these proposals there should continue to be a requirement for accessibility strategies to demonstrate how the proposed investment will improve access to shopping, including costed transport plans and delivery timescales by all modes to serve changing retail needs. Retail travel is the fastest growing trip purpose and improving access helps to strengthen local retail economies, reduce car dependence, and promote social inclusion.

⁴ For example, a PTE will have agreed its plans for bus quality partnerships through the LTP process, and this will already involve the agreement of the local roads authorities in the area. The regional delivery plan could help to co-ordinate the funding and delivery of bus lanes by the roads authority with investment in buses by the PTE.

⁵ See DfT 2007 – Local Transport Planning the Next Steps, Atkins.

Powers of PTEs

Transport delivery increasingly requires competence within a wider remit than is currently granted to PTEs. **BCSC therefore supports** the plans to extend PTE powers to deliver safe, integrated, efficient and economic transport consistent with sustainable development aims and the well being of the community they serve. This will ensure that PTEs are not constrained in unnecessary ways.

Question 13 – Road Pricing

The theoretical economic arguments for road pricing have been clear since the 1960s. However, despite the potential for reduced congestion, progress with delivery has been slow. This reflects widespread public concern that there will be losers as well as winners. Public opinion rests on the fact that attempts to deliver ambitious plans for the greater good will continue to face strong opposition from people and companies who think they might lose. London has been an unusual situation with a central area large enough to generate significant revenue. Most other UK Cities would require local pricing schemes to include more peripheral areas where equitable schemes are much harder to achieve. BCSC also notes that research for DfT⁶ showed that it was often not possible to compensate losers from road pricing through transport investment alone. Currently the 2000 Transport Act requires hypothecation of road pricing revenue for transport, so appears to accept that there will be losers.

BCSC is particularly concerned that many of the greatest losers would be retailers. Retail and leisure travellers face a wide choice of destinations, and attempts to charge for entry to congested City Centres could undermine the progress made to improve the competitiveness of City Centre locations. Travellers have much less flexibility in the choice of work, school, health and other destinations. In undermining City Centres the congestion reduction measures could actually have unintended long term consequences of increasing car travel distances for shopping out of town. **It should also be noted that rational economic arguments are often not a good guide to consumer behaviour.** Real purchasing behaviour based on ‘willingness to pay’ and ‘willingness to accept’ principles may suggest that, at least short term, impacts of road pricing could be inefficient travel choices.

Nevertheless, **BCSC recognises** that the proposed improvements to the 2000 Act are generally positive by: allowing greater co-operation between authorities, ensuring clearer local accountability, enabling greater freedom on how to

⁶ SACTRA 1999. Transport and the Economy.

invest revenues, and improving national control over the inter-operability of technologies.

BCSC considers that, in most cases, road pricing which requires all drivers in an area to be charged for road use, cannot be justified since more equitable, achievable and simpler voluntary road pricing alternatives could be pursued. The efficiency gains from road pricing result from people changing their travel behaviour e.g. walking rather than driving to the shops. Financial incentives managed through voluntary road pricing could support behavioural change, since travellers would secure a personal financial benefit. Currently 'pay as you go' motorists can make savings on motor insurance (e.g. the Norwich Union scheme which installs a GPS tracking device in the insured vehicle and calculates the insurance premium based on the level of risk faced by the vehicle based on the time of day and day of the week of travel). If local and central government were to add the social and environmental benefits of 'pay as you go' motoring to the safety benefits, then the retail and financial services industries could offer very attractive packages which would attract many more motorists to road pricing.

Competing 'pay as you go' tariffs could be designed to suit individual circumstances providing consumer choice and growing the market for road pricing. By branding these tariffs as 'green products' the industry is well placed to provide tailored customer support and to bundle 'pay as you go' tariffs with other products. The incremental growth of such schemes could be managed through the price differential between standard and reduced 'pay as you go' rates of motoring taxation adjusted by the Chancellor each year in the Budget.

BCSC research in 2006 suggested that most stakeholders would be willing to support national and/or local voluntary road pricing. **BCSC is concerned that the Government's assertion that a national road pricing scheme is at least 10 years away will undermines public trust in existing 'pay as you go' markets.** A national scheme is already in place through car insurance, and there is scope for growth, contributing to more efficient travel choices by more of the population. Research has suggested that the social inclusion benefits offered by making car ownership more affordable for more people are also significant⁷ and there could be potential to reduce dependence on the controversial fuel duty escalator within motoring taxation. BCSC research also suggests that road pricing as a consumer choice could in the future be extended to personal

⁷ 'Pay as you go' schemes offer substantial insurance savings to young drivers by reducing journeys on high risk roads and at high risk times of day, and to elderly motorists who only use their cars for short journeys to visit friends and family.

carbon trading of vehicle emissions, an area of policy that the Government has said it wishes to consider, but where mandatory participation could be even more controversial than for road pricing.

The consultation document notes that **despite proposed public investment of £140bn in transport over the next decade, congestion will get worse**. Concerns about Climate Change are also increasing. **BCSC suggests that prompt, more acceptable, and more inclusive measures are needed for more efficient travel and better access to the shops over the next decade.**

Information

Increasing co-operation between DVLA and insurance companies on car ownership information has helped to reduce illegal vehicle operation. The use of car licensing information within road pricing is a logical extension to this. **BCSC accepts** that appropriate charges may need to be made to reflect the administrative cost of providing information, but these costs should reflect the increasing ease with which electronic data can be handled and transferred.

Parking

BCSC welcomes the recognition that the workplace parking levy introduced in the 2000 Transport Act only targets commuters who choose to park at the workplace. As such the levy is not well suited to delivering transport policy aims.

Parking policy more generally requires greater attention in local transport planning. Large amounts of parking provision in Cities, particularly 1970s built multi-storey car parks, is reaching the end of its life. If major car parks are to be re-developed, greater attention is needed by local authorities to ensure that future parking supply is consistent with the travel needs in their area. In particular, where planning policies restrict parking supply, attractive travel opportunities by other modes should be secured.

Questions 14 and 15 - Traffic Commissioners

BCSC supports the proposal for greater consistency across the Traffic Commissioner offices. The Senior Traffic Commissioner has already been able to manage greater consistency in recent years. A statutory footing for this role will help to consolidate this achievement.

Significant changes are needed in resourcing for the Traffic Commissioners to ensure improved enforcement of higher standards for buses and goods vehicles. Retailers are amongst the largest purchasers of freight transport, and **improved standards for goods vehicles will help to eliminate unfair competition from rogue operators**. Most PSV and goods vehicle operators already operate to high standards, so the improved enforcement should not drive up their costs significantly.

The increased activity on enforcement will require a step change in staffing levels for Traffic Commissioners, and new skills are needed; particularly staff able to process electronic data on bus performance, which is a recognised weakness in some area offices.

BCSC is however concerned about the proposed powers for the Secretary of State to direct Commissioners on matters of generic policy. **This could undermine the quasi-judicial role of Commissioners on vehicle enforcement**. The Secretary of State already has powers to issue general direction and any additional powers should be limited to matters of process, rather than policy.

6 September 2007