Local Government Association briefing
Bus Services Bill,
House of Lords, Committee Stage
Wednesday 29 June

Briefing

Key messages

- **We support Amendment 5 by Lord Bradley to Clause 1** which extends the criteria for an advanced quality partnership scheme to protect the current quality of services for passengers.

- **We support Amendments 21, 38, 39 and 40 to Clause 4** tabled by Baroness Jones of Whitchurch, Lord Kennedy of Southwark and Baroness Randerson which would remove the condition for the Secretary of State to approve bus franchising powers for non-Mayoral Combined Authorities. We are calling for all areas to be given automatic rights to bus franchising powers. The decision to gain responsibility for bus franchising should be taken locally, based on robust evidence, and taking into account the needs of passengers, local residents and other circumstances, such as the performance of local bus markets. The requirement for the Secretary of State's approval for non-Mayoral Combined Authorities for franchising is counter to the principles of devolution, which is why we are calling for this condition to be removed.

- **We support Amendment 22 tabled by Lord Bradley to Clause 4**, which seeks to ensure a Passenger Transport Executive could enter into a local service contract with operators once the Integrated Transport Authority or combined authority had decided to implement a franchising scheme.

- **We oppose Amendment 35 tabled by Earl Attlee, to amend Clause 4 to** require franchising authorities to take account of compensation payments to bus operators. The Government do not anticipate compensation being required if a franchising authority follows the process as set out in the Bill and if they are acting in the interests of local people and bus users. The payment of any compensation would increase costs for the franchising authority and could lead to additional costs and/or poorer service for local residents and passengers.

- **The LGA opposes Amendment 43 to Clause 4 tabled by Lord Snape** which seeks to ensure the auditor of a bus franchising scheme would be appointed by a Traffic Commissioner. The amendment adds unnecessary bureaucracy to the franchising process. Local authorities already use internal auditing processes across their services and this amendment is counter to the Government's existing plans to take forward the establishment of a new, more localist, audit regime for local public bodies. Local authorities are therefore best placed to appoint an auditor for franchising schemes.

- **We oppose Amendment 60 tabled by Earl Attlee to Clause 4** which seeks to place a time limit on authorities deciding to cancel a proposed franchising scheme before they can initiate a revised or alternative franchising scheme. Authorities should be able to decide this based on local consultation, rather than adhere to a nationally set time restriction.

- **We oppose Amendment 72 to Clause 5 proposed by Earl Attlee** which seeks to include a fee to be paid by franchising authorities for the provision of

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information from bus operators, which is needed to inform the development of a franchising scheme. This will add additional costs to councils and local residents, and could mean less money available for future franchised services.

- **We support Amendment 73 to Clause 5 proposed by Lord Bradley** which seeks to ensure responses to the requirement for information about a franchising scheme are made available within a specified timeframe.

- There are also wider funding issues to be considered. The Bus Services Operators Grant would automatically be devolved to local authorities which have franchising powers. This funding could be used to improve bus services for local residents, and should automatically come to all local authorities, not just Mayoral Combined Authorities. It will be crucial these extra powers are accompanied by the necessary funding to ensure that local authorities are able to exercise them effectively.

Further information on key clauses

We support Amendment 5 by Lord Bradley to Clause 1

Amendment 5 extends the criteria for an advanced quality partnership scheme to protect the current quality of services for passengers. An authority may wish to introduce an Advanced Quality Partnership scheme in order to lock in the quality of service already being provided rather than to prevent decline or increase patronage. This could be used to deter the current standard of service being reduced (for example through an operator using lower quality vehicles than are currently provided or taking other measures that would reduce service quality). The Urban Transport Group also supports this amendment.

We support Amendment 21, tabled by Baroness Jones of Whitchurch, Lord Kennedy of Southwark and Baroness Randerson, to amend Clause 4

We support Amendment 21 to Clause 4 tabled by Baroness Jones of Whitchurch, Lord Kennedy of Southwark and Baroness Randerson which would remove the condition for the Secretary of State to approve bus franchising powers for non-Mayoral Combined Authorities. We are calling for all areas to be given automatic rights to bus franchising powers. Currently, the Bill states that only Mayoral Combined Authorities will have automatic access to franchising powers with no further input from central Government. The Government has indicated that for other areas franchising powers will only be granted to authorities where the capability and track-record of the authority concerned is sufficiently strong and where there is an appropriate economic geography.

The decision to gain responsibility for bus franchising should be taken locally, based on robust evidence, and taking into account the needs of passengers and local residents. The requirement for the Secretary of State's approval for non-Mayoral Combined Authorities for franchising is counter to the principles of devolution.

This Bill supports the devolution agreements that the Government has already signed with North East, Tees Valley, Liverpool City Region, Sheffield City Region, West Midlands, Greater Manchester, West of England Combined Authority, East Anglia Combined Authority and Greater Lincolnshire and Cornwall. These devolution agreements include a commitment to introduce a simpler route to bus franchising than currently exists.

As part of its recent devolution agreement Cornwall has been promised bus

franchising without the need for a Mayor or Combined Authority status and, according to the Bill, should Cornwall wish to pursue franchising it will need to apply through the Secretary of State.

Franchising could be a practical option for many other local authorities and not just combined authorities with mayors. Jersey, in the Channel Islands, has successfully franchised its bus service. There are 80 buses serving 100,000 people, and the scheme has led to an increase in passengers of 32 per cent in three years; savings of around £1 million of public subsidy per year; and the addition of five additional routes and increased frequency of services.[1]

Whilst the LGA proposes that franchising be automatically available to all areas, should the Government not accept our proposed change then it is important that the Secretary of State be required to make public full details of their decision when either giving consent or denying an application for franchising.

We support Amendment 22 tabled by Lord Bradley to Clause 4

This amendment seeks to ensure a Passenger Transport Executive could enter into a local service contract with operators once the Integrated Transport Authority or combined authority had decided to implement a franchising scheme. Currently the Bill does not include Passenger Transport Executives under the list of bodies which qualify as a 'franchising authority'. In a number of Metropolitan areas the Passenger Transport Executives continues to be the executive body for transport responsible to the Combined Authority. This amendment would allow a Passenger Transport Executive to be the contracting body if it was judged to be the most appropriate locally. The Urban Transport Group also supports this amendment.

We oppose Amendment 35 tabled by Earl Attlee, to amend Clause 4

We do not support Earl Attlee's proposed amendment to require franchising authorities to take account of compensation payments to potentially affected bus operators. The Government do not anticipate compensation being required if a franchising authority follows the process as set out in the Bill and is acting in the interests of local people and bus users. The payment of any compensation would increase costs for the franchising authority and could lead to additional costs and/or poorer service for local tax-payers and passengers.

We oppose Amendment 43 to Clause 4 tabled by Lord Snape which seeks to ensure the auditor of a bus franchising scheme would be appointed by a Traffic Commissioner. The amendment adds unnecessary bureaucracy to the franchising process. Local authorities have extensive experience in carry out due diligence of contractors, including financial analysis, when procuring a huge range of services, so they would be well suited to appointing others to do this work, in this instance ,and overseeing and interpreting the results of this work. Councils already use internal auditing processes across their services and this amendment is counter to the Government's existing plans to take forward the establishment of a new, more localist, audit regime for local public bodies. Local authorities are therefore best placed to appoint an auditor for franchising schemes.

We oppose Amendment 60 tabled by Earl Attlee to Clause 4

This amendment seeks to place a time restriction on authorities deciding to cancel a proposed franchising scheme before they can initiate a revised or alternative

1 For further information, view the HCT Group report here:
http://www.hctgroup.org/about_us/hct_group_news/519/Jersey%20model%20of%20bus%20franchising%20shared%20by%20HCT%20Group

franchising scheme. The LGA opposes this amendment as it should be for local authorities to decide on the time period, based on local consultation, rather than a national time restriction.

We oppose Amendment 72 tabled by Earl Attlee, to amend Clause 5

Clause 5, Section 143A provides a franchising authority with the ability to require operators of local bus services to provide it with relevant information for its assessment of the proposed franchising scheme, or when the authority is considering varying the franchising scheme. This is necessary in order for the franchising authority to develop a scheme that is based on accurate information.

We do not support the Amendment 72 proposed by Earl Attlee regarding the payment of fees to bus operators by a franchising authority for the provision of such information as this will add additional costs to councils and local tax-payers, and could mean less money available for future franchised services.

We support Amendment 73 to Clause 5 proposed by Lord Bradley

The amendment seeks to ensure responses to requirement for information about a franchising scheme are made available within a specified timeframe. Currently the legislation provides no timescales for the provision of requested information on franchising schemes. We would suggest a 30 day upper limit on the provision of information, to ensure the franchising process progresses on a reasonable timescale. The Urban Transport Group also supports this amendment.

Funding reforms

As well as the wider measures above, we urge the Government to pursue, in parallel with the Bill, financial reforms to promote bus services. This includes fully funding the national concessionary fares scheme and devolving the Bus Services Operators Grant (BSOG), the vast majority of which currently goes directly to bus operators.